American Airlines, British Airways and Iberia's Joint Application for Antitrust Immunity should be approved immediately with no slot divestitures or remedies.

New polices have opened up Heathrow to competition

On March 30, 2008, U.S.-EU Open Skies Agreement lifted restrictions on the number of airlines and the destinations that that can be served between the U.S. and Europe including London's Heathrow Airport. Open Skies replaced the Bermuda II agreement, under which only four U.S./UK carriers – two from the U.S. (United and American) and two from the UK (British Airways and Virgin Atlantic) – could operate nonstop between the two countries, and even then only to 10 U.S. gateways. Since Open Skies, five new entrant airlines (Continental, Delta, Northwest, US Airways and Air France) have launched 14 daily flights between Heathrow and the U.S.

Airlines have plenty of access to Heathrow slots (arrival and departure rights)

- ✓ Open Skies, interalliance slot transfers and secondary slot trading (the buying and selling of slots on the open market – which now is fully sanctioned by the EU) will ensure that Heathrow remains the most competitive hub in Europe.
- ✓ At least 50 carriers have been able to obtain slots at Heathrow since 2000.
- ✓ 14 new nonstop flights from five new transatlantic carriers were launched from the U.S. into London Heathrow immediately following the open skies agreement.
    - Star launched 7 flights into London Heathrow—Continental from Houston (2x); Continental from Newark (3x); Continental from Cleveland (1x); and US Air from Philadelphia (1x).
    - Skyteam launched 7 flights into London Heathrow—Northwest from Detroit (1x); Northwest from Minneapolis (1x); Northwest from Seattle (1x); Delta from Atlanta (1x); Delta from New York (2x); and Air France from Los Angeles (1x)[1]. *(note—1 becomes JFK in summer)*
- ✓ From 1996-2008, Virgin Atlantic more than doubled its Heathrow slots from 130 to 326, and is currently leasing unused slots to other airlines.
- ✓ British Midland, the UK's second largest airline and an immunized member of the Star alliance, holds 12% of the slots at Heathrow, and can transfer slots to its alliance partners United, Continental, and US Airways. BMI also is expected to launch its own service between Heathrow and the U.S. in 2009.

Routes will continue to enjoy robust competition

- ✓ Of the 43 transatlantic routes served by American, British Airways, and Iberia, just 8 are nonstop overlaps (6 into London Heathrow and 2 into Madrid).
- ✓ The largest – New York-London – will continue to have nonstop service from at least four other carriers even with **one**world antitrust immunity. In fact, Virgin Atlantic, not American, is British Airways' largest competitor on the route.
- ✓ American and British Airways also face stiff competition in Boston, Chicago, Los Angeles and Miami – cities with far more competition to London than to Frankfurt or Amsterdam, key hub airports where SkyTeam or Star alliance members already enjoy the benefits of immunized operations.
- ✓ On the 6 overlap routes into London Heathrow, 96 percent of the passengers will still have at least one additional competitor (beyond AA and BA) after immunity is granted.

Remedies are unnecessary to preserve competition at Heathrow, and would only serve to perpetuate oneworld's competitive disadvantage vs. Star and SkyTeam

- ✓ SkyTeam received immunity with no remedies, in spite of having far bigger market shares* at their major European hubs than **one**world would have at Heathrow. For example, **one**world's booking share for New York-Heathrow traffic in August 2008 was 45.8%, while Star's share of New York-Frankfurt traffic was 73.6%, and SkyTeam's share of New York-Amsterdam traffic was 62.0%
- ✓ This alliance is necessary to *create* competition with Star and SkyTeam – both of which exploit an unfair regulatory advantage over **one**world. The Star/SkyTeam duopoly has an 80% or more booking share on 31,141 city-pairs between the U.S. and Europe accounting for 45.7% of all U.S.-EU bookings. Star alone has an 80% or more booking share on 12,160 city pairs, representing 11.2% of the total transatlantic bookings. In contrast, oneworld has an 80% or more booking share on only 2,048 city pairs, representing a mere 1.2% of the total U.S. to Europe bookings.

* MIDT Booking Share data

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