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**AMERICAN AIRLINES, BRITISH AIRWAYS AND IBERIA
SET THE RECORD STRAIGHT WITH FACTS ABOUT THEIR APPLICATION FOR
ANTITRUST IMMUNITY**

FORT WORTH, Texas - Without any facts or data to oppose the antitrust immunity application by American Airlines, British Airways and Iberia, Virgin Atlantic instead has resorted to baseless arguments and hypocritical scare tactics. Virgin is intentionally trying to mislead regulators and the general public in challenging the data we have submitted to the U.S. Department of Transportation (DOT) in support of our antitrust immunity application. In opposing our application, Virgin is also opposing improved competition and more choices for customers. Here are the facts:

- 1) Our DOT application contains MIDT (Marketing Information Data Tapes) data, which is a widely recognized and valid source of information that is required by regulators around the world, including the DOT, the U.S. Department of Justice and the European Commission, in analyzing market share and competition.
- 2) MIDT provides information on bookings worldwide from multiple Global Distribution Systems (GDS databases, such as Amadeus, Sabre, WorldSpan, Galileo and several others). Significantly, it also includes third-party online bookings from sources, such as Travelocity and Orbitz.
- 3) MIDT data was used in the antitrust applications filed with -- and approved by -- the DOT by both the Sky Team and Star alliances and has been used in competition analysis by the U.S. Department of Justice. AA, BA and Iberia are using the same data for our application, which requests immunity for members of the **oneworld** alliance that provide transatlantic service.

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- 4) Virgin's claim that MIDT data does not include the carrier bookings captured on our respective websites (AA.com and BA.com) is irrelevant. That's because MIDT also excludes direct bookings for other carriers, such as Virgin Atlantic. In other words, in following the DOT's own protocol for providing data for our application, we truly offer an apples-to-apples comparison.
- 5) In previous filings and public comments, Virgin has extolled the virtues of MIDT data:
 - In a 1998 joint DOT filing, Virgin said that "the MIDT data is important." Virgin also said that "the MIDT data improves transportation planning and enables resources to be used more effectively."
 - In a 2003 DOT filing, Virgin said that MIDT provides airlines "with information on (city-pair) markets, such as the potential size of the market (in terms of number of passengers), the proportion of business v leisure traffic, the proportion of traffic carried by its competitors, and so on. **MIDT is the only source of this information on international markets available to non-US airlines.** This information helps carriers make decisions about whether or not to enter markets or expand capacity in markets already served, by reducing uncertainty."
- 6) The DOT data that Virgin cites is completely inappropriate for this debate. That data, known as T-100, measures all onboard passengers on a particular nonstop flight segment, without regard for their actual origin and destination. In other words, 100 percent of the passengers on a Dallas Fort Worth (DFW)-Heathrow flight show up in T-100 as DFW-Heathrow local passengers, even those who don't begin their trips in DFW and don't end their trips at Heathrow. Thus, it overstates a hub carrier's share by including everyone on the plane, as opposed to only those passengers who originate in DFW and are traveling to London as their final destination, which is the true DFW-Heathrow market. For example, a passenger who flies from Houston to Paris may connect via DFW-Heathrow. The true city pair for that customer's itinerary is Houston-Paris. But Virgin's data counts those customers who are connecting on the DFW-Heathrow segment as part of our market share on the DFW-Heathrow city pair. That is erroneous

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because DFW is not the origin and Heathrow is not the destination – those airports are just connecting points for the true city pair (Houston-Paris).

- 7) The data Virgin wants to use also overstates a nonstop carrier's share because it does not include any one-stop competition. For example, a customer who travels from DFW to Heathrow may connect through Washington Dulles. The city pair market for such an itinerary is DFW-Heathrow, and thus it competes with nonstop DFW-Heathrow service. However, Virgin's stats consider the one-stop service to be two separate city pairs: DFW-Dulles as one and Dulles-Heathrow as the other. Therefore, neither segment would show up as a competing route to nonstop DFW-Heathrow service. This understates competition to a particular nonstop route and is misleading to use.

In summary, there is simply no better source than MIDT data to analyze competition. The DOT used MIDT data to consider and approve antitrust applications by SkyTeam and Star, and the Department of Justice has used MIDT data in its competition analysis. What's more, Virgin has vigorously defended MIDT data in the past as an important source of information but now disparages it because MIDT doesn't suit its arguments. The MIDT data shows that our application for immunity will not harm competition, as Virgin claims, and in fact the MIDT data demonstrates that the **oneworld** alliance will have less market share at Heathrow than Star and Sky Team alliances have in their major European hubs. For more information www.moretravelchoices.com

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