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June 24, 1998

DEPARTMENT OF TRANSPORTATION  
98 JUN 26 PM 3:30  
DOCKET SECTION

BY HAND

Ms. Dorothy Walker  
Chief, Documentary Services  
Dockets  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Room PL-40 1  
Washington, D.C. 20590

Re: Docket OST-98-3863 -15  
1998 U.S.-Brazil Combination Service Case

Dear Ms. Walker:

Please find enclosed an original and four copies of the Direct Exhibits of the City of Houston and the Greater Houston Partnership in the above proceeding. If you have any questions regarding the enclosed Direct Exhibits, please let us know.

Sincerely,



Raymond J. Rasenberger  
Rachel B. Trinder  
David Heffernan

Enclosures

## CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of June, 1998, I have caused the foregoing Direct Exhibits of the City of Houston and the Greater Houston Partnership to be served by prepaid Federal Express delivery on the following persons:

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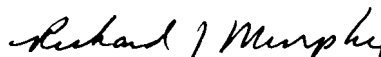
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\_\_\_\_\_  
Richard J. Murphy



**HOUSTON**

Before the  
Department of Transportation  
*Washington, D. C.*

**1998 U.S.-Brazil  
Corn bination  
Service Case  
Docket OST-98-3863**

**Sao Paulo**

*Direct Exhibits of:*  
**The City of Houston**  
and  
**The Greater Houston  
Partnership**

**June 26, 1998**

**BEFORE THE  
DEPARTMENT OF TRANSPORTATION  
WASHINGTON, D.C.**

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) )  
1998 U.S.-BRAZIL COMBINATION ) )  
SERVICE CASE ) )

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Docket OST-98-3863

DIRECT EXHIBITS OF THE CITY OF HOUSTON  
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June 26, 1998

## LIST OF EXHIBITS

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- HOU-T-1 Testimony of the Honorable Lee P. Brown, Mayor, City of Houston
- Narrative to Houston's Direct Exhibits

### 100 SERIES

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### 200 SERIES

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- HOU-202 The Three Other Gateways at Issue in this Case Have Far More Nonstop Service to South America than Houston
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- HOU-214 Continental Serves 36 International Airports With Over 375 Weekly Direct Departures From Houston IAH
- HOU-215 Houston - Central America Markets Expanded Dramatically After Continental Launched Nonstop Services
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- HOU-228 The United-VARIG Alliance Can Operate 7 More Nonstops in the Los Angeles-Sao Paulo Market by Switching VARIG's Atlanta Service to LAX
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### 500 SERIES (con't)

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TESTIMONY OF THE  
HONORABLE LEE P. BROWN  
MAYOR, CITY OF HOUSTON

My name is Lee Brown, and I am Mayor of the City of Houston. I am providing testimony in this proceeding because of the critical importance to the City of obtaining nonstop air service between Houston and Brazil, and in order to demonstrate the City's support of the outstanding service proposal offered by Continental Airlines. Indeed, so strong is this support that we have worked in close cooperation with the Greater Houston Partnership in preparing the accompanying exhibits. These exhibits demonstrate convincingly the tremendous advantages to the public that would flow from the award of Houston-Brazil service rights to Continental.

The right decision in this proceeding cannot be made without full consideration of the relationship between the four proposals and the cities involved. Houston is in a unique position as the only one of the four applicant-cities that lacks nonstop Brazil service. Consequently, this proceeding presents the Department with a clear choice between polar opposites: whether to incrementally increase the quantity of service available at one of the three U.S. cities that already enjoy the most Brazil service, or, alternatively, to grasp this opportunity to establish a new Brazil gateway at Houston. The accompanying exhibits demonstrate that the combination of Houston's strong demand for nonstop Brazil service and Continental's developing Latin American network will put the available service rights to the best possible use.

It is impossible to overstate the importance to Houston of obtaining nonstop air service to Brazil, the largest economy in South America. Despite the immense handicap posed by the lack

of such service, Houston has forged a remarkable economic bond with Brazil. Today, trade with Brazil (and, indeed, with Latin America in general) is a critical component of Houston's economy. Among the more than 1,250 Houston area companies doing business in Latin America, 45 firms have subsidiaries in Brazil while over 180 Houston firms trade with Brazil. Those businesses, and their Brazilian counterparts, have generated impressive cargo traffic volumes despite the lack of nonstop Houston-Brazil air service. In 1997, Houston's seaborne trade with Brazil totaled \$2.0 billion, making Brazil Houston's fourth largest seaborne trade partner, while air cargo traffic between Houston and Brazil increased by over 85 percent between 1993 and 1996. A remarkable number of Houston-based companies, such as Compaq Computer Corporation, Enron Corporation, El Paso Energy Corporation, Houston Industries Energy Inc., and Drypers Corporation, have made major investments in Brazil. Brazil, meanwhile, enjoys strong reciprocal ties to Houston. Houston is one of only nine U.S. cities that have Brazilian consular representation, and major Brazilian corporations have offices or subsidiaries in Houston, Houston and Santos, Brazil have a sister-port relationship.

Nonstop air service is the critical missing component in the developing Houston-Brazil relationship. Houston's success in fostering its Brazilian ties without the fundamental infrastructural support of nonstop air service not only reflects the solid economic foundations supporting Continental's application, but also suggests that nonstop service may unleash enormous growth in Houston-Brazil trade.

As Mayor of Houston I'd like to share with you my perspective and vision regarding both the potential impact of the Department's decision on the City of Houston, and the tremendous

strengths that we bring to Continental's proposal. In particular, I want to draw your attention to the unique role that Houston plays as a major Latin American gateway to Texas, the Southwest and West, and the mid-continental United States in general. This factor, unmatched in the competing proposals for Brazil service, presents the Department with an unrivalled opportunity to make an award that will benefit not only the City of Houston, but also one of the nation's key areas of economic growth. I also want to emphasize the critical gap that the absence of nonstop Brazil service represents in Houston's international air service network, and the significant difficulties this presents for the businesses and people of Houston.

As the accompanying exhibits demonstrate, Houston is a critical component of the nation's economy. Houston is the nation's fourth most populous city, with over 1.7 million residents, and ranks among the country's largest primary metropolitan areas. The City has the second largest (and the metropolitan area the **fifth** largest) concentration of Fortune 500 company headquarters in the country. Houston credits its pro-business attitude, unique geographical position, diverse business sectors, and talented workforce for its emergence as one of the 1990s' fastest growing and most successful metropolitan areas. Now Houston looks to consolidate its position as one of the world's leading business centers in the next millennium.

Our Latin American community has played a key role in the City's growth as a center for international business and transportation. Among U.S. metropolitan areas, Houston has the sixth largest Latin American community in the country, with over one million residents of Latin American origin. Nearly one third of the 69 foreign consulates located in Houston represent the interests of Latin American and Caribbean countries, and there are some 34 Latin American

private business and cultural organizations spread throughout the community. These deep-rooted ties have produced unparalleled opportunities for international business, the effect of which can be seen in our significant and fast-growing trade with Mexico, Latin America and the Caribbean.

Today we can lay claim to success not only in the energy field with which we traditionally are associated – Houston being the headquarters for nearly 30 of the nation’s top 100 energy firms – but also in the sectors of biotechnology, chemicals, aerospace, computers, the environment, food processing, engineering, and medicine, to name just a few. Some 25,000 foreign medical patients travel to Houston each year for treatment at the Texas Medical Center, one of the largest such facilities in the world. Fortune magazine has consistently ranked Houston among the best cities in the country in which to do business, particularly international business. A significant factor affecting the ranking is Houston’s global approach to business development, for Houston is not only a major city, but also a major international city, supporting a vast range of international business activities spread through various economic sectors. Some 3,500 companies do international business in Houston. International business, directly or indirectly; supports one third of Houston’s two-million-job economy. And supporting these activities are 69 foreign consulates, numerous trade and tourism offices. Banks, too, play a critical role: 18 U.S. banks, 13 of which have full-service international departments, and some 30 foreign banks operate, in Houston.

The thriving Houston economy is easily outstripping the rate of national economic expansion. Houston’s 1997 Gross Area Product was estimated at \$170 billion, with 4.9 percent annual growth. Houston is among the top U.S. cities for job growth: since 1992, employment in

Houston has increased on average by 3.2 percent per year – a third faster than the robust 2.4 percent national average. In 1997, we achieved 4.7 percent job growth, or, 1,700 new jobs created per week; during the first four months of this year, the rate of increase reached the five-percent mark. Houston recently ranked first in a study of U.S. cities with the most new businesses, and is rated as the best city in Texas for business growth.

This success is the result of a conscious effort on the part of business and political leaders, communities and workers to join together for mutual benefit. One of Houston's many strengths is its diversity – cultural, ethnic, and political. While many cities appear to view diversity as a problem, we in Houston see it differently. Instead, we perceive diversity as a source of dynamism and opportunity for our community, particularly as we move further into the global economy.

Houston's status as an international city is inevitably related to its transportation infrastructure. Recognizing that transportation is a vital component of economic success, Houston has worked hard to ensure that both its critical domestic and international transportation needs are met. Houston enjoys an ideal geographical location for a key gateway from Mexico, Central and South America to the entire Texas/Southwest region and the country's heartland. These twin elements – location and transportation support – have combined to maximize business and growth potential.

All elements of our strong intermodal transportation system play critical roles. In addition to an exceptional railroad network and extensive trucking services, the Port of Houston is now the country's largest seaport in terms of foreign commercial tonnage, and the seventh largest seaport in the world. With its unique location close to the Gulf of Mexico and its outstanding

facilities. the Port serves as the natural gateway not only to Texas but also to the Southwest and the nation's key agricultural areas. Total Latin American and Caribbean trade passing through the Port exceeds \$13 billion annually.

Houston is the second largest U.S. port for trade with Brazil in dollar terms, and the largest in terms of exports, while Brazil is Houston's fourth largest seabome trade partner, accounting for close to \$2 billion in 1997, over 70 percent of which was U.S. exports. The Latin American region accounts for one third of the Port's foreign trade, with shipments to and from the countries of South America valued at over \$8.3 billion in 1997.

A similar commitment to air transportation needs has ensured the growth of Houston's airports. and George Bush Intercontinental Airport-Houston (IAH), with its four terminals, now ranks as the eighth largest U.S. international gateway. Presently over 20 scheduled passenger airlines serve Bush Intercontinental, including 11 foreign carriers. Together they handled nearly 29 million passengers and were responsible for 718,000 airplane movements in 1997. Internationally, Bush Intercontinental offers service to 38 cities in 19 countries by 12 airlines. More than 3.8 million passengers per year travel in Houston's international markets, and in 1997 we again set a new international passenger record with a 14.2 percent increase in the number of passengers served -- a second consecutive year of double-digit growth. In terms of air cargo, Bush Intercontinental, with its over 37,000 square meters of warehouse space, handles approximately 276 million kilograms per year, 40 percent of which is international trade.

The Mickey Leland International Airlines Building (IAB), through which all international arrivals and most departures operate, features 14 gates and over 35,000 square meters of terminal

area. The City is implementing an ambitious \$800 million, five-year expansion plan at IAB, which will increase Federal Inspection Service facilities by 150 percent, enabling IAB to process up to 5,000 passengers per hour. The new plan also will enhance our gate facilities, including up to 12 new gates for widebody aircraft. These gates will be supported by up to 100 new ticketing and automated baggage handling systems

A key factor in this growth is Houston's ability to provide behind gateway feed and convenient connections for our international services. Over 80 U.S. cities receive either nonstop or direct service from Bush Intercontinental. Many of these cities are located throughout Texas, the Southwest and West, and mid-continental United States. Overall domestic traffic has increased by 7.5 percent in 1997. With its well-coordinated ground transportation connections and inter-terminal train system, the airport offers passengers efficiency and convenience.

Our Mexico, Latin America and Caribbean traffic also has been a key growth factor for our airport system. Mexico passengers, totaling over 1.8 million in 1997, have long been a major component. Houston's total number of Latin America and Caribbean passengers was over 808,000 in 1997 and accounts for nearly 21 percent of total international traffic. International air cargo also has shown significant growth, with an increase of 31 percent since 1993. During this period, tonnage to Mexico increased by 69.9 percent and to Latin America by 14 percent. Today, Houston is the second largest U.S. gateway to Latin America in terms of both departures and nonstop markets served.

In sum, Houston's airport system, while effectively managing significant recent growth in both passenger and cargo traffic, retains the capacity and the range of facilities to handle the



continued growth that we eagerly anticipate. Our expectations for further growth are well founded: the Federal Aviation Administration estimates that, over the next decade, Bush Intercontinental will rank among the top three U.S. airports in terms of growth, with a significant share of that growth coming from international passenger traffic. In total, Bush Intercontinental's international traffic has nearly doubled since IAB opened in 1990.

Of course, Houston's relationship with Continental Airlines, which is headquartered in Houston, has been an essential element in the City's development of an international air transportation network. Continental is one of Houston's largest employers, making a significant contribution to the Houston economy; it has its principal U.S. hub operation at Bush Intercontinental, with its terminals conveniently located immediately adjacent to the IAB. Continental is both Houston's leading airline and its leading international airline, operating 358 of the 474 weekly international departures at Bush Intercontinental, or 76 percent of the total. Supporting these extensive international operations are Continental's extensive domestic operations, which represent approximately 85 percent of the weekly domestic departures at the airport. This amounts to over 3,000 weekly departures throughout the United States.

Houston and Continental, drawing on the City's diversity and ideal geographical location, have developed the second largest air transport gateway to Latin America. Since 1988, with its first expansion into Central America, Continental has inaugurated service between Houston and 23 Latin American cities. Continental now serves more cities in Mexico than any other U.S. carrier, with service to 14 cities from Houston. Continental's dedication and commitment to developing these important services have brought tremendous benefits to the Houston area. The

success of Continental's Houston gateway to Mexico and Central America is now providing a springboard for the development of Houston as a major emerging gateway to South America, with service already established to Colombia, Ecuador, Venezuela, and Peru.

The international commercial ties of our Latin American community, as well as personal travel needs, also are reflected in the growth of air transportation between Houston and Mexico/Central America. Houston is the third largest U.S. gateway for passengers from Mexico, with a market share exceeding 15 percent. Further, Mexico is by far our largest international market, representing 48 percent of Houston's total international passenger traffic in 1997. Continental's Central America service has attracted similar success, enabling Houston to emerge as the second largest Central American gateway. Indeed, since 1992, Houston's Central America service has achieved a compound annual growth rate of nearly 10 percent, compared with zero or even negative growth at other gateways.

While we can claim success in providing our community with requisite international air service: numerous gaps remain in our international air transportation services, and these gaps present significant problems for our community, both in terms of business and personal needs. By contrast with Houston's superior access to Mexico and Central America, the City's ability to fulfill the potential of its ties with South America has been severely hampered by a lack of air service. Houston presently enjoys nonstop service to just four cities in four South American countries: Guayaquil, Ecuador; Bogota, Colombia; Caracas, Venezuela; and Lima, Peru.

Although Houston obtained service to Colombia and Peru only relatively recently, the impact of expanding South America service on the Houston economy has been striking. Between

1993 and 1997, Houston's total air cargo trade with South America grew by over 200 percent. Colombian imports and exports by air increased by nearly 320 percent, and Colombia jumped from being Houston's 27<sup>th</sup> to its 13<sup>th</sup> largest trading partner. During the same period, Peru rose from a ranking of 85<sup>th</sup> to become Houston's 21<sup>st</sup> most important trading partner. In the two years following commencement of nonstop and direct service to Quito, Guayaquil, Bogota, and Lima, combined average passenger traffic in those markets leaped by over 320 percent, and, from 1992 through 1997, Houston's average annual growth in passenger traffic to South America was close to 33 percent, Houston now eagerly anticipates similar exponential growth in air cargo trade and passenger traffic with Brazil upon commencement of nonstop service.

In short, Houston and Continental's success in building a Mexico/Central America service network has provided a blueprint for developing a corresponding network to South America. Just as the introduction of Continental service dramatically expanded the Houston-Mexico and Houston-Central America markets during the late 1980s and early 1990s, a similar pattern now is emerging for South America during the 1990s. Continental and Houston's track record of consistent success in Latin America should reassure the Department that Houston stands ready to make optimal use of new nonstop service to one of the most critical Latin American markets: Brazil.

The absence of nonstop Houston-Brazil service is a major void in Houston's otherwise impressive Latin American air transport service network. As Mayor, I am in the unique position of being able to listen to the needs of the community. As I do so, it has become increasingly clear to me that service deficiencies between Houston and Brazil represent a critical gap which must be

filled if the City's economic ties with Brazil are to flourish. This is especially applicable where Sao Paulo is concerned, with its significant international trade potential. For example, Houston annually generates 750,000 kilograms of Brazil air cargo. A significant portion of that total, however, must be trucked for air connections elsewhere, often as far as the Miami gateway, due to lack of nonstop service at Houston, Business communities of Texas and the Southwest that would welcome nonstop service from Houston, including, among many others, energy-related businesses. engineering firms, machinery wholesalers, and computer products manufacturers, are considerably disadvantaged in their efforts to maximize trade opportunities with the largest economy in South America. Personal travel needs also go unmet. Without nonstop Houston-Brazil service, families travelling between the two countries are forced to take inconvenient and circuitous connections. In short, connecting service cannot provide an adequate substitute for nonstop service.

The proposed daily Continental nonstop roundtrip service from Houston to Sao Paulo would open up tremendous possibilities for the community. This would be even further enhanced by convenient one-stop service beyond Sao Paulo on Continental's codeshare partner, VASP, to Rio de Janeiro: Belo Horizonte, Brasilia, Porto Alegre, and the possibility of Manaus, Fortaleza, and Belem, would open tremendous possibilities for the community. It also would provide Continental with a solid foundation for developing further South American markets from Houston. Given the considerable success demonstrated by Continental to date in opening up new Latin America markets from Houston, we are most confident of Continental's ability to do so again here.

Moreover, with Houston's location and Continental's extensive domestic route network, an award to Continental offers significant advantages for areas of the U.S. beyond Houston. A large number of behind-gateway cities may benefit from Houston connections to and from Brazil. Indeed, more than three-quarters of the U.S. population stand to benefit from an award to Houston. In particular, the Texas/Southwest, West and mid-continental U.S. will benefit from the new service, with connections via Houston to such cities as Phoenix, Albuquerque, Austin, San Antonio, Corpus Christi, Denver, El Paso, Oklahoma City, and Kansas City, as well as the West Coast cities of San Francisco, San Diego, San Jose, and Seattle.

Let me close by adding that while we as a community are committed to expanding our international air service to Brazil and the rest of South America, we cannot do this alone. All our efforts hinge on obtaining the underlying route rights, and for this we must look to the Department. There is every reason to award this route authority to Continental and the Houston gateway, and I urge the Department to do so.

## **NARRATIVE TO HOUSTON'S DIRECT EXHIBITS**

### **Introduction**

The attached exhibits, while highly comprehensive and detailed, at heart contain a straightforward message: Houston is the only applicant city without nonstop air service to Brazil. This contrasts sharply with the other applicant cities, which already enjoy such a surplus of Brazil service that many of their flights operate at significant excess capacity. The attached exhibits explain how Houston, in conjunction with the excellent proposal of Continental Airlines, matches the Department's criteria for receiving scarce rights in a highly competitive proceeding.

The 100 Series of exhibits presents a brief overview of Houston's case, while the 200 Series demonstrates how Houston's status as a strong gateway, both domestically and to Latin America, will enable it to make the most of nonstop Brazil service. The 300 Series illustrates the strength and diversity of the Houston economy and provides evidence of the City's solid economic ties to the Latin American region, while the 400 Series summarizes the community of economic and cultural ties that bind Houston to Brazil. The 500 Series attests to the impressive airport resources that Houston offers to support new Brazil service. Last, the 600 Series contains submissions from Houston businesses, all of which keenly anticipate the award of new nonstop Brazil service to Houston.

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100 **SERIES**

**SUMMARY OF EXHIBITS**

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## **NARRATIVE TO THE 100 SERIES EXHIBITS**

### **Houston is the Only Applicant City Without Nonstop Service to Brazil**

U.S.-South America air traffic and services historically have been concentrated at three major U.S. gateways – Miami, New York and Los Angeles. Based on the most recent INS statistics for calendar year 1997, these three gateways accounted for 87% of U.S.-South America traffic. Miami alone accounts for 64% of the market, New York JFK for 18%, and Los Angeles for almost 5%. (Exhibit HOU-104)

Other gateway airports, however, most notably Houston, Atlanta, DFW, Chicago and others are beginning to emerge as gateways to South America -- offering more convenient passenger routings and inter-gateway competition for passengers generated by the cities and the catchment areas of the respective hubs.

Continental has clearly demonstrated its commitment to develop Houston as a major gateway to Latin America and, specifically South America. Continental currently serves some 27 destinations in Mexico, Central America, South America and the Caribbean with nonstop service from Houston. (Exhibit HOU-101) With over 450 daily Continental flights to Houston IAH from 86 domestic cities (and 91 airports), Houston has become an effective gateway for U.S.-Latin America travelers.

Since 1993, Continental has instituted nonstop service to four South American cities in Upper South America – Bogota, Colombia; Guayaquil, Ecuador; Lima, Peru; and Caracas, Venezuela. The opportunity to provide nonstop service to Sao Paulo, Brazil -- the largest city in the largest South American country, is a critical part of the development of Continental's South American route network at Houston.



In this route proceeding there are four applicant carriers, each of which proposes service from a different gateway. However, the most distinguishing feature of the four applications is that Houston is the only city which does not already have nonstop service in the applicant's proposed market.

In fact, Miami, New York (JFK) and Los Angeles are currently the three best served U.S. gateways to Brazil, while Houston has no nonstop service. No other U.S. gateway, including points which are not at issue, has a greater justification for nonstop service to Brazil than Houston. For example, Miami currently has 82 weekly nonstop flights to Brazil, New York has 41 and Los Angeles has 15. (Exhibit HOU-102). Moreover, the services at these three well established gateways are already highly competitive and do not require additional carriers. Miami has 16 nonstop carrier routes to Brazil, including two carriers (VARIG and LAB) which provide competitive service to Manaus, American's proposed service destination.

New York has seven nonstop carrier routes to Brazil, including five carriers operating nonstop service to Sao Paulo, the route proposed by Delta. At Los Angeles, four carriers offer nonstop service to Sao Paulo, the market proposed by United, including United's own code-sharing partner, VARIG. In stark contrast, Houston has no nonstop service at all to Brazil. (Exhibit HOU- 103)

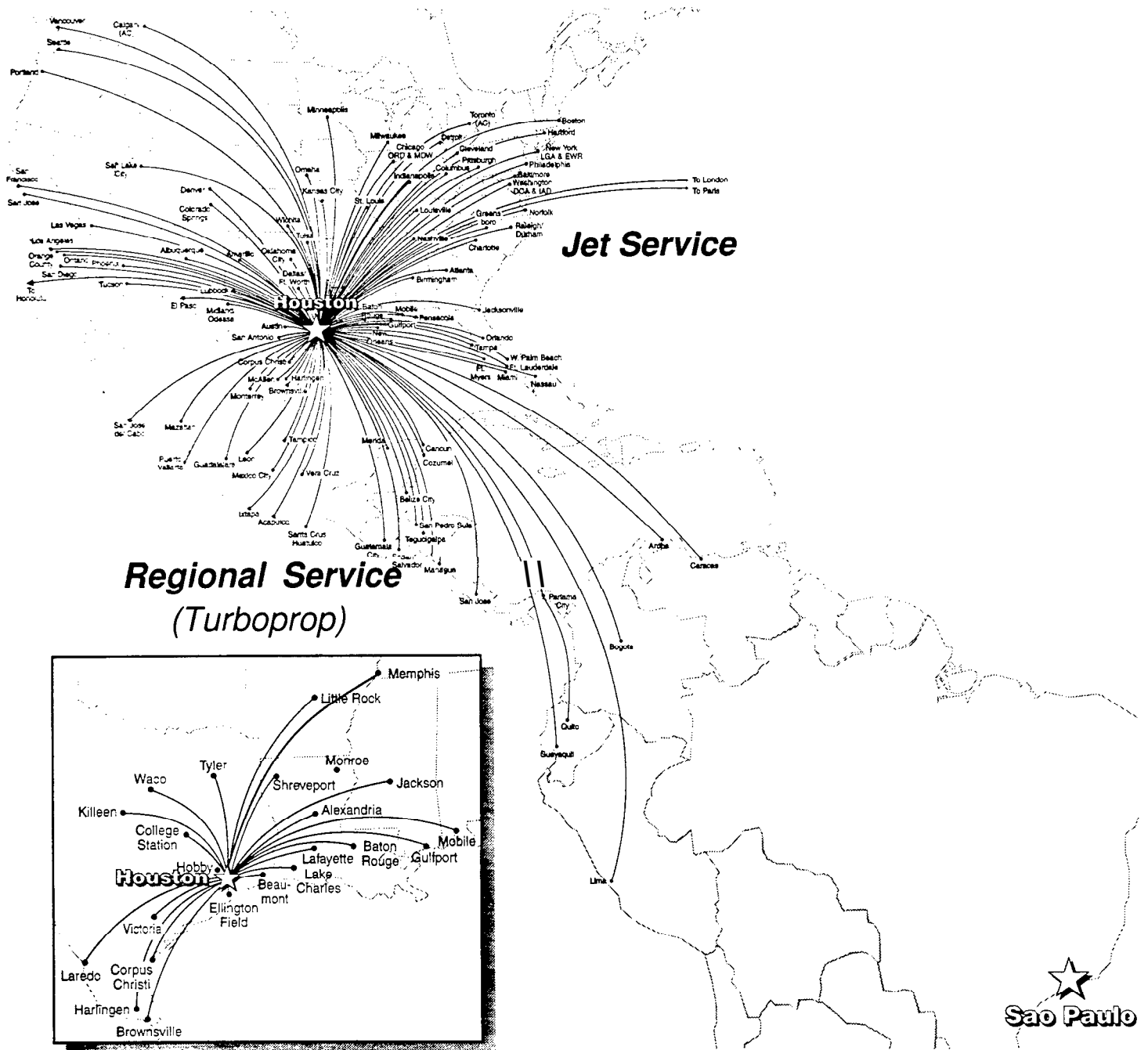
Houston clearly has a large and growing need for service to Brazil that is derived from Greater Houston area local business and leisure travel demand. However, the development of Continental's hub services at Houston makes our city a convenient gateway to Brazil for a large part of the U.S. This not only makes the route economically feasible, but also provides inter-gateway competition and expanded service options for a large number of U.S. cities.

Houston's community of interest with Brazil is perhaps best highlighted by the fact that it is one of only nine Brazilian Consular locations in the U.S., with a jurisdiction that covers seven South Central States, including Texas. Houston is one of only three Brazilian Consular locations without nonstop service to Brazil. Besides the three other major gateways at issue in this proceeding, Chicago, Atlanta and Washington are Brazilian Consular cities that have nonstop service to Brazil. (Exhibit HOU-105)

There is no doubt that Houston-Sao Paulo will be a successful and viable route for Continental. Houston is the leading international city in the South Central and Southwest region of the U.S. With the combination of local and "flow" passengers, Houston's international gateway traffic is growing rapidly, averaging 9.8% annual growth over the past five years. (Exhibit HOU-106) In 1997, some 3.5 million international passengers traveled to and from the Houston gateway (3.8 million including Canada).

Continental's successful development and expansion of traffic and service between Houston and Central and South America has been even more impressive. Continental has experienced double digit traffic growth rates, in three of the past four years. Continental's Houston-Central and South American, and Caribbean traffic grew by 21% in 1997, and in the first quarter of 1998, traffic grew by 50% over the same period in the prior year. (Exhibit HOU-107)

# Continental Has Developed an Extensive Domestic Hub and Latin American Gateway at Houston

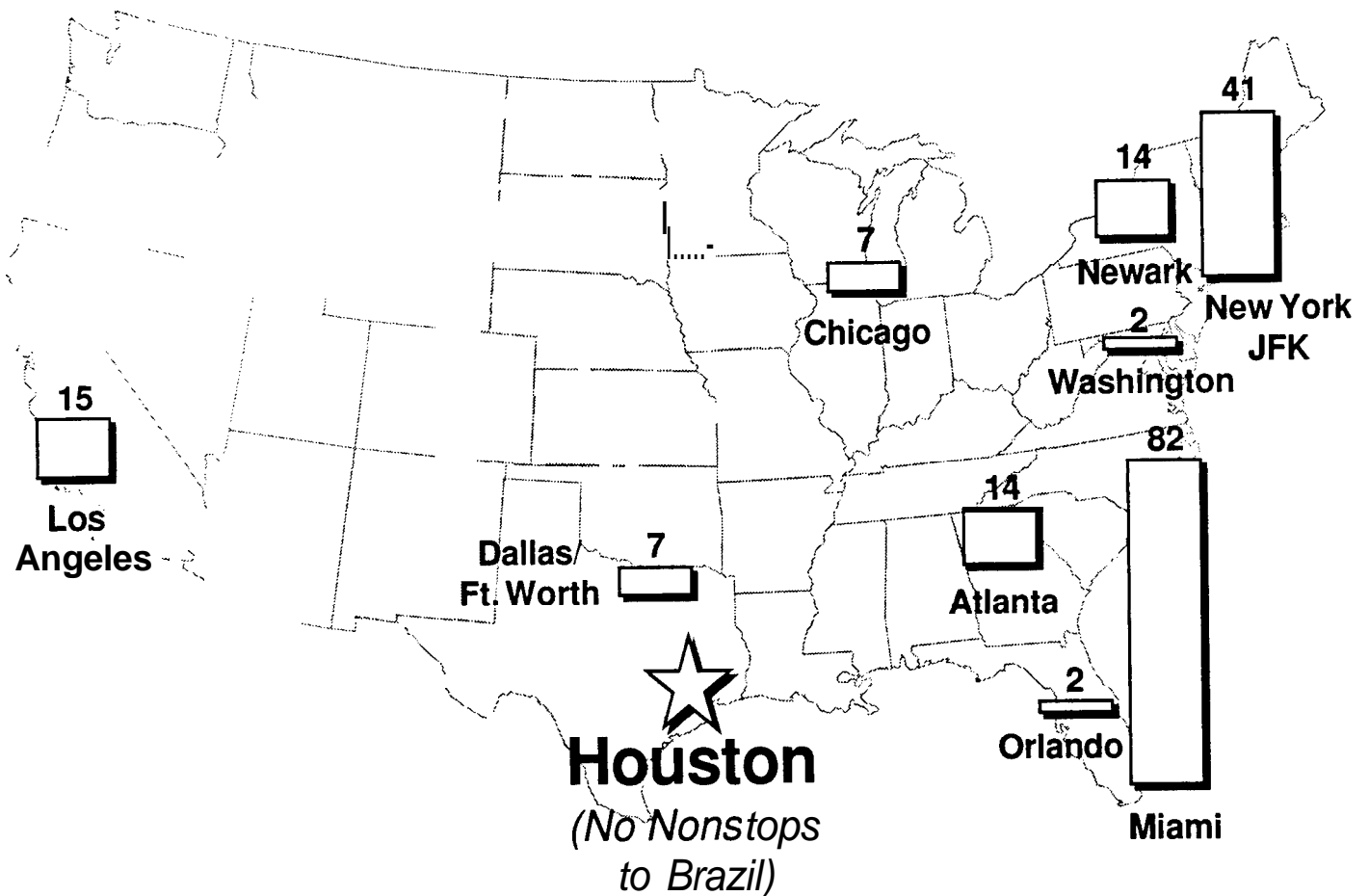


Note: Map Depicts Continental's Nonstop Routes at IAH Plus Onestop Service to Quito  
Source: Exhibits HOU-212,-213 and -214

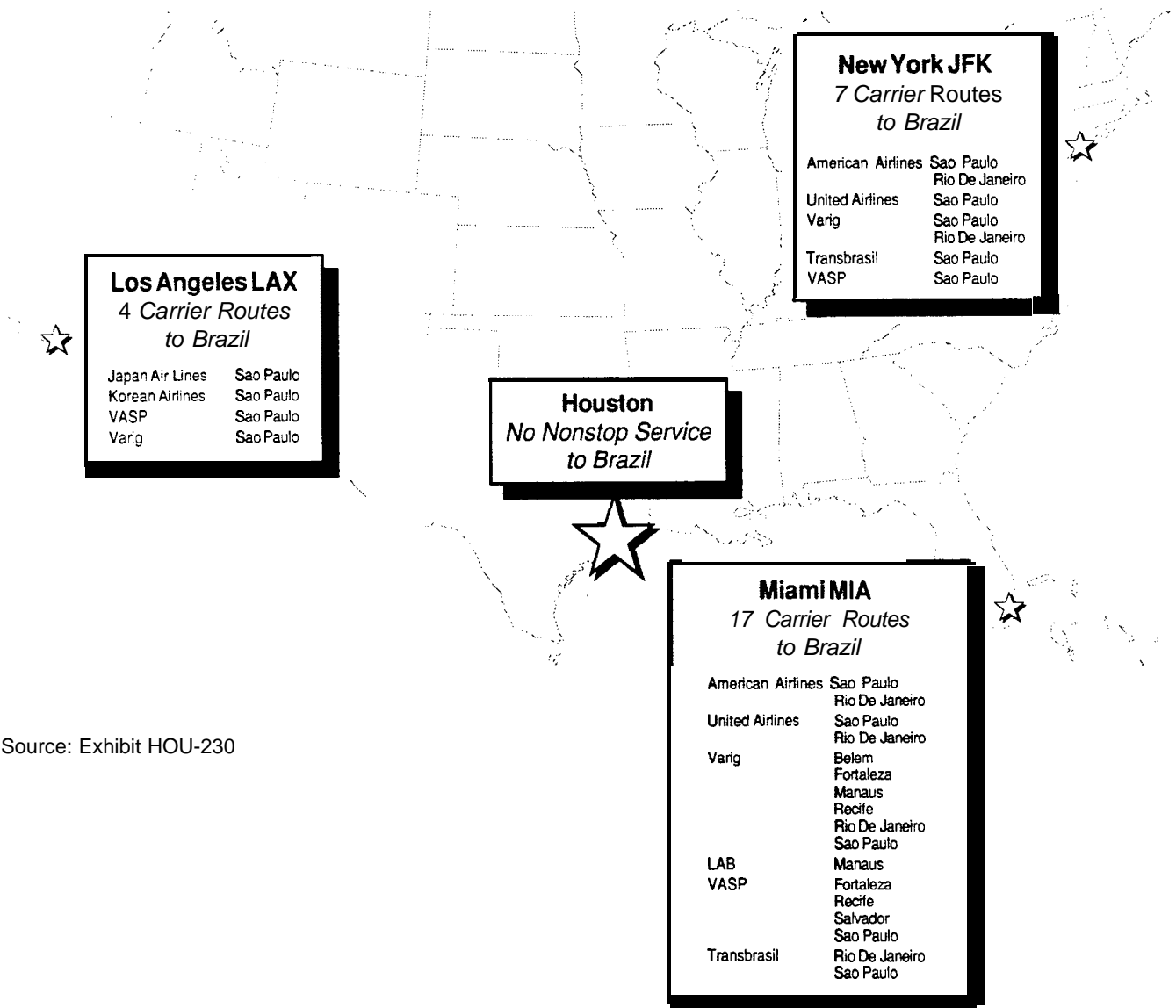
# Miami, New York JFK and Los Angeles are Currently the Three Best Served U.S. Gateways to Brazil, While Houston Has No Nonstop Service

## Weekly Nonstop Flights to Brazil

June, 1998



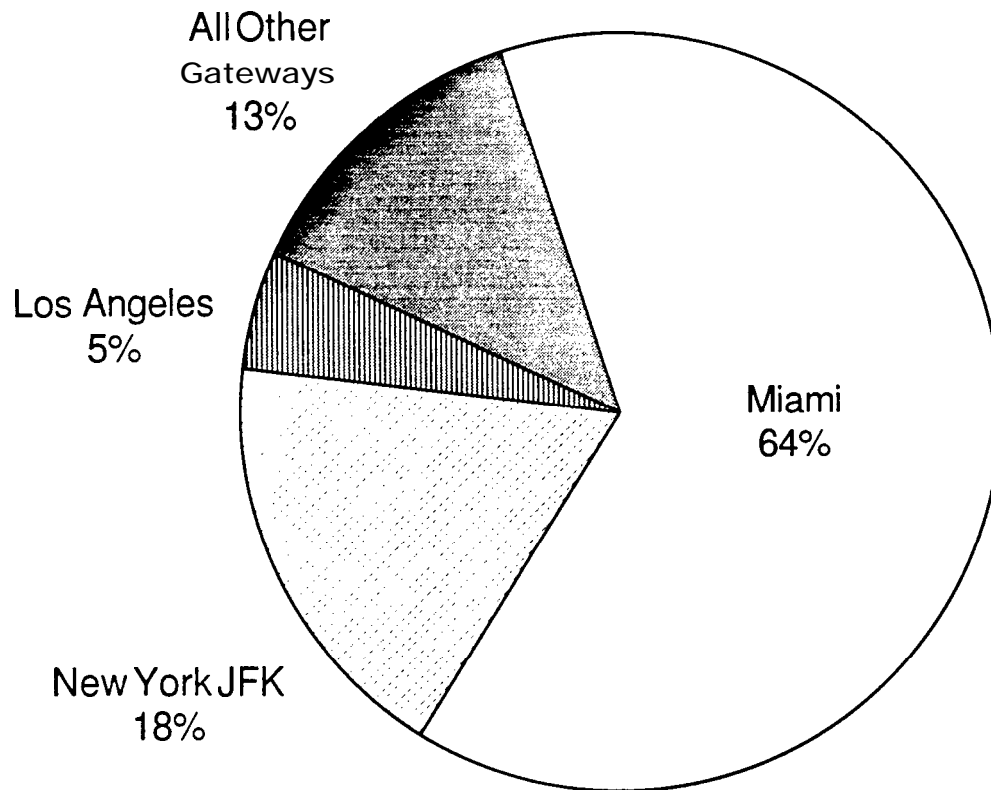
# Houston is the Only Gateway at Issue Without Any Nonstop Service to Brazil



Source: Exhibit HOU-230

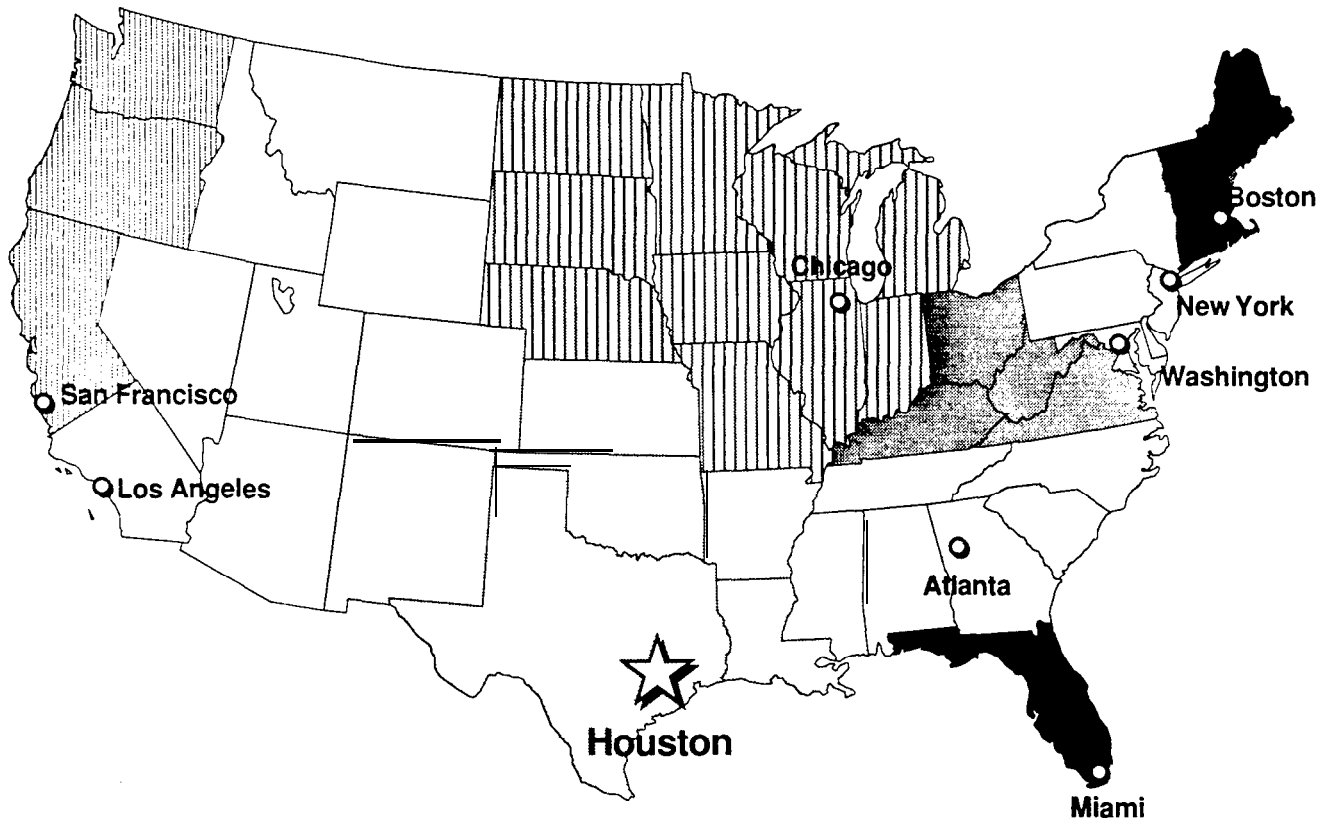
## Miami, New York and Los Angeles Account for 87% of **U.S.–South** America Traffic

**Percent of 1997 U.S.–South America  
INS Passengers**



Source: Exhibit HOU-229

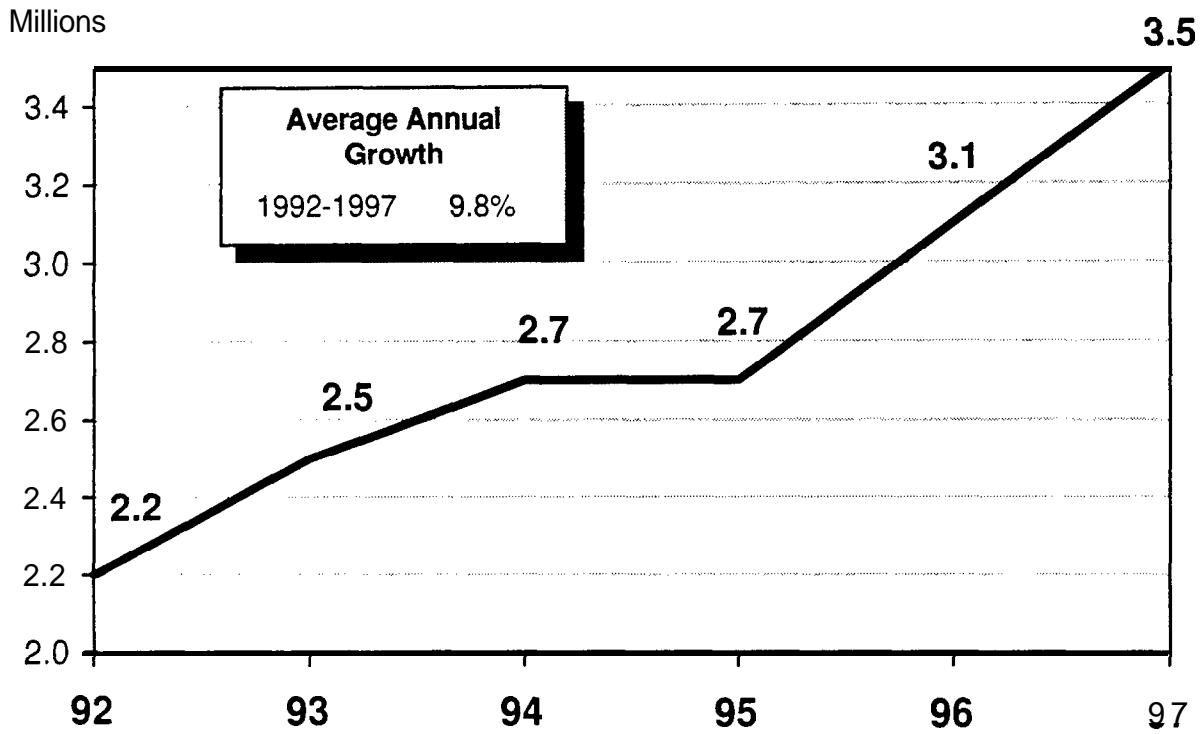
## Houston is the Brazilian Consular Location for the South Central States



Note: Career Consulate General Locations  
Source: Exhibit HOU-203 and Embassy of Brazil

# Houston's International Gateway Traffic is Growing Rapidly

## IAH International Passengers (INS)

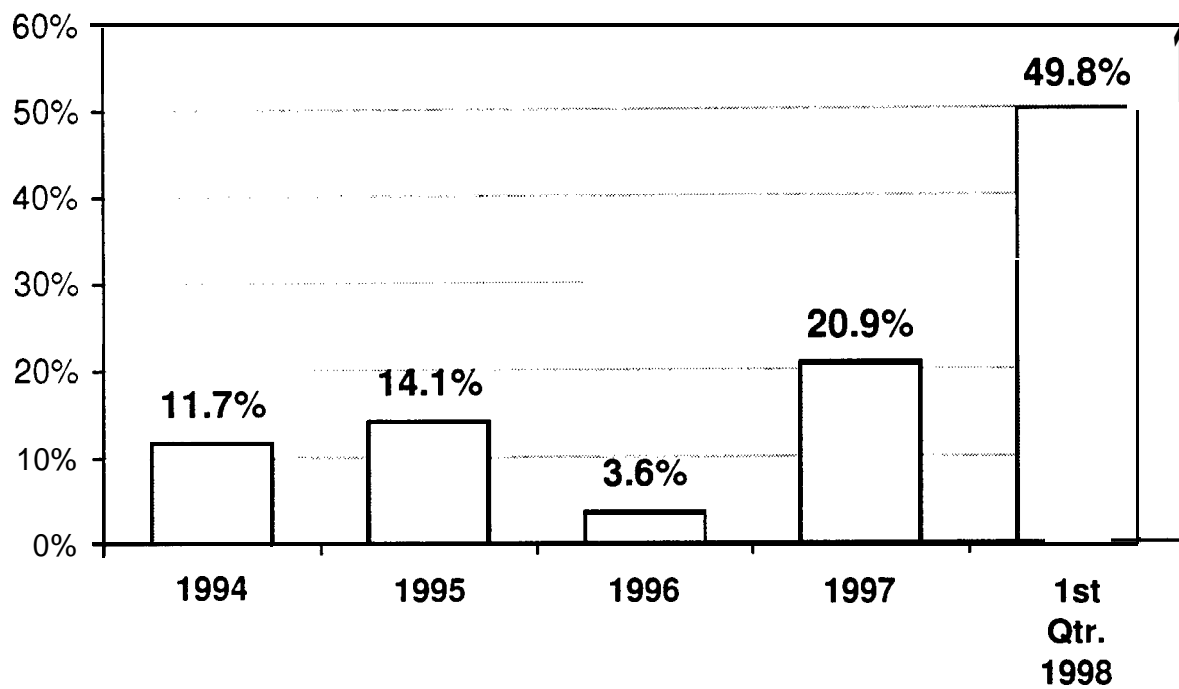


Note: Data Does Not Include Canada Traffic  
Source: Exhibit HOU-207



## Continental is Successfully Expanding its Central and South American Services at **IAH**

**Percent Change from Prior Year  
in Central & South America Passengers**



Note: Caribbean Traffic is Also Included in the Central and South America Region Category Original Source  
Source: Exhibit HOU-211

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*200* SERIES

**HOUSTON'S NEED FOR  
SERVICE TO BRAZIL**

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## **NARRATIVE TO THE 200 SERIES EXHIBITS**

### **Houston Has the Greatest Need for Service to Brazil Among the Candidate Gateways in this Proceeding**

The other three candidate gateways in this case -- Miami, New York (JFK) and Los Angeles are presently the three best served U.S. cities to Brazil among all U.S. points. They have the most flights, the most seats, the most carriers and, except for Los Angeles, the most destinations in Brazil served with nonstop flights of any other of the nine existing U.S. gateways with scheduled service to Brazil. (Exhibit HOU-201) On the other hand, Houston, despite a strong community of interest with Brazil and highly favorable geographic location as a gateway, has no nonstop service to Brazil.

Together, Miami, New York (JFK) and Los Angeles account for 75% of all current U.S.-Brazil scheduled nonstop flights. Miami alone has 82 weekly flights or 45% of the total market. New York has 41 weekly nonstops to Brazil, the majority of which are to Sao Paulo, while Los Angeles has 15 weekly flights.

Each of these gateways also enjoy extensive airline competition in the Brazil market. Six airlines compete with nonstop service in the Miami-Brazil market; five at New York (JFK) and four at Los Angeles. Considering that a number of these airlines have code-sharing alliance partners, the number of airlines actually selling nonstop services to the public is even greater.

The three other gateways at issue in this case similarly have far more nonstop service than Houston to South America. (Exhibit HOU-202) With 82,350 outbound seats per week, Miami has more than 20 times as many seats to South America as Houston. New York (JFK) has seven times more seat capacity, and Los Angeles nearly twice as much as Houston.

As noted previously, there are only nine Brazilian Consular locations in the U.S., one of which is in Houston. Except for Houston, most of these Brazilian Consular locations are in cities that have nonstop service to Brazil. (Exhibit HOU-203) The Brazilian Consulate in Houston serves a seven state region, including Texas, which has a population base of 37 million or approximately 14% of the U.S. population. (Exhibit HOU-204)

As distinguished from the other route applications in this proceeding, Continental's proposed service from Houston will benefit the greatest number of passengers traveling to and from U.S. cities behind the gateways, Using a conservative "low circuitry, nonstop-to-nonstop" criteria to define potential behind gateway markets on a comparative basis for each gateway, the Continental/Houston gateway will benefit some 48 domestic cities that do not currently have nonstop service to Brazil. This is nearly twice as many cities as either United/Los Angeles or American/Miami, and over four times as many behind gateway markets for Delta/New York (JFK). (Exhibit HOU-205) The pool of potential passengers available for each applicant's proposed services from these "behind cities" is far greater for Continental/Houston than any of the other carrier/gateways. Based on the DOT O&D Survey, Houston's "behind gateway" traffic pool is 110,080 passengers, or over 50% greater than United/Los Angeles and more than twice as much as Delta/New York (JFK). The behind gateway traffic pool for American's proposed Miami-Manaus service is minuscule.

### **Development of Continental's Latin American Gateway at Houston**

Over the past 10 years (1987-1997), Houston's gateway traffic to and from Latin America (Mexico, Central and South America) has increased by 108% from 1.27 to 2.65 million passengers. (Exhibit HOU-206)

The Mexican segment of this Latin American market increased by 72% during this period, while the Central and South American traffic increased by almost 300%. Other measures of Houston's Latin American gateway growth, such as, departures, seats and number of markets served, show similar large expansion. Most of the growth in the Houston-Latin America markets is due to new entry and service increases by Continental.

Houston's record of international traffic development over the past five years is most impressive. Houston's total INS international passengers (which excludes Canada), was 3.5 million in 1997, and has increased at an annual rate of 9.8% since 1992. This is a faster rate of growth than any of the other gateways at issue in this case. (Exhibit HOU-207)

Houston's passenger traffic to and from South America has grown at the annual rate of 33% per year since 1992, again much faster than the other three well established gateways at issue. (Exhibit HOU-208) This growth is due to Continental's new nonstop services to four South American countries over this period.

Even Houston's well-developed gateway traffic to Mexico and Central America grew at rates much faster than the other three gateways at issue -- 9.5% per year for the 1992-1997 period. (Exhibit HOU-209) In this market, even the absolute increase in passengers at Houston exceeded those of each of the other gateways.

It is clear that, in Latin American markets that are served nonstop from Houston, Houston is an effective and highly competitive gateway. For example, the Houston gateway accounts for 15.4% and 19.6% of U.S. traffic to and from Mexico and Central America respectively. (Exhibit HOU-210) For the U.S.-Colombia, Ecuador and Peru markets, Houston's share was 6.4% in 1997.

This growth in Houston's traffic and services to Latin America has been largely due to the expansion of Continental's service. In the 1993-1997 period, Continental's Houston-Central and South America, and Caribbean passengers have grown at 12.4% per year to 666,821 in 1997. (Exhibit HOU-211) Continental's recent expansion of service to this region resulted in a 50% increase in traffic for the first quarter of 1998 versus the prior year.

An important factor in the development of Continental's Latin America gateway at Houston is its extensive and growing network of domestic service at Houston. Continental currently operates over 300 daily jet departures to 73 domestic airports, and nearly 130 daily departures to 23 airports with regional turboprop aircraft. (Exhibits HOU-212 and HOU-213) In addition, Continental presently offers over 375 single plane departures per week to 36 international cities. (Exhibit HOU-2 14)

In February 1988, Continental did not operate any direct flights from Houston to Central or South America. Continental now serves 13 Central and South American cities with 107 nonstop departures per week from Houston.

In each instance where new nonstop service was instituted, there was an enormous increase in the reported Houston O&D traffic for the market. On average, the reported O&D traffic for the Houston-Central American markets increased by more than 11 times the "base traffic," following the introduction of nonstop service. (Exhibit HOU-215) The larger South American O&D markets increased by more than four-fold after Continental's nonstop service. (Exhibit HOU-216) A similar high rate of local Houston-Brazil traffic stimulation would be expected to follow Continental's introduction of nonstop service to Sao Paulo.

## **The Proposed Services at the Three Other Gateways at Issue Do Not Fill Any Major Need for Service**

### ***Delta /New York (JFK)- Sao Paulo***

There is simply no market need or significant public interest consideration that justifies an award to Delta for the JFK-Sao Paulo route. The JFK-Sao Paulo market is currently served by five nonstop carriers – American, United, Transbrasil, VARIG and VASP – which provide 27 weekly nonstop flights from JFK, all with widebody aircraft. Moreover, four of the five carriers have alliance partners that code-share in the market, bringing the total number of carriers selling nonstop seats in the JFK-Sao Paulo market to seven. (Exhibit HOU-217) In addition, American and VARIG (each with a code-share partner) offer 14 weekly nonstops to Rio de Janeiro.

The most recent T-100 load factor data available also does not evidence any shortage of capacity in the market. In 1997, the average load factor for JFK-Sao Paulo service was only 56.1%, with load factors for individual carriers ranging from 46.1% to 67.7%. The load factor experience over a three year period (1995-1997) is roughly the same. The average for JFK-Sao Paulo was only 55.2% -- certainly not a sign that more service is needed. (Exhibit HOU-218) In fact, it evidences excess capacity. JFK-Rio de Janeiro load factors are only slightly higher at 58.9%.

Not only is there no need for additional service in the JFK-Sao Paulo market, but Delta can make use of the many empty seats of its alliance partner, Transbrasil. For the year ended October 1997, Transbrasil operated at only a 46.3% load factor. (Exhibit HOU-219)

### ***American / Miami-Manaus***

Miami is by far the dominant U.S. gateway to South America, in general, and to Brazil in particular. Six airlines currently provide 82 weekly nonstop flights to seven destinations in Brazil. Two carriers currently operate nonstop service in the Miami-Manaus market, which American proposes to serve. (Exhibit HOU-220) Of the six carriers serving the Miami-Brazil market, American has the most nonstop frequencies with 28 per week in each direction.

Load factors in the Miami-Brazil market also do not indicate a shortage of capacity. In 1997, the average load factor was 65.1%. In the two prior years, the average load factor was approximately 60%. (Exhibit HOU-221) The average load factor in the Miami-Manaus market was only slightly higher than total Miami-Brazil, at 68.1% in 1997.

U.S.-Brazil service is limited to relatively few U.S. gateways. The award of a new route at the dominant gateway, Miami, to serve a relatively small market in Brazil should certainly not take precedence over the authorization of the first nonstop link between Houston, the fourth largest city in the U.S. and Sao Paulo, the largest city in South America. Manaus is a small market. Even assuming some under-reporting in the DOT O&D survey, Manaus is only a fraction of the size of Sao Paulo in terms of either population, or more importantly, air passenger demand. (Exhibit HOU-222)

An award of scarce frequencies to American would only serve to increase American's dominant position in both the U.S.-Brazil and overall U.S.-South America market. American currently operates 60% of the total U.S. flag carrier nonstop flights to South America and has at least a 50% frequency share of every U.S.-South America market that has nonstop service, including Brazil. (Exhibit HOU-223)



### ***United/Los Angeles-Sao Paulo***

The Los Angeles-Sao Paulo market currently has four carriers providing nonstop service, including VARIG, United's alliance partner. (Exhibit HOU-224) Each of VARIG's nonstop LAX-Sao Paulo flights, all of which are with B-747 aircraft, operate with United's code. The VARIG-United alliance currently offers 1,592 weekly nonstop seats in the market. The more than 5,500 weekly seats in the LAX-Sao Paulo market is 50% more than Houston has to all points in South America.

Unlike Continental at Houston, Los Angeles is not a domestic hub for United Airlines nor is United developing a Latin American hub at Los Angeles, In fact, United operates nonstop service from Los Angeles to only three Latin American destinations -- Mexico City, Guatemala and San Salvador. Since 1994, United has reduced its LAX-Latin America service from 42 to 28 weekly nonstop flights. (Exhibit HOU-225)

United's interest in LAX-Sao Paulo is most likely prompted by its recent code-share alliance with VARIG, the carrier with the second most U.S.-Brazil frequencies, 45 per week, after American. The combined alliance operations of United and VARIG currently amount to 73 nonstop flights per week, or 4% of the U.S.-Brazil nonstop frequencies. (Exhibit HOU-226) The combined carriers serve five U.S. gateways and 11 U.S.-Brazil city pair markets with nonstop service; including Los Angeles-Sao Paulo.

To the extent that LAX-Sao Paulo needs additional nonstop service, this service could readily be provided by VARIG (and with the code-share and marketing advantages of United). Since VARIG discontinued its code-share arrangements with Delta, and Delta's entry into the Atlanta-Sao Paulo market in June 1997, VARIG's load factors at Atlanta have plummeted to the 40 to 50% range. (Exhibit HOU-227) It is likely that Varig will switch these frequencies to another gateway which takes advantage of its alliance with United. The most likely alternatives

are Washington Dulles or Los Angeles. (Exhibit HOU-228) Obviously, if United were awarded the LAX-Sao Paulo route, VARIG would most likely switch its Atlanta route to United's Washington hub. The net effect is that the United-VARIG alliance would increase its dominant share of frequencies. United does not have to be selected in this proceeding for Los Angeles to obtain additional service to Brazil. However, the proceeding represents Houston's only chance for nonstop service to Brazil for the foreseeable future.

As noted earlier, Miami, New York JFK, and Los Angeles are, by far, the dominant gateways for the U.S.-South America market. In 1997, these three gateways accounted for 87% of the total U.S.-South America air passengers. (Exhibit HOU-229) Although successful in supporting new nonstop flights to Upper South America over the past few years, Houston's share of total U.S.-South America traffic in 1997 was less than 2%.

**The Three Other Gateways at Issue in This Case  
Are the Three Best Served U.S. Cities to Brazil,  
With 75% of the Nonstop Departures;  
But Houston Has No Nonstop Service**

**U.S. to Brazil Service, June 1998**

Freq. Rank	U.S. Gateway	Weekly Nonstop Departures	No. of Nonstop Carriers	No. of Nonstop Destinations	Percent of Total Nonstop Departures
	<b>Houston</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>1</b>	<b>Miami</b>	82	6	7	44.6%
2	New York JFK	<b>41</b>	5	2	22.3%
3	<b>Los Angeles</b>	<b>15</b>	4	<b>1</b>	<b>8.2%</b>
4	Atlanta	14	2	1	7.6%
5	Newark	14	1	2	7.6%
6	Chicago	7	1	1	3.8%
7	Dallas / Ft. Worth	7	1	1	3.8%
<b>8</b>	Orlando	2	1	1	1.1%
9	Washington	2	1	1	1.1%
	<b>Total</b>	<b>184</b>			<b>100.0%</b>
	MIA, JFK and LAX	<b>138</b>			75.0%

Source: OAG Schedule Tapes, June 1998.

**The Three Other Gateways at Issue in this Case  
Have Far More Nonstop Service  
To South America Than Houston**

*A. Summary*

Seat Rank	Gateway	June 1998 Weekly Nonstop Seats
1	Miami	82,350
2	New York Kennedy	25,654
3	Los Angeles	6,481
4	Houston	3,597

*Source: OAG Schedule Tapes, June 1998.*

**The Three Other Gateways at Issue in this Case  
Have Far More Nonstop Service  
To South America Than Houston**

*B. Detail*

Gateway	South American Destination	Code	June 1998 Weekly Nonstop Seats
Miami	Barranquilla	BAQ	2,220
	Belem	BEL	193
	Bogota	BOG	8,285
	Buenos Aires Ezeiza	EZE	10,317
	<b>Cali</b>	<b>CLO</b>	<b>1,358</b>
	Caracas	c c s	12,441
	Cartagena	CTG	1,050
	Fortaleza	FOR	483
	Guayaquil	GYE	4,351
	Iquitos	IQT	190
	La Paz	LPB	1,358
	Lima	LIM	7,620
	Manaus	MAO	796
	Maracaibo	MAR	896
	Medellin	MDE	1,200
	Quito	UIO	3,166
	<b>Recife</b>	<b>REC</b>	<b>676</b>
	Rio De Janeiro	GIG	5,005
	Salvador	SSA	290
	Santa Cruz	W I	1,435
Santiago	<b>SCL</b>	<b>7,221</b>	
Sao Paulo Guarulhos	GRU	11,799	
	Total		<b>82,350</b>
New York Kennedy	Bogota	BOG	1,348
	Buenos Aires Ezeiza	EZE	4,856
	Caracas	c c s	3,584
	Georgetown	<b>GEO</b>	<b>570</b>
	Guayaquil	GYE	2,780
	Lima	LIM	2,688
	Rio De Janeiro	GIG	2,933
	Sao Paulo Guarulhos	GRU	6,895
	Total		<b>25,654</b>

**The Three Other Gateways at Issue in this Case  
Have Far More Nonstop Service  
To South America Than Houston**

*B. Detail*

Gateway	South American Destination	Code	June 1998 Weekly Nonstop Seats
Los Angeles	Lima	LIM	968
	Sao Paulo Guarulhos	GRU	<u>5,513</u>
	Total		6,481
Houston	Bogota	BOG	959
	Caracas	c c s	1,204
	Guayaquil	GYE	230
	Lima	LIM	<u>1,204</u>
	Total		3,597

Source: OAG Schedule Tapes, June 1998.

## Houston is One of Only Three Brazilian Consular Locations Without Nonstop Service to Brazil

Brazilian Consular Locations	Nonstop Service to Brazil	No. of Weekly N/S/ Departures
(Houston	No	<b>0</b>
Miami	Yes	82
New York	Yes	41
Los Angeles	Yes	15
Atlanta	Yes	14
Chicago	Yes	7
Washington	Yes	2
Boston	No	0
San Francisco	No	0

*Source: Brazil Embassy; OAG June 1998.*

**The Brazilian Consulate General in Houston  
Serves the 37 Million Strong Population of  
Texas and the Central U.S. Region**

	Central U.S. Region	United States	Central U.S. as % of U.S.
Population 1995	36,899,690	262,887,750	14.0%
Population 2020	48,202,930	322,813,350	14.9%
Population Change 1995-2020	11,303,240	59,925,600	18.9%
Employment Change 1995-2020	7,928,110	49,309,210	16.1%
Personal Income After Taxes 1996 (\$000)	541,375,690	4,161,512,384	13.0%
Total Retail Sales 1996 (\$000)	336,767,820	2,465,147,126	13.7%
Gross State Product 1996 (\$000,000)	1,029,096	7,631,022	13.5%

*Central U.S. region includes the states of; Texas, Arkansas, Colorado, Kansas, Louisiana New Mexico, and Oklahoma.*

*Sources: Woods & Poole, 1998 MSA Profile (population, employment);  
U.S. Bureau of Economic Analysis (Gross State Product); Sales & Marketing  
Management, 1997 Survey of Buying Power (persona/ income, retail sales)*



## No Other Gateway at Issue Will Benefit as Many Behind Gateway Cities as Houston

Gateway	Dom Mkts Excluding Other Gateways	Other Nonstop Gateways	Foreign Markets	Total
<b><i>Number of Online Low Circuitry Potential Connecting Markets 1/</i></b>				
<b>Houston</b>	<b>48</b>	<b>2</b>	<b>3</b>	<b>53</b>
Los Angeles	27	0	3	30
New York Kennedy	11	2	0	13
Miami	26	0	2	28
<b><i>Pool of O&amp;D Passengers</i></b>				
<b>Houston</b>	<b>110,080</b>	<b>64,650</b>	<b>na</b>	<b>174,730</b>
Los Angeles	72,250	0	na	72,250
New York Kennedy	46,290	66,410	na	112,700
Miami	920	0	na	920

*1/ Circuitry of 10% of nonstop distance; current nonstop service by applicant carrier to gateway airport.*

*Note: Pool of passengers includes R/O and SAO for HOU, LAX, and JFK.  
 Miami includes O&D for MAO.*

*Source: OAG Schedule Tapes, June 1998, IR2RIO.wk1, IR2BSAO.wk1  
 and IR2MAO.wk1*

## No Other Gateway at Issue Will Benefit as Many Behind Gateway Cities as Houston

### A. Continental via Houston

city /1	SAO/RIO O&D	Nonstop SAO	Mileage Via IAH			Added Miles	Mileage Circuitry
			SAO-IAH	To IAH	Total		
<u>Domestic Cities</u>							
Albuquerque	1,050	5,636	4,910	742	5,652	16	0.3%
Alexandria	0	4,848	4,910	206	5,116	268	5.5%
Amarillo	300	5,427	4,910	518	5,428	1	0.0%
Austin	2,290	5,028	4,910	142	5,052	24	0.5%
<b>Baton Rouge</b>	380	4,758	4,910	253	5,163	405	8.5%
<b>Beaumont/Port Arthur</b>	50	4,850	4,910	80	4,990	140	2.9%
Brownsville	0	4,816	4,910	309	5,219	403	8.4%
College Station	220	4,982	4,910	73	4,983	1	0.0%
Colorado Springs	570	5,711	4,910	810	5,720	9	0.2%
Corpus Christi	170	4,904	4,910	201	5,111	207	4.2%
Denver	8,090	5,759	4,910	864	5,774	15	0.3%
El Paso	640	5,493	4,910	665	5,575	82	1.5%
Harlingen	70	4,841	4,910	294	5,204	363	7.5%
Honolulu	3,270	8,093	4,910	3,895	8,805	712	8.8%
Jackson	360	4,805	4,910	350	5,260	455	9.5%
<b>Kansas City</b>	1,780	5,320	4,910	632	5,542	222	4.2%
Killeen	80	5,063	4,910	158	5,068	5	0.1%
Lafayette	400	4,776	4,910	202	5,112	336	7.0%
Lake Charles	20	4,826	4,910	127	5,037	211	4.4%
Laredo	20	4,986	4,910	301	5,211	225	4.5%
<b>Las Vegas</b>	7,360	6,075	4,910	1,219	6,129	54	0.9%
Little Rock	340	5,012	4,910	375	5,285	273	5.4%
Lubbock	140	5,362	4,910	457	5,367	5	0.1%
<b>McAllen</b>	170	4,867	4,910	316	5,226	359	7.4%
Memphis	1,310	4,942	4,910	470	5,380	438	8.9%
Midland Odessa	120	5,304	4,910	427	5,337	33	0.6%
Minneapolis	6,220	5,560	4,910	1,036	5,946	386	6.9%
Monroe	130	4,893	4,910	263	5,173	280	5.7%
<b>Oklahoma City</b>	840	5,260	4,910	396	5,306	46	0.9%
Omaha	550	5,475	4,910	782	5,692	217	4.0%
Ontario	270	6,123	4,910	1,330	6,240	117	1.9%
<b>Orange County</b>	1,440	6,123	4,910	1,343	6,253	130	2.1%
Phoenix	3,510	5,827	4,910	1,007	5,917	90	1.5%
Portland	3,090	6,731	4,910	1,822	6,732	1	0.0%
<b>Salt Lake City</b>	3,390	6,103	4,910	1,193	6,103	0	0.0%
San Antonio	1,960	5,028	4,910	189	5,099	71	1.4%
San Diego	5,690	6,057	4,910	1,299	6,209	152	2.5%
San Francisco	40,200	6,475	4,910	1,631	6,541	66	<b>1.0%</b>
<b>San Jose</b>	1,850	6,444	4,910	1,603	6,513	69	1.1%
Seattle/Tacoma	5,140	6,775	4,910	1,871	6,781	6	0.1%

**No Other Gateway at Issue Will Benefit as Many  
 Behind Gateway Cities as Houston**

**A. Continental via Houston**

City /1	SAO/RIO O&D	Nonstop SAO	Mileage Via IAH			Added Miles	Mileage Circuitry
			SAO-IAH	To IAH	Total		
Shreveport	170	4,963	4,910	192	5,102	139	2.8%
St. Louis	3,330	5,147	4,910	668	5,578	431	8.4%
Tucson	1,070	5,725	4,910	934	5,844	119	2.1%
Tulsa	1,160	5,228	4,910	430	5,340	112	2.1%
Tyler	70	5,024	4,910	163	5,073	49	1.0%
Victoria	30	4,926	4,910	123	5,033	107	2.2%
Waco	60	5,067	4,910	158	5,068	1	0.0%
Wichita	710	5,359	4,910	543	5,453	94	1.8%
Subtotal	110,080						
<b>Other Gateways</b>							
Dallas/Fort Worth	25,100	5,119	4,910	225	5,135	16	0.3%
Los Angeles	39,550	6,159	4,910	1,375	6,285	126	2.0%
Subtotal	64,650						
<b>International Cities</b>							
Calgary	0	6,570	4,910	1,747	6,657	87	1.3%
Monterrey	0	4,949	4,910	412	5,322	373	7.5%
Vancouver	0	6,863	4,910	1,967	6,877	14	0.2%
<b>Grand Total</b>	174,730						

/1 Cities served nonstop by applicant carrier.

Source: OAG Schedule Tapes, June 1998, IR2RIO.wk1 and IR2BSAO.wk1.

## No Other Gateway at Issue Will Benefit as Many Behind Gateway Cities as Houston

### B. United via Los Angeles

City /1	SAO/RIO O&D	Nonstop SAO	Mileage Via LAX			Added Miles	Mileage Circuitry
			SAO-LAX	To LAX	Total		
<b><u>Domestic Cities</u></b>							
Bakersfield	20	6,241	<b>6,159</b>	<b>109</b>	6,268	27	0.4%
Carlsbad	100	6,074	<b>6,159</b>	87	6,246	172	2.8%
Fresno	220	6,319	<b>6,159</b>	209	6,368	49	0.8%
Honolulu	3,270	8,093	<b>6,159</b>	2,552	8,711	618	7.6%
Imperial	0	5,979	<b>6,159</b>	181	6,340	361	6.0%
Inyokern	0	6,189	<b>6,159</b>	122	6,281	92	1.5%
Kahului	650	7,993	<b>6,159</b>	2,482	8,641	648	8.1%
Kauai Island	50	8,194	<b>6,159</b>	2,611	8,770	576	7.0%
Kona	430	7,942	<b>6,159</b>	2,502	8,661	719	9.1%
Las Vegas	7,360	6,075	<b>6,159</b>	236	6,395	320	5.3%
Monterey	230	6,417	<b>6,159</b>	266	6,425	8	<b>0.1%</b>
Oakland	370	6,470	<b>6,159</b>	337	6,496	26	0.4%
Ontario	270	6,123	<b>6,159</b>	46	6,205	82	1.3%
Orange County	1,440	6,123	<b>6,159</b>	36	6,195	72	1.2%
Oxnard/Ventura	20	6,208	<b>6,159</b>	49	6,208	0	0.0%
Palm Springs	130	6,061	<b>6,159</b>	109	6,268	207	3.4%
Portland	3,090	6,731	<b>6,159</b>	833	6,992	261	3.9%
Sacramento	1,250	6,461	<b>6,159</b>	360	6,519	58	0.9%
San Diego	5,690	6,057	<b>6,159</b>	109	6,268	211	3.5%
San Francisco	40,200	6,475	<b>6,159</b>	337	6,496	21	0.3%
San Jose	1,850	6,444	<b>6,159</b>	307	6,466	22	0.3%
San Luis Obispo	130	6,313	<b>6,159</b>	155	6,314	1	0.0%
Santa Barbara	330	6,247	<b>6,159</b>	88	6,247	0	0.0%
Santa Maria	0	6,293	<b>6,159</b>	134	6,293	0	0.0%
Seattle/Tacoma	5,140	6,775	<b>6,159</b>	954	7,113	338	5.0%
Visalia	0	6,288	<b>6,159</b>	173	6,332	44	0.7%
Yuma	<b>10</b>	5,925	<b>6,159</b>	237	6,396	471	7.9%
Subtotal	72,250						
<b><u>International Cities</u></b>							
Osaka	<b>0</b>	11,638	<b>6,159</b>	5,703	11,862	224	<b>1.9%</b>
Tokyo	<b>0</b>	11,499	<b>6,159</b>	5,455	11,614	115	<b>1.0%</b>
Vancouver	<b>0</b>	6,863	<b>6,159</b>	<b>1,080</b>	7,239	376	5.5%
<b>Grand Total</b>	72,250						

/1 Cities served nonstop by applicant carrier.

Source: OAG Schedule Tapes, June 1998, IR2RIO.wk1 and IR2BSAO.wk1.

**No Other Gateway at Issue Will Benefit as Many  
 Behind Gateway Cities as Houston**

**C. Delta via New York Kennedy**

city /1	SAO/RIO	Nonstop	Mileage Via JFK			Added Miles	Mileage Circuitry
	O&D	SAO	SAO-JFK	To JFK	Total		
<b>Domestic Cities</b>							
Albany	590	4,874	4,742	146	4,888	14	0.3%
Baltimore	2,430	4,725	4,742	183	4,925	200	4.2%
Boston	17,540	4,790	4,742	187	4,929	139	2.9%
Cincinnati	3,540	4,950	4,742	587	5,329	379	7.7%
Hartford	1,290	4,785	4,742	96	4,838	53	1.1%
Norfolk	450	4,576	4,742	289	5,031	455	9.9%
Philadelphia	8,320	4,731	4,742	94	4,836	105	2.2%
Pittsburgh	3,020	4,899	4,742	339	5,081	182	3.7%
Portland	3,090	6,708	4,742	2,446	7,188	480	7.2%
Richmond	880	4,642	4,742	288	5,030	388	8.4%
Seattle/Tacoma	<u>5,140</u>	6,752	4,742	2,413	7,155	403	6.0%
Subtotal	46,290						
<b>Other Gateways</b>							
Chicago	41,000	5,203	4,742	729	5,471	268	5.2%
Washington	<u>25,410</u>	4,721	4,742	216	4,958	237	5.0%
Subtotal	66,410						
<b>Grand Total</b>	112,700						

/1 Cities served nonstop by applicant carrier.  
 Source: OAG Schedule Tapes, June 1998, IR2RIO.wk1 and IR2BSAO.wk1.

**No Other Gateway at Issue Will Benefit as Many  
 Behind Gateway Cities as Houston**

**D. American via Miami**

city /1	MAO O&D	Nonstop MAO	Mileage Via MIA			Added Miles	Mileage Circuitry
			MAO-MIA	To MIA	Total		
<b>Domestic Cities</b>							
Atlanta	70	<b>2,997</b>	2,416	<b>595</b>	3,011	14	0.5%
Austin	0	<b>3,393</b>	2,416	1,105	3,521	128	3.8%
Baltimore	20	<b>3,109</b>	2,416	948	3,364	255	8.2%
Chicago	160	3,562	2,416	1,188	3,604	42	1.2%
Cleveland	0	3,370	2,416	<b>1,082</b>	3,498	128	3.8%
Dallas/Fort Worth	220	3,470	2,416	1,119	3,535	65	1.9%
Denver	60	4,104	2,416	1,714	4,130	26	0.6%
Detroit	0	3,458	2,416	1,152	3,568	<b>110</b>	3.2%
<b>Fort Myers</b>	0	2,519	2,416	112	2,528	<b>9</b>	0.4%
Houston	60	3,250	2,416	954	3,370	120	3.7%
Jacksonville	0	2,728	2,416	336	2,752	24	0.9%
Key West	0	2,407	2,416	127	2,543	136	5.7%
<b>Los Angeles</b>	100	4,573	2,416	2,337	4,753	180	3.9%
Marathon	0	2,387	2,416	89	2,505	118	4.9%
Naples	0	2,492	2,416	96	2,512	20	0.8%
Nashville	0	3,212	2,416	808	3,224	12	0.4%
<b>New Orleans</b>	0	3,038	2,416	674	3,090	52	1.7%
Orlando	20	2,606	2,416	201	2,617	11	0.4%
Philadelphia	10	3,123	2,416	1,014	3,430	307	9.8%
Raleigh/Durham	0	2,955	2,416	702	3,118	163	5.5%
San Francisco	50	4,871	2,416	2,579	4,995	124	2.5%
<b>Sarasota/Bradenton</b>	20	2,589	2,416	178	2,594	5	0.2%
Seattle/Tacoma	20	5,120	2,416	2,720	5,136	16	0.3%
Tampa	20	2,619	2,416	204	2,620	<b>1</b>	0.0%
Washington	90	3,101	2,416	921	3,337	236	7.6%
West Palm Beach	<b>0</b>	2,458	2,416	62	2,478	20	0.8%
Subtotal	920						
<b>International Cities</b>							
<b>Freeport</b>	<b>0</b>	2,401	2,416	111	2,527	126	5.2%
Toronto	<b>0</b>	3,446	2,416	1,231	3,647	201	5.8%
Subtotal							
<b>Grand Total</b>	<b>920</b>						

/1 Cities served nonstop by applicant carrier.  
 Source: OAG Schedule Tapes, June 1998, IR2MAO.wk1

## Houston's Latin American Traffic and Service Has Experienced Tremendous Growth in the Last Ten Years

Category/Region	1987	1997 <sup>1/</sup>	Change:	
			Absolute	Percent
<b><u>Total IAH Passengers</u></b>				
Mexico	1,071,317	1,845,463	774,146	72.3%
Central/South America	<u>203,876</u>	<u>808,260</u>	<u>604,384</u>	<u>296.4%</u>
Total	1,275,193	2,653,723	1,378,530	108.1%
<b><u>IAH Weekly Nonstop Departures</u></b>				
Mexico	136	232	96	70.6%
Central/South America	<u>21</u>	<u>124</u>	<u>103</u>	<u>490.5%</u>
Total	157	356	199	126.8%
<b><u>IAH Weekly Nonstop Seats</u></b>				
Mexico	19,619	28,203	8,584	43.8%
Central/South America	<u>2,774</u>	<u>17,126</u>	<u>14,352</u>	<u>517.4%</u>
Total	22,393	45,329	22,936	102.4%
<b><u>IAH Nonstop Markets Served</u></b>				
Mexico	9	14	5	55.6%
Central/South America	<u>5</u>	<u>16</u>	<u>11</u>	<u>220.0%</u>
Total	14	30	16	114.3%

<sup>1/</sup>Nonstop service *data* is based on June 1998.

Source: Houston Airport Records; OAG Schedule Tapes.

**Houston's Total International Traffic is Growing  
Faster Than the Other Candidate Gateways  
Total INS Passengers, 1992-1997**

Year	Total INS Passengers			
	Houston	Miami	Los Angeles	New York
1992	2,198,709	11,295,612	9,550,121	14,847,872
1993	2,486,929	13,026,668	10,598,488	14,873,870
1994	2,652,297	13,425,956	11,059,254	15,815,023
1995	2,713,101	14,798,234	11,569,027	17,074,498
1996	3,075,414	15,064,719	12,438,293	17,067,021
1997	3,511,873	15,643,992	13,353,882	17,225,689
Ave. Ann. Growth	9.8%	6.7%	6.9%	3.0%

Source: DOT, INS Database.



**Houston's International Traffic to South America  
 Is Growing Substantially Faster  
 Than the Other Candidate Gateways  
 Total INS Passengers, 1992-1997**

Year	INS Passengers to/from South America			
	Houston	Miami	Los Angeles	New York
1992	39,723	<b>3,446,887</b>	241,017	972,064
1993	43,294	<b>4,105,276</b>	265,828	967,970
1994	97,427	<b>4,655,445</b>	293,965	<b>1,111,262</b>
1995	83,975	<b>5,294,415</b>	332,381	<b>1,297,162</b>
1996	87,408	<b>5,278,694</b>	350,143	<b>1,377,780</b>
1997	164,537	<b>5,457,819</b>	429,377	<b>1,538,059</b>
Ave. Ann. Growth	32.9%	9.6%	12.2%	9.6%

Source: DOT, INS Database.

**Houston's International Traffic to Central America  
And Mexico Is Growing Substantially Faster  
Than the Other Candidate Gateways  
Total INS Passengers, 1992-1997**

Year	INS Passengers to/from Central America and Mexico			
	Houston	Miami	Los Angeles	New York
1992	1,561,643	2,313,870	2,906,123	571,270
1993	1,756,131	2,591,560	2,993,096	535,340
1994	1,868,378	2,709,041	2,854,723	450,987
1995	1,923,130	2,806,758	2,874,563	448,305
1996	2,197,857	2,916,898	3,093,614	465,941
1997	2,461,280	3,059,330	3,126,490	495,385
Ave. Ann. Growth	9.5%	5.7%	1.5%	-2.8%

Source: DOT, INS Database.

**Where It Has Nonstop Service Houston is an  
 Effective Gateway for Latin America  
 CY 1997**

Region/Country	Houston	Miami	Los Angeles	New York	All Other	Total
<b><i>INS Passengers</i></b>						
<b><u>North America</u></b>						
Mexico	1,799,465	1,193,182	2,643,483	459,941	5,580,867	11,676,938
<b><u>Central America</u></b>						
Belize	103,696	<b>108,830</b>	<b>0</b>	<b>0</b>	<b>15,677</b>	<b>228,203</b>
Costa Rica	<b>123,484</b>	<b>502,907</b>	<b>58,216</b>	<b>17,622</b>	<b>116,296</b>	<b>818,525</b>
El Salvador	<b>125,211</b>	<b>188,557</b>	<b>176,026</b>	<b>5,360</b>	<b>92,955</b>	<b>588,109</b>
Guatemala	<b>114,457</b>	<b>291,401</b>	<b>220,395</b>	<b>683</b>	<b>83,900</b>	<b>710,836</b>
Honduras	<b>100,507</b>	<b>238,920</b>	<b>2,352</b>	<b>11,658</b>	<b>21,259</b>	<b>374,696</b>
Panama	<b>55,847</b>	<b>353,226</b>	<b>19,885</b>	<b>23</b>	<b>36,131</b>	<b>465,112</b>
Subtotal	<b>623,202</b>	<b>1,683,841</b>	<b>476,874</b>	<b>35,346</b>	<b>366,218</b>	<b>3,185,481</b>
<b><u>South America</u></b>						
Colombia	<b>48,111</b>	<b>836,726</b>	<b>29,771</b>	118,908	<b>118,126</b>	1,151,642
Ecuador	<b>51,087</b>	<b>398,153</b>	<b>0</b>	120,449	<b>29,496</b>	<b>599,185</b>
Peru	<b>60,904</b>	<b>432,514</b>	<b>61,825</b>	<b>35,003</b>	<b>151,637</b>	<b>741,883</b>
Subtotal	<b>160,102</b>	<b>1,667,393</b>	<b>91,596</b>	<b>274,360</b>	<b>299,259</b>	<b>2,492,710</b>
<b>Total Latin America</b>	<b>2,582,769</b>	<b>4,544,416</b>	<b>3,211,953</b>	<b>769,647</b>	<b>6,246,344</b>	<b>17,355,129</b>
<b><i>Percent of Total</i></b>						
<b><u>North America</u></b>						
Mexico	<b>15.4%</b>	<b>10.2%</b>	<b>22.6%</b>	<b>3.9%</b>	<b>47.8%</b>	<b>100.0%</b>
<b><u>Central America</u></b>						
Belize	<b>45.4%</b>	<b>47.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.9%</b>	<b>100.0%</b>
Costa Rica	<b>15.1%</b>	<b>61.4%</b>	<b>7.1%</b>	<b>2.2%</b>	<b>14.2%</b>	<b>100.0%</b>
El Salvador	<b>21.3%</b>	<b>32.1%</b>	<b>29.9%</b>	<b>0.9%</b>	<b>15.8%</b>	<b>100.0%</b>
Guatemala	<b>16.1%</b>	<b>41.0%</b>	<b>31.0%</b>	0.1%	<b>11.8%</b>	<b>100.0%</b>
Honduras	<b>26.8%</b>	<b>63.8%</b>	<b>0.6%</b>	<b>3.1%</b>	<b>5.7%</b>	<b>100.0%</b>
Panama	<b>12.0%</b>	<b>75.9%</b>	<b>4.3%</b>	<b>0.0%</b>	<b>7.8%</b>	<b>100.0%</b>
Subtotal	19.6%	52.9%	<b>15.0%</b>	<b>1.1%</b>	<b>11.5%</b>	<b>100.0%</b>
<b><u>South America</u></b>						
Colombia	<b>4.2%</b>	<b>72.7%</b>	<b>2.6%</b>	<b>10.3%</b>	<b>10.3%</b>	<b>100.0%</b>
Ecuador	<b>8.5%</b>	<b>66.4%</b>	<b>0.0%</b>	<b>20.1%</b>	<b>4.9%</b>	<b>100.0%</b>
Peru	8.2%	<b>58.3%</b>	<b>8.3%</b>	<b>4.7%</b>	<b>20.4%</b>	<b>100.0%</b>
Subtotal	<b>6.4%</b>	<b>66.9%</b>	<b>3.7%</b>	<b>11.0%</b>	<b>12.0%</b>	<b>100.0%</b>
<b>Total Latin America</b>	<b>14.9%</b>	<b>26.2%</b>	<b>18.5%</b>	<b>4.4%</b>	<b>36.0%</b>	<b>100.0%</b>

Source: USDOT, INS Databank.

**Continental is Successfully Expanding its  
 Central and South America Service and Traffic  
 at Houston**

Year	Houston - Central & South America 1/ Enplaned and Deplaned Passengers			
	Continental	Percent Change	All Carriers	Percent Change
1993	418,058		599,071	
1994	466,795	11.7%	629,472	5.1%
1995	532,681	14.1%	671,456	6.7%
1996	551,661	3.6%	700,474	4.3%
1997	666,821	20.9%	808,260	15.4%
Ave. Ann Growth 1993 - 1997		12.4%		7.8%
1 st Qtr 1997	168,011		200,472	
1st Qtr 1998	251,701	49.8%	283,228	41.3%

*//Includes Caribbean traffic.*

*Source: Houston Airport Records.*

**Continental Serves 73 Domestic Airports  
 With Over 2,200 Weekly Jet Direct Flights  
 From Houston IAH**

**June 1998**

Market	Code	CO's Weekly Jet Departures from IAH		
		Nonstop	1 -stop	Total
Albuquerque	ABQ	34	0	34
Amarillo	AMA	21	0	21
Anchorage	ANC	0	7	7
Atlanta	ATL	60	0	60
Austin	<b>AUS</b>	70	0	70
Baltimore	BWI	41	0	41
Birmingham	BHM	19	0	19
Boston	BOS	39	0	39
Brownsville	BRO	7	0	7
Charleston	CHS	0	7	7
Charlotte	CLT	14	0	14
Chicago Midway	MDW	7	0	7
Chicago O'Hare	ORD	53	0	53
Cleveland	CLE	54	0	54
Colorado, Springs	c o s	14	0	14
Columbus	CMH	20	0	20
Corpus Christi	CRP	36	0	36
Dallas/Fort Worth	DFW	79	0	79
Dallas Love Field	DAL	47	0	47
Denver	DEN	48	0	48
Detroit	DTW	34	0	34
El Paso	ELP	28	0	28
Fort Lauderdale	FLL	28	0	28
Greensboro	GSO	14	0	14
Guam	GUM	0	7	7
<b>Gulfport</b>	GPT	21	0	21
Hartford	BDL	7	7	14
Honolulu	HNL	7	0	7
Indianapolis	IND	21	0	21
Jacksonville	JAX	14	7	21
Kansas City	MCI	27	0	27
Lafayette	LFT	7	0	7
Las Vegas	<b>LAS</b>	43	0	43
Los Angeles	<b>LAX</b>	76	0	76
Louisville	SDF	13	0	13
Lubbock	LBB	26	0	26
<b>McAllen</b>	MFE	40	0	40
Miami	MIA	35	0	35
Midland Odessa	MAF	19	0	19
Mihvaukee	MKE	7	0	7
Minneapolis	MSP	27	0	27

**Continental Serves 73 Domestic Airports  
 With Over 2,200 Weekly Jet Direct Flights  
 From Houston IAH**

**June 1998**

Market	Code	CO's Weekly Jet Departures from IAH		
		Nonstop	1 -stop	Total
Mobile	MOB	14	0	14
Nashville	BNA	19	0	19
New Orleans	MSY	91	0	91
New York La Guardia	LGA	64	0	64
New York Newark	EWR	69	52	121
Norfolk	ORF	14	0	14
Oklahoma City	OKC	32	0	32
Omaha	OMA	7	0	7
Ontario	ONT	14	0	14
Orange County	SNA	27	0	27
Orlando	<b>MCO</b>	49	0	49
Pensacola	PNS	20	0	20
Philadelphia	PHL	34	0	34
Phoenix	PHX	41	0	41
Pittsburgh	PIT	20	0	20
Portland	PDX	14	0	14
Providence	PVD	0	6	6
Raleigh/Durham	RDU	13	0	13
Salt Lake City	<b>SLC</b>	22	0	22
San Antonio	SAT	75	0	75
San Diego	SAN	35	0	35
San Francisco	<b>SFO</b>	56	0	56
San Jose	SJC	14	0	14
<b>Seattle/Tacoma</b>	SEA	35	0	35
St. Louis	STL	20	0	20
Tampa	TPA	41	0	41
Tucson	TUS	14	0	14
Tulsa	TUL	32	0	32
Washington Dulles	<b>IAD</b>	13	0	13
Washington National	DCA	47	0	47
West Palm Beach	PBI	7	0	7
Wichita	ICT	21	0	21
<b>Total</b>		<b>2,131</b>	<b>93</b>	<b>2,224</b>

**Note:** Data *includes* Continental *and* Continental Express jet service.

**Source:** OAG Schedule Tapes

**Continental Serves 23 Domestic Airports  
 With Nearly 900 Weekly Nonstop Regional Flights  
 From Houston IAH**

**June 1998**

Market	Code	CO's Weekly Turboprop Departures from IAH		
		Nonstop	1 -stop	Total
Alexandria	AEX	27	0	27
Baton Rouge	BTR	67	0	67
Beaumont/Port Arthur	BPT	66	0	66
Brownsville	BRO	40	0	40
College Station	CLL	52	0	52
Corpus Christi	CRP	38	0	38
Harlingen	HRL	28	0	28
Houston Ellington Field	EFD	64	0	64
Houston Hobby	HOU	50	0	50
Jackson	JAN	26	0	26
Killeen	ILE	26	0	26
Lafayette	LFT	70	0	70
Lake Charles	LCH	57	0	57
Laredo	LRD	31	0	31
Little Rock	LIT	34	0	34
McAllen	MFE	8	0	8
Memphis	MEM	32	0	32
Mobile	MOB	7	0	7
Monroe	MLU	32	0	32
Shreveport	SHV	59	0	59
Tyler	TYR	31	0	31
Victoria	VCT	32	0	32
Waco	ACT	19	0	19
<b>Total</b>		<b>896</b>	<b>0</b>	<b>896</b>

Source: OAG Schedule Tapes

**Continental Serves 36 International Airports  
 With Over 375 Weekly Direct Departures  
 From Houston IAH**

**June 1998**

Market	Code	CO's Weekly Jet Departures from IAH		
		Nonstop	I-Stop	Total
Acapulco	ACA	5	0	5
Aruba	AUA	2	0	2
Belize City	BZE	14	0	14
Bogota	BOG	7	0	7
Calgary	W C	14	0	14
Cancun	CUN	28	0	28
Caracas	c c s	7	0	7
Cozumel	CZM	12	0	12
Frankfurt	FRA	0	7	7
Guadalajara	GDL	20	0	20
Guatemala City	GUA	14	0	14
Guayaquil	GYE	2	0	2
Ixtapa/Zihuatanejo	ZIH	2	0	2
Leon-Guanajuato	BJX	14	0	14
Lima	LIM	7	0	7
London Gatwick	LGW	14	0	14
Managua	MGA	7	0	7
Mazatlan	MZT	2	0	2
Merida	MID	3	0	3
Mexico City	MEX	54	0	54
Monterrey	M-I-Y	27	0	27
Nassau	NAS	3	0	3
Panama City	PTY	7	0	7
Paris De Gaulle	CDG	7	0	7
Puerto Vallarta	PVR	8	0	8
Quito	UIO	0	7	7
Rome	FCO	0	7	7
San Jose	SJO	14	0	14
San Jose Del Cabo	SJD	4	0	4
San Pedro Sula	SAP	7	0	7
San Salvador	SAL	14	0	14
Tampico	TAM	7	0	7
Tegucigalpa	TGU	7	0	7
Toronto	YYZ	14	0	14
Vancouver	YVR	7	0	7
Veracruz	VER	4	0	4
<b>Total</b>		<b>358</b>	<b>21</b>	<b>379</b>



## Houston - Central America Markets Expanded Dramatically After Continental Launched Nonstop Services

Central American Market	Years Used for Traffic Analysis /1		O&D Passengers To/From Houston		Change	
	Before CO	After CO	Before CO	After CO	Percent	Absolute
Belize City	1987	1989	160	10,180	6262.5%	10,020
Guatemala City	1987	1989	2,470	15,640	533.2%	13,170
Managua	1989	1991	60	3,210	5250.0%	3,150
Panama City	1989	1991	1,680	11,180	565.5%	9,500
San Salvador	1988	1990	450	13,190	2831.1%	12,740
San Pedro Sula	1988	1990	130	4,280	3192.3%	4,150
San Jose	1988	1990	1,430	8,080	465.0%	6,650
Tegucigalpa	1990	1993	260	10,730	4026.9%	10,470
Subtotal/Average			830	9,561	1052.0%	8,731

*Note: /1 Calendar years before and after CO began service, except Belize and Tegucigalpa, where CO increased from less than daily to daily nonstops in the 2nd year. San Jose service is onestop.*

*Source: USDOT, International O&D Survey.*

## Houston - South America Markets Expanded Dramatically After Continental Initiated Direct Services

South American Market	Years Used for Traffic Analysis /1		O&D Passengers To/From Houston		Change	
	Before CO	After CO	Before CO	After CO	Percent	Absolute
Guayaquil	1990	1992	520	3,160	507.7%	2,640
Quito	1991	1993	1,090	6,200	468.8%	5,110
Bogota	1993	1994	4,400	11,160	153.6%	6,760
Lima	1995	1997	2,240	14,230	535.3%	11,990
Subtotal/Average			2,063	8,688	321.2%	6,625

*Note: /1 Guayaquil and Quito service were both onestop 3 to 4 days per week.  
 1997 Lima O&D is for the year ended 3rd quarter 1997.*

*Source: USDOT, International O&D Survey.*

**The JFK-Sao Paulo Market is Currently Served By 5 Nonstop Carriers (7 Including Code Share Partners) and Has Excess Capacity Based on the Most Recent Load Factor Data Available**

Operating Carrier	Code Share Partner 1/	June 1998 Schedules (from JFK)			Segment Performance CY 1997	
		Weekly Nonstops	Aircraft Type	Weekly Seats	Ave. Weekly Nonstops	Average Load Factor
<b><u>JFK-Sao Paulo</u></b>						
American	TAM	7	B-767	1,323	6.9	56.5%
United	VARIG	7	B-767	1,456	6.9	59.7%
Transbrasil	Delta	2	B-767	420	3.1	46.1%
VARIG	United	7	<b>747/M11</b>	2,354	7.1	49.4%
VASP		4	M11	1,160	5.1	67.7%
Total JFK-GRU		27			29.2	56.1%
<b><u>JFK-Rio de Janeiro</u></b>						
American	TAM	7	B-767	1,323	6.9	53.9%
VARIG	United	7	B-767	1,610	7.0	63.1%
Total JFK-GIG		14			13.9	59.4%

*/Each of the code share partners offer published code share schedules in the JFK-SAO and JFK-RIO market.*

*Source: OAG Schedule Tapes, June 1998 and Exhibit DOT-IR-1A.*

**With Historic Average Load Factors of 55%,  
 the JFK-Sao Paulo Market Does Not Need  
 Additional Nonstop Service**

Market	Period	All Carriers Nonstop Operations			
		Nonstop Flights	Segment Passengers	Segment Seats 1/	Average Load Factor
<b><u>New York JFK-Sao Paulo (GRU)</u></b>					
	CY 1995	2,689	422,283	724,328	58.3%
	CY 1996	2,975	404,272	786,521	51.4%
	CY 1997	3,034	439,740	783,850	56.1%
	Total Period	8,698	1,266,295	2,294,699	55.2%
<b><u>New York JFK-Rio de Janeiro (GIG)</u></b>					
	CY 1995	262	33,704	62,185	54.2%
	CY 1996	1,105	138,040	232,000	59.5%
	CY 1997	1,443	166,296	279,960	59.4%
	Total Period	2,810	338,040	574,144	58.9%
<b><u>Total JFK-GRU/GIG</u></b>					
	CY 1995	2,951	455,987	786,512	58.0%
	CY 1996	4,080	542,312	1,018,521	53.2%
	CY 1997	4,477	606,036	1,063,810	57.0%
	Total Period	11,508	1,604,335	2,868,843	55.9%

1/ Seats computed from reported passenger and load factors.

Source: Exhibit DOT-IR-1A, (T-100 data).

**Transbrasil, With Average Load Factors of  
 Less Than 50%, Can Make Many Seats Available  
 To its Code Share Partner, Delta**

Market	Period	Transbrasil, Nonstop Operations			
		Nonstop Flights	Segment Passengers	Segment Seats 1/	Average Load Factor
<b><u>New York JFK-Sao Paulo (GRU)</u></b>					
	Nov 96	26	2,140	5,459	39.2%
	Dec 96	25	2,968	5,253	56.5%
	Jan 97	44	4,478	9,233	48.5%
	Feb 97	30	3,148	6,296	50.0%
	Mar 97	28	2,717	5,881	46.2%
	Apr 97	31	2,533	6,512	38.9%
	May 97	31	2,863	6,507	44.0%
	Jun 97	25	2,624	5,248	50.0%
	Jul 97	34	4,571	7,142	64.0%
	Aug 97	38	3,423	7,979	42.9%
	Sep 97	32	2,392	6,682	35.8%
	Oct 97	34	2,504	6,323	39.6%
	12 Mo. Total	378	36,361	78,515	46.3%

*Note: Delta and Transbrasil offer code share services in the JFK-SAO market as well as other U.S. - Brazil markets.*

*1/ Seats computed from reported passenger and load factors.*

*Source: IR1ABRA2.wk1*

**Miami Currently Has 82 Nonstop Flights  
To 7 Destinations in Brazil from 7 Airlines,  
Including 2 Airlines that Serve Manaus**

MIA-Brazil Market	Weekly Nonstops From Miami, June 1998						Total
	American	United	Transbrasil	VARIG	VASP	Lloyd Aereo Boliviano	
Belem				1			1
Fortaleza				1	1		2
Manaus				2		2	4
<b>Recife</b>				2	1		3
Rio de Janeiro	7	7	2	7			23
Salvador					1		1
Sao Paulo	21	7	7	7	6		48
<b>Total</b>	<b>28</b>	<b>14</b>	<b>9</b>	<b>20</b>	<b>9</b>	<b>2</b>	<b>82</b>

Source: OAG Schedule Tapes, June 1998.

## Miami Has Extensive Service to Brazil and Does Not Have a Shortage of Capacity

Market	MIA-Brazil Market	All Carriers Nonstop Operations			
		Nonstop Flights	Segment Passengers	Segment Seats 1/	Average Load Factor
<b><u>CY 1995</u></b>					
	Belem	53	6,521	10,285	63.4%
	<b>Belo Horizonte</b>	360	25,830	64,094	40.3%
	Brasilia	355	51,360	76,202	67.4%
	Fortaleza	61	15,342	21,824	70.3%
	Manaus	240	31,143	55,316	56.3%
	Recife	174	32,913	47,700	69.0%
	Rio de Janeiro	2,115	249,516	445,564	56.0%
	Salvador	10	3,472	3,906	88.9%
	Sao Paulo	4,187	673,962	<b>1,087,035</b>	62.0%
	<b>Total</b>	<b>7,555</b>	<b>1,090,059</b>	<b>1,811,927</b>	<b>60.2%</b>
 <u>CY 1996</u>					
	Belem	79	8,498	15,339	55.4%
	<b>Belo Horizonte</b>	347	21,943	59,790	36.7%
	Brasilia	444	57,318	94,428	60.7%
	Fortaleza	100	15,342	24,547	62.5%
	Manaus	279	38,536	64,227	60.0%
	Recife	160	25,556	42,664	59.9%
	Rio de Janeiro	2,117	298,528	446,898	66.8%
	Salvador	15	3,075	4,805	64.0%
	Sao Paulo	5,124	765,864	<b>1,306,935</b>	58.6%
	<b>Total</b>	<b>8,665</b>	<b>1,234,660</b>	<b>2,059,634</b>	<b>59.9%</b>
 <u>CY 1997</u>					
	Belem	107	13,303	20,341	65.4%
	<b>Belo Horizonte</b>	11	2,769	3,246	85.3%
	Brasilia	350	51,563	78,963	65.3%
	Fortaleza	162	30,222	43,051	70.2%
	Manaus	287	42,540	62,467	68.1%
	Recife	171	30,199	45,618	66.2%
	Rio de Janeiro	2,183	148,313	215,571	68.8%
	Salvador	112	21,311	33,989	62.7%
	Sao Paulo	4,954	764,997	<b>1,193,443</b>	64.1%
	<b>Total</b>	<b>8,337</b>	<b>1,105,217</b>	<b>1,696,690</b>	<b>65.1%</b>

1/ Seats computed from reported passenger and load factors.

Source: Exhibit DOT-IR-1A, (T-100 data).

### Manaus is a Small Market

City	1991 Population	YE 3Q 1997 DOT O&D Survey Psgrs (Total U.S.)	O&D Psgrs Per 1,000 Population
Sao Paulo	9,480,427	562,070	59
Rio de Janerio	5,336,179	277,790	52
Manaus	1,010,558	1,940	2

Source: *The Statesman's Year-Book, 1995-96 Edition;*  
*IR2CMAO.wk1*



**American Airlines Currently Dominates the  
 U.S. Flag Service in the U.S. - South America Market  
 With 60% of the Scheduled Flights and 50%  
 of the Entire U.S. - Brazil Market**

Country	Weekly Departures			Percent of Total	
	AA	All Other U.S. Carriers	Total	AA	All Other U.S. Carriers
Argentina	21	21	42	50.0%	50.0%
Bolivia	7	0	7	100.0%	0.0%
Brazil	49	49	98	50.0%	50.0%
Chile	21	14	35	60.0%	40.0%
Colombia	35	14	49	71.4%	28.6%
Ecuador	21	2	23	91.3%	8.7%
Peru	35	21	56	62.5%	37.5%
Venezuela	49	35	84	58.3%	41.7%
<b>Total</b>	<b>238</b>	<b>156</b>	<b>394</b>	<b>60.4%</b>	<b>39.6%</b>

Source: OAG Schedule Tapes, June 1998.

**Los Angeles Currently Has 4 Carriers  
Providing Nonstop Service to Sao Paulo  
Including United's Code Share Alliance Partner**

Carrier	Los Angeles - Sao Paulo Weekly Nonstops, June 1998	
	Flights	Seats
Japan Airlines	5	1,875
VARIG 1/	4	1,592
Korean Air	3	1,176
VASP	3	870
Total	15	5,513

*1/ VARIG's LAX-SAO flights are also operated as code share services with United's code.*

*Source: OAG Schedule Tapes, June 1998.*

## United Airlines Has Failed to Develop a Latin American Gateway at Los Angeles

Year	United's Weekly Nonstop Flights From Los Angeles <sup>1/</sup>						Total
	Guatemala City	Mexico City	San Jose	San Jose Del Cabo	San Salvador		
1994	7	28	0	7	0	42	
1995	7	21	0	0	7	35	
1996	7	21	2	0	7	37	
1997	7	14	0	0	7	28	
1998	7	14	0	0	7	28	
Change 1994-1 998	0	<b>(14)</b>	0	<b>(7)</b>	7	<b>(14)</b>	
% Change	0.0%	-50.0%	0.0%	-100.0%	n.c.	-33.3%	

<sup>1/</sup> Service based on August schedules of each year.

Note: Latin America defined as Mexico, Central America and South America.

n.c. = not calculated.

Source: OAG Schedule Tapes.

**The United-VARIG Alliance Operates 73 Weekly Nonstop Flights from 5 U.S. Gateways to 7 Destinations in Brazil, Including the Los Angeles-Sao Paulo Market, and Accounts for 40% of the Total U.S. - Brazil Departures**

U.S.-Brazil Market		June 1998 Weekly Departures from U.S.		
U.S. City	Brazilian City	United	VARIG	United/VARIG Combined
Atlanta	Sao Paulo		7	7
Chicago	Sao Paulo			7
Los Angeles	Sao Paulo		4	4
Miami	Belem		1	<b>1</b>
	<b>Fortaleza</b>		1	<b>1</b>
	Manaus		2	2
	<b>Recife</b>		2	2
	Rio de Janeiro	7	7	14
	<u>Sao Paulo</u>	<u>7</u>	<u>7</u>	<b>14</b>
	MIA Total	14	20	34
New York JFK	Rio de Janeiro		7	7
	<u>Sao Paulo</u>	<u>7</u>	<u>7</u>	<b>14</b>
	JFK Total	7	14	21
<b>Total U.S.-Brazil (United/VARIG)</b>		28	45	73
Total U.S. Brazil -- All carriers 184 Wkly Dept				
<b>United/VARIG as Percent of Total U.S.-Brazil</b>				40%

Source: OAG Schedule Tapes, June 1998.

**Atlanta is No Longer a Strategic Route for VARIG  
 and VARIG's Atlanta - Sao Paulo Load Factors  
 Have Dropped Sharply**

Month	Load Factor	Change in Load Factor From Prior Year
<b><u>Pre Delta Entry</u></b>		
January 1996	45.1%	
February	41.0%	
March	34.2%	
April	44.7%	
May	51.7%	
June	61.9%	
July	70.1%	
August	68.0%	
September	56.7%	
October	54.9%	
November	52.9%	
December	66.1%	
January 1997	76.1%	31.0
February	69.9%	28.9
March	64.7%	30.5
April	52.9%	8.2
May	59.0%	7.3
<b><u>Post Delta Entry 1/</u></b>		
June	58.3%	-3.6
July	64.2%	-5.9
August	51.9%	-16.1
September	39.1%	-17.6
October	40.5%	-14.4
November	40.4%	-12.5
December	53.3%	-12.8

Source: IR1ABRA2.wk1

**The United-VARIG Alliance Can Operate 7 More Nonstops  
 in the Los Angeles-Sao Paulo Market by Switching  
 VARIG's Atlanta Service to LAX**

Route	June 1998		Comment
	VARIG Nonstop	Service	
	Departures	Seats	
<b>VARIG Current Service</b>			
Atlanta-Sao Paulo	7	1,610	With termination of Delta/VARIG Alliance and institution of DL ATL-GRU Nonstops, ATL is no longer a strategic route for VARIG
<b>Possible VARIG Switch</b>			
Washington (IAD) - Sao Paulo	0	0	<b>United Hub &amp; Gateway</b>
Los Angeles-Sao Paulo	4	1,592	VARIG Route; <b>United Interest in this Case</b>

Source: OAG Schedule Tapes, June 1998.

**The Miami, New York and Los Angeles Gateways Account  
 For 87% of U.S.-South America Traffic**

1997 Rank	US Gateway	1997	
		INS Psgrs U.S. - S. Amer.	Percent of Total U.S.
1	Miami	5,457,819	64.2%
2	New York - JFK	1,538,059	18.1%
3	Los Angeles	429,377	5.1%
	<b>Subtotal -- Top 3</b>	<b>7,425,255</b>	<b>87.3%</b>
	<b>Houston</b>	164,537	<b>1.9%</b>
	Total U.S. - South America	8,501,297	

Source: US DOT INS Traffic Database

**Nonstop Service From the U.S. to Brazil****June 1998**

Nonstop Market	Carrier	June 1998 Weekly Nonstop Service		
		Dept's	Seats	
Atlanta	Sao Paulo Guarulhos	DL	7	1,526
Atlanta	Sao Paulo Guarulhos	RG	7	<u>1,610</u>
	Total		14	3,136
Chicago O'Hare	Sao Paulo Guarulhos	UA	7	1,456
Dallas/Fort Worth	Sao Paulo Guarulhos	AA	7	1,505
Los Angeles	Sao Paulo Guarulhos	JL	5	1,875
Los Angeles	Sao Paulo Guarulhos	KE	3	1,176
Los Angeles	Sao Paulo Guarulhos	RG	4	1,592
Los Angeles	Sao Paulo Guarulhos	VP	<u>3</u>	<u>870</u>
	Total		15	5,513
Miami	Belem	RG	1	193
Miami	Fortaleza	RG	1	193
Miami	Fortaleza	VP	1	290
Miami	Manaus	LB	2	410
Miami	Manaus	RG	2	386
Miami	Recife	RG	2	386
Miami	Recife	VP	1	290
Miami	Rio De Janeiro	AA	7	1,505
Miami	Rio De Janeiro	RG	7	1,624
Miami	Rio De Janeiro	TR	2	420
Miami	Rio De Janeiro	UA	7	1,456
Miami	Salvador	VP	1	290
Miami	Sao Paulo Guarulhos	AA	21	4,515
Miami	Sao Paulo Guarulhos	RG	7	1,813
Miami	Sao Paulo Guarulhos	TR	7	1,610
Miami	Sao Paulo Guarulhos	UA	7	2,121
Miami	Sao Paulo Guarulhos	VP	<u>6</u>	<u>1,740</u>
	Total		82	19,242
New York J F Kennedy	Rio De Janeiro	AA	7	1,323
New York J F Kennedy	Rio De Janeiro	RG	7	1,610
New York J F Kennedy	Sao Paulo Guarulhos	AA	7	1,505
New York J F Kennedy	Sao Paulo Guarulhos	RG	7	2,354
New York J F Kennedy	Sao Paulo Guarulhos	TR	2	420
New York J F Kennedy	Sao Paulo Guarulhos	UA	7	1,456
New York J F Kennedy	Sao Paulo Guarulhos	VP	4	<u>1,160</u>
	Total		41	9,828



**Nonstop Service From the U.S. to Brazil**  
**June 1998**

Nonstop Market	Carrier	June 1998 Weekly Nonstop Service		
		Dept's	Seats	
New York Newark	Rio De Janeiro	c o	7	1,988
New York Newark	Sao Paulo Guarulhos	c o	<u>7</u>	<u>1,988</u>
	Total		14	3,976
Orlando	Brasilia	TR	2	420
Washington Dulles	Brasilia	TR	2	420
Grand Total			184	45,496

Source: OAG Schedule Tapes, June 1998.

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**300** SERIES

HOUSTON'S ECONOMIC  
PROFILE

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## **NARRATIVE TO THE 300 SERIES EXHIBITS**

### **Houston is One of the Largest and Fastest Growing Cities in the U.S.**

With a population of 1.7 million residents, Houston is the fourth largest city in the US. (Exhibit HOU-301) Only the cities of New York, Los Angeles and Chicago -- all major international gateways -- have larger populations. On a metropolitan area basis, the Houston-Galveston-Brazoria CMSA has a population of 4.3 million persons and is the 10th largest metro area in the country. (Exhibit HOU-302)

Houston has a large Hispanic population -- an important attribute to the success of its Latin American services. The Houston metro area Hispanic population is 1,045,800 persons and ranks sixth in the U.S. (Exhibit HOU-303)

Houston's strong economic base, which is becoming increasingly diversified, is a major reason for the exceptional growth in the past and projected growth for the future. Houston has become a major corporate center. For example, 15 of the Fortune 500 companies are headquartered in Houston. (Exhibit HOU-304) This is the second largest concentration of Fortune 500 companies among U.S. cities. (Exhibit HOU-305) Using the broader definition of metro areas rather than cities, Houston ranks fifth among U.S. metro areas in Fortune 500 companies. (Exhibit HOU-306)

Houston's population is expected to have the fourth largest growth over the 1995-2020 period among U.S. areas. (Exhibit HOU-307) Houston's population is projected to increase by 1.7 million during this period.

Houston's economy has been strong and growing over the past 10 years. Non-farm payroll employment in the Houston metro area has increased from approximately 1.5 million jobs in 1987 to over 2.1 million in 1998. (Exhibit HOU-308) Based on recent statistics from the U.S. Department of Labor, Houston has the fastest growing economy of the four cities at issue in this case in terms of job growth. Houston's job growth was 4.66% or 1.7 times the job growth rate for the U.S. (Exhibit HOU-309)

Houston is a major international center for business. As summarized in Exhibit HOU-3 10, Houston is the largest foreign trade port in the U.S. and its exports rank seventh in the U.S. in value. There are over 3,500 international companies located in Houston; some 69 foreign consulates and over 30 foreign banks. Houston has the sixth largest metro area Hispanic community in the U.S. and 13% of its population is foreign born. Houston is the top international city in the South and Southwest. For example, as compared to Dallas/Ft. Worth, Houston has about 80% more multinational companies, 2.5 times as many consulates, three times as many foreign banks and almost twice as many local companies with overseas offices. (Exhibit HOU-311)

Houston's economic strength continues to attract new companies and business expansions at a high rate. Houston ranked first in the nation in new business formations according to County Data Corp and fourth in the nation as a world class manufacturing community, according to Industry Week. (Exhibit HOU-3 12)

## Houston is the United States' Fourth Most Populous City

Rank	City	Jan. 1, 1997 Population
1	New York, NY	7,387,100
2	Los Angeles, CA	3,438,100
3	Chicago, IL	2,685,700
4	Houston, TX	1,733,500
5	Philadelphia, PA	1,478,100
6	San Diego, CA	1,179,400
7	Phoenix, AZ	1,150,700
8	San Antonio, TX	1,051,800
9	Dallas, TX	1,043,100
10	Detroit, MI	972,600

*Source: Sales & Marketing Management, 1997 Survey of Buying Power.*

## Houston is the United States' Tenth Most Populous Metro Area

Rank	Metropolitan Area (CMSA)	Jan. 1, 1997 Population
1	New York-Notthorn,NJ-Long Island, NY-NJ-CT	19,889,500
2	Los Angeles-Riverside-Orange Co, CA	15,842,600
3	Chicago-Gary-Kenosha, IL-IN-WI	8,681,300
4	Washington D.C.-Baltimore, DC-MD-VA-WV	7,179,700
5	San Francisco-Oakland-San Jose, CA	6,760,500
6	Philadelphia-Wilmington-Atlantic City	5,983,200
7	Boston-Worcester-Lawrence, MA	5,820,700
8	Detroit-Ann Arbor-Flint, MI	5,294,200
9	Dallas-Ft. Worth, TX	4,633,700
10	Houston-Galveston-Brazoria, TX	4,271,600

*Source: Sales & Marketing Management, 1997 Survey of Buying Power.*

## Houston Has the Sixth Largest Hispanic Population Among United States Metro Areas

Rank	Metropolitan Area (CMA)	Jan. 1, 1997 Population
1	Los Angeles-Riverside-Orange Co, CA	5,922,000
2	New York-Northern,NJ-Long Island, NY	3,438,600
3	Miami-Fort Lauderdale, FL	1,341,800
4	San Francisco-Oakland-San Jose, CA	1,168,600
5	Chicago-Gary-Kenosha, IL	1,139,900
6	Houston-Galveston-Brazoria, TX	1,045,800
7	San Antonio, TX	985,100
8	Harlingen-Weslaco-Brownsville-McAllen, TX	775,600
9	Dallas-Ft. Worth, TX	716,700
10	San Diego, CA	680,900

*Source: Sales & Marketing Management, 1997 Survey of Buying Power.*

## Houston is the Headquarters for 15 of the 1998 Fortune 500 Companies

### *1998 Fortune Companies Headquartered In The Houston Area*

Company	Revenues(\$M)	Company	Revenues(\$M)
Compaq Computer	\$24,584.0	Browning-Ferris	\$5,783.0
<b>Enron</b>	\$20,273.0	El Paso Natural Gas	\$5,638.0
<b>SYSCO</b>	\$14,454.6	Cooper Industries	\$5,288.8
NGC	\$13,378.4	Baker Hughes	\$3,685.4
Coastal Corp.	\$9,653.1	<b>Lyondell Petrochemical</b>	\$2,878.0
American General	\$8,927.0	Western Atlas	\$2,859.3
Continental Airlines	\$7,213.0	<b>Maxxam</b>	\$2,279.1
Houston Industries	\$6,873.4		

Source: Fortune, April 27, 1998.



**The City of Houston Has the Nation's  
Second Largest Concentration  
of Major Corporate Headquarters  
1998 Fortune 500 Home Cities**

Rank	City	Number of Fortune 500 Companies
1	New York	46
<b>2</b>	<b>Houston</b>	<b>15</b>
3	Chicago	15
4	Atlanta	11
5	St. Louis	11
6	Dallas	9
7	Philadelphia	8
8	Pittsburgh	8
9	San Francisco	8
10	Cleveland	7
11	Minneapolis	7
12	Boston	6
13	Columbus	6
14	Richmond	6
15	Stamford, CT	6

Source: *Fortune*, April 27, 1998.

**The Houston Metro (PMSA) Area Has the Nation's  
Fifth Largest Concentration  
of Major Corporate Headquarters  
1998 Fortune 500 By Home Metro Area**

Rank	Metro Area	Number of Fortune 500 Companies
1	New York, NY	53
2	Chicago, IL	36
3	Los Angeles, CA	18
4	Boston, MA	16
<b>5</b>	<b>Houston, TX</b>	<b>15</b>
6	Minneapolis-St. Paul, MN	14
7	Washington, DC	13
8	Philadelphia, PA	13
9	Dallas-Ft. Worth, TX	13
10	Atlanta, GA	12

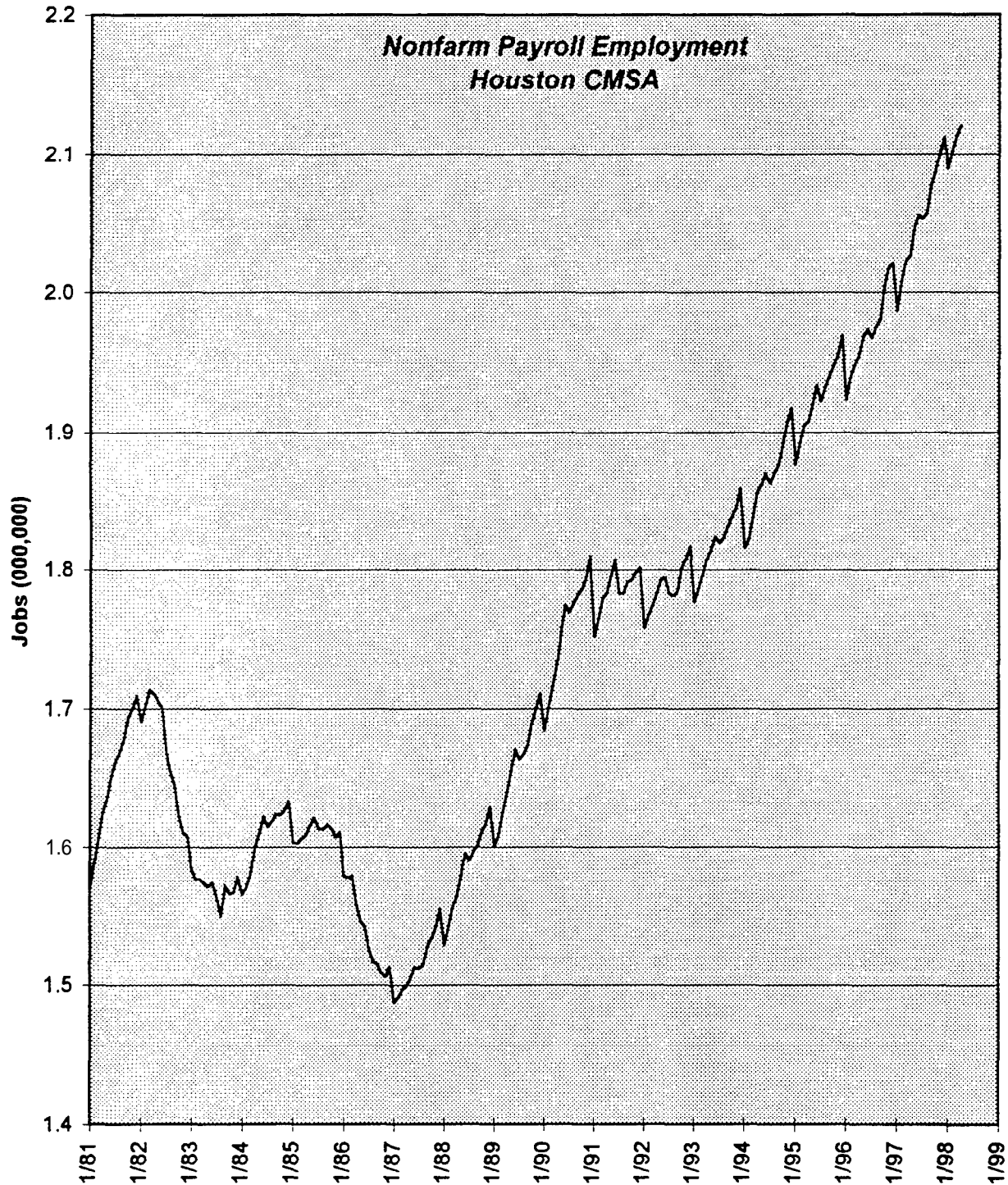
Source: *Fortune*, April 27, 1998.

## The Houston Metro Area is Projected to Have 4th Largest Population Increase Through 2020 Among U.S. Metro Areas

Population Growth Rank	Metro Area		1995 - 2020 Projected Population Change	
			Pop. (000)	Percent
1	Los Angeles-Riverside-Orange Co, CA	CMSA	3,218	21.0%
2	Dallas-Ft. Worth, TX	CMSA	1,956	43.7%
3	Washington-Baltimore, DC-MD-VA-WV	CMSA	1,764	24.8%
4	<b>Houston-Galveston-Brazoria, TX</b>	CMSA	<b>1,694</b>	<b>40.5%</b>
5	Atlanta, GA	MSA	1,681	48.9%
6	Phoenix-Mesa, AZ	MSA	1,674	63.0%
7	San Francisco-Oakland-San Jose, CA	CMSA	1,654	25.3%
8	San Diego, CA	MSA	1,481	56.4%
9	Seattle-Tacoma-Bremerton, WA	CMSA	1,342	41.0%
10	Orlando, FL	MSA	1,131	81.6%
11	Miami-Ft. Lauderdale, FL	CMSA	1,033	<b>29.9%</b>
12	Las Vegas, NV-AZ	MSA	990	86.6%
13	Chicago-Gary-Kenosha, IL-IN-WI	CMSA	988	11.6%
14	Tampa-St. Petersburg-Clearwater, FL	MSA	975	44.7%
15	Denver-Boulder-Greeley, CO	CMSA	926	41.5%
16	Portland-Salem, OR-WA	CMSA	830	40.8%
17	Minneapolis-St. Paul, MN-WI	MSA	776	28.4%
18	San Antonio, TX	MSA	771	52.7%
19	New York-Northern NJ-Long Island, NY-NJ-CT	CMSA	753	3.8%
20	Sacramento-Yolo, CA	CMSA	747	46.4%
	Total U.S.		<b>59,926</b>	22.8%

Source: Woods & Poole Economics, 1998 MSA Profile.

### Houston's Economy Has Been Strong For the Past 10 Years



## Houston Has the Fastest Growing Economy of the Four Cities at Issue In This Case

Metro Area	February 1997 - February 1998 Change in <b>Nonfarm</b> Payroll Jobs	
	Percent	Ratio To U.S.
<b>Houston</b>	4.66%	1.701
Los Angeles	3.47%	1.27
Miami	2.62%	0.96
New York	1.99%	0.73
Total U.S.	2.74%	1 .00

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*,  
April 1998.

## Houston is an International Center for Business

### Houston International Facts and Figures

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#### **Transportation, Trade and Travel**

Foreign Trade Port	Houston ranks number 1 in the US, 8th in the world.
International Airport	8th largest in the US in International passengers
Foreign Medical Patients	Houston's Texas Medical Center treats 25,000 foreign patients annually
Metro Exports	7th in US by value, 5th by growth 1993-96

#### **International Business**

International Companies	Over 3,500 in Houston
International Jobs	One third of Houston's 2 million-job economy

#### **Trade Infrastructure**

Foreign Consulates	Houston ranks third in the nation with 69 consulates
Foreign Banks	There are 30 foreign banks in Houston
Sister Cities, Sister Ports and Partners in Trade	Houston has 13 international sister cities

#### **Population Diversity**

Hispanic Community	6th largest in the US (CMSA basis)
Asian Community	9th largest in the US (CMSA basis)
Foreign-Born Population	13 percent of the CMSA's 4 million population

#### **Multicultural Education**

Foreign Languages in Schools	There are 60 foreign languages spoken by students in the Houston Independent School District
Foreign Students	Houston hosts 7,000 foreign students annually

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Source: Greater *Houston Partnership*.

## Houston is the Top International City of the South and Southwest

	Houston CMSA	Dallas/Ft. Worth CMSA
Multinational Companies ('96)	826	452
Consulates (97)	69	28
Foreign Banks ('98)	30	10
Percent Foreign Born ('90)	12.3	9.0
Waterborne Foreign Trade ('97) <b>1/</b>	78.5	0
Airborne Foreign Cargo ('97) <b>2/</b>	95.6	91.2
Freight Forwarders ( <b>4/97</b> )	621	367
International Air Passengers ('97)	<b>3,847,353</b>	<b>3,532,773</b>
Percent of Texas Companies Overseas	56.3	29.4
Percent of Foreign Companies in Texas	51.8	28.9
Foreign Direct Investment Transactions ( <b>'90-'93</b> )	114	65

*1/ Million metric tons*

*2/ Million kilograms, District of Unlading*

*Sources: Texas Directory of **Multinationals**, Texas Department of Commerce; Foreign Consular Offices in the United States, U.S. Department of State; Texas State Department of Banking; U.S. Bureau of the Census; U.S. Army Corps of Engineers; Duns Market Identifiers in Dialog; Airports Council International.*

## Houston's Economic Strength Continues to Attract New Companies and Business Expansions

City	Texas Best Cities For Business Growth	New Business Formations	World Class Manufacturing Communities
<b>Houston</b>	<b>1st</b>	<b>1st</b>	<b>4th</b>
Los Angeles	NR	2nd	71st
New York	NR	4th	56th
Miami	NR	Not in Top 10	312th

NR = Not ranked (not in Texas).

Sources: *Outlook Texas*, May-June 1997; *County Data Corp*, January 1998;  
*Industry Week*, April 6, 1998.



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**400** SERIES

**COMMUNITY OF INTEREST**

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## **NARRATIVE TO THE 400 SERIES EXHIBITS**

### **Houston Has Strong Community-of-Interest Ties with Brazil and Latin America**

Houston is historically and economically bound to the countries of Latin America and has the cultural, economic and infrastructure base to develop these relations into a pre-eminent position as the U.S. gateway to Latin America.

Latin America's impact on Houston's culture is evident by the large Hispanic population, the cultural organizations preserving their heritage, and the political organizations fostering business alliances. The importance of Latin America to Houston's economy is evidenced by the large volume of trade between the two and their numerous business ties. Houston and Latin America share a rich history, and the future holds the promise of increasingly mutually beneficial business, political, and cultural relationships.

Houston has a growing community of interest with Latin America in general and Brazil in particular. 21 Latin American and Caribbean countries, including Brazil, maintain consular offices in Houston to facilitate growing business and cultural ties between Houston and these countries. (Exhibit HOU-401) Nearly 50 foreign countries from Europe, the Middle East and Africa, Asia and the Pacific, and the Indian Subcontinent also maintain consular offices in Houston.

There are over 1,250 Houston-area companies that have established trade relationships with South America, including Brazil (Exhibit HOU-402), and over 180 Houston-area companies that specifically report trade with Brazil. (Exhibit HOU-403) 45 Houston firms have subsidiaries in Brazil. (Exhibit HOU-404) All of the above information is derived from the latest 1998 International Business Directory compiled and published by the Greater Houston Partnership.

Data compiled by the Texas Department of Commerce similarly evidences the strong business ties between Houston, as well as the State of Texas on one hand, and Brazil and Latin America on the other. The state's directory indicates 120 Houston multinational companies with offices in Latin America and the Caribbean, including 26 located in Brazil. The Houston companies represent over 50% of the total reported for Texas in both of the respective geographic categories. (Exhibit HOU-405) There are 31 Latin American and Caribbean companies in Houston, which similarly accounts for 52% of the total reported companies from these regions that are located in Texas.

Both Houston and the State of Texas have strong community of interest ties with Brazil. These ties are evidenced by the substantial amount of exports to Brazil. Moreover, the export data in relation to the nonstop air service to Brazil that is available between Houston and the state as a whole, highlights Houston's need for nonstop flights to Brazil. For example, the value of exports to Brazil from Texas, which was \$1.02 billion in 1996, was just under one-half of the export value from Florida. Yet Florida has 84 weekly nonstops to Brazil as compared to only seven for Texas from DFW. As a result, Florida has almost six times as much air service to Brazil per unit value of exports as Texas. (Exhibit HOU-406) Texas generates more export value than the State of New York, but has less than one-fifth of the nonstop flights at New York (JFK). The relationship of weekly nonstops to export value is even more out of line for Houston as compared to the other three gateways at issue in this case. Houston generates 45 to 60% more exports to Brazil than Los Angeles and New York, but has no nonstop service. Even if Houston were to have seven weekly flights to Brazil, its service to export value ratio of 10.0 would be only about one third of Los Angeles' and one tenth of New York's,

### ***Trade Ties***

The importance of Latin America and the Caribbean to Houston's economy is demonstrated by the large volume of trade and the numerous business ties. The Port of Houston is a major conduit for U.S. trade with Latin America and the Caribbean. In 1997, the value of Latin American and Caribbean trade through the Port of Houston was \$13.2 billion, and totaled 578 million tons. (Exhibit HOU-408) South America accounted for 63% of this Latin America and Caribbean trade value. Latin America and the Caribbean, as a consolidated region, is the largest world region for trade via the Port of Houston. This region accounts for over 35% of the total trade value through the Port of Houston (Exhibit HOU-409) By a more narrow definition of world regions. South America is the second largest trade region for the Port of Houston, ranking only behind Europe, and accounts for 22.5% of the Port's import and export trade value. Houston's trade with Brazil amounted to \$2.0 billion in 1997, with exports accounting for over 70% of total trade. (Exhibit HOU-410) Houston is the largest port in the U.S for export trade with Brazil, ranks second among U.S. ports in total trade value. (Exhibit HOU-411)

The State of Texas and Houston have substantial air cargo trade with Latin America. In 1997, U.S. Department of Commerce statistics indicated 6.5 million kilos of air cargo was exported from Texas to Brazil. (Exhibit HOU-412) Texas is the fourth leading state in terms of air cargo exports to Brazil, ranking only behind the gateway states that have extensive air service to Brazil.

Houston's air cargo trade with Latin America was over 16 million kilos in 1997, of which 5.0 million was with South America. (Exhibit HOU-413) Within South America, Brazil was Houston's third largest country for air cargo trade, ranking behind Colombia and Peru which have scheduled nonstop passenger service from Houston. (Exhibit HOU-414) It is noteworthy that the business activity and air trade between Houston and both Colombia and Peru greatly increased following the institution of nonstop passenger flights. For example, air cargo trade between

Colombia and Houston has increased by 300% since 1993. Houston-Peru air cargo weight increased by over eight times from 1996 to 1997, with Peru rising from a rank of 73 to 21 in terms of air cargo exchanged between Houston and foreign countries. (Exhibit HOU-415)

### ***Business Ties***

The extensive community-of-interest between Houston and Latin America and the Caribbean is demonstrated by the presence of business development organizations located in Houston to specifically promote and facilitate business with this important region. With respect to South America, Peru, Colombia, Ecuador and Argentina each have Chambers of Commerce in Houston. (Exhibit HOU-416)

Houston-Brazil business ties are already strong and continue to grow. Exhibit HOU-417 highlights some of the recent large business projects in which major Houston companies are engaged in Brazil or with Brazilian companies. Houston companies such as Compaq Computer, Em-on Corporation, El Paso Energy Corporation, Houston Industries and Mosbacher Power Group have each undertaken major new business projects in Brazil.

### ***Cultural Ties***

The Houston area has a strong Hispanic heritage predating the city's founding. While many Hispanics in Houston are immigrants from Mexico or their descendants, the economic boom of the 1970s diversified Houston's Latin American population. Today, Houston is home to thousands of foreign nationals from Argentina, Brazil, Colombia, Peru, Panama, El Salvador, Venezuela, and virtually every other country in Latin America. Many organizations serve the city's Latin American population. (Exhibit HOU-418)

With the development of Latin American air services, Houston is growing as a host city for Latin American and Caribbean related conferences. (Exhibit HOU-419)

**There Are 21 Latin American and Caribbean Consular Offices,  
Including Brazil, and Nearly 50 Other Foreign  
Consular Offices In the Houston Area**

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***Latin American and Caribbean Consular Offices***

Argentina	Costa Rica	Honduras
Barbados	Dominican Republic	Jamaica
Belize	Ecuador	Mexico
Bolivia	El Salvador	Nicaragua
Brazil	Guatemala	Panama
Chile	Guyana	Peru
Colombia	Haiti	Venezuela

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***Other Consular Offices***

Albania	Hungary	Norway
Austria	Iceland	People's Republic of China
Bangladesh	India	Philippines
Belgium	Indonesia	Portugal
Botswana	Ireland	Qatar
Cameroon	Israel	Republic of Korea
Cyprus	Italy	Republic of Turkey
Czech Republic	Japan	Saudi Arabia
Denmark	Jordan	Senegal
<b>Egypt</b>	Liberia	Slovenia
Finland	Madagascar	Spain
France	Malta	Sweden
Georgia	Mongolia	Switzerland
Germany	Morocco	Syria
Ghana	The Netherlands	Thailand
Greece	New Zealand	United Kingdom

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Source: *International Houston: 1998 International Business Directory, Greater Houston Partnership, 1998.*

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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A & A Machine, Inc.  
Abacus Couriers, Inc.  
ABB Randall Corporation  
ABB **Vetco** Gray Inc.  
**Abcop** international, Inc.  
Able Communications Co., Inc.

**ABS** Services, Inc.  
ABS Marine Services  
**ABS** Quality Evaluations, Inc.  
Access Information Associates,  
Inc

Acculign, Inc.  
Accumulators, Inc.  
**Accurate/Allied** Movers  
ACM Export Corp.  
ACS Environmental  
Acute Technologies, Inc.  
Adams & Porter  
Adams and Reese, L.L.P.

Adams Valve  
Adirondack Group  
Advanced Epoxy Systems, Inc.  
Advanced International Services  
Advanced Motion & Controls  
Unlimited, Inc.

AE, Inc. - Translations  
AEI Ocean Services/Votainer  
U.S.A. Inc

Aerolineas Argentinas  
**AEROMEXICO** Airlines Aerovias  
de Mexico S.A. de C.V.

Aero Smith/Penny  
AFEC Commodities, Inc.  
Affiliated Rice Milling, Inc.

**Afton** Pumps, Inc.  
Agar Corporation  
**AGIP** Petroleum Company, Inc.

**AgriStar** Inc.  
Air Liouide America Corporation  
Air Purification of Houston  
Air Routing International, Canada  
(Member of AR Group, Inc.)  
Air Routing International Corp.  
(Member of AR Group, Inc.)

Air-Sea Forwarders, Inc.  
Akin, Gump, Strauss, Hauer &  
Feld, L.L.P.

A 8 K Railroad Materials, Inc.  
Albemarle Corporation  
Alberta Forge Company  
Albis Corporation

Alexander/Ryan Marine & Safety  
Co.

**Alfred** Conhagen Inc.  
Alifchem Inc.  
Alitalia Airlines  
Alliance Shippers Inc.  
All In One Technology  
All Points Moving & Storage Co.  
Inc./Atlas Van Lines Agent  
Amber/Booth Co., Inc.

AM-Best, Inc.  
A. M. Castle & Co. (Castle Metals)  
American Airlines, Inc.  
American Alternative Energy  
Corporation

American Arbitration Association  
American Bureau of Professional  
Translators  
American European Consulting  
co.

American Gear & Supply Co., Inc.  
American International Building  
Systems, Inc.  
American International  
Companies, Inc.

American Manufacturers Export  
Group  
American Ocean Freight Services,  
Inc.

American Omni Trading Co.  
American Steel Building  
Company, Inc.

American Trade Co.  
American Trans.-Chem  
Corporation

American Video Equipment  
American Tank & Vessel  
International

Am-Tee Service Co.  
Amtek Corporation

AMYL Inc.  
Andersen Consulting  
The Anderson Company  
Anglo Shipping & Trading, Inc.  
Animal Port Houston  
Anixter

Ansul Fire Protection  
A. P. Green Industries, Inc.  
Apollo Engineering  
Apollo Maritime International  
Applied Automation, Inc.  
Applied Earth Sciences, Inc.

Aqua-Dyne Inc.  
Arbor International  
**ARCCON** Industries, Inc.  
Archer Freight Systems, Inc.  
ARDCO Industries, Inc., Div. of  
Pettibone Corp.

Ardea International Inc.  
Ardoin's Consulting Services  
A. Redstone & Associates  
Personnel Consultants

Argo International  
AR Group Inc.  
Armstrong Relocation  
**Armstrong/Weatherly** Associates  
Arrow Macco/Daniels

**ARVI** Enterprises, Inc.  
Associated Global Systems  
Associated Transport Line, Inc.

**Atec**, Inc.

Atkinson Bros  
Atlantic Group, Inc.  
Atlantic Gulf Aviation  
Atlantic Machine Tools, Inc.  
Atlas Maritime Associates, Inc.

Atlas Travel Services  
**Atrahersa/Intertransit**, Inc.

Avangard Industries, Inc.  
Avianca Airlines

Aztec Facility Services

BAC-GROUND

Back-Haul Bulk Carriers Inc.

Bailey Network Management

Baird Petrophysical International

**Baker & Botts, L.L.P.** (Not Certified  
by the Texas Legal Board of  
Specialization. No designation  
has been made by the Texas  
Board of Legal Specialization  
for a Certificate of Special  
Competence in this area.)

Baker CAC, a Division of **Thermo**  
Instrument Controls Inc.

Baker & Hostetler  
Baker Hughes Incorporated

Baker, Lyman & Company  
Baker Oil Tools

Baker Performance Chemicals  
Incorporated

**Balmoral** Group Houston Inc  
BANK ONE, Texas, NA - Houston  
Office



## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Bardehle, Pagenberg, Dost, <b>Altenburg, Frohwitter, Geissler &amp; Partners</b>	Briggs & Veselka Co. Bristol Babcock Inc <b>British Gas (U.S.), Inc.</b>	Champion International Corporation Charles N. Chavarria-Attorney at Law
Barnes, Richardson & Colburn Barrett Manufacturing Company, Inc.	<b>Broocks, Baker &amp; Lange, L.L.P.</b> Brown Book Shop Brown <b>Fintube</b> Co.	Chase <b>Securities</b> Chavarria & Partners Inc.
Basis Petroleum, Inc. Baxter & Swinford Realtors, Inc. Bayou <b>City</b> Ford Truck Sales <b>Baytank</b> (Houston), Inc.	Brown, Parker & Leahy, L.L.P. <b>BS&amp;B</b> Process Systems Inc. BTS Limited, Inc. Budget Freight Services	<b>Chemcentral/Houston</b> Chemetals International, Inc. Chemical Seal & Packing Company
BD Langham Public Relations/The Global Group <b>BDO</b> Seidman, LLP BDP International	Bufete Industrial, Inc. Bulk Material Equipment Burak Consulting	City Supply Company, Inc. C & J Machine & Supply Corp. Clarke, Inc.
<b>Becht</b> el Beirne, Maynard, & Parsons, L.L.P.	Bureau Verias North America Inc. Burgess Manufacturing Inc. Burlington Air Express, Inc. The Bushwhacker Associates, Inc.	<b>CMAI</b> (Chemical Market Associates, Inc.) Coastal Telephone Company Coastal Tractor & Supply
<b>Bellair</b> Express Bell & Murphy PC Benchmark Transportation Services, Inc.	Business Management Group, Inc. Butcher, Carter & Preston Co. Butler & Binion, L.L.P.	Cobro International, Inc. (U.S.A.) <b>Cochran, Rooke &amp; Craft, L.L.P.</b> CoEnergy, Inc.
Bentex Equipment Company, Inc. Berg Steel Pipe Corp. Bernard Controls Inc Berridge Manufacturing Company	<b>Butterworth</b> Jetting Systems Inc. CABVAL California Microwave Microwave Networks Systems	O'Brien, Inc. Cole Chemical & Distributing, Inc. Colliers <b>Appelt</b> Womack, Inc. Colombo Services, Inc.
<b>Bestline</b> Steel Products, Inc. Betco <b>Scaff</b> old Bethurum Research & Development, Inc.	Camac Holdings, Inc. <b>Camco</b> International, Inc. Capt. Trevor O'Brien & Associates Inc.	Comerica Bank-Texas Commercial Medals Co. The Communicators' Network, Inc.
<b>Bettis</b> Corporation <b>Betz</b> Water Management Group Biehl & Co., Inc. Bilingual Education Institute	Caravan industries, Inc. <b>Cardwell</b> International Ltd. Care Flight Air Critical Care C. A. Richards & Assoc., Inc.	Compaq Computer Corporation Complex Metals Inc. Compound Manufacturing Distribution, Inc. (CMD)
Bishop Quintana Roy Advertising & Public Relations BJ Services Company Black Swan Jet Charter	Carlisle Engineered Metals Incorporated Carotrans International Carter & Burgess, Inc.	Compressor Engineering Corp. Comspec Digital Products, Inc. Condea Vista Company
<b>Blentech</b> Corp. Blonski Architects Bob J. Johnson & Assoc., Inc. Bonanza Tire Sales, Inc.	<b>Caymoor</b> International <b>CdR</b> International, Inc. Celanese - Clear Lake Plant Cement Lining Co., Inc.	<b>Conservatek</b> Industries, Inc. Consolidated Chemical Industries Constant Shipping Corporation Continental Airlines
Bonner & Moore Associates, Inc. Booker/Hancock <b>and</b> Associates Boring & Tunneling Company of America, Inc.	Central Moving & Storage of Houston, Inc. Central Transportation Systems, Inc.	Continental Carbon Company Continental Casing Corporation Continental Controls, Inc. Continental Corporation
<b>BorTunCo</b> -Mining & Construction Equipment Division Bovar Corp.	<b>Certex</b> - Houston C.F.O. Enterprises, Inc. CGG American Services, Inc. Chamberlain, Hrdlicka, W hite, Williams & Martin	Control Flow, Inc./ <b>Flocon</b> Products, Inc. Conveyor Systems & Supply Company
<b>Boyden</b> International BP Marine Americas Bracewell & Patterson, L.L.P. <b>Brandt/EPI</b>	Champion Fiberglass Inc.	

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Cooley & Cooley, Ltd.  
Cooper Cameron Corporation  
Coopers & Lybrand L.L.P.  
Copper State Rubber, Inc.  
Core Laboratories  
**Corev** America Inc.  
Cosmetex Dental International  
Crawford & Company  
Credit Suisse  
Crisis Transportation Company  
**Crispin** Company  
**Cross-Cultural** Associates  
**Crowley** American Transport Inc.  
Crowley Marine Services, Inc.  
CSR America Inc  
CT Industries, Inc  
**CTreat** Offshore Watermakers  
**Cubeco** Inc.  
Cudd Well Control  
Curtis, Mallet-Prevost, Colt &  
**Mosle**  
Cushman Realty Corporation  
Custom Safety Products, Inc.  
CXY Chemicals USA  
DAHER Golden Eagle  
Dalmine USA, Inc.  
The Dal-Sterling Group USA Inc.  
Dames & Moore  
Daniel Industries, Inc.  
Daniel Measurement & Control,  
Inc., Western Hemisphere  
**Danmar** Industries, Inc.  
**Danzas** Corporation  
**Dataline** Petroleum Services Inc.  
Data Source USA  
Data Systems International  
**Davenport/Mammoet** Heavy  
Transport, Inc.  
Davona Enterprises  
Debonair Travel, Inc.  
D. E. FISHER Law Firm  
**DeHart**, Hopkins & Rodriguez, Inc.  
Del-Mar International, Inc.  
**Deloitte & Touche** LLP  
Delta Engineering Corporation  
**Delta** Technology Corporation  
Delta-X Corporation  
**Deltech** Manufacturing, Inc.  
Demag Delaval Turbomachinery  
**Corp.**, Turbocare Division  
Denali, Inc.

De Neef Construction Chemicals  
Inc.  
**Derry** Air, Inc.  
Destec Energy, Inc.  
DHL Worldwide Express  
Dial Steel Fabricators Inc.  
Diamond Geophysical Service  
Corporation  
**Dianal** America, Inc.  
Diers and Associates, Inc.  
Directional Transportation  
Services Inc.  
Discovery International  
Purchasing and Logistics  
Distribution International  
**Dixie** Pipe Sales, Inc.  
Dixie USA, Inc.  
**Dockwise** U.S.A. Inc.  
Dr. Otto Gold Consulting  
Engineers  
Dream Golf  
Drexel Oilfield Services, Inc.  
Drillers Supply, Inc.  
Drilltec Technologies, Inc.  
Duchess Shipping, Inc.  
**Dunbar**, Harder & Benson  
Durham International Sales  
Corporation  
DXR Investments, Inc.  
Dynamic Ocean Services  
International, Inc.  
**Dynapak** Export Crating Division  
Dyna-Therm Corporation  
Eagle Environmental Health, Inc.  
Earle M. Jorgensen Company  
Eastman Logistics  
Eaton Drilling and Engineering  
Consultants  
Eaton Industries of Houston, Inc.  
Eaton Operating Company, Inc.  
ECI Technology, Inc.  
ECL Trading Co., Inc.  
The ECO Group  
Edelman Public Relations  
Worldwide  
Educational Resources  
International, Inc. (ERI)  
Ehrhardt Trading Co. Inc.  
Ehrlich Enterprises Personnel  
E.I. Freight (USA) Inc.

Eikenburg & Stiles, P.C.  
E. J. Burger Interests &  
Associated Companies  
Elbi of America  
Elder Offshore Leasing, Inc.  
Elf Trading, Inc.  
Eljim Chemicals Company  
E. L. Lester & Company  
Ellis Williams Co., Inc.  
El Paso Energy Corporation  
ELS Language Centers  
Eltech International Corp.  
Elvia's Cantina  
Ely Associates, Inc.  
**Embry** Isuzu Trucks  
Emerging Business Center of  
Services Cooperative  
Association  
Emery Customs Brokers  
**EMO** Trans Texas, Inc.  
**Encon** Safety Products  
Enduro Fiberglass Systems Inc.  
Enercon Engineering, Inc.  
Energists, The  
Energy BioSystems Corporation  
Energy Resources and Supply,  
Inc.  
Engineers and Fabricators Co.  
Enichem Elastomers Americas,  
Inc.  
**ENPAL**, L.C.  
**Enpro**  
**Enpro** Systems, Inc.  
Enron Corporation  
**Enterra** Corporation  
Environ Express Laboratories  
Equipment Company International  
E. R. Hawthorne & Company, Inc.  
Ernst & Young  
**Escot** Corporation  
**EURO-HUB INT'L** INC  
European Gas Turbines Inc.  
Evans, Kosut, Kasprzak, &  
Benson  
Evans and Wood & Co., Inc.  
Exhibition Information Service  
EX-IM World Markets, Inc.  
Exotherm Corporation  
Expedite, Inc.  
Expinter, Inc.  
Export Food & Beverage, Inc.

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Export Oilfield Supply Co.  
International, Inc.  
**Expotech** U.S.A, Inc.  
Express Visa Service, Inc.  
Exxon Production Research  
Company  
Fairfield Industries Inc-Telseis  
Systems Division  
Falcon Insurance Agency of  
Houston, Inc.  
Farren & Long Company, Division  
of Geodata Service Inc.  
Fastorq Bolting Systems, Inc.  
Fayez Sarofim & Co.  
Fazenda International, Inc.  
F. B. Dunn & Associates, Inc.  
Federal Express  
Federal Transportation Systems,  
Inc.  
Federal Van Lines, Inc.  
Fellers 8 Company  
Fenner 8 Associates, Inc.  
**FEPCO** Group, Inc.  
Ferrostaal Incorporated  
Festive Tents  
**FET Int'l**  
Fidelco  
Field Equipment and Service  
Company (**FEASCO**)  
Fiesta Mart, Inc.  
Figco Exports and Imports  
**Fina** Oil and Chemical Company  
Finn Container Cargo Services,  
Inc.  
First Capital Acquisition  
First Computer Corporation  
First Impressions Inc. of Houston  
First International Trucking  
Services, Inc.  
First World Travel  
Fiie Services  
Fjetland Gossett & Pfeil Export  
Management  
Flagbridge Media  
Flame Seal Products Inc.  
Fleetwood Shipping Inc.  
Fleming International Marine  
Surveys  
**Flexitank**, Inc.  
Flex-Pack Industries, Inc.  
Flightsafety International  
Flow Control Equipment, Inc.  
Flow Services, Inc.  
**Fluor** Daniel, Inc.  
FMC Corporation, Energy and  
Transportation Equipment  
Group  
**FMC Corp-Peroxygen** Chemical  
Division **Bayport** Plant  
F.M.W. Transport Kontor Inc.  
Foratex Inc.  
Foreign Travel Service  
**Fortuna** International, Inc.  
Four Grocers International, Inc.  
Frankwell Investment Services  
Freeman Moving  
Group/International Division  
Freight Forwarders Inc.  
Frie Companies, Inc.  
Frosch International Travel, Inc.  
Frost Minerals International, Inc.  
Fulbright & Jaworski L.L.P.  
F. W. Gartner Company  
F.W. Smart Marine Surveyors  
F. W. Xpress  
Gaedcke Equipment Company  
Gajeske, Inc.  
**Gasteam** USA Inc.  
**GAYESCO**/Gay Engineering &  
Sales Co. Inc.  
General Packaging Equipment  
Company  
General Stevedores, Inc.  
**Generon** Systems  
Genesis (**Europe/U.K.**) Ltd  
Genesis Healthcare International,  
Inc.  
Geomath, Inc.  
The Geophysical Directory, Inc.  
Geoprobe, Inc.  
**Georex**, Inc.  
George Myer Company Inc.  
Geoservices, Inc.  
**GeoVend** International  
Gerhardt's International Inc.  
GES Exposition Services  
Gibbs & Soell, Inc.  
**Gilbane** Building Co.  
Gilkes Inc.  
Girard Industries  
Givens and Associates  
GKK International  
Global Economies, Incorporated  
Global Industries, Ltd.  
Globe Enterprises, Inc., Medical  
Products Div.  
Goedecke International, Inc.  
Gonzalez International Services  
Goodman Manufacturing  
Company, L. P.  
The Goodyear Tire & Rubber  
Company  
Gotco International Inc.  
GP Travel Inc./**DBA** City West  
Travel  
Graebel Movers International, Inc.  
Grain Systems Inc.  
Grant Geophysical, Inc.  
Grant Thornton LLP  
Greater Houston Livery Service  
Griffin Remediation Services, Inc.  
Grijalva & Allen, P.C.  
Gritman Corporation  
Grocers Supply International, Inc.  
Groth Corporation  
Grubb & Ellis  
Gruy Engineering Corp., A  
Division of Tidwell Evaluation  
Services  
G T Instruments  
GT International  
GTO Global Transport, Inc.  
Gulco International Recruiting  
Services  
Gulf Coast Welding Corp.  
Gulf Crest International, Inc.  
Gulf Electroquip, Ltd.  
Gulf Financial Resources  
Gulf Interstate Engineering  
Company  
Gulf Power Systems Inc.  
Gulf Precision Industries  
Gulf States Analytical, Inc.  
Gulf Valve Company  
Gundle Lining Systems  
**Gundle/SLT** Environmental, Inc.  
Halliburton Energy Services  
Hamanaka International, Inc.  
Hampton Inn By The Galleria  
**Harco** Technologies, a division of  
Corppo Companies Inc.  
Harley Equipment Company  
Harmony Service International  
Harris Corporation - Farinon  
Division

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Harris Moving & Storage Company, Inc.  
Hart Publications, Inc.  
**Hartwell** Industries, Inc.  
Haynes International, Inc.  
Haynes Whaley Associates, Inc.  
Hays Information Management II-K?  
HCI Chemicals (USA) Inc.  
Helicopter Services, Inc.  
Hemisphere Publishing Group  
Henri A Soussan Investments  
Henry S. Miller, Reactors  
**Henschel** Mixers America, Inc.  
**Hermann** Hospital  
H F Marketing  
Hickethier & Co.  
Higgins Supply, Inc.  
High Tech Tool Inc.  
Hill and Knowlton, Inc.  
Hiruta Corporation U.S.A.  
Hitachi Construction Machinery (America) Corporation  
The Hively Agency, Inc.  
Hi-Way Equipment Company  
HMS Corporation  
H.M.S. Marine Services, Inc.  
Hobas Pipe USA, Inc.  
**Hoechst** Celanese Corporation  
**Hoffland** Environmental  
HOK  
**Holec**, Inc.  
Holland Communications, Inc.  
**Hol-Mar** International, Inc.  
Houston Advanced Research Center  
Houston Atlas Inc.  
Houston Central Industries  
Houston Cutting Tools, Inc.  
Houston Engineers, Inc.  
The Houston Group  
Houston Helicopters, Inc.  
Houston International Business Corp.  
Houston Livestock Show and Rodeo  
Houston Pipe Benders  
Houston Relocation Link  
Houston Wiper & Mill Supply Co.  
The Hoya Group S.C.  
Hoyer USA Inc.  
H. S. Finkelstein  
H.S.I. International Ltd. (Texas), Inc.  
Hudson Building Systems, Inc.  
Hudson Products Corporation  
**Hughes & Luce**, L.L.P.  
Hughes Repro Graphics, Inc.  
Humus Products of America, Inc.  
The Hurt Company, Inc.  
Hussmann Corp.  
**Hutcheson & Grundy**, L.L.P.  
Hydra Fluids, Inc.  
Hydril Company  
Hydril Elastomer and Industrial Products  
Hytemp Nickel Alloy, Inc  
**HyTEX**plor, Inc.  
Hyundai Pipe of America, Inc.  
IBM Corporation  
ICF Kaiser Engineers, Inc.  
**ICIS-LOR**, Inc.  
IDB Worldom  
Idea Advertising Group, Inc.  
Ideas etc, Inc. (International Destinations, Events and Services)  
Ikon Office Solutions  
IKR Corporation  
Ilva America, Inc.  
Import Trade Services, Inc.  
IMS Worldwide, Inc.  
Inbesa America, Inc.  
Inchcape Testing Services Caleb Brett  
**InDrill** Supply of Texas, Inc.  
**InduMar** Products, Inc.  
Industrial Control Services, Inc.  
Industrial Rubber Products, Inc.  
Industrial S.A. Port Line  
Infrastructure & Resource Development  
**INMAN** Texas Company  
Innex Enterprises  
Input/Output, Inc.  
Insituform Gulf South, Inc.  
Insta-Bulk, Inc.  
Instrument Exchange Ltd.  
Intec Engineering  
Integra Executive Corporation  
Integral Fin Tube Company  
Integrated Trade Systems, Inc.  
Interactive Interpretation & Training  
Inter-Commerce Enterprises, Inc.  
Intercontinental Fragrances  
Intercontinental Resources, Inc. (IRI)  
Interface Consulting International, Inc.  
**Intergulf** Fuels, Inc.  
International Building Systems  
International Business Initiatives ('IBI') Corp.  
International Consulting Group  
International Courier Systems, Inc.  
International Development & Finance  
International Exhibitions, Inc.  
International Language Associates  
International Language Center (ILC)  
International Marine & Specialty Supply, Inc.  
International Marketing Alliance  
International Medicine Center  
International Meeting Managers, Inc.  
International Process Services, Inc.  
International Procurement Group, Inc. (IPG)  
International Tool Co., Inc.  
International Trading Company  
International Voice Exchange  
Interplan Group, Inc.  
**Intertect**, Inc.  
**Intool**, Inc. Industrial Tool Division  
Intramur Enterprises  
Intratours  
Ireland Alloys, Inc.  
**ITOCHU** International Inc.  
**Jackson & Walker** L.L.P.  
**Jack Spence** and Associates, Inc.  
Jacobs Engineering Group Inc.  
Jacob Stern and Sons, Inc.  
Japan Tours & Travel, Inc.  
J.C. Penney  
JC World Trade Group  
J.D. Fields & Co., Inc.  
Jesse Fence & Construction Co., Inc.  
Jet Center Travel  
Jet Import Brokers  
Jetstream of Houston Inc.

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Jiffco Systems, Inc.  
 John D. Howell 8 Associates  
 John E. Allis, CPA  
 John L. **Wortham** 8 Son, L.L.P.  
 John Noble, Inc.  
 Johnson Supply  
 Johnston Pump Company  
 Jones Chemicals Inc.  
 Jo Tankers, Inc.  
 J. **R.** Butler and Company  
 Kainer Export Crating, Inc.  
 Kaldair  
**Kalil Fruit & Vegetable Company**,  
 Inc.  
 Kandle Oilfield Products, Inc.  
 Kawasaki Steel America, Inc.  
 KBK Financial, Inc.  
 Kelsey-Seybold Clinic  
 Kestrel Data Management 8  
 Storage  
 Key Maps, Inc.  
 Keystone Development  
 Corporation  
 Keystone International, Inc.  
 King Oil Tools, Inc.  
 King Staffing/Translations  
 Verbatim  
 KLM Cargo  
 KLM Royal Dutch Airlines  
 Southwest Region, Passenger  
 Sales and Services Division  
**Klockner Steel Trade**  
**Klose Const. & Fab.** Inc.  
 Knapp Polly-Pig  
 Kobelco America, Inc.  
**Koch Engineering Company**, Inc.  
 Kors Montgomery International  
 Kortek Industries  
 KPMG Peat **Marwick** LLP  
 Krennerich Shipping Company  
 KTI Fish Inc.  
 Kuehne & Nagel, Inc.  
 Kulkoni, Inc.  
 Kvaerner Process  
 Kvaerner - R.J. Brown  
**Labay/Summers Air Cargo**  
**Labay/Summers International**, Inc.  
 La **Fleur** Fragrances  
 Lamalie Amrop International  
 L A Martin 8 Associates, Inc.  
 Lamb Agency for Marine and  
 Bonds

Lamorte Burns and Co., Inc.  
 Landmark Graphics Corporation  
 Laversab, Inc.  
 Law Office of Harry Gee, Jr. and  
 Associates  
 L. B. Foster Company  
 L.D. **Brinkman** Co.  
**Leachman** Cardiology Association  
**Leeco** Precision Spring  
 Manufacturing Company  
 Lea's Material Services, Inc.  
 LELCO  
 LEP Profit International Inc.  
**Leutert** Instruments, Inc.  
 Lex Mundi  
 Liaison International, Inc. of  
 Houston  
**Liddell, Sapp, Zivley, Hill &**  
**LaBoon**, L.L.P.  
 Liiex Southwest, Inc.  
 Limitorque Corporation  
 Linscomb & Williams  
 Linser Industry Services, Inc.  
 Liquid Level **Electronics**, Inc.  
 Living Windows Corporation  
 Lloyd Aereo Boliviano  
 Loewenstein & Associates  
 London Offshore Consultants, Inc.  
 LONE STAR Gage & Calibration,  
 Inc.  
**Lonestar - Southwest Mailing**  
 Services, Inc.  
 Long Reach Manufacturing  
 Company  
 Louis Allen Associates  
 L & R Chartering, Inc.  
 The Lubrizol Corporation  
 Lufthansa Cargo  
 Lufthansa German Airlines  
 The Luxury Collection - ITT  
 Sheraton Hotels  
 Lykes Bros. Steamship Co., Inc.  
 Lynden International  
 Gibson & Herberger, L.L.P.  
**Macha** International, Inc.  
 Machine Ice Co.  
 Maldonado & Company  
 Mannesmann Demag Corp.  
 Mannesmann Pipe & Steel  
 Corporation  
 Map Worldwide Carriers, Inc.  
 Margolis, Phipps & Wright, P.C.

**Martech** Export Management &  
 Consulting International  
 Mar-Ten Marine Associates  
 Marubeni America Corporation  
**MasterWord** Services, Inc.  
 Mats, Inc.  
 Mattco Manufacturing, Inc.  
 Matthew L. Benson, P.C.  
 The Matthews Group  
 Matthews, Matson & **Kelley**, Inc.  
 Maurice Pincoffs Company, Inc.  
 MAXXAM Inc.  
 Maya Hospitality Advisors, Inc.  
 Maya International, Inc.  
 Mayor, Day, Caldwell, & Keeton,  
 L.L.P.  
 McBride-Ratcliff and Associates,  
 Inc.  
**McClatchy** Van Lines of Houston  
 McDermott Engineers &  
 Constructors  
**McGuffy** Systems Inc. and Lynn  
**McGuffy** Company, Inc.  
**McKinney** American, Inc.  
 McLean Cargo Specialists, Inc.  
**McMillan** Equipment Company  
 MC Tubular Products, Inc.  
 Medeci Corporation  
**MEDICUS** International, Inc.  
 The **MedTek** Group  
 M-E-I Consultants, Inc.  
 Menko Steel Service, Inc.  
 Mercury International, Inc.  
 Merichem Company  
 Meridian Finance Group, Inc.  
 Metallic Building Company  
 Metallurgical Consultants, Inc.  
 Metalwork, Inc.  
 METCO Environmental  
**Metito** International, Inc.  
 Metrix Instrument Co.  
**MetroBank**, N.A.  
 Meyer Orlando & Evans  
 Middelraad & Associates  
 International Real Estate  
 M-I Drilling Fluids L.L.C.  
 The Mill Creek Company  
 Mirex Corporation of Texas  
 Mir, Fox & Rodriguez  
 Mirreles Blackstone (USA), Inc.  
 Mission Logistics  
 Mistral Trade Corp.

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Mitrans Corporation	Normco Leasing Inc.	Pastech Division, CAE America, Inc.
Mitsui Tubular Products, Inc.	Norriseal	Patented Systems, Inc.
Mivco Inc.	North American Chemicals, L.C.	PB-KBB, Inc.
MML- RELOCATION MANAGEMENT	North American International	Peek Measurement, Inc.
<b>Mobil</b> Mining & Minerals Company	North Harris Montgomery	Pegasus Inc.
<b>Modac</b> (USA), Inc.	Community College District	Pennzoil Company
<b>Mogas</b> Industries Inc.	Norton Lilly International Inc.	Pepe International, Inc.
<b>Mokveld</b> Valves, Inc.	Nova-Tech International, Inc.	Pepe Service Company
Monarch Separators, Inc.	NSM Industries, Inc.	Pepsi-Cola
<b>Montell</b> USA Inc.	<b>NuVision</b> Systems, L.C.	Perceptive Scientific Instruments Inc.
Moorco International, Inc.	Ocean Connection	Performance Dynamics Group
Morris Architects	Oceaneering International, Inc.	<b>PerSeptive Biosystems/Vestec</b>
Morris Export Crating Company	Ocean Projects, Inc.	Mass Spectrometry Products
Morrow Equipment Company, LL.C.	Ocean Shipholdings, Inc.	PETRECC
Moss Seal Company	Oceans International Corporation	Petro Amigos Supply, Inc.
Movers International	Odjell Tankers (USA), Inc.	Petrocomp Systems, Inc.
Moving and Packing International, Inc.	<b>OFI</b> Testing Equipment, Inc.	Petroconsultants, Inc.
MPA International	OHM International Corporation	Petroleum Information /Dwights UC
MSAS Cargo International	Oil Air Hydraulics, Inc.	Petrophysical Solutions, Inc.
<b>MTI</b> Intermodal, Inc.	Oilcovery Inc.	PGS Reservoir (US.), Inc. [formerly ERC Tigress Inc.]
<b>Multimark</b> International, Inc.	The Oil & Gas Directory	Philip Comes (USA), Inc.
Munro Garrett International	<b>Oilworld</b> Supply Company	Phillips Sumika Polypropylene Company
Murray Associates International	<b>O'Keefe &amp; Associates</b>	<b>Pileco</b> , Inc.
Murray & Garig Tool Works	Olan Logistics Services, Inc.	Pilko & Associates, Inc.
Mustang Tractor & Equipment Company	Ombudsman International, Inc.	Pilot Air Freight
The M. W. Kellogg Company	Omega <b>Exim</b> International, Inc.	Pipeline Inspection Company, Inc.
Nabisco Biscuit Co.	<b>OmniGroup</b> , Inc.	Pipeline Seal & Insulator Inc.
Nappco Fastener Company	Omni Intercommunications, Inc.	Pipetronix, Inc.
Natar of Houston	Oncol International, Ltd.	PK Air Charter, Inc.
National-Oilwell	Operations Management International (OMI)	The Plank Company
National Parts Systems, Inc.	Otis Engineering Corporation	Plantex Equipment Corp.
Nationwide Distributing Co.	Overland Transportation Co., Inc.	<b>Plasteco</b> , Inc.
<b>Navtec</b>	Oyo Geospace Corporation	Plato Industries, Inc.
Nemesis International, Inc.	The Pace Consultants Inc.	PLI, Inc.
N.E.T., Inc.	PACO Pumps	PMV - USA
Neurosurgical Group of Houston	Paine Webber, Inc.	Port Cii Cabinet Works, Inc.
<b>Newmans</b> , Inc.	Pan Air	Port Dispatch Services, Inc.
New Park Shipbuilding & Repair	Panalpina, Inc.	Porter & Hedges, L.L.P.
Nichimen America, Inc.	Panamerican Chemical Marketing, Ltd.	Powell Electrical Mfg. Co.
Nissho Iwai American Corporation	<b>Pannell</b> Kerr Forster of Texas, <b>P.C.</b>	Powell Industries, Inc.
N-I Tubulars, Inc.	Pantex Valve Actuators & Systems, Inc.	Power-Flow International Sales, Inc.
N. Jack Jacobson, CPM, RPA, MPANLP, Consultant	Parijat Controlware, Inc.	Power Supply, Inc.
<b>NJ</b> International, Inc.	Parkans International, Inc.	PPC Graphics
<b>NNR Aircargo</b> Service USA Inc	Parsons Energy & Chemicals Group	Pravel, Hewitt, Kimball & Krieger, P.C.
<b>Nordana</b> Line	Partners for International Development	
Nordic American Corporation		
Nordic American Shipping, Inc.		

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Praxair, Inc.  
Premium Oilfield Products, Inc.  
Prescott Ball & Webb  
Priie Waterhouse LLP  
Pride & Power  
PRJ Corp.  
PR Newswire  
Pro Box, Inc.  
Pro-Line Machine & Repair, Inc.,  
DBA Pro-Line Buckets & Grapples  
Pro-Mark Corporation  
Pro-Quip/Letlow & Associates  
Pro-Tee Equipment Co.  
PTI, Inc. Engineers, Architects,  
Construction Managers  
The P. W. Rolle Company  
Pyramid Manufacturing Company  
Qemi International, Inc.  
QMR Consulting, Inc. & STS, Inc.  
Quality Oilfield Products, Inc.  
Quantum Chemical Company  
Quest Business Agency  
Quick Tick International  
Racal NCS, Inc.  
RAD Consulting & Capital LLC  
Radian International, LLC  
Ralph Stockton Valve Products,  
Inc.  
Ramco Laboratories, Inc.  
Ram Forwarding, Inc.  
Ram ITC, Inc.  
Ranger Steel Supply Corp.  
Ransome Company  
Rapsitver Supply Co., Inc.  
Rawson & Co., Inc.  
Raytheon Aircraft Service  
R. B. Everett & Company  
RCC Communications  
Consultants, Inc.  
R.C. Shipping Co., Inc.  
Read-Poland Associates  
Redco Engineering  
Redding, Rhodes & Associates  
Red Man Pipe Supply Company  
Red Oak Cardiovascular Canter  
Reed Products, Inc.  
Reed Tool Co.  
Reef Industries, Inc.  
Reflange Inc.  
Reidy International, Inc.  
Reily & Miller Electrical Supply,  
Inc.

Repro Technology, Inc.  
Resochem Corporation  
Resource Management 8 Trade  
Associates  
Respond Cargo Services  
Corporation  
The Rex Group  
Reyna International Service  
R.F. Hatzel and Co., Inc.  
Rice Fowler  
Rig-A-Lie Partnership, Ltd.  
Rimkus Consulting Group, Inc.  
Roanoke Insurance Agency, Inc.  
Robert Grieve International Inc.  
Robert L. Rowan & Associates,  
Inc.  
Robert Weisz Office Furniture  
Company  
Robinson Companies  
International  
Robinson Technical Products  
Corporation  
Robishaw Engineering, Inc.  
ROC Carbon Company  
Rogers & Brown Customs  
Brokers, Inc.  
Rohm and Haas Texas, Inc.  
Roff Jensen & Associates, Inc.  
Rolligon Corporation  
Rotor-Tech, Inc.  
The Royale Gulf Shipping  
Company Inc.  
Royston, Rayzor, Vickery &  
Williams, L.L.P.  
Rulewave, Inc.  
Ruska Instrument Corporation  
Russia Far East Economic  
Development Company (Russia  
FEDCO)  
Safecare Medical Products  
Safeguard Medical International  
Safety Systems & Controls, Inc.  
Saga Transport (USA), Inc.  
The Sakura Bank, Ltd.  
Sales Training International  
Salinas Forwarding Co. Inc.  
S.A. Maritime International, Inc.  
Samuel Specialty Metals  
Santini Export Packing Corp.  
SAS Systems Inc.  
Satake USA, Inc.  
Savannah Supply Company

Saw Pipes USA Inc.  
Schenker International, Inc.  
Scher's Travel Service  
Schlumberger Oilfield Services  
Schlumberger Well Services  
Schulz U.S.A. Inc.  
Scientific Data Systems, Inc.  
Scott Specialty Gases  
Seaboard-ARVAL Corporation  
SeaCAT Corporation  
Sea Containers U.S. Gulf, Inc.  
Seacorp, Inc.  
Sea-Land Service, Inc.  
Seal Parts and Repair Company,  
Inc.  
Search Consultants International,  
Inc.  
SEBA International, Inc.  
Seko Worldwide  
Semco, Inc.  
Setpoint Inc.  
Seven Seas Consultants, Inc.  
SGS Control Services Inc.  
SGS Industrial Services  
Shaffer Comunicaciones Mexico  
Sheinfeld, Maley & Kay, P.C.  
Shell Oil Company  
Shintech Incorporated  
Shippers Stevedoring Company  
Shipp Sales Co.  
Show Dynamics  
SIACO  
Siemens Energy & Automation,  
Inc.  
Silotex Industries, Inc.  
Simmons Healthcare (A Basic  
America Medical Products Co.  
Inc.)  
Simon Petroleum Technology  
Corp.  
Sinocon Petroleum Co., Inc.  
Sivco Inc.  
Skaugen PetroTrans, Inc.  
SlimDril International, Inc.  
Sloan International  
SMAR International, Inc.  
Smit Americas, Inc.  
Smith Air, Inc.  
Smith & Associates  
Smith Barney, Inc.  
Sofec, Inc.  
Sofegaz US

## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Solid Systems, Inc.	Sullivan Industries, Inc.	Thompson Paper Products
<b>Solpub</b> Company	The Sumitomo Bank, Limited	3D Marine USA Inc.
Sonardyne, Inc.	Sumitomo Corporation of America	3M International Business
<b>Soper</b> International <b>Ophthalmics</b>	Summit Asset Advisors, Inc.	Development
SOP, Inc.	<b>Suncoast</b> Post-Tension, Inc.	Thyssen Haniel Logistics Inc.
South Coast Supply Company	Super Chef Mfg. Co.	Tide Air & Gas
Southern Marine & Aviation	Superior Packing, Inc.	Tideland Signal Corporation
Underwriters, Inc.	Supertravel	TI Energy Services, Inc.
Southern Warehouse Corporation	Supply Solutions of Texas, Inc.	Tioga Pipe Supply Company
Southern Welding Systems	Supreme Rubber Products	TNT Express Worldwide
International Inc.	Company, Inc.	Total Travel Professionals
Southwest Bank of Texas NA	SUR International Marketing	Tractebel Energy Marketing, Inc.
Southwestern Controls	Susan DiCioccio, Attorney at Law	<b>TradeSearch</b> Inc.
Southwest Group Architects	Swiff-Travis Company	Transamerica Industries, Inc.
Spanish Language Institute	Syn-Work Media, Inc.	<b>TransAmerican</b> Power Products
Sparkler Fitters, Inc.	Systems I, Inc.	Trans-Express of Texas, Inc.
Spartan Technologies, Inc.	TAD-USA, Inc.	Transmarketing Houston, Inc.
Specific Equipment Company	Tam International, Inc.	Transoceanic Shipping Co., Inc.
<b>Spectube</b> , Inc.	Tank Seal Technology, Inc.	Transport Management
Spencer Dunaway Jones & Smith,	<b>Tapco</b> International Inc.	Consultants, Inc.
Inc.	Taser International, Inc.	Trans-Prep Services Industries
Spencer Stuart	Tauber Oil Company	Transworld Logistics, Inc.
Spir Star, Inc.	Technology Resources, Ltd.	Transworld Oil U.S.A., Inc.
Sprint	<b>Techno</b> Trade	Transworld Trade Services
Sroufe, Payne & Lundeen, L.L.P.	Teledyne Exploration	The Travel Agency in the Park
Stainless <b>Specialties</b> , Inc.	Temporary Professionals, Inc.	Travel Tech
Stair Cargo Services, Inc.	Tescorp Seismic	Triarch Industries Inc.
Standard & Poor's / Platt's	Products-Houston Division	Tri-Max Industries, Inc.
Standco Industries, Inc.	TES Multimedia Inc.	Trinity Industries - Structural Steel
Stan & Lou, Inc.	Texaco Chemical Inc.	Division
Stark Manufacturing Inc.	Texaco Exploration & Production	Trinity Machinery & Associates
Star Middle East (USA) Inc.	Technology Department	Triple-S Steel Supply Co.
Steelhammer & Miller, P.C.	Texacraft, Inc.	Tristan Industrial Tool & Supply
<b>Stella Cottrell</b> Travel, Inc.	Texas Art Supply	Co, Inc.
Sterling Chemicals, Inc.	Texas Contractors Equipment,	Tri Star Freight Systems, Inc.
Stewart & Stevenson Construction	Inc.	Triten Corporation
Equipment	Texas International Marine	Triton Data Systems, Inc.
Stewart & Stevenson Services,	Engineers Inc.	T.R. Moore & Company P.C.
<b>Inc.</b>	Texas ISA, Inc.	Trophy Products, Inc.
Stewart Technology Associates	Texas Medical Center	TS Shipping, Inc.
<b>Stolt-Nielsen</b> , Inc.	Texas Mill Supply	Tubacero International
Stone Forwarding Company, Inc.	Texas Oil Tools Inc.	Corporation
Stoner Associates, Inc.	Texas Orthopedic Hospital	Tube Turns Technologies Inc.
Stone & Webster Engineering	Texmarc Conveyor Company	<b>Tuboscope</b>
Corporation	Texor Services, Inc.	Tubular Steel Inc.
Strategos, Inc.	<b>Textool</b> Company, Inc.	Turtle and Hughes, Inc.
Straus Systems Inc.	T/GE Resources	<b>Twinstar</b> Leasing, Ltd.
Structured Trade Services, LLC	Thane-Coat Inc.	<b>TWR</b> Lighting, Inc.
Suddath Relocation Systems of	Thao's Dental Equipment	TWR <b>Telecom</b> , Inc.
Houston, Inc.	Thomas Cook Currency Services	Tyde Specialized Cargo
Suderman & Young Towing	Inc.	Movement, Inc.
Company, Inc.	Thomas Leger & Co. L.L.P.	Ulveco, Inc.



## OVER 1,250 HOUSTON AREA COMPANIES TRADE WITH SOUTH AMERICA, INCLUDING BRAZIL

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Uncle Ben's, Inc.  
**Uniglobe** Universal Travel, Inc.  
United Casing, Inc.  
United Parcel Service  
United Steel Structures, Inc.  
**UNITRA INC.**  
Universal Metals & Machinery, Inc.  
Universal Pewter/Universal Industries  
Universe Technical Translation Inc.  
University of Houston International Trade Center  
The University of Texas M.D. Anderson Cancer Center  
USA Today  
U.S. Postal Service  
VAAD Specialty Advertising  
Vaden, Eickenroht & Thompson, L.L.P.  
Valco Instruments Co., Inc.  
Vallourec, Inc.  
**Valmet** Automation (USA), Inc.  
Val-Tex  
Valve Sales Co.  
**Valvtechnologies** Inc.  
Vantec International Inc.  
**VARIG** Brazilian Airlines  
Vee-Marine International Corporation  
**Ventech** Engineers, Inc.  
**Vetco** Pipeline Services  
Video Monitoring Services of America, L.P.  
**VidiComp** Distributors Inc.  
Vincent Metal Goods

Vinson & Elkins L.L.P.  
Vinson Supply Company  
International Division  
Virginia A Miller & Co., Inc.  
Visual Numerics  
Volt Services Group  
Wallace Co., Division of Wilson Industries  
The **Walworth** Company  
Warren Electric Company  
Warren Electric  
Telecommunications-Utilities Co.  
Wartsila Diesel, Inc.  
Watson Distributing Company, Inc.  
**Weco** Agencies (Texas) Inc.  
Weil & Associates  
Welker Engineering Company  
**WellPro**, Inc.  
Western AG-Minerals Co.  
Western Geophysical  
Western Well Screen  
Manufacturing **WESCO**, A division of WMW Industries, Inc.  
Westfield Engineering & Services Inc.  
Westheimer Transfer and Storage Company, Inc.  
**Westlake** Group  
Westronics  
WFI International Inc.  
**WHEI**  
White River Foodservice  
Wilbur Smith Associates, Inc.  
Wilcrest Engineering, Inc.  
Wild Well Control, Inc.  
William M. Mercer, Incorporated

Williams & Mettle Co.  
Willis Corroon Energy, Inc.  
Wilson **Downhole** Services, Inc.  
Wilson Industries, Inc.  
Wilson Supply Company, International Dept.  
**Winborne** Supply, Inc.  
Windsor Travel Corp.  
W. J. Ford & Associates, Inc.  
Wm. Rigg Co.  
**Woodlake** Travel Services, Inc.  
Wordseller Business Communications  
Worldcom  
World Commerce Forwarding Inc.  
World Express Cargo, Inc.  
World Freight Services, Inc.  
World Marine Associates, Inc.  
Worldwide Machinery, Inc.  
World Wise, Inc.  
Wright Killen & Co.  
W. R. Zanes & Co. of LA., Inc.  
WTS of Houston, Inc.  
W 2 (Whatever Wherever, Inc.)  
Wurlink Enterprises, Inc.  
WW Grainger Inc  
X L Brokers International  
**Xonex/Larmore** United  
Zamora International Co.  
Zeh Graphic Systems, Inc.  
Zellweger Analytics, Inc.  
Zim-American Israeli Shipping Co., Inc.  
Zuber Insurance Agency, Inc.

## Over 180 Houston Area Companies Report Trade With Brazil

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Acute Technologies, inc	<b>Enron</b> Corporation	International Legal Group, P.C.
ADP - Automatic Data Processing	Esco Supply Company	Interpax
Advetech International Inc.	Essex Enterprises, Inc.	<b>Intramar</b> Enterprises
Aerolineas Argentinas	Eurotainer US Inc.	Intrepid Industries Inc.
Air Products Incorporated	Evergreen America Corp.	Japan Steel Works America, Inc.
Air Security International	EVI, Inc.	JC World Trade Group
Allied Union Inc.	Expro Americas Inc.	John Cox Lumber Company
All States Steel Co.	Exsyst, Inc.	Kaneka Texas Corporation
American Hat Company, Inc.	<b>Fluenta</b> , Inc.	Keystone Development Corporation
American <b>Servoil</b> Corporation	Friendswood Metals & Specialty Steel, Inc.	Keystone International, Inc.
American Trans-Chem Corporation	The Fugro Group of Companies	Keystone <b>Valvtron</b> , Inc.
Amoco	<b>Fujitec</b> America, Inc.	<b>Korn/Ferry</b> International
Anatek, Inc.	Galveston Manufacturing Company, Inc. dba Galveston Medical Mfg.	Kvaerner FSSL Inc.
Applied Earth Sciences, Inc.	Gantrade Corporation	Lafayette West
Arthur D. Lie, Inc.	Gardere Wynne Sewell 8 Riggs, L.L.P.	Maryland Club Foods, Inc.
A W Printing	Garrett Aviation Services	Maurer Tools, Inc.
B-G International, Inc.	GBM International, Inc.	Maurice Pincoffs Company, Inc.
Biotech Laboratories, Inc.	<b>Gilbane</b> Building Co.	Mayor, Day, Caldwell, & Keeton, L.L.P.
B J Process & Pipeline Services Company	GN Resources, Inc.	Menko Steel Service, Inc.
BMC Software, Inc.	Greif Bros. Corporation	Mercury International, Inc.
BPA International, Inc.	<b>Griggs &amp; Harrison</b> , P.C.	Metallurgical Systems, Inc.
Buffalo Flange, Inc.	Gulf & Atlantic Maritime Services, Incorporated	<b>MG</b> Industries
Business Consultant for Colombia, South America	<b>Gulf States</b> Abrasive Manufacturing Co., Inc.	The Minute Maid Company, A Division of The Coca-Cola Co.
Calda Graphics	Gulf States Analytical, Inc.	Mirex Corporation of Texas
California Microwave Microwave Networks Systems	<b>Gulf Winds</b> International, Inc.	Mosbacher Energy Company
Capital Associates	Hallmark Sales Corporation - Medistat Medical	Moss Seal Company
Carbon & Alloy Metals Inc.	Harding Lawson Associates	Mustang Engineering, Inc.
Carbon Dioxide Associates, Inc.	Heerema Offshore Services U.S., Inc.	Natar of Houston
Challenge Air Cargo Airlines, Inc.	Hi-Way Equipment Company	NATCO
Clipper Energy Supply Co.	Holland 8 Davis, Inc.	<b>Nextel</b> Communications Inc.
Compression Coat, Inc.	Holland Southwest International, Inc.	Nisseki Chemical Texas
Concord Express Inc.	Horizontal Drilling International, Inc.	<b>N Merfish</b> Supply Co.
Cosmetex Dental International	Houston Advanced Research Center	Noble, <b>Denton &amp;</b> Associates, Inc.
CRS Power Flow	The Houston Group	Noble Drilling Corporation
Custom Pipe Coating, Inc.	Houston Industries Energy Inc.	<b>NorAm</b> Energy Corp.
<b>Decoty</b> Coffee Company, Inc.	Houston International Trading	North American Chemicals, L.C.
<b>Delta</b> Air Lines, Inc.	HOU-TRA INTL	Oceanwide Houston Inc
The Detering Company	Hytemp Nickel Alloy, Inc	<b>Oilfield</b> Power & Supply Co. Operations Management International (OMI)
Diamond Offshore Drilling, Inc.	Inbesa America, Inc.	<b>O'Rourke</b> Petroleum Products
Discovery International Purchasing and Logistics	Insta-Bulk, Inc.	<b>Papaiz</b> U.S.A. Ltd
Dixie Carriers, Inc.	<b>InterMarine</b> Incorporated	Patriot Shipping Corp.
<b>D M</b> Best International, Inc.	International Exhibitions, Inc.	Plenty Products, Inc.
Drypers Corporation		<b>Portway</b> Corporation
<b>Eastham</b> Associates, Inc.		Powell Electrical Mfg. Co.
ECI Technology, Inc.		Precise Systems, Inc.
Eljim Chemicals Company		Pride International, Inc.
<b>Ellwood</b> Texas Forge		The Productivity Center, Inc.
El Paso Energy Corporation		Robert W. Hunt Company

## Over 180 Houston Area Companies Report Trade With Brazil

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ROC Carbon Company	Stress Engineering Services, Inc.	Turner Construction Company of Texas
<b>Rollac</b> Shutter of Texas Inc.	Sumitomo Corporation of America	Unistrut Corporation
Rolon Engineering Associates, Inc.	Surgimedics, Inc.	U.O. Equipment Co.
Roper Machinery, Inc.	<b>Swift-Travis</b> Company	<b>Uson</b> L.P.
<b>Rowan</b> Companies, Inc.	Tank Seal Technology, Inc.	U.S. Zinc
Roy F. Weston, Inc.	Team Environmental Services, Inc.	Vinmar America, Ltd.
<b>Safecare</b> Medical Products	Team Industrial Services, Inc.-Leak Repairs/Emissions Monitoring Division	Weatherford <b>Enterra</b> , Inc.
Sandvik Rock Tools, Inc.	Texas Trade Inc.	<b>Weatherford/HOMCO</b>
Scope Imports, Inc.	Tex-Co International, Inc.	West Gulf Container Co.
Siemens Energy & Automation, Inc.	Tex-Tube Company	White Star Steel, Inc.
Southern Millwork Company	Thrustmaster of Texas, Inc.	White-Tucker Company
Stevedoring Set-vices of America	Tide Air 8 Gas	Worldwide Electrical Sales division of Houston Wire and Cable Co.
Stewart 8 Stevenson Services, Inc.	Transocean Offshore Inc.	W. R. Grace & Co.-Conn.
Stewart Technology Associates	Triarch Industries Inc.	
Strachan Shipping Co.		

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Source: *International Houston: 7998 International Business Directory; Greater Houston Partnership, 1998.*

## 45 Houston Area Companies Have Subsidiaries in Brazil

### Selected Houston Area Companies With Subsidiaries in Brazil

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ABB Lummus Global Inc	Grant Geophysical, Inc.
ABB Vetco Gray Inc.	Gulf Crest International, Inc.
ABS Services, Inc.	Houston industries Energy Inc.
ABS Marine Services	Hoyer USA Inc.
ABS Quality Evaluations, Inc.	ICF Kaiser Engineers, Inc.
<b>Alcon</b> Laboratories, Inc.	Inchcape Testing Services Caleb Brett
Applied Earth Sciences, Inc.	<b>InterMarine</b> Incorporated
Bechtel	Interpax
B-G International, Inc.	Keystone International, Inc.
BHP Power Inc.	Landmark Graphics Corporation
BMC Software, Inc.	M-I Drilling Fluids L.L.C.
Bristol Babcock Inc	Moorco International, Inc.
Champion International Corporation	Mosbacher Energy Company
CLI International, Inc. ( <b>InterCorr</b> )	Qemi International, Inc.
Compaq Computer Corporation	Stolt-Nielsen, Inc.
DAHER Golden Eagle	Texas Pipe & Supply Co., Inc.
Delta Technology Corporation	The Minute Maid Company
Diamond Offshore Drilling, Inc.	Triarch Industries Inc.
Drypers Corporation	Turner Construction Company of Texas
<b>Enron</b> Corporation	TWR Telecom, Inc.
El Paso Energy Corporation	Vee-Marine International Corporation
F. W. Xpress	<b>Westin</b> Galleria and <b>Westin</b> Oaks Hotels
Gottfried International, Inc.	

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Source: *International Houston: 1998 International Business Directory*;  
*Greater Houston Partnership, 1998.*

**Houston and the State of Texas Have Many  
Multinational Companies With Locations  
In Brazil, Latin America and the Caribbean**

Company Category	Houston	Texas	Houston as a Percent of Texas
Texas Companies in Brazil	26	49	53%
Texas Companies in Latin America and the Caribbean	120	229	52%
Latin American and Caribbean Companies In Texas	31	60	52%

*Note: Latin America includes Mexico, Central America and South America.*

*Source: 1996 Texas Directory of Multinational Companies,  
Texas Department of Commerce.*

**Houston and Texas Have a Strong Community of Interest  
 With Brazil as Evidenced By Export Trade, But Texas  
 Has Little Nonstop Service and Houston Has None**

State / City	1996 Exports (\$ Billions)	June 1998 Weekly Nonstop Flights to Brazil	Weekly Nonstop Flights per \$ Billion Export
State			
Florida	2.09	84	40.2
California	1.26	15	11.9
<b>Texas</b>	<b>1.02</b>	<b>7</b>	<b>6.9</b>
New York	0.96	41	42.7
City/Gateway			
Miami	1.70	82	48.2
<b>Houston</b>	<b>0.70</b>	<b>0</b>	<b>0.0</b>
Los Angeles	0.48	15	31.3
New York	0.43	41	95.3

Source: U.S. Department of Commerce, EL Series Exports;  
 OAG Schedule Tapes, June 1998.

## The Port of Houston Ranks First Among U.S. Ports in Foreign Tonnage Handled

### U.S. Waterborne Foreign Trade - 1996 Port Ranking By Volume of Trade (Metric Tons, 000s)

Rank	Port	Volume
<b>1</b>	<b>Houston, TX</b>	78,470
2	South Louisiana, LA	72,604
3	New Orleans, LA	63,471
4	Hampton Road, VA	54,401
5	New York/New Jersey	52,646
6	Corpus Christi, TX	51,336
7	Long Beach, CA	32,625
a	Baton Rouge, LA	31,967
9	Texas City, TX	31,721
10	Port Arthur, TX	27,802

Source: American Association of Port Authorities, June 1998.

**The Port of Houston Is A Major Conduit for  
U.S. Trade With Latin America and the Caribbean**

***Port of Houston Trade With Latin America and the Caribbean  
7997***

World Region	Dollar Value (in Thousands)	Tons
Mexico	\$3,503,886	287,731,620
South America	\$8,338,053	246,615,985
Central America	\$497,165	19,250,374
Subtotal Latin America	\$12,339,104	553,597,979
Caribbean	\$880,860	24,875,312
Total Latin America and the Caribbean	\$13,219,965	578,473,291

*Note: Totals may not add due to rounding.*

*Source: Port of Houston Authority*



## Latin America and the Caribbean is the Largest World Region For Waterborne Trade via the Port of Houston

World Region	1997 Value of Trade (\$000)			Percent of Total
	Imports	Exports	Total	
<b><u>Latin America and Caribbean</u></b>				
South America	\$2,610,435	\$5,727,618	\$6,338,053	22.5%
Mexico	\$2,324,152	\$1,179,734	\$3,503,886	9.5%
Caribbean	\$220,447	\$660,414	\$880,860	2.4%
Central America	\$52,406	\$444,759	\$497,165	1.3%
<b>Subtotal</b>	<b>\$5,207,440</b>	<b>\$8,012,525</b>	<b>\$13,219,965</b>	<b>35.7%</b>
Europe	\$6,521,404	\$5,466,984	\$11,988,388	32.4%
Asia	\$1,105,520	\$2,959,552	\$4,065,072	11.0%
Africa	\$1,766,624	\$1,760,105	\$3,526,729	9.5%
Middle East	\$1,028,645	\$1,667,017	\$2,695,663	7.3%
Commonwealth of Ind. States	\$334,332	\$521,462	\$855,794	2.3%
Australia & New Zealand	\$203,479	\$371,464	\$574,944	1.6%
Canada	\$62,855	\$49,151	\$112,007	0.3%
<b>Total</b>	<b>\$16,230,299</b>	<b>\$20,808,260</b>	<b>\$37,038,560</b>	<b>64.3%</b>

Source: Port of Houston Authority.

**Houston's Seaborne  
Trade With Brazil  
CY 1997**

Commodity	Dollar Value (in Thousands)
<i>Exports</i>	
Parts for machinery	\$158,805
Cyclic hydrocarbons	\$58,529
Cotton, not carded or combed	\$51,864
Nitrile-function compounds	\$44,866
Electric generating sets and rotary converters	\$43,713
All Other	<b>\$1,055,648</b>
Total Exports	<b>\$1,413,425</b>
<i>Imports</i>	
Coffee & Coffee Related	\$72,315
Self-propelled bulldozers, graders, etc.	\$50,141
Wood sawn or chipped length, sliced etc.	\$46,927
Air or vac pumps, compr 8 fans; hoods & fans	\$34,988
Cyclic hydrocarbons	\$27,280
All Other	\$343,077
Total Imports	\$574,727
Total	<b>\$1,988,153</b>

*Note: Totals may not add due to rounding.*

*Source: Port of Houston Authority*

## Houston is the Largest U.S. Port for Exports to Brazil, And Ranks 2nd in Total Trade with Brazil

### Seaborne Trade with Brazil - 1997 (Top Ten Ports Ranked by Export Trade, in \$ Million)

Export Rank	Port	Imports	Exports	Total Trade	Trade Increase 1997/1996
<b>1</b>	<b>Houston*</b>	<b>575</b>	<b>1,413</b>	<b>1,988</b>	<b>337</b>
2	Miami*	234	1,017	1,251	357
3	Norfolk	1,150	1,001	2,151	283
4	New York*	976	967	1,943	152
5	Savannah	443	908	1,351	440
6	Jacksonville	330	671	1,001	71
7	Baltimore	782	586	1,368	196
a	New Orleans	517	400	917	55
9	Charleston	192	286	478	106
10	Philadelphia	890	229	1,119	-24

- \* Cities that have applied for the additional Brazil frequencies. Los Angeles has also applied, but the Port of Los Angeles ranks 15th in US trade with Brazil and had reduced trade in 1997 versus 1996.

Source: US Department of Commerce

**Texas Ranks 4th Among U.S. States  
In Air Cargo Exports to Brazil, Despite  
Minimal Brazil Air Service**

**CY 1997**

Rank	State	Air Exports (in Kilos)	Percent of Total
1	Florida	25,698,106	27.1%
2	California	9,219,460	9.7%
3	New York	7,940,116	8.4%
<b>4</b>	<b>Texas</b>	<b>6,523,680</b>	<b>6.9%</b>
5	Michigan	4,688,502	5.0%
6	Illinois	5,179,204	6.1%
7	Ohio	2,899,699	3.1%
8	New Jersey	3,242,887	3.4%
9	Georgia	2,526,679	2.7%
10	North Carolina	2,251,875	2.4%
	Subtotal Top 10	70,781,208	74.8%
	All Other States	23,884,520	25.2%
	Total	94,665,728	100.0%

Source: MISER State of Origin of Movement Export Series.

**Houston's Air Cargo Trade  
With Latin America and the Caribbean  
CY 1997**

Region	Kilos		
	Imports	Exports	Total
Mexico	5,562,354	3,848,143	9,410,497
South America	498,673	4,463,671	4,962,344
Central America	1,042,448	318,995	1,361,443
Caribbean	39,189	226,798	265,987
Total Kilos	7,142,664	8,857,607	16,000,271

Source: U.S. Department of Commerce

## Brazil is Houston's 3rd Largest South American Market For Air Cargo Trade

**CY 1997**

Rank	Country	Kilograms		
		Imports	Exports	Total
1	Colombia	3,856	<b>1,706,464</b>	<b>1,710,320</b>
2	Peru	251,048	517,390	768,438
<b>3</b>	<b>Brazil</b>	20,543	<b>725,610</b>	<b>746,153</b>
4	Venezuela	4,654	535,655	540,309
5	Argentina	62,329	336,978	399,307
6	Ecuador	148,566	250,632	399,198
7	Chile	3,127	171,541	174,668
8	Bolivia		146,714	146,714
9	Paraguay		51,071	51,071
10	Uruguay	3,950	12,936	16,886
11	Suriname		6,311	6,311
12	Guyana	600	1,647	2,247
13	French Guiana		683	683
14	Falkland Islands		39	39
	Total Kilos	498,673	<b>4,463,671</b>	<b>4,962,344</b>

*Source: U.S. Department of Commerce*

**Air Cargo Trade Has Expanded Rapidly Between Houston  
and the South American Countries to Which Continental  
Has Initiated Daily Nonstop Service In the Past Few Years**

**Total Imports and Exports By Air, Weight in Kilos**

Year	Total So. America	Colombia	Peru	All Other So. America
1993	1,581,633	407,822	24,119	1,149,692
1994	2,676,734	802,567	130,228	1,743,939
1995	4,232,049	651,752	58,666	3,521,631
1996	2,565,678	824,995	88,057	1,652,626
1997	4,962,344	1,710,320	768,438	2,483,586

Growth				
1993-97	213.8%	319.4%	3086.0%	116.0%

Rank Among Houston's Trading Partner Countries

1993	27	85
1994	18	59
1995	23	78
1996	20	73
1997	13	21

*Note: All data is for the Houston Customs District.*

*Source: The Greater Houston Partnership, Houston International Air Cargo, Annual Reports.  
(Original source data is U.S. Department of Commerce Foreign Trade Data.)*

**Houston Has Strong Business Ties  
With Latin America and the Caribbean as Evidenced  
By Its Business Organizations Serving These Regions**

***Houston Area Chambers Of Commerce and  
Business Organizations Serving Latin America and the Caribbean***

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Colombian American Chamber of Commerce of Houston	Houston Hispanic Chamber of Commerce
Ecuadorian American Chamber of Commerce	<b>InterAmerican</b> Chamber of Commerce
Peruvian-American Chamber of Commerce	Texas Argentine Chamber of Commerce
Caribbean Chamber of Commerce	U.S.-Mexico Chamber of Commerce, SW Chapter
Greater Houston Partnership	Venezuelan American Partnership
The Houston International Festival (1998)	Port of Houston Authority
Great Houston Convention &Visitors Bureau	Houston International Initiatives
University of Houston International Trade Center	

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*Note: Latin America includes Mexico, Central and South America.*

*Source: International Houston: 1998 International Business Directory,  
Greater Houston Partnership, 1998.*



## Houston-Brazil Business Ties Are Already Strong and Continue to Grow

### Examples of Recent Brazil-Houston Business Projects

#### *Need for a Houston-Sao Paulo Air Route*

##### Compaq Computer Corporation

- As part of its worldwide expansion, Houston-based Compaq Computer Corporation invested \$15 million in a **manufacturing** facility in Sao Paulo, Brazil. The facility, announced in 1994, allows Compaq to increase production of its desktop PCs and serve the growing needs of **the South** American market, which Compaq entered in 1989. Compaq's Brazilian headquarters are in Sao Paulo with an office in Rio de Janeiro. Brazil is also the site of Compaq's innovative local service and support center where **home** computer **owners** can purchase replacement parts or have their computers repaired. The success of this center **has** prompted plans to open a similar center in Mexico.

##### Enron Corporation

- Enron Corporation of Houston has a \$500 **million** project to build a 384-mile branch pipeline and gas-fired power plant project in **the** Western-Brazilian state of Mato Grosso do Sul. The branch pipeline connects to a 3,000 kilometer gas pipeline **from** Bolivia to seven Brazilian states, a pipeline in which Enron is a major partner. The power plant's initial capacity will be 150 megawatts, later expanded to 480 megawatts. The initial capacity is expected to be on line before the end of 1998. Enron **has** been working in Mato Grosso for almost three years. The company's Brazilian offices are located in Sao Paulo.
- In addition to electric power and its gas supply, Enron also has Brazilian investments in residential and industrial gas distribution. Enron is the largest member of the consortium (45 percent shareholding) **that** acquired 75 percent of Riogas, formerly owned by **the** Brazilian government. Riogas serves large industrial customers accounting for about 21 percent of Brazil's gas consumption. The consortium also acquired 56.4 percent of CEG, Rio de Janeiro's municipal gas company, supplying 550,000 residential customers and 1,000 industrial firms. Enron **also has a** significant stake in the gas distribution companies of seven coastal states acquired through its purchase of Gaspart. Gas for two of the states will be supplied from the Bolivia-to-Brazil pipeline, expected to be in operation in 1999.

##### El Paso Energy Corporation

- In July 1997, El Paso Energy Corporation of Houston **won** two gas-fired power plant projects in Brazil. El Paso plans to build a 450 megawatt plant in the state of Rio de Janeiro in partnership with Electrobras (the largest electric utility in Brazil), BHP Brazil, and British Gas. El Paso will have a 22 percent equity interest in the plant, expected on stream in 1999. El Paso was also **the** winner in bidding for a 150 megawatt plant in the state of Mato Grosso do Sul in **western** Brazil.

The plant will be fueled by a 2,000-mile pipeline from Bolivia being jointly developed by El Paso, BHP, British Gas and Petrobras, the Brazilian state oil and gas company.

- In August and September 1997, El Paso added two additional power plant projects in Brazil. The first, a 250 megawatt plant in Manaus, was built in three stages in order to supply incremental power in the shortest possible time. The first stage was constructed in Houston and airlifted to Manaus, going on stream in December 1997. The other two stages were completed by the end of March 1998.
- The most recent project was announced in September 1997 and is a 440 megawatt, natural gas-fired plant in the state of Parana. Partners with El Paso are COPEL, Petrobras, BHP, and British Gas. This plant brings El Paso's participation in Latin American power projects to more than 2,500 megawatts, over half in Brazil.

#### **The Bechtel Group**

- Bechtel has been active in Brazil for more than 25 years, serving the mining, transportation, power, petroleum, steel and commercial building sectors from offices in Rio de Janeiro and Sao Paulo. It has designed and built railroads and subway systems, highways, power plants, wastewater systems and pipelines. Bechtel has played a significant role in the Sao Paulo subway system, the Inter-Continental Hotel in Rio, and numerous mining jobs for CAEMI, SAMARCO, and CVRD, among others. Bechtel's activities in Brazil extend beyond engineering and construction. Recognizing the high quality and value of the country's manufactured goods, Bechtel purchases a wide range of Brazilian products for use in projects around the world, including structural steel, hydroelectric equipment, and electronics systems.
- In April 1997, Bechtel opened a new office in Sao Paulo to serve as the regional operations center for the company's projects in Brazil and throughout Latin America. The new office provides a focal point for strategic planning, commercial management, business development, and project execution support for all of the company's activities in Latin America. The company plans to expand aggressively in all areas of its Latin American business by building on relationships with local partners.

#### **The Minute Maid Company**

- The Minute Maid Company and Sucocitrico Cutrale Ltda. established a long-term global strategic supply alliance in 1990. Minute Maid, a Houston-based subsidiary of The Coca-Cola Company, is the world's largest marketer of juices and juice drinks. Cutrale, based in Sao Paulo, is the world's largest grower and processor of oranges and has supplied premium Brazilian orange juice concentrate to Minute Maid/Coca-Cola for over 30 years. The strategic alliance will supply concentrate for Minute Maid's expansion into Europe and Latin America and is an integral part of the company's goal to sell juice and juice-drink products in 50 countries by the year 2000.

### **Drypers Corporation**

- Houston's Drypers Corporation, a national brand of disposable diapers, bought a Brazilian producer of diapers in early 1997. Drypers formed a joint venture with Brazilian financial investors to acquire 51 percent of the company, with an option to acquire the balance.

### Houston Industries

- In 1996, Houston Industries subsidiary HI Energy was part of a consortium that purchased a **majority** interest in Light, the electric power system serving 2.8 million customers in Rio de Janeiro and 27 other municipalities. Houston Industries invested nearly \$400 million for an ownership interest of about 11 percent. In a second acquisition in April 1998, HI Energy acquired a shareholding in Metropolitana, **the Sao** Paulo electric power system serving 4.2 million customers in a region of 14 **million** people who represent 16.5 percent of Brazil's income. The investment in Metropolitana was made through the purchase of 75 percent of the utility by **Light, the** Rio de Janeiro power company. The combined population of 7,000,000 in Brazil's two leading cities gives HI Energy a strong base of operations in Brazil. Houston Industries is a diversified international energy company with gas and electric power subsidiaries in the United States and abroad.

### **Mosbacher Energy Company**

- Houston's Mosbacher Power Group, in a joint-venture with Usina Santa Elisa S.A. (the third largest sugar producer in Brazil), will own and operate an existing cogeneration plant in Sao Paulo. The plant, fueled by sugar cane residue, will be expanded to produce 145 megawatts of electricity. The plant will provide electricity to a sugar mill; additional electricity will be sold to industrial customers and **the** Brazilian state-owned utility company.

## HOUSTON HAS STRONG CULTURAL TIES WITH LATIN AMERICA AND THE CARIBBEAN AS EVIDENCED BY ITS MANY HISPANIC ORGANIZATIONS

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### *Selected Houston-Area Civic Organizations Serving Houston's Hispanic Population*

American Association of Hispanic CPA  
Amigos de las Americas  
Amigos Volunteers in Ed & Services - AVES  
Association for the Advancement of Mexican  
Americans  
Barbados Association of Houston  
Casa Argentina de Houston  
Casa De Esperanza  
Chicano Family Center, Inc.  
Harris County Tejano Democrats  
Hispanic American Medical Association of  
Houston  
Hispanic Bar Association  
Hispanic Family Education Support Center  
Hispanic Firefighters Caucus  
Hispanic Golf Association  
Hispanic Social Workers of Texas  
Hispanic Theater Workshop  
Hispanic Women in Leadership  
Houston Association of Hispanic Media  
Professionals

Houston Coalition of Hispanic Women  
Houston Hispanic Forum  
Houston Police Organ Spanish Speak Officers  
Institute of Hispanic Culture  
Latino Peace Officers Association  
LULAC  
Mexican-American Bar Association of Houston  
Mexican-American Democrats de Houston--MAD  
de Houston  
Mexican Cultural Group of Houston  
Mexican Cultural Institute  
National Association of Latino Elected &  
Appointed Officials  
Pueblo to People  
Sociedad Mutualista Obrera Mexicana  
Society of Mexican American Engineers &  
Scientists  
Venezuelan American Partnership  
Venezuelan Association of Houston

Sources: *Forbes Directory, 1998; International Houston: 1998 international Business Directory, Greater Houston Partnership, 1998*

## Houston is a Growing Host City For Latin American and Caribbean Related Conferences

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- Houston hosted the 7<sup>th</sup> Annual Cuatro Caminos Conference in February 1996. The two-day conference and trade fair included presentations by Texas Gov. George W. Bush and the governors of the participating Me&an states-Chihuahua, Coahuila, **Nuevo León**, San Luis Potosi and Tamaulipas.
- A seminar titled *Argentina: New Investment Opportunities in Privatization* took place in Houston in October 1996. Speakers included the ambassador of the Argentine Republic, a Council of the Americas board member, and chairman of the Port of Houston Board of Commissioners.
- Access **Mexico** 97, a two-day conference held in Houston in April 1997, provided a forum for small and medium-sized **Mexican** companies to meet with their Texas counterparts. More than 800 **business-to-business** meetings resulted in estimated sales and investments of \$40 million.
- In cooperation with the Me&an Secretariat of Energy and the Consulate General of Mexico, Houston w-sponsored the Access **Mexico** 97 Energy Symposium in October 1997. More than 650 attendees heard presentations from the Mexican energy secretary and key industry leaders from both sides of the border.
- Houston hosted an energy conference in December 1997 spotlighting opportunities in Argentina. That country's secretary of energy was one of the featured speakers at the **daylong** event along with key public and private sector industry leaders.
- Access **Mexico** 98, a two-day conference held in Houston in May 1998, culminated in more than 1,000 business-to-business meetings. **It** included presentations by **Mexico's** minister of commerce and industrial development, the president of the **Mexican** Investment Board, and governors and representatives of four **Mexican** states.
- Doing Business with the Caribbean was a business seminar held in Houston in April 1998. The seminar featured banking and trade experts from Houston, Puerto Rico, Trinidad & Tobago, the Dominican Republic, Guyana and Jamaica. The keynote address was given by His Excellency Sir Howard Cooke, Governor General of Jamaica.

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**500** SERIES

**HOUSTON INTERCONTINENTAL  
AIRPORT**

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## NARRATIVE TO THE 500 SERIES EXHIBITS

### George Bush Intercontinental Airport-Houston

Exhibit HOU-501 provides a brief profile of the current levels of airline traffic and services at George Bush Intercontinental Airport-Houston (IAH).

In 1997, IAH served 28.7 million passengers, an increase of 8.4% over 1996. International passengers increased by 14.2% to 3.85 million.

In July 1998, IAH will have 527 daily domestic departures, an increase of 8.4% over the prior year period. Weekly international departures will be 474 per week, an increase of 13.7% versus July 1997.

IAH has currently has nonstop service to 95 domestic cities and 38 foreign cities

CI IAH presently has nine airlines providing scheduled domestic service and 12 airlines providing international service.

At least two major new long haul international routes will gain nonstop service at IAH during 1998. These are Frankfurt by Lufthansa and Tokyo by Continental

In 1997, IAH ranked 8th among U.S. gateways in international passengers and is the largest international gateway in the Southern Tier states between Florida and California. (Exhibit HOU-502)

George Bush Intercontinental Airport is one of the most outstanding aviation facilities in the world. The airport, which is described in more detail in Exhibit HOU-503, is continuously expanding to accommodate the increasing needs of both passengers and airlines serving Houston. IAH currently has four passenger terminals, including an international terminal, and a modern 566-room hotel, which are all conveniently linked by a subway in the tunnel of the terminal complex. The airport is situated on approximately 8,000 acres of land and has facilities to handle all segments of aviation, ranging from long haul intercontinental, international passenger and cargo services to general aviation and other aviation related companies, such as freight forwarders, airline caterers, concessionaires, and other businesses.

In 1990, the City of Houston opened the \$97 million state-of-the-art Mickey Leland International Airlines Building (IAB) to serve increasing volumes of international passengers. This modern terminal currently has 14 gates and 47 counters. Because of the extraordinary growth in international passengers over the past several years, the City of Houston is implementing interim capacity improvements to the Federal Inspection Service (FIS) facilities for the near term, and plans for significant facility expansion for the longer term. These plans are briefly described in Exhibit HOU-504.

One of the significant features of the IAB and Houston's commitment to serve its foreign travelers, and particularly Latin American travelers, is the extensive multilingual signage, facilitation guides and Special Service Representatives (SSRs) that are available to assist foreign speaking passengers. As described more fully in Exhibit HOU-505, IAH's staff of SSRs take on the role of airport ambassadors for foreign passengers arriving, departing or changing planes in Houston. The SSRs cover 23 foreign languages, including Portuguese.

The desirability of Houston as an international gateway from a passenger standpoint is apparent from a recent IATA survey of transatlantic passengers. In that survey Houston ranked



fourth among U.S. gateway airports in overall passenger convenience. (Exhibit HOU-506) Each of the higher ranking airports was a smaller gateway airport than Houston.

The facilities and “customer services” and the manner in which they are provided by City of Houston at IAH are highlighted in the brochure contained in Exhibit HOU-507.

## Profile of Houston Bush Intercontinental Airport

Traffic/Service Measure	Period	Number	Percent Change From Prior Year
<b><u>Annual Passengers (Enplaned &amp; Deplaned)</u></b>			
Domestic Passengers	1997	24,830,221	7.5%
International Passengers	1997	<u>3,847,556</u>	<u>14.2%</u>
Total Passengers	1997	28,677,777	8.4%
<b><u>Scheduled Departures - Domestic per Day</u></b>			
Domestic Jet	July 1998	389	8.1%
Domestic Regional	July 1998	138	9.5%
Domestic Total	July 1998	527	8.4%
<b><u>Scheduled Departures - International per Week</u></b>			
Total	July 1998	474	13.7%
<b><u>Number of Nonstop Cities Served</u></b>			
Domestic	July 1998	95	
International	July 1998	38	
Total	July 1998	133	
<b><u>No. of Airlines Providing Scheduled Passenger Service 1/</u></b>			
Domestic	July 1998	9	
International	July 1998	12	
Total (Unduplicated)	July 1998	20	

1/Regional carriers *Continental Express*, **ASA** and *Aeromexico* not counted separately.

Source: Houston Airport Records; OAG Schedule Tapes, July 1998.

## Houston is the 8th Largest U.S. Gateway For International Passengers

CY 1997

Rank	City	international Passengers	Nonstop Service to Brazil
1	New York Kennedy	17,345,225	Yes
2	Miami	15,507,272	Yes
3	Los Angeles	14,418,030	Yes
4	Chicago O'Hare	7,936,284	Yes
5	San Francisco	7,059,140	No
6	Honolulu	6,148,033	No
7	Newark	5,611,901	Yes
<b>8</b>	<b>Houston</b>	<b>3,843,410</b>	<b>No</b>
9	Boston	3,616,767	No
10	Dallas	3,532,773	Yes
11	Atlanta	3,478,870	Yes
12	Detroit	3,181,987	No
13	Washington	2,996,922	No
14	Orlando	2,153,952	No
15	Philadelphia	1,994,064	No

Source: Airports Council International; OAG Schedules, June 1998.

## GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON

George Bush Intercontinental Airport/Houston was built to meet today's needs and to accept tomorrow's challenge. A "City within a City," the airport's physical size and growth contribute immeasurably to the community's economic growth and provide the traveler with one of the finest and most convenient, modern facilities in the world today. The airport is continuously expanding to accommodate the increasing needs of both passengers and airlines which serve the facility.

George Bush Intercontinental Airport/Houston is presently served by 19 passenger airlines, which enplaned and deplaned 28.6 million passengers in 1997. Additionally 11 airlines offer scheduled all-cargo services.

George Bush Intercontinental Airport/Houston, international gateway to the southwest, is located 22 miles north of downtown Houston, the nation's fourth largest city. The airport is situated on approximately 8,000 acres. Convenient access to the airport is provided by Interstate 45, U.S. 59, the Hardy Toll Road, and the Sam Houston Tollway (Beltway 8). There are two main entrances to the airport terminal complex via John F. Kennedy Boulevard from the Sam Houston Tollway (Beltway 8) and Will Clayton Parkway from U.S. Highway 59. Parking at the airport is among the lowest anywhere in the country. Each terminal provides covered garage parking for up to \$9.00 a day. Additional close-in surface parking is also available at \$7.00 per day. Economy parking for \$4 per day is provided at the corner of Greens and JFK, with free shuttle service to the terminals. Convenient hourly parking is now available at Terminal C.

Visitors entering the passenger terminals from the street level are clearly oriented toward the moving baggage claim areas, rental car facilities, and other terminal amenities which are adjacent to auto-passenger pickup exits. Limousine, taxi and public ground transportation services are available through one doorway, and private vehicle pickup through another. Visitor/airport information is provided at the staffed Visitor Information Centers, located on the baggage claim level of Terminals A, B & C and outside of U.S. Customs in the Leland IAB.

Upon reaching the second level, the traveler is in the center of the terminal facility. Airline ticket counters line the terminal walls, while a gift shop, dining room/buffeteria, game rooms, and lounge facilities complement the remaining departure levels of the terminals. The first and last view the traveler has is of the functional airline gate lounges which are designed to extend an atmosphere of comfort and convenience to within a few steps of the aircraft itself.

The Mickey Leland International Airlines Building (IAB), opened in May 1990. Airlines which fly out of the Leland IAB are Aeromexico, Air Canada, Air France, Aviacsa, Aviateca, British Airways, Cayman Airways, Continental, KLM, Lufthansa and TACA. This facility, designed for the comfort and convenience of the international traveler, handles all international arrivals and departures at the airport. Federal Inspection Service facilities in this building process arriving international passengers on an average of 30 minutes or less.

The in-transit lounge in the Leland IAB provides comfortable accommodations for passengers awaiting continuation of international flights. The lounge has a seating capacity for 200 persons and offers these transiting passengers beverage and food service, duty free shopping, and the opportunity to relax prior to their flight's continuation. Passengers can negotiate the currencies of 74 foreign countries between the hours of 6:30 a.m. and 12:00 midnight. These hours include all scheduled international flights to and from Houston.

The Marriott Airport Hotel is located in the center of the passenger terminal complex with 566 rooms available for guests. Passengers are thus linked directly from airside terminals to the hotel's dining rooms, conference rooms, and other aspects of comfortable service. The ultimate in dining pleasure is provided by a gourmet restaurant revolving atop the hotel tower.

## GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON

The mall-type complex with four passenger terminals and a hotel is linked by a convenient subway in the tunnel of the terminal. This inter-terminal train travels between Terminals A and Leland IAB in nine minutes with 99.6 percent reliability. Consisting of six train units of three cars each, the system transports up to 216 passengers and their luggage.

George Bush Intercontinental Airport/Houston maintains its own water and sanitary sewer systems, incinerator, central heating and air conditioning plant and has an on-airport double-bay crash/fire/rescue station and structural fire station. These facilities are manned by a force of highly trained members of the Houston Fire Department.

An underground hydrant fueling system and storage area provide aircraft refueling. Fuel is transferred from ten storage tanks with a 10-million-gallon capacity under pressure through a sophisticated underground pipeline system capable of discharging fuel to jet aircraft at the rate of 1,300,000 gallons per day. The Leland IAB has a separate underground fueling system for serving the international airlines.

City-owned cargo facilities, combined with other private venture warehouse space, provide more than 550,000 sq. ft. of warehouse terminal space on the airport in which to conduct cargo business. A large post office with airside facilities, coupled with the freight terminals, makes the airport south ramp area a cargo city within itself, with domestic and international facilities side by side.

Additional land areas are designated for the development of aircraft hangars, various commercial passenger and air cargo activities, and maintenance shops. Continental Airlines has complete aircraft simulator facilities for the training of its flight crewmembers and its system reservation center on the airport.

Three flight kitchens including a state-of-the-art Chelsea Catering facility cater to airline needs by providing food service ranging from snack lunches to gourmet meals. Complete aviation service is provided for private and corporate-owned aircraft by two large fixed base operator facilities located on the airport.

George Bush Intercontinental Airport/Houston is capable of serving any aircraft designed for commercial use today and in the foreseeable future. East-west Runway 8-26 is 9,400 feet long and 150 feet wide and is a Category III runway; Runway 9-27 is 10,000 feet long and 150 feet wide, and northwest-southeast Runway 14L-32R is 12,000 feet by 150 feet. They are of sufficient length for all aircraft operations and nonstop stage lengths flown from Houston. The runways form an open "V" and have high intensity lighting systems. High-speed turnoffs lead into adjacent twin parallel taxiways. Runways are equipped with an Instrument Landing System (ILS) and other advanced electronic navigational aids installed by the Federal Aviation Administration. These navigational aids, combined with high intensity runway lighting, assure the highest safety standards during darkness and adverse weather conditions. The FAA also operates an Air Route Traffic Control Center and a Terminal Radar Approach Control facility, providing complete radar control of all aircraft in the Houston area. A general aviation runway, 6,000 feet long and 100 feet wide, parallel to Runway 14L-32R, further accommodates Houston's ever-increasing air traffic requirements.

Suited to the needs and convenience of today's traveler, combined with foresight to fulfill the operational demands of wide bodied jets, and designed for expansion, George Bush Intercontinental Airport/Houston has taken its place as one of the most outstanding aviation facilities in the world.

## **International Terminal Expansion At Houston Intercontinental Airport**

Following extraordinary growth in international passengers over the past several years, the City of Houston is initiating the implementation of expansion plans for the Mickey Leland International Airlines Building (IAB) at George Bush Intercontinental Airport (IAH). The growth, spurred by the continuing success of the Continental Airlines hub operations at IAH and the reemergence of the Houston regional economy, is approaching the capacity of the existing terminal facilities. Continued growth appears certain as announced new services are expected to be initiated including non-stop Tokyo services, additional flights to major European destinations and aircraft size increases by almost all existing airlines.

The City of Houston is responding to this growth by initiating interim capacity enhancements to the existing Federal Inspection Service (FIS) facilities for near term capacity gains, as well as, instituting demand/capacity management actions until new capacity can be brought on-line. The interim actions will help to maximize the utilization of the existing facilities.

For the long term, the City of Houston Department of Aviation is planning a new FIS, as well as expanded gates. The FIS expansion will provide as much as a 150 percent increase in the processing capability of the existing FIS. A capacity of up to 5,000 passengers per hour is possible with the new FIS plan. The concept features a significantly expanded baggage claim area, as well as, convenient passenger connections to the new airport people mover system scheduled to be operational in 1999. The plan also envisions as many as 12 new **widebody** and jumbo jet gates. These new gates will be supported by as many as 7.5 to 100 new ticketing, automated baggage handling systems and expanded concession areas. State of the art technology and passenger conveniences are planned for the new facility. The **FIS** and gate expansion will be completed in the 2001 to 2002 timeframe.

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## Houston-IAH Airport is Dedicated and Staffed to Serve Foreign Travelers

- The Houston Department of Aviation offers a unique and exciting customer service component to provide an even more personal touch for the international passengers and visitors to the Leland International terminal. Specially trained, multi-lingual customer service staffers -- known as Special Service Representatives (**SSRs**) -- are stationed at Houston Intercontinental and William P. Hobby airports to assist all international passengers. Under the auspices of the International Service Division, these uniformed airport representatives take on the role of airport ambassadors. They meet, greet, and assist passengers while providing an excellent first impression of our city. The **SSRs** encompass some 23 foreign languages, including Portuguese, as follows:

Arabic	Dutch	Macedonian	Serbo-Croatian
Bulgarian	French	Mandarin	<b>Somalian</b>
Cambodian	German	Polish	Spanish
Cantonese	Greek	Portuguese	Thai
Creole	Italian	Rumanian	Turkish
Danish	Laotian	Russian	

- Since its opening in 1990, an array of Spanish **signage** has been added throughout the IAB; in the arrival areas leading into Immigration and Customs, the connecting flights corridor, and the main entrance into the terminal. A combination of static and dynamic signs make it convenient for foreign passengers to traverse through the terminal with ease. In most of the areas mentioned above, illuminated signs offer a welcome message in various international languages, including Spanish -- Houston's second language. As arriving international passengers leave the federal inspection areas and enter the main terminal lobby, a large dynamic sign alternating English and Spanish provides a dual welcome message and passenger information.
- Brochures printed in English and Spanish are available for passengers to the Mickey Leland IAB. This tri-fold pamphlet is an illustrated guide that directs foreign passengers through Immigration, Customs, and Agriculture, and explains the necessary inspection process in each of these federal inspection areas. The guide is color coded and marked with directional arrows, making it easy to locate baggage claim, connecting flights, ground transportation, currency exchange, restaurants, and other terminal facilities and services.
- In addition to the Houston Department of Aviation's efforts, Continental Airlines and the other international carriers serving Houston provide their own staff to meet and greet foreign passengers. Many Continental agents meeting arriving flights also speak a foreign language.
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**Houston Ranks High in Overall Passenger  
Convenience Rating in IATA's Transatlantic  
Air Passenger Survey -- Well Above  
Other Airports at Issue in This Case**

**1995 IATA Survey**

Rank	Airport	1996 Total international Passengers	Overall Passenger Convenience Rating (All Travelers)	Rating Index IAH=100
1	Orlando	2,536,972	7.90	104
2	Raleigh/Durham	170,434	7.84	103
3	Cincinnati	884,291	7.71	101
<b>4</b>	<b>Houston</b>	<b>3,367,992</b>	<b>7.61</b>	<b>100</b>
5	Seattle	1,685,381	7.49	98
6	Chicago ORD	7,218,461	7.48	98
7	Minneapolis	804,583	7.48	98
8	<b>Dallas/Ft. Worth</b>	<b>3,341,007</b>	7.44	98
9	Atlanta	3,060,173	7.33	96
10	Newark	4,587,759	7.27	96
<b>11</b>	<b>Los Angeles</b>	<b>14,032,531</b>	<b>7.14</b>	94
<b>12</b>	Philadelphia	1,554,999	7.11	93
13	St. Louis	302,491	7.02	92
14	Detroit	3,201,496	6.96	91
15	Boston	3,455,159	6.87	90
16	Washington Dulles	2,739,668	6.62	87
<b>17</b>	<b>Miami</b>	<b>14,913,477</b>	6.50	85
18	<b>New York JFK</b>	<b>17,453,241</b>	<b>6.19</b>	81
	Mean		7.22	
	Houston as Percent of Mean		105%	

Note : Airports et issue are in bold.

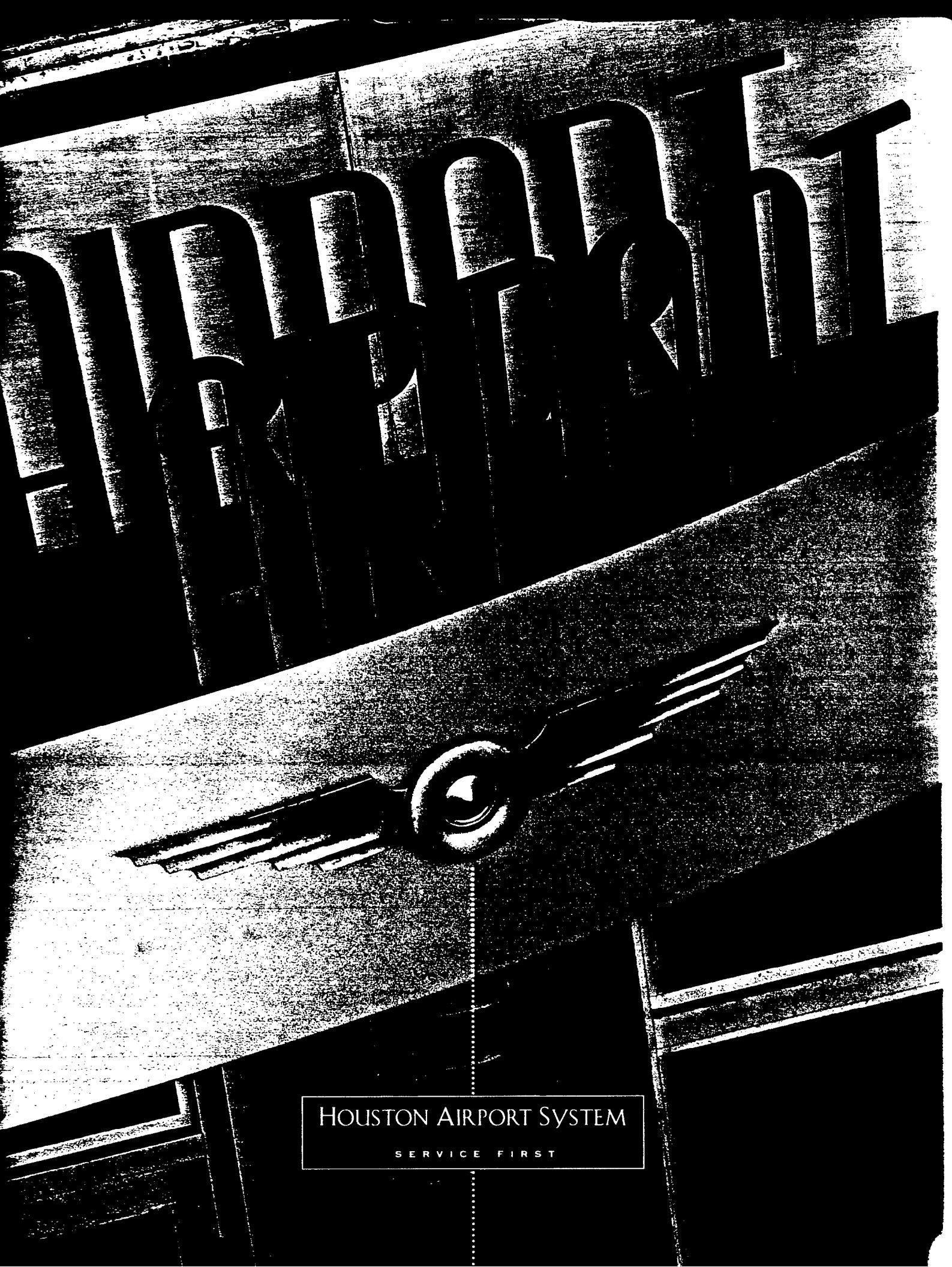
Source: IATA Airport Monitor, 1995



**Houston Airport System  
Service First - Brochure**

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***The 16 Page Brochure That Follows This Page  
Describes the Houston Airport System  
Owned and Operated by the City of Houston***



HOUSTON AIRPORT SYSTEM

SERVICE FIRST

*In 1940 we opened the Houston Municipal Airport terminal,  
the city's first public airport building, which provided all  
the modern conveniences and technology of the time.*

*Architect Joseph E. Finger designed the building  
that remains standing today as a symbol of the*

*Houston Airport System's proud history as one of the premier  
providers of customer service among the nation's largest airports.*

*This cover photo represents where the*

*Houston Airport System began—and the rest of this brochure  
describes where we can take you and your business.*

INTRODUCING THE  
HOUSTON AIRPORT SYSTEM



HOUSTON  
INTERCONTINENTAL  
AIRPORT

—  
WILLIAM P. HOBBY  
AIRPORT

—  
ELLINGTON FIELD

—  
CENTRAL  
BUSINESS DISTRICT  
HELIPORT

*A public airport system  
proudly serving customers  
from around the world.*

✈  
.....  
TWO



"WE THINK THAT SMALL THINGS  
CAN MAKE A BIG DIFFERENCE."

-GRAY JAMES.

HOUSTON INTERCONTINENTAL AIRPORT

## SOMETHING TO SMILE ABOUT

At the Houston Airport System, we have something that is really very special. It is what keeps us going each day, puts a smile on our faces and a spring in our steps. That something special is our customer. And customers across the Houston Airport System find the sky is the limit when it comes to our commitment to making customer service a number one priority and our airports the very best they can be.

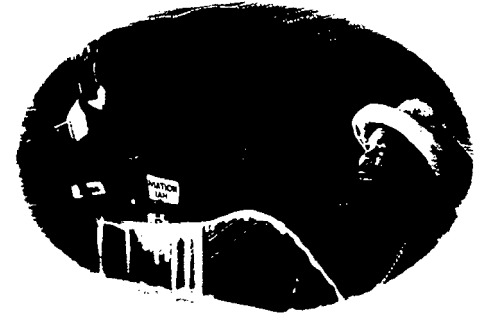
An outward look at our facilities reveals a mixture of well kept buildings and structures with styles spanning six decades. Yet step inside, meet the people who keep our airports running, watch how they apply advanced technologies and systems to ensure comfort and safety, and it becomes obvious there is something different, even unconventional about the way we serve customers. As we take this opportunity to introduce the Houston Airport System, we invite you to visit our airports so we may personally demonstrate this commitment to customer service

## FOUR AIRPORTS OPERATING INDEPENDENTLY—YET TOGETHER

It is not surprising that Houston, a city of many cultures and industries, would offer an airport system that is itself a blend of diverse facilities providing a variety of customer based aviation services. To bring air service to Houston's population of more than four million, the Houston Airport System has four facilities—Houston Intercontinental Airport, William I. Hobby Airport, Ellington Field and the Central Business District Heliport. Together they form one of North America's largest public airport systems and position Houston as the international gateway to the south central United States.

In 1937, as Houston began its ascent to the energy capital of the world, the city acquired the site of its first major airport, William I. Hobby Airport, then called Houston Municipal Airport. While Houston became a leading industrial and international business center, the Houston Airport System evolved. The system developed by adding new airports—Houston Intercontinental Airport in 1969, Ellington Field in 1984, and the Central Business District Heliport in 1985—and expanding and tailoring services to fulfill a wide range of customer needs.

Each airport played an interesting and unique role in shaping Houston's history. Ellington, built in 1917 as one of the first military training fields, is the oldest. Yet there is nothing antiquated about the equipment or methods of operation employed at any Houston Airport System facility. In fact, our major airports



"SOMETIMES A  
FRIENDLY FACE IS  
ALL OUR PASSENGERS NEED  
TO EASE THE STRESS  
OF TRAVELING."  
—QUI TRAN,  
HOUSTON INTERCONTINENTAL  
AIRPORT

"CONTINENTAL HAS EMERGED  
AS A WINNER IN PART BECAUSE  
THE HOUSTON AIRPORT SYSTEM  
IS BEHIND AND BESIDE US  
ALL THE WAY."  
-CHARLES SCULLEY.  
CONTINENTAL AIRLINES



✈  
.....  
FOUR

have advanced Doppler radar systems for reporting weather conditions and highly technical navigational and landing aids to ensure safe and punctual flight operations in all weather conditions.

With airports that range in size from 215 square meters to 3,600 hectares, no customer is too small or too big for the Houston Airport System. The airfields handle aircraft as large as the Antonov 225 on runways that extend up to 4,000 meters, and we will be able to accommodate any aircraft produced for commercial use *far* into the foreseeable future.

Diversity is what enables the Houston Airport System to offer customers innovative options. We operate four distinctly different airports with customers and aircraft as varied as the airports themselves. Landing on our airfields are F-16s, jumbo jets, home built aircraft, luxurious corporate jets, crop dusters and seemingly every model of plane in between. Customers operating these aircraft vary from commercial passenger, air cargo and commuter carriers; corporate and general aviation; and the armed forces to NASA and aerospace related businesses. Most importantly, all of our flying customers, regardless of the size of their fleets, have access to the same high quality, specialized aviation services found throughout the Houston Airport System.

It is uncommon *to* find such progressive corporate strategies as diversification, market specialization and personalized customer service inherent in the management of a publicly-owned agency. But the City of Houston Department of Aviation: which operates and maintains the Houston Airport System, is an exception to the rule amongst the public sector, choosing to apply these private sector business philosophies as core values to managing publicly-owned airports.

While the airports represent a significant contribution to Houston and the surrounding communities' economies, they do not burden the local tax base to pay for operation, maintenance or capital improvements. Rather the system accomplishes financial self-sufficiency by deriving income from fees, rentals and other charges. Surpluses generated are reinvested into capital development and bonding support.

A team of more than 1,250 City of Houston Department of Aviation employees and 18,000 additional employees of airport located businesses work to ensure the Houston Airport System is operational seven days a week, 365 days a year. Together this team processes more than 33 million passengers, 276 million kilograms of cargo and 7 18,000 airport movements through our four airports annually. All who are part of the Houston Airport System family share a common goal of excellence in customer service as they strive to make the Houston Airport System much more than just bricks and mortar.



"THANKS TO THE CBD HELIPORT'S  
CONVENIENT LOCATION AND  
HELPFUL STAFF, WE CAN BE WHERE  
WE NEED TO BE QUICKLY--IN THE AIR  
GIVING HOUSTONIANS A JUMP  
ON TRAFFIC CONDITIONS"

-MIKE HAAKE,  
METRO NETWORK5



## AIRPORTS THAT SPELL CUSTOMER CONVENIENCE

As a primary air hub, Houston offers direct air service to over 140 markets around the globe. One passenger in eight arrives or departs internationally, and on an average day, a quarter of a million people visit our airports. Passenger air service is offered at Houston's two major airports, Houston Intercontinental Airport and William P. Hobby Airport, allowing customers to have the benefit of selecting the facility most convenient to them.

Passengers generate a tremendous amount of activity at the Houston Airport System, but air cargo distribution and general, corporate and military aviation also represent a vital portion of our flight activity. However, our objective for every customer is the same-to provide well maintained, convenient airports that are safe, friendly and efficient.



"JOE SATISFACTION  
COMES FROM TAKING PRIDE  
IN KNOWING OUR PASSENGERS  
LEAVE THE AIRPORT  
WITH SMILES ON THEIR FACES "

-JANIS KRAUS,  
HOUSTON INTERCONTINENTAL  
AIRPORT

## HOUSTON INTERCONTINENTAL AIRPORT

The many organizations involved in operations at Houston Intercontinental Airport combine their efforts to create a synergy effect that enables this airport to be both one of the world's most convenient to use, as well as one of the friendliest. Intercontinental consistently receives top ratings from frequent flyers and industry analysts, largely because of the well coordinated activity between our carriers, airport staff, concessionaires, the Federal Aviation Administration (FAA), the U.S. Immigration and Naturalization Service, U.S. Customs and the Department of Agriculture. The attitude at this airport is truly cooperative, even competitive, as we collectively- deliver our own special brand of personalized customer service.

International passengers can expect to spend 30 minutes or less completing the federal inspection process before proceeding to connecting flights or to ground transportation. This exceptional clearance time is possible because the many organizations coordinating passenger services have streamlined inspection procedures. It is this teamwork approach that makes Intercontinental one of the world's most convenient international airports for business and pleasure travelers.

Intercontinental is a popular gateway of choice for Mexico and Central America because Houston's accessible location, multi-cultural population and industrial mix provide an environment ideal for international trade or personal travel. In fact, Mexico is Houston's largest trading partner and Intercontinental's busiest international destination. And with an average 500 daily departures to markets around the world, Intercontinental also delivers air service to Europe, Asia and beyond.



✈  
.....  
SEVEN

"WE USED A TEAMWORK APPROACH TO  
ACHIEVE OUR RECORD-BREAKING AVERAGE  
30 MINUTES TO CLEAR U.S. CUSTOMS.  
IMMIGRATION & AGRICULTURE NOW WE ARE  
USING THAT SAME APPROACH TO SEE HOW  
WE CAN IMPROVE UPON THAT TIME "

-PAUL O. RIMMER,

U.S. CUSTOMS

We built the Mickey Leland International Airlines Building (IAB) in 1990 to increase international passenger traffic capacity and enhance facilitation. The IAB was the first U.S. airport to introduce totally interchangeable ticket counters and common use facility design.

Intercontinental is home base to Houston's own global carrier, Continental Airlines, as well as over 20 other passenger airlines, which together transport more than 24 million passengers annually. Also figuring into the business mix at Intercontinental are two fixed base operators serving corporate and general aviation customers.

A recent study of Intercontinental's economic effect reported the airport has a \$4 billion annual impact on the Gulf Coast area. The airport, located on approximately 3,600 hectares, has ample room to expand as future economic growth and business development dictates.

#### INTERCONTINENTAL AIRPORT PASSENGER AMENITIES

<i>Multilingual Special Service Representatives located throughout the airport to assist passengers</i>	<i>Specialty and gift retailers, such as the Body Shop. Tie Rack, a sporting goods store and more</i>	<i>Free luggage carts for arriving international passengers</i>
—	—	—
<i>Competitively priced duty free shops</i>	<i>On airport hotel and conference center linked via an interterminal train connecting all four terminals</i>	<i>Many choices in parking</i>
—	—	—
<i>Variety in food offerings, with options ranging from local fare to popular national chains, including KFC, Pizza Hut, Subway, Taco Bell, The Grove and Wendy?</i>	<i>On airport meeting and hospitality rooms</i>	<i>Visitor information centers</i>
—	—	—
<i>Well stocked newsstands with a large selection of international newspapers</i>	<i>Scheduled and on call ground transportation at each terminal</i>	<i>Eight on airport car rental companies</i>
		—
		<i>Currency exchange booths</i>
		—
		<i>Variety of choices and carriers for domestic and international flights</i>
		—
		<i>ADA amenities</i>

#### WILLIAM P. HOBBY AIRPORT

Anyone who uses William P. Hobby, Houston's other major commercial airport, can appreciate the compact efficiency of this vintage facility. The airport's commercial airlines, other businesses and employees all bring efficiency into their delivery of customer service. Even Hobby's physical plant, with its straightforward layout, is easy to maneuver. But efficiency by no means replaces personalized service at Hobby, which is evident by the fact that the airport is a favorite among domestic passengers, as well as general aviation customers.

"FOREST AND I TRAVEL EXTENSIVELY,  
AND WE FIND THAT THE STAFF AT HOBBY  
GOES THE EXTRA MILE WHEN IT COMES TO  
MAKING THE AIRPORT ACCESSIBLE  
FOR ALL PASSENGERS."

—MARGARETTA NEWALL,

TEXAS HEARING & SERVICE ☐ OGS



✈  
.....  
TIDE

✈  
.....  
TEN



"KLM ROYAL DUTCH AIRLINES HAS OPERATED  
FROM HOUSTON SINCE 1957 AND WAS THE FIRST  
CARRIER TO OFFER TRAVELERS FROM THE  
SOUTHWEST DIRECT SERVICE TO EUROPE AND  
BEYOND THROUGHOUT THE ALMOST FORTY YEARS  
OF SERVICE. WE HAVE RECEIVED THE NECESSARY  
SUPPORT TO ENSURE A SUCCESSFUL OPERATION  
-PEGGY KIRKSAY.

KLM ROYAL DUTCH AIRLINES

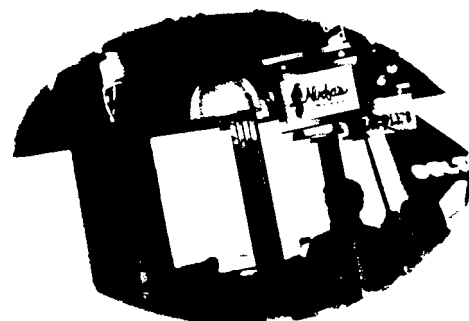
Today Hobby is among the nation's busiest airports for passenger travel. Just minutes from Houston's downtown district, Hobby is especially convenient for business travelers. We are proud of our reputation as a top "briefcase airport" delivering the level of customer service that gains the confidence of the savvy business traveler and makes Hobby equally favorable among pleasure travelers.

Hobby maintains airport facilities and equipment that are among the most current available by continually upgrading and updating this 60-year-old airport. An advanced radar system predicts weather conditions, and the FAA operates sophisticated navigational aids and lighting systems on the airport's runways. Recently, the Houston Airport System spent \$78 million reconstructing Hobby's airfield and roadways. Additionally, a \$50 million, multi-year terminal modernization project is presently under design.

Hub carrier Southwest Airlines and several other airlines make over 135 departures from Hobby each day. Collectively, these airlines carry more than 8 million passengers to and from the airport each year.

Additionally, general aviation represents a significant portion of Hobby's flight activity. In fact, Hobby is a designated point of entry for international general aviation flights. The airport supports this business by providing a dedicated runway for general aviation, ten fixed base operators and an assortment of other general aviation support businesses.

In 1937, Hobby Airport provided Houston with a vital function—the initiation of commercial air service to the city. Today this airport remains a valuable asset to the city of Houston and to the Houston Airport System.



"IT'S A REFRESHING CHANGE

TO HAVE SO MANY PLACES

TO CHOOSE FROM WHEN

I EAT AT HOBBY "

—ROGER HORD

GREATER HOUSTON PARTNERSHIP

## HOBBY AIRPORT PASSENGER AMENITIES

*Multilingual Special Service Representatives located throughout the terminal to assist passengers*

*Variety in food offerings*

*Well stocked, conveniently located newsstands*

*Specialty and gift retailers*

*Scheduled and on call ground transportation*

*Many choices in parking*

*Visitor information centers*

*Eight on airport car rental companies*

*Currency exchange booth*

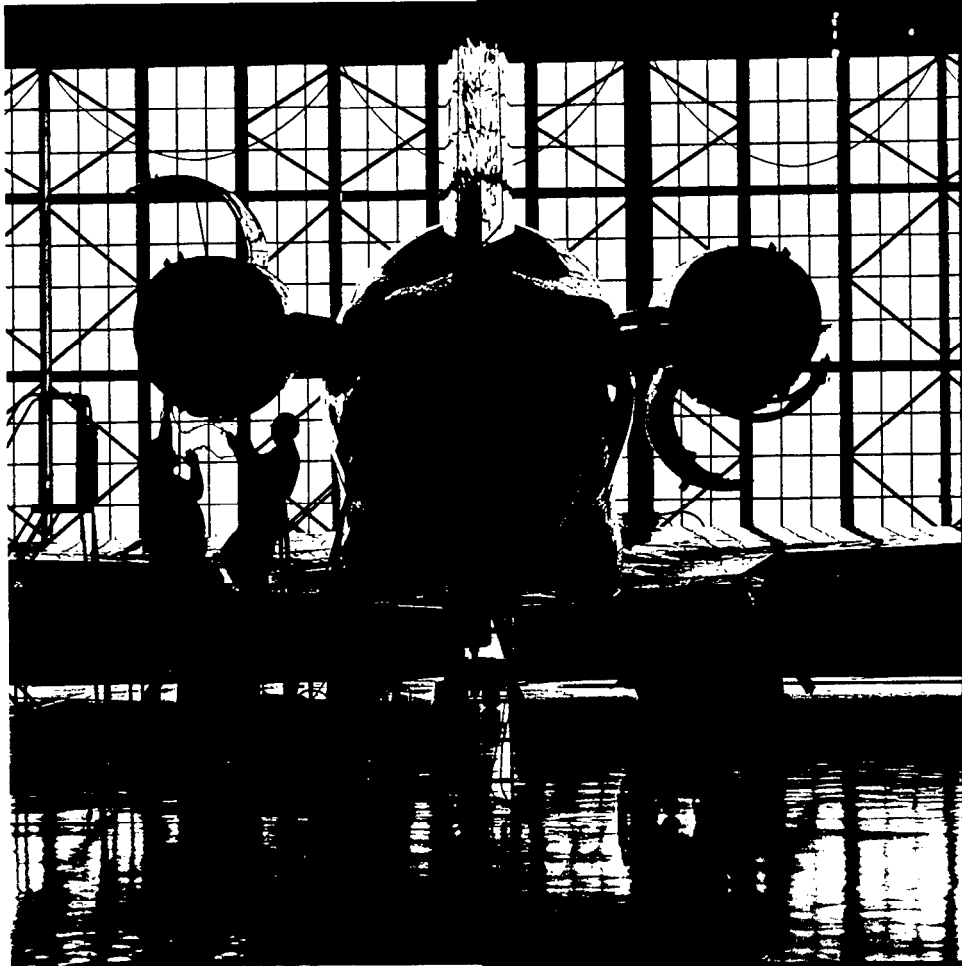
*Variety of choices and carriers for domestic flights*

*ADA amenities*

"WE CONSIDER ELLINGTON FIELD AND  
THE HOUSTON AIRPORT SYSTEM  
TO BE OUTSTANDING SUPPORTERS  
OF NASA'S JSC AVIATION PROGRAM "

-ROBERT J. NAUGHTON.

NASA



## ELLINGTONFIELD

The Houston Airport System gained ownership of then Ellington Air Force Base from the federal government in 1984 and converted it from a military installation to a public airport. While the Texas Air National Guard (the oldest national guard unit in the country), the Texas Army National Guard, the U.S. Coast Guard and NASA continue to play a major role at the airport, Continental Express, UPS, general aviation and aerospace-related businesses tied to the Johnson Space Center also benefit from Ellington's top flight facility.

Home to the largest flying club in Texas, Ellington Field is ideal for aircraft operators requiring quick turnaround for takeoffs and landings. The airport has a full service fixed base operator and individual T-hangar space available for private pilots. Even though today the airport services many different types of customers, there is still a camaraderie here we find reminiscent of Ellington's military heritage.

## CENTRALBUSINESSDISTRICT HELIPORT

Houston has an unusually large helicopter population, and the Central Business District Heliport serves much of that traffic. This facility is staffed five days a week, serving helicopter users such as corporations, offshore energy support services, law enforcement agencies, traffic reporters and the Texas Medical Center. Our heliport, which charges no landing fees, features a passenger boarding area, a touchdown pad, a takeoff and landing area, taxiways, two helicopter parking positions and accessible vehicle parking. The Central Business District Heliport is located adjacent to the renowned George R. Brown Convention Center in downtown Houston and is convenient from major Houston freeways.



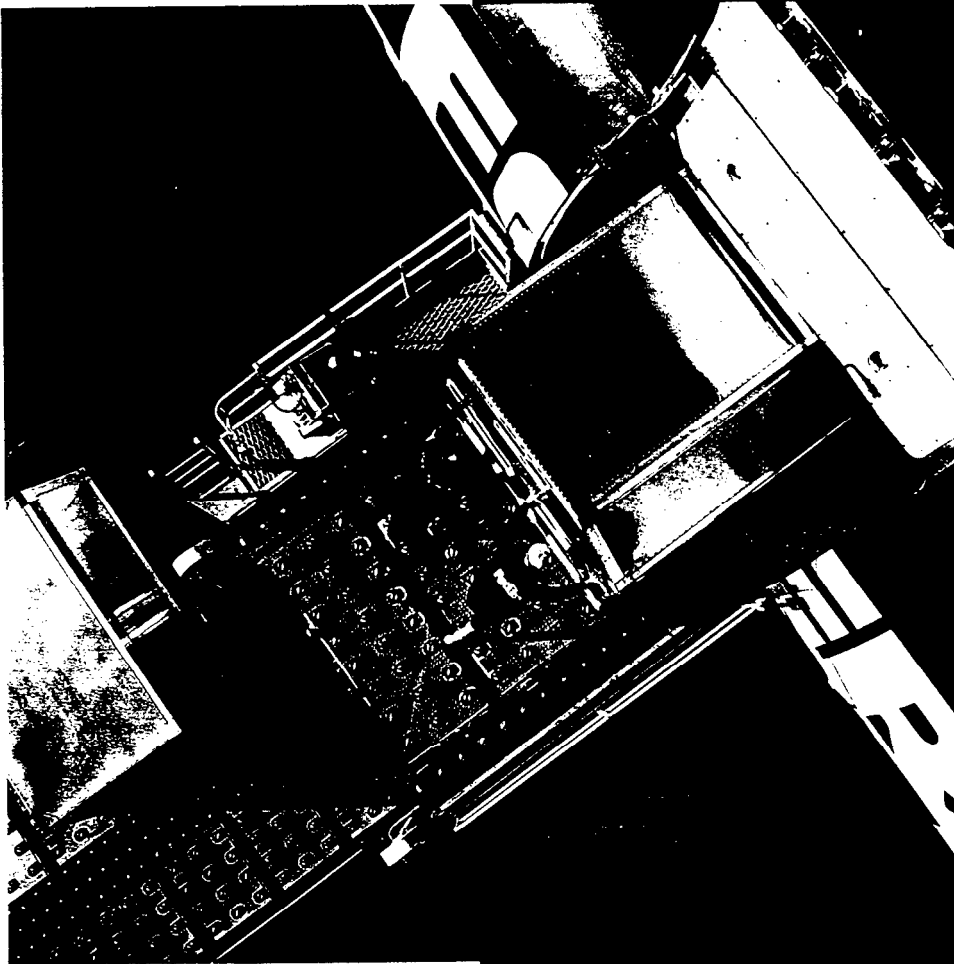
"WE CHOSE ELLINGTON FIELD  
FOR ITS EXCELLENT LOCATION  
AND GREAT FACILITIES "

-JOE O'LEARY,

ELLINGTON FIELD AERO CLUB, INC



.....  
FOURTEEN



"TO SHIP CARGO PROFITABLY,  
YOU'VE GOT TO HAVE AN  
ALLY LIKE IAH THAT HAS THE  
FACILITIES, EQUIPMENT AND  
DRIVE TO MEET YOUR NEEDS."

-RICHARD K. VASEN,

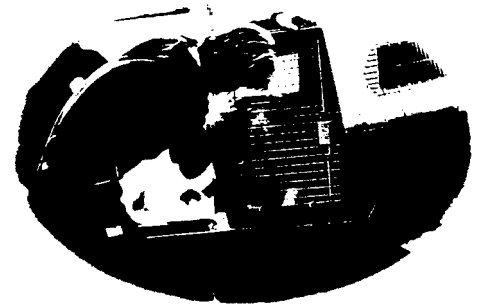
FEDERAL EXPRESS

## AIRCARGODISTRIBUTION—~~AB~~OTTOMLINEAPPROACH

At the Houston Intercontinental Airport Air Cargo Distribution Center, we understand the importance of expediting cargo and have the equipment and expertise to handle cargo of any variety. Linked by air to global markets and to a rail, trucking and seaport intermodal network that serves all of the U.S. and Canada, Houston's accessible location is ideal for shipping across all seven continents. Moreover, Houston's international business climate and location are particularly attractive to Mexican and Latin American shippers.

Cargo carriers experience little or no wait at Intercontinental. For cargo not already pre-cleared before touching the ground, the on airport U.S.D.A. and U.S. Customs teams are available to expeditiously process freight.

Intercontinental serves cargo customers 24 hours a day and can accommodate any size aircraft, from the largest to the smallest freighter, without any range or weight restrictions. The 24,300 square meter cargo apron has ample parking for jumbo and wide body aircraft and can handle multiple operations simultaneously. Both domestic and international all cargo airlines use our facilities, and our ground handling agents have the expertise and capabilities to serve a wide range of aircraft with a high level of customer service.



### AIRCARGODISTRIBUTIONCENTER FACILITIES, SERVICES AND EQUIPMENT

*large scale refrigeration  
and freezer warehouse capacity  
on or close by the airport*

*A 24 hour portal center  
—  
Free Trade Zone*

*Livestock Export Facility  
—  
Hydrant fueling*

"AT IAH, WE CAN  
HANDLE CARGO  
WITH THE UTMOST  
OF CARE."  
—ERIC ROBERTS,  
AIR FRANCE



"IT'S NOT JUST DOING YOUR JOB—

IT'S HOW YOU DO YOUR JOB

THAT MAKES A DIFFERENCE."

✈️ 📊 🏢 GAINES.

DIRECTOR OF AVIATION.

HOUSTON AIRPORT SYSTEM

## THE HOUSTON AIRPORT SYSTEM—POISED FOR THE 21ST CENTURY

The future is sure to bring many new and exciting changes to the Houston Airport System. As the Department of Aviation's planning team updates the master plan for Houston Intercontinental Airport and studies projected usage for William P. Hobby Airport, Ellington Field and the Central Business District Heliport, we are examining ways to improve our airports for customers to bring them an even higher level of value-added customer service.

The most important question we ask ourselves is, "how can we anticipate and serve consumer demand?" Surely technology will play a major role in the Houston Airport System of tomorrow. Without question, we will modernize old structures and construct new ones, discontinue outdated systems and bring in streamlined ones, and consolidate services and expand others.

And guiding our every decision will be a core value that should never change—our commitment to customer service and to providing customers from around the world with safe, friendly and efficient airports. For within the Houston Airport System, unique by design, we have found we serve ourselves best when we serve others most.

HOUSTON AIRPORT SYSTEM

CITY OF HOUSTON DEPARTMENT OF AVIATION

P.O. BOX 60106

HOUSTON, TEXAS 77205-0106

1.281.233.3000

1.281.230.2859 FAX

<http://www.ci.houston.tx.us/has>



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600 **SERIES**

**LETTERS OF SUPPORT**

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**Letters of Support for  
Continental's Houston - Sao Paulo Service**

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Index of Letters

Global Corrosion Technologies

Houston Industries Energy, Inc.

Riviana Foods, Inc.



GLOBAL  
CORROSION  
TECHNOLOGIES

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June 24, 1998

The Honorable Rodney E. Slater  
Secretary of Transportation  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, D.C. 20590

Re: **Brazilian Air Routes**

Dear Secretary Slater:

**Global Corrosion Technologies is a Houston based manufacturer and marketer of a line of environmentally friendly corrosion control products. We market our products worldwide to the oil & gas industry, specifically the offshore/tine exploration and production segment. Houston, as the oil capital of the world, is headquarters for most companies with interests in the industry. Houston has a definite requirement for direct access to the major oil and gas regions of the world. Brazil is home to one of these major oil & gas regions, and Houston needs direct air service to Brazil.**

I have been in the oil industry for over 20 years, and **have** lived and worked in most of the major international oil producing regions. I am also a Texan, and am extremely proud **of Houston and the part it has played** in the development of the oil industry on an **international** level. I can **also say that** having lived and worked in Latin America for more **than** 13 of my 20 years in the business, I have **always** been **puzzled** as to why Houston did not **have more** direct flights to South America considering our close ties to the region. Personally, I avoid Miami whenever **possible because of congestion, customs delays, and connecting flights.**

**Direct** air service between Houston and **Brazil** is extremely important for **my** company, **and** the industry as a whole. **Considering** Houston's strong economy, increasingly strong ties to South America, **and** the reality that **Houston is** the oil capital of the **world, there is definitely a "community of interest"** here in direct service to **Brazil.**

Thank you in advance **for** your **consideration** of this matter.

Respectfully yours,

James R. McCord  
President



**EDWARD A. MONTO**  
**PRESIDENT &**  
**CHIEF OPERATING OFFICER**

June 19, 1998

The Honorable  
Rodney E. Slater  
Secretary of Transportation  
U.S. Department of Transportation  
400 Seventh Street, SW  
Washington, D.C. 20590

Dear Secretary Slater:

As the time for decision for the awarding of a new air route to Brazil comes nearer, I wanted to record our support for a Houston, Sao Paulo award.

Houston Industries Energy, Inc. is very much involved in the Brazilian market place. Our company is a member of the consortium which owns controlling interest in the electric utility companies at Rio de Janeiro and at Sao Paulo. As such, we have a number of our employees and associates who travel to and from Brazil frequently.

The establishment of direct non-stop air service to Brazil from Houston will be seen by us as another step in the growing economic ties between both countries, therefore, we solicit and would appreciate your favorable consideration to granting the necessary approvals for the establishment of this direct air corridor.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward A. Monto", written in a cursive style.

Edward A. Monto



**RIVIANA FOODS INC.**

P. O. BOX 2636 HOUSTON, TEXAS 77252 TEL. (713) 529-3251

JOSEPH A. HAFNER, JR.  
PRESIDENT

June 22, 1998

Via FedEx

The Honorable Rodney E. Slater  
Secretary of Transportation  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

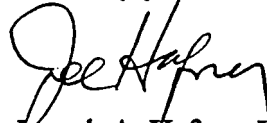
Dear Secretary Slater:

The U.S. is the third largest exporter of rice and rice products in the world. Houston is the home of a number of rice companies -- Uncle Ben's, ourselves, and American Rice, Inc. In addition, USA Rice Federation and USA Rice Council, national organizations representing the rice industry, are also located in Houston.

Brazil has become one of the top five export markets for U.S. rice. Unfortunately, the lack of direct air service between Houston and Brazil; especially Sao Paulo, complicates our industries' ability to adequately service this huge market. We, at Riviana, enthusiastically support the establishment of direct air service between Houston and Sao Paulo which will greatly facilitate our ability to continue to develop the market opportunities in the largest rice market in the Americas.

If I may provide any further information on the impact of Brazil to our industry, please let me know.

Sincerely yours,



**Joseph A. Hafner, Jr.**  
President

JAH:tlc