

The Joint Business Agreement between American Airlines, British Airways, and Iberia will benefit customers, communities, employees and shareholders.



Overview of Joint Business Agreement

American Airlines, British Airways and Iberia announced that they have agreed to create a joint business agreement (JBA) for flights between North America and Europe and plan to expand their global cooperation.

This enhanced relationship between the three airlines will benefit consumers by providing easy, seamless and convenient travel around the world as the airlines will cooperate in a highly integrated way in international markets. In addition, the decision is expected to improve choices for travel by enabling the **oneworld** global alliance, of which American, British Airways and Iberia are key members, to compete more effectively around the world.

The three airlines – along with fellow **oneworld** members Finnair and Royal Jordanian – have applied for antitrust immunity from the U.S. Department of Transportation.

Once immunity is achieved, American, British Airways and Iberia airlines will create a JBA for flights between North America and Europe (Canada, U.S., Caribbean, and Mexico to the European Union, Switzerland, and Norway). The joint business agreement will allow customers to enjoy the benefits of a truly integrated network, more convenient schedules and flight choices, and more opportunities to enjoy frequent flyer benefits and airport lounges. Through the joint business agreement, the three airlines will share revenue, market services jointly and work together to reduce costs on flights between North America and Europe. While their services will be highly integrated, the airlines will continue to operate as separate legal entities.

Benefits of a Joint Business Agreement

Airlines have a history of forming agreements to work together more closely and successfully to create benefits for customers and communities, employees and shareholders. Airlines that have received antitrust immunity can work under the framework of a joint business agreement to more closely integrate their networks and services, offer more choices and convenient schedules to consumers, launch new routes that were not previously feasible, grow revenue and reduce costs. Benefits of the joint business agreement proposed by American, British Airways and Iberia include:

Customers/Community

- Enhanced and improved service to **oneworld**'s 663 destinations, in 134 countries, with 8,951 daily departures.
- The three airlines' combined route network would offer more seamless service: AA, BA, and IB have service to 423 destinations in 106 countries, with a combined total of 5,250 daily departures.
- With the addition of Finnair and Royal Jordanian, customers could have access to seamless service to 466 destinations, in 116 countries with a combined total of 5,578 daily departures.
- Greater expected availability of lower fares and more routing choices.
- Discounts for corporate customers to more destinations and on more frequencies in a single contract.
- Expanded opportunities to earn and redeem frequent flyer miles and elite tier benefits on flights worldwide and more opportunities to enjoy continued reciprocal airport lounge access.
- Reinvigorated competition as the **oneworld** alliance would finally be allowed to compete on equal footing with other global air alliances that have longstanding immunity.

Employees

- Employees are expected to benefit from the airlines' improved stability, financial resources and competitive position as a result of this JBA.
- With improved financial resources, the airlines will have a greater ability to invest in their people, products, services and fleets over the long term.
- American, British Airways and Iberia will be better positioned to grow into new markets and expand into existing markets.
- American, British Airways and Iberia will be better equipped to compete on a global basis.

Shareholders

- Shareholders also are expected to benefit from the airlines' improved stability, financial resources and competitive position as a result of this JBA.
- The business agreement is expected to generate significant revenue enhancements and some cost savings, giving each airline more ability to invest in aircraft and improved products and services for customers.
- By working together, the airlines would be able to start new routes that would not have been viable for individual airlines.

Potential Synergies

- Incremental revenue resulting from the improved breadth and depth of service and network coverage.
- Opportunity to optimize combined global network with improved traffic flows and regional feed in domestic and international markets.
- Opportunity to attract new customers to network.
- Opportunity to sell a broader network to corporate account base.
- Opportunity to strengthen frequent flyer programs and expand customer benefits.

Summary

The structure of this agreement, combined with the anticipated antitrust immunity request, provides the economic incentives that drive the customer, community, employee, and shareholder benefits. This business model also allows the airlines to achieve some of the same benefits that can be achieved through consolidation and gives American, British Airways, and Iberia more flexibility to respond to a rapidly and constantly changing global marketplace.