1501 Third Street, NW, Washington, DC 20001-2797

#### PHONE 202 • 7434 91300 FAX 202 • 7434 91319

March 19, 2013

Senator Amy Klobuchar Chair, Subcommittee on Antitrust, Competition Policy and Consumer Rights Senate Committee on the Judiciary

Senator Michael S. Lee Ranking Member, Subcommittee on Antitrust, Competition Policy and Consumer Rights Senate Committee on the Judiciary

Dear Chairwoman Klobuchar and Ranking Member Lee,

We are grateful for this opportunity to present comments to the Senate Judiciary — Subcommittee on Antitrust, Competition Policy and Consumer Rights regarding "The American Airlines/US Airways Merger: Consolidation, Competition and Consumers."

The merger of American Airlines and US Airways has the potential to create opportunities for the flight attendants at both airlines by raising the bar and creating industry-leading standards for all workers.

AFA has been a participant in many airline mergers over the years, most recently as a participant in the mega mergers of Northwest/Delta, Southwest/AirTran and United/Continental. These mergers have created challenges for the employees, some of which have been resolved successfully -- some not. Our members going through airline mergers have, in some cases, faced disruptive representation battles, base closures and displacements; and in others, improved contracts, pay and greater opportunities. We know, from experience, that mergers can be painful and disruptive or, with foresight and inclusion of all stakeholders, they can benefit all parties involved.

One of the concerns about this merger is whether important service to smaller airports will be maintained at current levels. For those communities, being served by a large network carrier means better service. We are concerned about what impact the merger could have on our members at American Eagle, Piedmont and PSA Airlines -- all wholly owned regional carriers at the new American Airlines. Commitment to these flight attendants is also a commitment to the communities they serve. We have already seen the detrimental effects of a bankruptcy on our members who do regional flying for AMR. Their future in the new American remains uncertain.

In September 2009, plans were readied to spin off the successful, well-managed American Eagle as its own company. However, when AMR filed for Chapter 11 bankruptcy two years later, the profitable regional carrier was dragged into the bankruptcy process. The AMR bankruptcy filing halted flight attendant negotiations for improvements based on the success of the regional carrier. Instead, we were forced into immediate concessionary bargaining under Section 1113 of the Bankruptcy Code. In addition to all of the concessions that have been forced upon our members, they now face new threats as a result of the merger– downsizing and outsourcing.

Approval of this merger needs to come with a commitment to all of the employees of the new American, and to all of the passengers who rely on their service.

As this Committee considers consolidation of the airline industry, it is paramount that the flight attendants at American Eagle, Piedmont and PSA Airlines get answers about their futures. Without these answers, this Committee and the regulatory agencies cannot fully understand the impact of this merger on competition in the U.S. aviation industry, the effect on employees and the long-term consequences for our communities.

Thank you for considering our comments.

Sincerely,

Veda Shook,

International President

Veda Shook

#### STATEMENT OF JOSEPH M. ALIOTO, ATTORNEY, SAN FRANCISCO

I wish to thank the Chair, the Honorable Amy Klobuchar, United States Senator, for the opportunity to submit this brief statement regarding the proposed merger between American Airlines and US Air.

The proposed merger will create the largest airline in the United States. It will be the fourth major merger in the last five years, following the Delta/Northwest merger in 2008, the United/Continental merger in 2010, and the Southwest/AirTran merger in 2011.

The proposed merger, like the three before it, eliminates a significant rival in a non-trivial transaction for billions of dollars, and does not involve any necessary acquisition of a "failing company." Like Delta, Northwest, United, Continental, Southwest, and AirTran, both American Airlines and US Air have previously and publicly announced that they were able to profitably operate and compete on a standalone basis nationwide.

If the merger is allowed, the four companies will control between 75% and 85% of passenger air travel in the United States. The smallest of the four companies will be more than three times as large as the next closest competitor.

The airline industry is crucial to the United States and cannot be allowed to become so concentrated that the major companies will be "Too Big To Fail." American and US Air are very capable of competing as standalone companies. The combination of two competent major competitors is against the interests of the public and the United States.

According to the Bureau of Transportation Statistics, air fares have risen each year since the first mega-merger between Delta and Northwest. In 2012 alone there were seven major price increases.

The merger of American and US Air will substantially increase the likelihood of price increases. Indeed, according to the February 22, 2013, edition of USA Today, only five days after American and US Air announced their proposed merger, Delta announced price increases which were immediately followed by American, US Air and United; and a day later by Southwest! The new price increases, \$4 to \$10 for tickets purchased within seven days of domestic travel, mostly apply to tickets popular with busy business travelers.

The proposed merger will not only eliminate the actual competition between American and US Air (at least 12 major markets will result in virtual monopolies), but also the potential competition of American going into US Air's markets and US Air going into American's markets. As Jeff Smisek, CEO of United and former CEO of Continental, testified, "I mean, there are---competitors can enter your market at 540 miles an hour, so it's very easy to enter a market when you are already an airline....So it's actually fairly easy to enter markets."

As in the other mega-mergers, the "synergies" of savings, in this case alleged to be \$1 billion, will not be passed on to consumers in the form of lower prices.

The proposed merger will result in a substantial loss of jobs, especially in maintenance and operations. The near adjacent hubs will either be shut down or substantially curtailed, as evidenced by the past mega-mergers, notwithstanding airline executive testimony to the contrary.

The proposed merger is contrary to the American tradition of competition rather than combination as our rule of trade. The Congress and the Supreme Court have been clear about the trend toward concentration: "Congress sought to preserve competition among many small businesses by arresting a trend toward concentration in its incipiency before that trend developed to the point that a market was left in the grip of a few big companies."

# ,,,#III.

## **GREATER PHILADELPHIA CHAMBER OF COMMERCE**

 $200 \ South \ Broad \ Street, Suite \ 700, Philadelphia, PA \ 19102-3896 \ \mid \ \textit{P:} \ 215-545-1234 \ \mid \ \textit{F:} \ 215-790-3600 \ \mid \ greaterphilachamber.com$ 

Tæl&@ÁrÍÉÁG€FHÁ
A V@ÁP[}[¦æà ^ÁŒ;^ÁG [à`&@ælÁ Ô@æâlÉWEJEÁÙ^}æe^ÁÚ`à&[{{ãœ^^Á;}ÁŒ;Œdi`•ŒÁÔ[{]^Œáā;}ÁÚ[ &&^Áæ)åÁÔ[}•`{^¦ÁÜāt@e}Á
W}ão^åÁÙcæe^•ÁÛ^}æe^Á H€GÁPæbóÁU^}æe^ÁU~ão^ÁÓ ā¦åāj*Á Yæe @j*q'}ĒÖÈÒÈÓEÉF€Á
Á V@ÁP[}[¦æà ^ÁTa&@æ^ ÁÛÈŠ^^Á Ü\*ÁTà¦ÉÁNÈÙÈÁÙ^}æc^ÁÙ`à&[{{ãoc^^Á;}ÁOE;cãob`•oÉÁÔ[{]^cãoã;}ÁÚ[ &&^Áæ}åÁÔ[}•`{^¦ÁÜā*@•Á
W} ãc^åÁÛcæc^•ÁÛ^} æc^Á HFÎ ÁPædoÁÛ^} æc^ÁÚ ~ãc^ÁÓ ãtåã *Á
Yær@aj*q[}ĒÄÖĒÖĒÄŒEÍF€Á Á Ö^ækÁÛ^}æa[¦ÁS [à`&@ækÁæ)åÁÛ^}æa[¦ÁŠ^^KÁ
À U} Áà^@eţ-Áţ-Áa@ ÁÕ¦^æe^¦ÁÚ@\$pæå^ ]@bedÔ@æṭà^¦Áţ-ÁÔ[{{^\&^ÊKOÁœṭÁ; Át[Ár¢]¦^••Á; ^Árˇ]][¦ơÁ;¦Áa@ Á ]^}åą¾ Á;^\*^¦Á;^ÁŒṭ^læðæjÁŒā]ą^•ÁæġåÁWÙÁŒā¸æ•ĒÁŒÁ)Ajðrç^Áx@ðá&e¦æð*^{}^{A; átāj*ÁţÂr¢]¦Adc}*c@}Átj]^!ææð}\$ Ú@\$pæå^]]@bedQ;ơ\}ææð[}ææð[; ơÁÇÜPŠŒŽ@ ]ÁS[}}^&oÁœ∮Ü∮Ãæ¦æð*]@bedA^*ð[}@bedA^*ð[}ÁsoÁso∮Ã;Aåo€ð]*eÁæð åÁ i[č«•Êæð;åÁsi^ærÁ,^¸Áţ]][¦ċ³}ãæð*Áţ¦Ás@*•æð;åÁ;Ág&æÁÁ{] [^^^•ÉÁ
\(\text{\Delta}\) \(\text{A}\) \(\text{\Delta}\)
One Ásadh^• `   one Ásage Ásage ]   [ ç^å há, ^!*^! ÉÁn & & & hát æsæç^ ^!• Á, [ `   å Á@æç^hát   ^ææ²! Ásæ&&^•• Át hásæ & A•• eða æsæta } • Ás hÓne ãsætá ò`   [ ] ^ÉA c@ hÓnæ ása à ^æ) Ásage å hÓn} dæ hÓne hÓne hÓne hÓne hÓne hÓne hÓne hÓne
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
A  QuÁn Qu lo Éand Asser
A Ùaj &^¦^ ^ÉA
RobeWondey
A Ü[à^¦α'ÔΕΑ΄ [ } å^Ĥ\$-*A Ú¦^•ãa^}α'ÂΟΟUÁ
O ^~ear} and OOO A O ^~ear} [Aú@aea^ ] @ae4ô@e4 a^ Aí -Áô[{ { ^ &^A



## Association of Professional Flight Attendants

Proudly Representing the Flight Attendants of American Airlines

Á

U~a8^Á ~Ác@ÁÚ¦^•ãa^} cÁ

18 March 2013

## <u>Testimony to Senate Committee on the Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights</u>

"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

#### Introduction

Chairman Klobuchar, Ranking Member Lee, and Members of the Subcommittee,

Thank you for allowing me the opportunity to submit the following statement. I appreciate your interest in the merger of my employer, American Airlines, and its competitor, US Airways. I hope my testimony can help address some of the areas of concern that may remain following the merger announcement on February 14. As the president of the Association of Professional Flight Attendants, serving in my second four-year term, and as an active member of the Unsecured Creditors' Committee in American Airlines' bankruptcy proceedings, I believe I can offer unique and valuable insight into the nature of this merger and why it is so vitally important that it be allowed to proceed without interference.

I understand the charge of this subcommittee and the purpose of this hearing. Ensuring the competitiveness of this country's various industries is a critical role our government plays. I am confident that, following this subcommittee's thorough assessment, the legality of this merger will be made clear. Since its inception, the plan has had the full support of the APFA not only because it protects workers' wages, benefits, work rules, and job security, but because it is the only plan that allows American to compete and succeed. The more than 16,000 flight attendants of APFA support the merger, and we are joined by our colleagues at the Allied Pilots Association, Transport Workers Union, and major workgroups at US Airways as well.

#### **AMR Chapter 11 Bankruptcy**

In the months and years leading up to American's bankruptcy filing, APFA had been in protracted contract negotiations with company management. American was losing billions of dollars annually. The business plan management presented in bankruptcy called for a lower cost structure in order to generate profits. Having voluntarily given back 30 percent of wages and benefits at the height of the industry's recession in 2003, APFA membership could not sustain another concessionary agreement. The APA and TWU faced similar situations. These were the onerous conditions under which American's parent company, AMR Corp., finally filed for Chapter 11 Bankruptcy protection on November 29, 2011.

A critical part of American's restructuring plan was lowering its labor costs through Section 1113 of the Bankruptcy Code. Pursuant to that statute, the debtor has the right to petition the court for permission to reject existing labor agreements and impose new contracts. Facing a strong likelihood of that permission

being granted, APFA began negotiating against the company's "term sheet" which called for over 2,000 flight attendant furloughs, a 20 percent cut to wages and benefits across the board, the termination of our pension plan, and significant changes to our contract's work rules. American's creditors – including APFA, APA, TWU, the Pension Benefit Guaranty Corporation, Boeing, Hewlett-Packard, and three major bondholders – were told that with the proposed concessions from organized labor and some other debt restructuring, American would be able to emerge from bankruptcy with a leaner operations budget and be able to succeed as a standalone company.

#### **US Airways' Plan**

It was during Section 1113 negotiations that I was approached by members of the US Airways senior management team with an alternative plan to American's standalone vision. Their plan called for a merger of the two operations. As Doug Parker, Scott Kirby, and other US Airways executives explained at the time, the combined company creates a much more robust route network with minimal overlap. The synergies created by the merger, as well as the improved ability to compete with other recently-merged legacy carriers, would allow the new American Airlines to compensate its employees at a rate consistent with our professional colleagues at United and Delta and avoid all job losses in our workgroup.

The choice was clear. Notwithstanding lower operating costs, American's standalone plan left it at a competitive disadvantage. It would have neither the network nor product to attract the business travelers and frequent flyers it had lost to competitors over the previous decade. The merger plan, on the other hand, would do exactly that. The new American Airlines will offer business and leisure travelers a strong third option for traveling the United States and the globe. The new route structure allows our company to feed our major international hubs from more small and mid-sized markets, giving consumers more options and access to more destinations.

#### **Pension Benefit Guaranty Corporation**

Throughout our company's bankruptcy and while we pursued the US Airways plan in particular, the employees at American Airlines had a strong ally in the federal government. The Pension Benefit Guaranty Corporation, under the strong and visionary leadership of Director Josh Gotbaum, fought to protect American's workers and America's taxpayers. As a member of the unsecured creditors' committee, the PBGC worked alongside American's labor unions to ensure that the company's costly pension liabilities would not become the government's burden. Furthermore, the PBGC staff understood that the merger would provide long-term stability to employees' jobs, compensation, and benefits and were instrumental in bringing that plan to fruition. The APFA is extremely grateful for their commitment and perseverance.

The APFA wants American Airlines to thrive. That is why we ask that you, the Members of the Subcommittee, join us in supporting this merger plan.

Respectfully submitted, Lama R. Glading

Laura R. Glading President, APFA



Janice K. Brewer Governor

## March 15, 2013

**EXECUTIVE OFFICE** 

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

As you and your colleagues begin your review of this pending airline merger, I write to share my thoughts on its potential impact for the State of Arizona.

Those of us in Arizona have long taken great pride in being home to US Airways, a company born of humble beginnings but which has grown into one of the world's premier airlines. While US Airways has continued to grow and thrive, I recognize the long-term challenges facing individual carriers and the industry as a whole.

Of highest priority to me is the potential impact of this merger upon Arizona's economy and the 10,100 US Airways employees who live in my state. That is why I've been pleased with repeated assurances from US Airways officials that the company remains committed to maintaining its hub at Phoenix Sky Harbor International Airport, as well as a significant operational presence in the greater Phoenix metro area. I will continue to do everything in my power to work with airline officials in ensuring this remains the case.

There is uncertainty with any corporate merger, and this is no exception. But I am confident the joining of US Airways and American Airlines will result in a stronger carrier with broader resources and better ability to compete in the marketplace and serve the American public.

Please feel free to contact my office if I can help provide you with any further information.

Sincerely,

Janice K. Brewer

Governor

1700 West Washington Street, Phoenix, Arizona 85007 602-542-4331 • Fax 602-542-7602





EST. 1888

March 13, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

I am writing to express my belief that the proposed merger between US Airways and American Airlines would be a tremendous boon to the economy of Phoenix and help us establish ourselves as a world class city.

Sky Harbor International Airport is a key lifeline to the business community of Phoenix. It would benefit the city and the region to have US Airways, which is based here, woven into an international network on par with the other leading carriers.

A combined US Airways and American Airlines would finally pull the industry out of the economic shadow of the past decade and into a more sustainable long term business model.

The companies have very little overlap nationally: just 12 routes in the entire country. Only two of them include Phoenix. Meanwhile, business travelers to and from the region would be able to accrue frequent flier miles and other benefits in a wider, truly global network.

Of further note is the fact that both companies have expressed their intent to maintain existing hubs and service. That is a key benefit given the thousands of US Airways employees based here in the Phoenix area.

I believe that the merger would make our city more attractive for business and investment the world over, and I hope you will join me in supporting it.

Sincerely,

Todd Sanders
President and CEO



March 13, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

I am writing to tell you why I support the merger between US Airways and American Airlines. I want to see an international flight network that allows even more business travelers fly to Arizona.

When we invite entrepreneurs and prospective investors to Phoenix, the odds are they step into the airport terminal from a US Airways plane.

That company and the industry more broadly have been significant factors in our city's impressive growth over the past few decades. Those benefits would only increase with a merged company that can truly compete with the other two major national carriers.

The fact that the companies have emphasized the importance of their respective roots – especially those of US Airways in Phoenix – means that our regional economy would see all the positive results of a merger without job loss.

Job security is important to thousands of US Airways workers who are our friends and neighbors. A merged company opens the door for them to achieve even better compensation and benefits. Those opportunities are part of the reason this deal has been driven by support from the airline labor unions.

The flight experience is important, too. So many business travelers who call Phoenix home presently rely on US Airways' excellent service and we make heavy use of their frequent flier program. The merger would not only open up more destinations to Arizonans, it would allow us to broaden the use of our current flight benefits.

There are so many reasons why this merger represents a big step forward for Phoenix. I humbly request your support for a new American Airlines.

Sincerely,

President and CEO

Greater Phoenix Economic Council





March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Ranking Member, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senators Klobuchar and Lee:

Thank you for the opportunity to provide the following comments as the U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights considers the merger of US Airways and American Airlines.

As mayors of the two cities largely affected by this merger, we reached out early to US Airways to communicate our concerns and priorities and had the opportunity to meet with US Airways CEO, Doug Parker. In the course of those conversations, we expressed concerns about any service reductions and a hope that the merger will result in an increase in flight frequency and destinations. While we were disappointed that the terms of the merger will relocate US Airways' corporate headquarters to Fort Worth, Texas, US Airways' steady commitment to retain a primary western regional hub at Phoenix Sky Harbor International Airport and maintain a significant operational and corporate presence in Tempe and Arizona, including those 10,100 jobs based in Arizona, has been very encouraging. Having a primary western regional hub of the world's largest airline and the jobs that go along with that hub will grow our Valley economy, and give Phoenix and Tempe increased access to business opportunities and tourists worldwide.

As U.S. Airways has assured us of their commitment, Phoenix and Tempe are likely to be stronger with the significant operational and corporate presence of the new American Airlines, and we are pleased to be in such a position to work with the new merged airline to retain and expand those US Airways jobs currently in our region.

Sincerely,

Mark W. Mitchell

Mark WMtchell

Mayor

City of Tempe

Greg Stanton

Mayor

City of Phoenix



## Antonio R. Villaraigosa Mayor

March 18, 2013

The Honorable Amy Klobuchar U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Re: Proposed Merger of American Airlines and US Airways

Dear Senator Klobuchar and Senator Lee:

I am writing to express my support of the proposed merger between US Airways and American Airlines. I believe this union of two strong competitors will ensure that the quality commercial air service traditionally offered by these carriers will continue to be available to travelers flying to and from Los Angeles and the entire state of California.

As you may know, American Airlines has long maintained a hub of operations and maintenance at Los Angeles International Airport (LAX), and I was encouraged to receive assurances from company officials that this commitment to our region will continue. Retaining this hub in Los Angeles is key to providing the region's business and leisure travelers with key routes to the rest of the country and the world.

I also am encouraged by the important commitment American Airlines and US Airways have made to their respective employees. With a stronger financial footing, the new company will provide long-term employment opportunities to the over 7,000 California-based employees of these two companies. Labor unions within each company also are supporting this merger because they also see the benefit for their members.



The Honorable Amy Klobuchar, The Honorable Michael S. Lee March 18, 2013 Page 2

Los Angeles and the airline industry both benefit enormously from being a major entry point for domestic and international visitors alike. The American/US Airways merger will provide the region with a stronger, more stable base of service while strengthening competition amongst carriers.

I encourage you and your colleagues to give this proposal your thorough and favorable consideration.

Very truly yours,

ANTONIO R. VILLARAIGOSA

Mayor

ARV:jb

cc: The Honorable Barbara Boxer, U.S. Senator The Honorable Dianne Feinstein, U.S. Senator



March 18, 2013

Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Washington, D.C. 20510

Honorable Michael S. Lee United States Senate 316 Hart Senate Office Washington, D.C. 20510

## RE: Support for American Airlines & US Airways Merger

Dear Senators Klobuchar & Lee,

On behalf of the Los Angeles Area Chamber of Commerce and our 1,600 member organizations, I write in support of the merger of American Airlines and US Airways, which will be known as the new American Airlines.

The new American Airlines will be a stronger airline with a greater financial foundation that will allow it to be more competitive. This new standing will provide greater benefit to consumers, businesses, labor, and the local communities it serves.

Consumers will have greater options and the business community will have a more efficient and dependable partner for air transportation needs. The labor unions for both airlines have voiced their support because they know that a better and more competitive American Airlines means job security and job growth.

Finally, American Airlines and US Airways have always been the model of corporate citizenship in the communities they serve. There is no doubt that this culture of goodwill will continue with the new American Airlines. For these, and many other reasons the Los Angeles Area Chamber of Commerce offers its full support for this merger.

I appreciate your attention to this critical matter to our members and the competitiveness and economic vitality of our region. If you have any questions, please contact Ruben Gonzalez at <a href="mailto:rgonzalez@lachamber.com">rgonzalez@lachamber.com</a> or (213) 580-7568. Thank you.

Sincerely,

Lay Toebben

cc: Sentor Diane Feinstein, Senator Barbara Boxer



March 13, 2013

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510
(Chair, Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights)

The Honorable Michael S. Lee
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510
(Ranking Member, Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights)

#### Dear Senators Klobuchar and Lee:

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), an organization dedicated to promoting job growth, economic expansion, and preserving the overall global competitiveness of Los Angeles County, I am writing to express our support for the proposed American Airlines (AA) and US Airways merger. We believe this merger promises to yield a stronger American Airlines with a combined network that will be able to compete much more successfully in today's cost-competitive global marketplace; that it will strengthen hub operations at Los Angeles International Airport (LAX) and allow our region to reap all the economic benefits associated with that increased hub activity; and that it will help secure our region's place as the gateway to the Pacific Rim, increase the L.A. region's overall domestic and global connectivity, and help our region achieve its full potential as a competitive, dynamic global marketplace.

At a time when airlines face increased pressure to cut costs while preserving or growing overall service to meet demand, it is imperative that stronger, more stable and cost-competitive U.S. flag carriers emerge to satisfy the needs of both the business and leisure passenger, as well as to meet the very important and sizeable need to conveniently, rapidly and cost-effectively deliver the critical, time-sensitive and high-value cargo carried and transported in the bellies of these planes. The importance of having convenient, direct and economical air service to a region's global competitiveness and success cannot be overstated."And the AA/US Airways merger is an example of how two airlines can unite with stronger financial footing to serve their customers, their employees and the overall economy even better by adding 122 new service destinations and 1,300 new routes.

We are especially pleased that LAX – with a catchment area of over 20 million people – would become the hub for the proposed combined network's operations and fleet. By doing so, we believe LAX will be well-positioned to sustain its position as the world's busiest origin and destination airport, which in turn will greatly benefit the entire Southern California region due to all the positive direct, indirect and induced economic effects associated with this continued passenger and cargo activity. And we are very encouraged that with this merger the employees who service the LAX hub will have increased promotion opportunities, increased wage and benefit potential, and an overall improved work



environment that provides them greater financial and job stability in the long-run—an option that may not be afforded to them under a continued – but separately operating – AA and US Airways.

For all of the reasons noted above, we respectfully urge your support of the American Airlines and US Airways merger.

Sincerely,

David Flaks, Chief Operating Officer

Los Angeles County Economic Development Corporation (LAEDC)

March 19, 2013

The Honorable Eric Holder Attorney General United States Department of Justice 950 Pennsylvania Avenue, NW Washington, D.C. 20530

The Honorably Ray LaHood Secretary United States Department of Transportation 1200 New Jersey Avenue, SE Washington, D.C. 20590

Dear Attorney General Holder and Secretary LaHood:

The undersigned members of the Business Travel Coalition write to you regarding the proposed merger between American Airlines and US Airways. We are not advocating blocking the merger, at this time. Rather, in reducing from 6 major network airlines to possibly three, over a brief period of airline industry history, it is imperative to broaden and deepen the antitrust review beyond relevant markets and overlapping routes.

There is a unique opportunity and need to conduct a thorough forensic postmortem evaluation of the supportive analyses, projections and promises regarding the then proposed Delta-Northwest and Continental-United mergers consummated in 2008 and 2010 respectively. A study should also assess the competitive structural impact arising from removal from the market of low-fare maverick AirTran by Southwest Airlines.

Such an analysis would provide visibility to the actual outcomes versus the projected efficiency gains of those two mega mergers. Forward-looking insight would thereby be acquired with respect to claimed efficiencies in this current merger proposal that would be required to offset negative competitive and consumer impacts. Moreover, a merger-approval decision would be informed by understandings gained regarding prospective coordinated effects, monopsony power, pricing opacity and the lessoning efficacy of low cost carriers as marketplace discipliners as well as required structural remedies, were it determined that the proposed American-US Airways should be approved.

We attach for your perusals a White Paper on this proposed American-US Airways merger jointly produced by Business Travel Coalition (BTC) and the American Antitrust Institute as well as BTC testimony before the U.S. House Committee on the Judiciary, Subcommittee on Regulatory Reform, Commercial and Antitrust Law. There is one legislative remedy in the White Paper that we seek to call your attention to and that we would ask you to consider in your reviews.

In order to address an increasing imbalance in market power between airlines and consumers, and to address the complete absence of any private right of legal action at the state or federal levels, you might consider recommending or supporting Congressional legislation containing a minimum set of national consumer protections, enforceable at the state level. This would offer modernized structural consumer protections against substantially reduced competition while avoiding burdening airlines with a patchwork of state consumer protection laws. These protections would be designed not to replace but to compliment DOT's existing authority in this area.

Sincerely,

Willamette University

GlaxoSmithKline

Health Care Service Corporation

International SOS

Sun Chemical Corporation

Stantec

TravelStore, Inc.

HealthCare California

UCB Pharma (Belgium)

Redfern Travel (UK)

Cresta World Travel (UK)

Amadeus IT Holding SA (Spain)

Corporate Travel Partners Limited (UK)

Megatours (Ecuador)

The Travel Company Edinburgh (Scotland)

Scottish Passenger Agents Association (Scotland)

Association for Airline Passenger Rights

**Lumbermens Merchandising Corp** 

The Travel Team, Inc.

Valerie Wilson Travel, Inc.

LilyGild LTD

Sterling Jewelers

Beckmill Research, LLC

RW & Associates, Inc.

**Purcell Systems** 

Teamsters Local Union No. 783

CI Travel

Hess Travel

Sun Travel, Inc.

Blue Ribbon Travel

Airplanners LLC

ChangingPlanes

Advent Travel Leaders

Ad Hoc Committee

The Abraham Lincoln - Wyndham Hotel

Caldwell Travel, Inc.

STA Travel

Weatherford

Topsource

Atlas Travel

Solidworks Corporation

TCP, Inc.

Pro Travel International, Inc.

JTM General Contractors

Colwick Travel

LXR Travel LLC

Howes Travel Inc.

Discount Travel

Travelwise International

MAPA Group

TravelStore, Inc.

Travel Leaders/Happy Holidays Travel

Geraci Travel

LCP

CCRA Travel Solutions
Professional Travel, Inc.
Courtesy Travel
Fare Buzz
A & I Travel Management, Inc.
Alexander Anolik APLC
Cool Current Consulting
Travel Leaders-MSP Travel Group
Tanger Outlet Centers
Breton Village Travel Services, Inc.

#### Attachments

- BTC / American Antitrust Institute White Paper regarding American-US Airways merger
- BTC testimony before the U.S. House Committee on the Judiciary, Subcommittee on Regulatory Reform, Commercial and Antitrust Law





## The Proposed Merger of US Airways and American Airlines: The Rush to Closed Airline Systems

August 8, 2012

Diana L. Moss and Kevin Mitchell<sup>1</sup>

#### **Executive Summary**

Should US Airways make a bid for American Airlines, currently in bankruptcy proceedings, the deal could present a conundrum for antitrust authorities. The transaction would create the largest domestic airline, reducing the number of legacy mega-carriers to three – Delta Air Lines (Delta), United Continental, and US Airways-American Airlines (US Airways-American). This consolidation would occur against an industry backdrop marked by a dwindling fringe of low-cost carriers (LCCs) and growing questions as to whether legacy look-alike Southwest Airlines-AirTran Airways (Southwest) exerts any significant competitive discipline in the industry. The merger could therefore hasten a troubling metamorphosis of the domestic airline industry from one in which hub airports were designed to accommodate multiple, competing airlines to a few large, closed systems that are virtually impermeable to competition and create a hostile environment in which LCCs and regional airlines have difficulty thriving and expanding.

This White Paper, produced jointly by the American Antitrust Institute (AAI) and Business Travel Coalition (BTC), asks: What competitive issues should be the focus of antitrust investigators in reviewing the proposed merger of US Airways and American? The paper takes the position that a U.S. Department of Justice (DOJ) investigation into the proposed merger of US Airways and American should be informed by mounting evidence on the effects of previous airline mergers, namely Delta-Northwest and United-

\_

<sup>&</sup>lt;sup>1</sup> Diana Moss is Vice President and Director, American Antitrust Institute (AAI) and Kevin Mitchell is Chairman, Business Travel Coalition (BTC). The AAI is an independent Washington D.C.-based non-profit education, research, and advocacy organization. AAI's mission is to increase the role of competition, ensure that competition works in the interests of consumers, and challenge abuses of concentrated economic power in the American and world economies. *See* www.antitrustinstitute.org for more information. This White Paper has been approved for publication by the AAI Board of Directors. BTC is an advocacy organization dedicated to interpreting industry and government policies and practices and providing a platform for the managed-travel community to influence issues of strategic importance to their organizations. BTC represents the interests of the managed travel community in Washington and Brussels and within the travel industry. *See* businesstravelcoalition.com for more information.

Continental. The White Paper presents a brief analysis of these combinations and highlights a number of preliminary observations that deserve a more in-depth look. These range from the effects of previous mergers on creating costly post-merger integration problems, substantially reducing rivalry on important routes, producing above-average fare increases, and driving traffic to major hubs and away from smaller communities.

The White Paper continues on to evaluate key competitive issues raised by the proposed merger of US Airways and American that deserve some attention in an antitrust investigation. One is the expected outcome – similar to previous legacy mergers – that the proposed combination could eliminate competition on a number of important overlap routes, creating very high levels of concentration and potential harm to consumers. The risk that the proposed merger will adversely affect small communities through reduced levels of, or lower quality, air service is also worth a close look. Another observation is that the merger is unlikely to be one of complementary networks (as might be argued) and could instead create regional strongholds and solidify US Airways-American's control over key airports. Any arguments that the merger is necessary to create another "equal-size" competitor to the existing Big 3 systems are also not compelling. The analysis concludes by examining the potential effect of the merger on buyer market power and disclosure of information regarding ancillary service fees.

The joint AAI/BTC White Paper offers a number of concluding observations and recommendations. Among them is that our analysis of the US Airways-American merger – coupled with potential warning signs from previous legacy mergers – indicates that there may be enough smoke surrounding the proposed combination to indicate a potential fire. The merging parties therefore bear a heavy burden is demonstrating that their merger will not be harmful to competition and consumers.

#### I. Introduction

In the last several years, the U.S. airline industry has experienced both long-standing and novel challenges – fuel price volatility, limits to organic growth, pressures to expand globally, and slowing demand for air travel.<sup>2</sup> Both legacy airlines and LCCs have responded to these developments with bankruptcies, reorganizations, spin-offs, and new pricing strategies. Consolidation among airlines is perhaps the most commonly applied remedy for what persists in ailing the domestic airline industry. There have been six major mergers in recent years: US Airways and America West Airlines (2005), Delta Air Lines and Northwest Airlines (2008), Republic Airlines and Midwest Airlines (2009), Republic Airlines and Frontier Airlines (2009), and United Airlines and Continental Airlines (2010). In 2011, Southwest Airlines and AirTran Airways merged in the first major transaction involving LCCs. All six deals went through, unchallenged by federal antitrust authorities.

In April 2012, US Airways announced a move to take over American Airlines, currently in bankruptcy proceedings.<sup>3</sup> The merger will combine the fourth and fifth largest airlines nationally, making US Airways-American the largest U.S. carrier with a combined share of 21 percent, followed by Southwest with 18 percent, United Continental with 17 percent, and Delta with 16 percent.<sup>4</sup> The Big 4 will therefore control over 70 percent of the national market. The dwindling stock of LCCs after maverick AirTran was eliminated by Southwest consists of JetBlue, Frontier, and Spirit Airlines.<sup>5</sup> Not counting the merged Southwest, LCCs shares total less than 10 percent, with modest growth since 2007.<sup>6</sup>

A US Airways-American merger could present a conundrum for U.S. antitrust authorities. One challenge will be to fend off the argument that the merger cannot harm competition and consumers because American – currently in bankruptcy proceedings – would likely fail and exit the market anyway. Another is the claim that the merger is necessary because it will enable a newly merged American to compete with the two existing legacy behemoths, Delta and United Continental, that have been created from previous mergers, as well as the recent Southwest-AirTran combination. Yet another

\_

<sup>&</sup>lt;sup>2</sup> See, e.g., Severin Borenstein, *Why U.S. Airlines Need to Adapt to a Slow-Growth Future*, BLOOMBERG.COM, June 3, 2012, http://www.bloomberg.com/news/2012-06-03/why-u-s-airlines-need-to-adapt-to-a-slow-growth-future.html.

<sup>&</sup>lt;sup>3</sup> US Airways makes move to take over American, CBSNEWS.COM, April 20, 2012, http://www.cbsnews.com/8301-505144\_162-57417634/us-airways-makes-move-to-take-over-american/.

<sup>&</sup>lt;sup>4</sup> U.S. Department of Transportation, Bureau of Transportation Statistics, *Domestic Market Share: May* 2011 – April 2012, available at http://www.transtats.bts.gov/. Shares are measured by revenue passengermiles.

<sup>&</sup>lt;sup>5</sup> Sun Country, Virgin America, and Allegiant also provide some competitive discipline typical of LCCs.

<sup>&</sup>lt;sup>6</sup> U.S. Department of Transportation, Bureau of Transportation Statistics, *Carrier Snapshots*, *available at* http://www.transtats.bts.gov/carriers.asp. Data from 2007 and 2012 (as of March 2012) for Frontier and JetBlue (data not reported for Spirit).

troubling question is whether the proposed merger could even be disallowed if all recent transactions were allowed to go through.

With the number of legacy carriers down to two, plus the legacy look-alike Southwest, the proposed merger would change the landscape of the airline industry in some expected and novel ways. For example, it is clear that – similar to previous mergers – some markets will be dominated by the merged carrier, while others will display the major features of an oligopoly, i.e., few, interdependent sellers. In concentrated oligopoly markets, small fringe competitors such as LCCs and regional carriers are less likely to effectively discipline the pricing of the resulting four powerful systems, *or* they may walk away from the opportunity to gain market share by going along with the higher prices that often accompany diminished competition.

Equally concerning is that the proposed merger could be the capstone event that transforms the industry into a fundamentally different one from what we have known. In the wake of antitrust and aviation policies that have encouraged the formation of fortress hubs, new entry at hub airports is now exceedingly difficult. And the entry that does occur is likely to provide weak, if not ineffective competition. Moreover, secondary airports in major metropolitan areas – heralded as providing competitive discipline for legacy-dominated hubs – do not exist in sufficient numbers to rescue all consumers adversely affected by previous mergers. More important, many secondary airports are themselves becoming dominated by the largest of the former LCCs, Southwest. The result has been the metamorphosis of an industry in which hubs were designed to be open access facilities at which multiple, competing airlines provided service, to only a few mammoth, closed systems that are virtually impermeable to competition and provide a hostile environment in which LCCs and regional airlines have difficulty thriving and expanding.

This White Paper, produced jointly by the AAI and BTC, frames the major competitive issues that should garner attention in an antitrust investigation of the proposed merger of US Airways and American. This analysis is based solely on publicly available information and is informed in part by analysis of previous mergers of legacy airlines, including Delta-Northwest and United-Continental. While we do not make a recommendation as to the legality of the proposed merger, we raise important questions that deserve investigation before a decision is made.

Section II of the White Paper proceeds to examine major features of airline mergers over the last decade. Section III analyzes pre- to post-merger effects of the Delta-Northwest and United-Continental mergers using data on fares and service levels on hub-to-hub routes. Section IV analyzes the proposed US Airways-American merger, including elimination of competition on overlap routes and pricing patterns, and suggests key issues for antitrust review. Section V concludes with observations and recommendations regarding the proposed merger and competition in the U.S. airline industry.

#### II. **Major Themes from Recent Airline Mergers**

Airline mergers in the last decade raise a number of recurrent themes and issues, ranging from the implications of acquisitions of bankrupt carriers, the perceived need to expand and reconfigure networks in order to compete globally, and efficiency justifications for consolidation. These factors, among others, are important to consider in an analysis of a US Airways-American merger.

## Bankruptcy as "Business as Usual" or Imminent Failure of Α.

Airline mergers are generally reviewed by the DOJ and the U.S. Department of Transportation (DOT). The DOJ has authority to block a merger even if it is approved by the DOT. The "failing firm" defense under the Department of Justice/Federal Trade Commission (FTC) HORIZONTAL MERGER GUIDELINES (GUIDELINES) provides a safe harbor if "...a merger [is] not likely to enhance market power if imminent failure...of one of the merging firms would cause the assets of that firm to exit the relevant market." "Imminent" failure of a firm under the GUIDELINES is defined by specific criteria, including: the inability of a failing firm to meet its financial obligations in the near future or to reorganize successfully in Chapter 11, and a demonstration of good-faith efforts to garner offers that would keep the firm's assets in the market.<sup>8</sup>

Based on the GUIDELINES' criteria, it is clear that the failure of American is not imminent, even though American is in bankruptcy. Indeed, there are few examples of major U.S. airlines not emerging successfully from bankruptcy. For example, Trans World Airlines declared bankruptcy on three separate occasions over almost a decade. The carrier's final bankruptcy filing in 2001 ended in a merger with American. Similarly, the bankruptcy of America West resulted in a merger with US Airways in 2005, a deal that went unchallenged by the DOJ. 10

Other major carriers have declared and successfully emerged from bankruptcy on numerous occasions. 11 This lends some support to the notion that bankruptcy has become something of a "business as usual" condition unique to the highly cyclical airline industry whereby the firm remains a viable economic entity. What features of airlines make it more probable that they will emerge from bankruptcy? Among the factors that could

 $<sup>^7</sup>$  U.S. Department of Justice and Federal Trade Commission, Horizontal Merger Guidelines (GUIDELINES), §11 (August 2010), available http://www.justice.gov/atr/public/guidelines/hmg-2010.pdf.

<sup>&</sup>lt;sup>8</sup> *Id*.

<sup>&</sup>lt;sup>9</sup> History of Airline Bankruptcies, FOXBUSINESS.COM, November 29, 2011, http://www.foxbusiness.com/travel/2011/11/29/history-us-airline-bankruptcies/.

<sup>&</sup>lt;sup>10</sup> Keith L. Alexander, US Airways To Merge, Move Base To Arizona, WASHINGTONPOST.COM, May 20, 2005, http://www.washingtonpost.com/wp-dyn/content/article/2005/05/19/AR2005051901972.html.

<sup>&</sup>lt;sup>11</sup> Historically, some smaller carriers that have declared bankruptcy have not emerged successfully.

account for successful emergence are: valuable assets in aircraft, landing and takeoff slots, and highly specialized and experienced personnel. While this White Paper does not explore American's financial future, and assumes its eventual emergence from Chapter 11, it is nonetheless a key issue in evaluating the US Airways-American transaction.

Aside from the fundamental question of whether airlines are viable candidates for the failing firm defense in merger cases, there may be incentive issues that put antitrust law at odds with bankruptcy law. For example, the obligation to look for the *least* anticompetitive buyer under the failing firm defense conflicts rather diametrically with bankruptcy law, where the court's objective is to protect creditors. Indeed, in many bankruptcy situations, the most anticompetitive buyer is likely to be the high bidder with deep pockets and substantial market power, with the greatest potential for achieving monopoly rents through the exercise of such market power. This, combined with a foreshortened waiting period as compared with antitrust's premerger notification process, creates a forum-shopping incentive, such that some firms see bankruptcy as a means to accomplish an anticompetitive merger. It is interesting to note that recent reports indicate that US Airways wants to complete its acquisition before American exits bankruptcy, while American's CEO has strong personal financial incentives to bring his company out of bankruptcy as an independent firm.<sup>12</sup>

In light of the foregoing concerns, the failing firm defense for airline mergers should be viewed with some skepticism. It is important to note that the DOJ is not precluded from later challenging an anticompetitive acquisition that was approved by the bankruptcy court, although judicial efficiency would be enhanced if such a challenge could be made prior to the bankruptcy sale's completion. While a merger has been attacked in federal court outside of a simultaneous bankruptcy proceeding, we have not found an example of a bankruptcy sale later being challenged. This is not to suggest that bankruptcy courts do not recognize the potential antitrust consequences of a bid for assets or firms in bankruptcy, which seems to imply that they are aware that a sale can be unwound even after approval. Consistent with this, the antitrust agencies seem to avoid appearing in bankruptcy court to contest a sale, preferring to preserve their opportunity to proceed outside of bankruptcy. If DOJ decides to challenge the US Airways-American transaction, it can do so via the injunction route in federal court, notwithstanding American's bankruptcy proceeding.

-

<sup>&</sup>lt;sup>12</sup> Andrew Ross Sorkin, *American Airlines and US Airways Dance Around a Merger*, NYTIMES.COM, July 9, 2012, http://dealbook.nytimes.com/2012/07/09/american-and-us-airways-dance-around-a-merger/.

<sup>&</sup>lt;sup>13</sup> See, e.g., In re Financial News Network, Inc., 126 B.R. 152 (S.D.N.Y. 1991).

<sup>&</sup>lt;sup>14</sup> Thus, in the Comdisco case, the bankruptcy court stayed the sale proceeding pending the resolution on the preliminary injunction motion in a concurrent district court challenge. *See In re* Comdisco Inc., (Bankr. D.D.C. 2001) (Sungard/Comdisco merger).

### B. Too Big for Cost Savings?

Claimed efficiencies from airline mergers can be a powerful defense for an otherwise anticompetitive merger. After a six-month investigation into the Delta-Northwest transaction, for example, the DOJ concluded that the merger "is likely to produce substantial and credible efficiencies that will benefit U.S. consumers and is not likely to substantially lessen competition." The agency counted as efficiencies those relating to cost savings in airport operations, information technology, supply chain economics, fleet optimization, and service improvements related to combining complementary networks.

Merger-related cost savings are a controversial subject. The economic literature has hosted an ongoing debate over issues relating to the tension between network size versus economies of scale and density, and efficiencies versus market power effects. This includes empirical economic work showing that efficiencies dwindle as networks increase in size and the effects of increased "hubbing" on congestion and costs. <sup>16</sup> As mergers become larger, the bar is raised on carriers to demonstrate to the DOJ that claimed efficiencies are substantial enough to overcome correspondingly large anticompetitive effects. <sup>17</sup>

An increasingly important factor in the efficiencies debate is post-merger integration. It is now clear that integration of major airlines presents major hurdles. Protracted and unwieldy system integration scenarios can impose costs on the merged company that are passed on to customers in the form of inconvenience, flight delays, and even litigation involving contested issues. For example, US Airways-America West, Delta-Northwest, and United-Continental all experienced system integration problems, <sup>18</sup> ranging from

\_

<sup>&</sup>lt;sup>15</sup> U.S. Department of Justice, Statement of the Department of Justice's Antitrust Division on its Decision to Close its Investigation of the Merger of Delta Air Lines Inc. and Northwest Airlines Corporation, October 29, 2008, *available at* http://www.justice.gov/atr/public/press\_releases/2008/238849.htm.

<sup>&</sup>lt;sup>16</sup> See, e.g., David Gillen, et al., Airlines Cost Structure and Policy Implications, 24 J. Transp. Econ. And Pol'y 9 (1990); Michael Creel and Montserat Farell, Economies of Scale in the US Airline Industry After Deregulation: a Fourier Series Approximation, 37 Transp. Res. Part E 321, 332 (2001); W. M. Swan, Airline Route Developments: A Review of History, 8 J. Air Transp. Mgmt. 349 (2002). See also Subal C. Kumbhakar, A Reexamination of Returns to Scale, Density and Technical Progress in U.S. Airlines, 57 S. Econ. J. 428, 439 (1990) and Leonardo J. Basso and Sergio R. Jara-Diaz, Distinguishing Multiproduct Economies of Scale from Economies of Density on a Fixed-Size Transport Network, 6 NETWORK & SPATIAL Econ. 149 (2006). Regarding the balance of market power and efficiencies effects, see e.g., E. Han Kim and Vijay Singal, Mergers and Market Power: Evidence from the Airline Industry, 83 Am. Econ. Rev. 549 (1993).

<sup>&</sup>lt;sup>17</sup> Perhaps the best example of the imperative for merging parties to show significant efficiencies in the presence of high market concentration is Federal Trade Commission v. H.J. Heinz Co., 246 F.3d 708 (D.C. Cir. 2001).

<sup>&</sup>lt;sup>18</sup> See, e.g., Smisek Apologizes For United's Technological, Operational Missteps, THEBEAT.TRAVEL, July 26, 2012, http://www.thebeat.travel/post/2012/07/26/Smisek-Apologizes-United-Missteps.aspx; Massive Integration Issues Continue to Affect United, PREMEIRTRAVELSERVICES.COM, April 13, 2012, http://premieretravelservices.blogspot.com/2012/04/massive-integration-issues-continue-to.html; Jim Glab, United: Systems integration still causing some delays, problems, EXECUTIVETRAVELMAGAZINE.COM, April

integrating computer systems, combining frequent flier programs, meshing work forces (particularly unionized employees), to problems with "cockpit standardization." Indeed, at the time of this writing, US Airways still has not produced a single pilot seniority list following its merger with America West in 2005.<sup>19</sup>

Based on accumulating evidence that post-merger integration problems are significant, there is a case to be made that future airline mergers will follow suit. Moreover, the costs associated with integration are probably underestimated when the merger is proposed and can skew an analysis of efficiencies benefits. One way to correct for this is for antitrust enforcers to discount the magnitude of claimed efficiencies at the time of merger review. This is an especially important consideration in light of the GUIDELINES inherent balancing of anticompetitive effects against claimed efficiencies.

Advocates of airline mergers will undoubtedly cite recent improved financial performance as evidence that mergers have proved up the cost savings. Before such claims are accepted, however, it is important to note that high profits may indicate any number of developments. One is that carriers have in fact realized claimed efficiencies. Alternatively, higher profits may be the result of higher fares achieved through the exercise of market power. A thorough post-mortem analysis of airline efficiencies that disaggregates these, and other potential merger-related reasons for higher post-merger profits, is badly needed. Such an analysis would also account for how successive airline mergers increase the probability that the merged carrier can externalize integration problems to captive customers without facing the threat of lost market share from defections to a dwindling number of rivals.

#### C. What Mergers are Unlikely to Raise Antitrust Enforcement Obstacles?

One of the few examples of a merger that failed to obtain antitrust clearance is United-US Airways (2000-2001). In that case, the DOJ's major concerns centered on loss of choice, potentially higher fares, and lower quality of service. The merger would have yielded a monopoly or duopoly on nonstop service on over 30 routes and "solidify[ied] control" by the merging airlines over major connecting hubs for east coast traffic. <sup>20</sup> The DOJ rejected

http://www.bizjournals.com/denver/news/2012/03/13/united-exec-airline-halfway-through.html; United Airlines Faces Delays After Systems Merger: IT difficulties cause kiosk malfunction, traveler setbacks, INVESTORPLACE.COM, March 5, 2012, http://www.investorplace.com/2012/03/united-airlines-faces-delays-after-systems-merger/; Linda Rosencrance, *No Smooth Takeoff for US Airways IT Conversion: Integration of reservation systems with America West blamed for delays*, COMPUTERWORLD.COM, April 2, 2007, http://www.computerworld.com/s/article/287874/No\_Smooth\_Takeoff\_for\_US\_Airways\_IT\_Conversion; and Jad Mouawad, *Delta-Northwest Merger's Long and Complex Path*, NYTIMES.COM, May 18, 2011, http://www.nytimes.com/2011/05/19/business/19air.html?pagewanted=all.

<sup>27, 2012,</sup> http://www.executivetravelmagazine.com/blogs/air-travel-news/2012/4/27/united-systems-integration-still-causing-somedelays-problems; United exec: Airline halfway through integration with Continental, BIZJOURNALS.COM, March 13, 2012,

<sup>&</sup>lt;sup>19</sup> Terry Maxon, *American Airlines-US Airways Merger: Questions and Answers*, DALLASNEWS.COM, April 20, 2012, http://aviationblog.dallasnews.com/2012/04/american-airlines-us-airways-m.html.

 $<sup>^{20}</sup>$  U.S. Department of Justice, Department of Justice and Several States Will Sue to Stop United Airlines

a proposed remedy by the parties, including a divesture of assets at Washington D.C. Reagan National airport and a promise by American to fly five of the routes that would be adversely affected by the merger.

With few challenged airline mergers to evaluate, industry analysts and observers often opine on the legality of airline mergers based on fact patterns across mergers that antitrust enforcers *did not* attempt to block. For example, both Delta-Northwest and United-Continental involved multiple overlap routes, many of which involved 2-1 and 3-2 routes. Yet in contrast to United-US Airways, both deals went through, raising the question: How many overlap routes on which competition is substantially lessened should be enough to raise antitrust enforcement eyebrows? Given the fact pattern surrounding overlap routes in unchallenged mergers, one could deduce that the DOJ will look past problematic overlap routes if there is a modicum of rivalry from LCCs and legacies and the affected airports are not slot-constrained. As noted earlier, an efficiencies defense also appears to carry significant weight.

#### III. Lessons from the Delta-Northwest and United-Continental Mergers

There are a limited number of economic studies of airline mergers that examine post-merger price, output, and quality measures to determine if mergers are largely procompetitive or anticompetitive. Increasingly, antitrust enforcement emphasizes the value of direct evidence of anticompetitive effects – including natural experiments and analysis of consummated mergers – in guiding future enforcement decision-making. <sup>21</sup> Both tools attempt to make the most use of actual, relevant events in evaluating prospective mergers, including evidence of adverse effects (e.g., post-merger price increases) and entry and exit, particularly in markets similar to those affected by a proposed transaction.

The proposed US Airways-American transaction presents a unique opportunity for the DOJ to analyze evidence on previous airline mergers. Indeed, it would be poor competition policy to undertake an antitrust analysis of the proposed merger without evaluating the effects of prior airline mergers. The analysis in this section frames the question of how consumers have likely fared after Delta-Northwest and United-Continental with a simple assessment of pre- to post-merger changes in fares and service measures on hub-to-hub routes.

The analysis performed here does not purport to determine what variables (including merger-related factors such as increased concentration) potentially explain pre- to post-merger changes in fares, service, or other variables. Moreover, there are data sources used in antitrust analysis of airline mergers other than the ones used here. Additional data and economic modeling and estimation is necessary for a comprehensive analysis of past mergers – a task that could be better conducted by the DOJ, with its access to proprietary

from Acquiring US Airways: Deal Would Result in Higher Air Fares for Businesses and Millions of Consumers, July 27, 2001, http://www.justice.gov/opa/pr/2001/July/361at.htm.

CU

<sup>&</sup>lt;sup>21</sup> GUIDELINES, *supra* note 7, at §11.

information, including carriers' strategic planning documents.

#### A. Pre- to Post-Merger Fares and Service Changes

The Delta-Northwest merger involves seven major hubs – Atlanta (ATL), Cincinnati (CVG), Detroit (DTW), Minneapolis-St. Paul (MSP), Memphis (MEM), Salt Lake City (SLC), and New York John F. Kennedy (JFK). Ten routes involving these airports substantially eliminated one of the merging parties at the time the merger was proposed. The United-Continental merger involves eight major hubs: Cleveland (CLE), Denver (DEN), Newark (EWR), Dulles (IAD), Houston (IAH), Los Angeles (LAX), Chicago (ORD), and San Francisco (SFO). Eleven routes involving these airports substantially eliminated one of the merging parties at the time the merger was proposed.

The upper half of Table 1 shows percentage changes in real fares and increases/decreases in service for the 10 hub-to-hub routes affected by the Delta-Northwest merger over the time period bounded by one year prior to the merger (2007) and the most recent data available (2011). The lower half of the table shows the same statistics for the 11 hub-to-hub routes over a time period bounded by one year prior to the United-Continental merger (2009) and the most recent data available (2011). Routes indicated by an asterisk are those for which fare increases are higher than the average for all flights at the origin airport. Delta-Northwest routes involving CVG as an origin or destination are not reported because post-merger cutbacks involving the airport are substantial.

-

<sup>&</sup>lt;sup>22</sup> In a 2008 White Paper, the AAI examined concentration in airport-pair markets most adversely affected by the Delta-Northwest merger, noting that changes in market concentration on many of those routes were significant and exceeded the GUIDELINES' thresholds. *See* American Antitrust Institute, *The Merger of Delta Airlines and Northwest Airlines: An Antitrust White Paper* (July 2008), *available at* http://www.antitrustinstitute.org/files/AAIWhite%20Paper\_Delta\_NW\_071020081922.pdf.

<sup>&</sup>lt;sup>23</sup> Service on hub-to-hub routes can be nonstop or connecting. Service changes are measured by both seat availability and flight frequency.

Table 1: Pre- to Post-Merger Percent Changes in Fares and Directional Changes in Service on Delta-Northwest and United-Continental Hub-to-Hub Routes<sup>24</sup>

Percent Change in Fare	Decrease in Service	Increase in Service			
Delta-Northwest (2007 – 2011)					
		ATL-DTW* (4-2)			
20 – 29		DTW-ATL* (4-4)			
		MSP-ATL* (>4-2)			
10 – 19	DTW-JFK* (2-1)	ATL-MSP* (4-2)			
		SLC-DTW* (3-1)			
0 – 9	-	MEM-ATL (4-2)			
		ATL-MEM* (4-2)			
	-	SLC-MSP (3-2)			
0 – (15)		MSP-SLC (3-2)			
United-Continental (2009 – 2011)					
	SFO-EWR* (4-1)	ORD-IAH* (4-2)			
30 - 39		IAH-ORD* (>4-3)			
		EWR-SFO* (3-1)			
	DEN-EWR* (4-2)	DEN-IAH* (>4-2)			
20 - 29	EWR-ORD*(3-2)	IAH-DEN* (4-2)			
	EWR-DEN* (3-2)				
		IAH-SFO (2-1)			
10 - 19		SFO-IAH* (2-1)			

\*Indicates fare increases greater than the average for all flights at the origin airport. Average fare increases at the following Delta-Northwest hub airports between 2007 and 2011 are: ATL (-5%), DTW (14%), JFK (5%), MEM (12%), MSP (4%), and SLC (1%). Average fare increases at the following United-Continental airports between 2009 and 2011 are: CLE (20%), DEN (7%), EWR (16%), IAH (19%), ORD (10%), and SFO (14%). Negative fare changes are indicated in parentheses in the first column. The number of carriers on the route pre- and post-merger is indicated in parentheses next to each route.

#### B. Analysis

The analysis of pre- to post-merger fare and service changes on 21 total hub-to-hub routes involving the Delta-Northwest and United-Continental mergers reveals several important observations.

<sup>&</sup>lt;sup>24</sup> Service measures are based on annual data from 2007 and 2011. *See* U.S. Department of Transportation, Bureau of Transportation Statistics, *T-100 Domestic Segment: U.S. Carriers, available at* http://www.transtats.bts.gov/DL\_SelectFields.asp?Table\_ID=259&DB\_Short\_Name=Air%20Carriers. Fare information for 2007, 2009, and 2011 obtained from U.S. Department of Transportation, Bureau of Transportation Statistics, *Origin and Destination Survey: DB1B Market, available at* http://www.transtats.bts.gov/DL\_SelectFields.asp?Table\_ID=247&DB\_Short\_Name=Origin%20and%20D estination%20Survey. Average fares at the origin airport for 2007, 2009, and 2011 obtained from U.S. Department of Transportation, Bureau of Transportation Statistics, *Average Domestic Airline Itinerary Fares By Origin City, available at* http://www.transtats.bts.gov/AverageFare/.

#### 1. Reduction in Competition is Substantial

Both mergers substantially eliminated competition on hub-to-hub routes. The mergers together produced three monopoly routes and four duopoly routes – accounting collectively for over 30 percent of the total 21 routes – and more than doubling the number of routes on which there was limited competition (e.g., two or fewer carriers) before the merger.

Changes in market structure pre- to post-merger, however, are not limited to the direct elimination of a competitor. Several routes experienced the exit of non-merging rivals such as LCCs and regional airlines after the mergers. Some entry occurred (e.g., legacy and LCC) on a few routes, but it was on a very limited scale. Monopolies and duopolies resulting from post-merger shake-ups on the routes affected by Delta-Northwest and United-Continental therefore account for over 50 percent of total routes. This observation lends some support to the notion that mergers that enhance the carriers' dominance at a hub also dissuade incumbent carriers from remaining in the market. If this were true, then such routes would also be unlikely to attract entry.

#### 2. Fare Increases are Above Average

A fare level analysis alone does not tell the entire story about post-merger prices. Ancillary fees (e.g., baggage, food, etc.) have exploded over the timeframe covered by our analysis of Delta-Northwest and United-Continental and fuel surcharges have been left in place even as oil prices have fallen. A more detailed, conclusive analysis therefore would require access to information on "all-in" fares. Nonetheless, a number of general observations are important. For example, based on our analysis, there are a large number of substantial pre-to post-merger fare increases on the hub-to-hub overlap routes affected by the Delta-Northwest and United-Continental mergers. Fare increases are above average at the origin airport on 70 percent of routes affected by the Delta-Northwest merger. The same is true of over 90 percent of routes affected by the United-Continental merger. Fare increases on United-Continental routes tend to be higher than on Delta-Northwest routes.

One half of the Delta-Northwest routes show fare increases exceeding 10 percent over the pre- to post-merger period, two of which exceed 20 percent. The other five routes show lower fare increases or fare decreases. All of the United-Continental flights show fare increases. Fare increases on nine of the 11 routes evaluated are above 20 percent, four of which exceed 30 percent. Many factors can potentially explain fare increases — inflationary pressure, rising input costs (e.g., labor and fuel), and higher demand for service on a particular route — all of which deserve further scrutiny. Such an analysis would need to consider that: (1) if fuel cost increases are responsible for higher fares over the periods examined, they would be likely to more uniformly affect all fares (and thus be reflected in average fares); and (2) if anything, demand for air travel has declined, not

\_

<sup>&</sup>lt;sup>25</sup> Note that average fares for routes at the origin airport are for general comparison purposes only.

increased, over the periods in question.<sup>26</sup>

Fare increases can also reflect the exercise of market power enhanced through the merger. For example, restricting seats and flight frequency could have the effect of raising fares. For flights for which demand is relatively inelastic (i.e., quantity demanded is relatively insensitive to price changes), however, a very small decrease in service may suffice to enable a fare increase. Higher fares may also reflect the fact that prior to the merger, the merging carriers were each other's largest rival. Under such circumstances, a price increase by one carrier could divert substantial sales to the merging partner, creating upward pricing pressure and increasing the probability of post-merger price increases. Regardless of the underlying theory, observed fare increases could reveal the dominance of the merged carriers at hubs that serve as the origination or destination for routes and over which they can exercise market power. 28

## 3. Merged Carriers Appear to Drive Traffic to Large Hubs

Over 75 percent of hub-to-hub routes affected by the Delta-Northwest and United-Continental mergers show service increases. The majority of these routes also display fare increases. There are nine Delta-Northwest routes and seven United-Continental routes in this category. The remaining roughly 25 percent of routes show service decreases, only one of which is a Delta-Northwest route, and all of which show fare increases. Overall, only 10 percent of the affected routes involved in the Delta-Northwest merger saw service decreases, as compared to over 35 percent in United-Continental.

There are a number of possible reasons behind service decreases. The first is that service cuts (in terms of both flights and seats) reflect output restrictions designed to hike fares. A second scenario is that cuts in flight frequency – if accompanied by significant increases in load factor – may reflect efforts to eliminate excess capacity on pre-merger routes by better matching aircraft to routes. None of the routes with service decreases, however, exhibit changes in load factor from the pre-merger to post-merger period. Finally, service cuts may reflect efforts to trim service on less profitable routes and/or

<sup>28</sup> The first scenario involves the classic "withholding" strategy in industries where firms are differentiated largely by capacity. "Upward pricing pressure" involves firms that sell differentiated products. Both are included here for illustrative purposes.

Between 2007 and 2011, for example, total passengers emplaned at domestic airports decreased by almost 7 percent. *See* U.S. Department of Transportation, Bureau of Transportation Statistics, *T-100 Domestic Market: U.S. Carriers, available at* http://www.transtats.bts.gov/DL SelectFields.asp?Table ID=258&DB Short Name=Air%20Carriers.

<sup>&</sup>lt;sup>27</sup> See GUIDELINES, supra note 7 at §6.1 and §6.3.

<sup>&</sup>lt;sup>29</sup> The GUIDELINES emphasize both shorter-term output restrictions and longer-term capacity reductions as possible post-merger effects. The first type of quantity-related effect occurs in the near term, whereby the firm restricts output, as measured by flight frequency and available seats. The second type of capacity effect is longer-term, whereby firms reduce or slow additions (e.g., new airplane orders) to keep capacity tight and therefore prices high. *See* GUIDELINES, *supra* note 7, at §2.2.1.

shift traffic to better-situated hubs for domestic and international connections.<sup>30</sup>

Service increases may reflect an attempt by the merged carriers to drive traffic to major hubs to feed their international operations. Indeed, several of the 21 routes are among the largest city-pair markets in the U.S. <sup>31</sup> Not surprisingly, the airports most involved in service increases are fortress hubs such as Delta-Northwest's ATL and MSP, and United-Continental's IAH. An increasingly symbiotic relationship between domestic U.S. consolidation and global antitrust immunized alliances drives this effect. U.S. megacarriers have now committed to the global alliance model as a proxy for cross-border mergers to more efficiently reach distant markets. Likewise, the financial success of the alliances is more and more dependent upon flowing high-yield passenger traffic through U.S. gateway airports.

## 4. Hub Cutbacks Highlight the Outcome That Mergers Have Likely Harmed Small and Mid-Size Communities

Some airline mergers result in cutbacks in service at smaller hubs or focus cities. A major outcome of the Delta-Northwest merger was the elimination of Cincinnati as a Delta hub.<sup>32</sup> In the four years spanning 2007 to 2011, departures at Cincinnati declined, on average, by almost 40 percent.<sup>33</sup> Backlash to this well-publicized event, which became apparent not long after the merger was consummated, is best illustrated by the state of Ohio's efforts to prevent a similar outcome at Cleveland in the United-Continental merger.

There are numerous other examples of post-merger hub cutbacks. Between 2001 and 2009, American cut flights at TWA's former hub Lambert-St. Louis airport by 85 percent. According to some sources, these cutbacks were accomplished by increasing the number of regional flights and shifting service to Chicago and Dallas. Similarly, between 2005 and 2009, the merged US Airways-America West reduced flights at Las Vegas by 50 percent. Once enough data are available, it will be important to understand

<sup>&</sup>lt;sup>30</sup> The United-Continental hub most involved in service cuts is EWR.

<sup>&</sup>lt;sup>31</sup> U.S. Department of Transportation, Office of Aviation Analysis, *Domestic Airline Fares Consumer Report*, Table 1, 4<sup>th</sup> Quarter 2011, *available at* http://ostpxweb.dot.gov/aviation/x-50% 20Role files/consumerairfarereport.htm.

<sup>&</sup>lt;sup>32</sup> CVG is one of seven hubs at which both Delta and Northwest (at the time of the merger), offered limited (if any) hub-to-hub service.

<sup>&</sup>lt;sup>33</sup> T-100 Domestic Segment: U.S. Carriers, supra note 24.

<sup>&</sup>lt;sup>34</sup> American Antitrust Institute, *Competition at a Crossroads: The Proposed Merger of Southwest Airlines and Air Tran* 20 (December 2010), *available at* http://www.antitrustinstitute.org/~antitrust/sites/default/files/SouthwestAirTran%20White%20Paper.pdf.

<sup>&</sup>lt;sup>35</sup> Bill McGee, When Airlines Merge, Consumers Usually Loose, USATODAY.COM, April 29, 2010, http://www.usatoday.com/travel/columnist/mcgee/2010-04-28-airline-mergers\_N.htm.

how Southwest is adjusting capacity after their 2011 merger.

It is worthwhile noting that while our analysis does not include behind-the-hub airports, a highly probable result of capacity adjustments at hubs is the degradation of service to behind-the-hub communities, which includes small and medium-size cities. Moreover, empirical work supports the notion that consolidation leads to consumer welfare losses involving small airports, with evidence from the Delta-Northwest merger.<sup>36</sup>

### IV. Analysis of a US Airways-American Merger

We evaluated the proposed merger of US Airways and American with three types of analysis. The first is an airport-pair analysis of routes where both carriers offer service and the merger would eliminate a competitor. A second potentially useful analysis is how the carriers have historically tended to price relative to each other, and to other rivals. This analysis may provide some insight into the competitive dynamics in the markets affected by the proposed merger. Finally, given our observations about previous mergers, it is important to consider potential efficiencies. Each of these issues is examined in the following sections, followed by a summary of major implications.

### A. Airport-Pair Analysis of Market Concentration

The effect of the proposed merger on city-pair and/or airport-pair routes where American and US Airways overlap is likely to be the focus of an antitrust evaluation. There are 22 routes that appear to be *most* affected by the merger, i.e., where the merger will eliminate one of the merging carriers and result in a substantial loss of competition. These routes involve US Airways and American hubs or focus city airports, including: Charlotte (CLT), Miami (MIA), Los Angles (LAX), Philadelphia (PHL), Phoenix (PHX), Dallas-Ft. Worth (DFW), Chicago O'Hare (ORD), and Washington Reagan National (DCA), and New York La Guardia (LGA).<sup>37</sup> Results of the analysis are shown in Table 2.

https://editorialexpress.com/cgi-bin/conference/download.cgi?db\_name=IIOC2012&paper\_id=205. The authors show welfare losses in over 30 small airports resulting from the Delta-Northwest merger.

<sup>&</sup>lt;sup>36</sup> See, e.g., Volodymyr Bilotkach and Paulos Ashebir Lakew, On Sources of Market Power in the Airline Industry: Panel Data Evidence from the US Airports (February 2012), available at

<sup>&</sup>lt;sup>37</sup> Service on hub-to-hub routes can be nonstop or connecting. JFK is an American hub but there are no apparent overlaps with US Airways on routes originating there.

Table 2:
Pre- to Post-Merger Changes in Market Concentration on Major Routes
Resulting from the Proposed US Airways – American Merger<sup>38</sup>

Post-Merger	Pre- to Post-Merger Change in HHI			
HHI	500-1,999	2,000-2,999	3,000-3,999	4,000-4,999
3,000 - 3,999	PHX-LAX LAX-PHX			
4,000 - 4,999	DCA-ORF			
5,000 - 5,999				
6,000 - 6,999		PHX-ORD ORD-PHX PHL-ORD ORD-PHL		
7,000 -7,999				
8,000 - 8,999	LGA-CLT CLT-LGA	CLT-ORD ORD-CLT		
9,000 - 9,999		CLT-MIA	MIA-CLT	PHL-MIA MIA-PHL PHL-DFW DCA-BNA DFW-PHL
10,000				CLT-DFW PHX-DFW DFW-CLT DFW-PHX

Table 2 is best interpreted in several major sections. The lower half of the table shows 11 markets where the merger will essentially eliminate all competition. For example, in four markets involving hub-to-hub routes, the transaction would result in a monopoly. In seven additional airport-pair markets, post-merger concentration is in excess of 9,000 HHI, with large changes in HHI, many of which are higher than 4,000 points.

The middle of the table shows eight hub-to-hub markets where post-merger concentration is in the range of 6,000 to 8,999, with changes in the range of 500 to 2,999 HHI points. Finally, the upper portion of the table indicates shows three markets that will experience lower levels of merger-induced changes in concentration (500-1,999 HHI) and post-merger concentration (3,000-4,999 HHI). In all 22 cases, changes in market concentration and post-merger concentration exceed the thresholds specified in the GUIDELINES and would be presumed to lead to adverse competitive effects, including increases in fares, reduction in service, and loss of choice.<sup>39</sup>

16

<sup>&</sup>lt;sup>38</sup> Service measures are based on data from 2012. *See* U.S. Department of Transportation, Bureau of Transportation Statistics, *T-100 Domestic Segment: U.S. Carriers, available at* http://www.transtats.bts.gov/DL SelectFields.asp?Table ID=259&DB Short Name=Air%20Carriers.

<sup>&</sup>lt;sup>39</sup> The Guidelines state that markets for which post-merger concentration is less than 1,500 HHI are "unconcentrated" and mergers in such markets are unlikely to have adverse competitive effects. Markets for which post-merger concentration is between 1,500 and 2,500 HHI are "moderately concentrated" and mergers that induce changes in HHI greater than 100 potentially raise significant competitive concerns.

#### B. Price Comparisons of High and Low Fares on Top Routes

In AAI's 2010 White Paper *Competition at a Crossroads: The Proposed Merger of Southwest Airlines and AirTran Airways*, pricing data provided valuable insight into how the two carriers competed, relative to one another, and other rivals in the market. <sup>40</sup> Price comparisons revealed that AirTran was an aggressive discounter relative to Southwest, lending support to the notion that the proposed merger would eliminate a "maverick" in the market. Given that American Airlines and US Airways are legacy carriers, we could expect price analysis to indicate a very different pattern. We looked at routes on which US Airways and American are the high fare and low fare carriers on top airport-pair routes. <sup>41</sup> It is important to note that the high/low fare data does not show the total number of rivals or their fares on top routes. Nonetheless, the data reveal potentially useful observations.

Of the total number of top routes reported, about 40 percent involve US Airways and American as high and/or low fare carriers. On 44 percent of routes involving the merging carriers, either American is *both* the high fare and low fare carrier or US Airways is *both* the high fare and low fare carrier. On these routes there is therefore no difference between the high and low fares. <sup>42</sup> The pricing data also indicate that the merging carriers are infrequently in situations where they aggressively undercut each other. <sup>43</sup> For example, American is high fare on only 2 percent of routes when US Airways is low fare and US Airways is high fare on 10 percent of routes when American is low fare.

These comparisons reinforce the obvious conclusion that American and US Airways are dominant players in the industry. But further observations are possible. For example, the fact that each carrier offers both the high and low fare on a sizable proportion of routes could reflect limited competition on those routes and thus the ability of each carrier to set prices. Given this pattern of high pricing, reinforced by evidence that the airlines rarely undercut each other, we could expect that on routes where the merging carriers *do* compete, they are more likely to be each other's biggest rivals, which is what we found in the overlap analysis in the previous section. This lends support to the possibility that a

Markets for which post-merger concentration is greater than 2,500 HHI are "highly concentrated" and mergers that induce changes in HHI greater than 200 are presumed to be likely to enhance market power. *See* GUIDELINES, *supra* note 7, at §5.3.

<sup>&</sup>lt;sup>40</sup> Supra note 34.

<sup>&</sup>lt;sup>41</sup> U.S. Department of Transportation, Office of Aviation Analysis, *Domestic Airline Fares Consumer Report*, Table 1a, 4th quarter 2011, *available at* http://ostpxweb.dot.gov/aviation/X-50% 20Role\_files/consumerairfarereport.htm.

<sup>&</sup>lt;sup>42</sup> American is both the high and low fare carrier on 21 percent of the routes and US Airways is both high fare and low fare on 23 percent of the routes.

<sup>&</sup>lt;sup>43</sup> On average, U.S. Airway's low fare is a 13 percent discount off American's high fare but American's high fare is a 19 percent discount off U.S. Airway's high fare.

price increase by one carrier could divert substantial sales to the merging partner, creating upward pricing pressure and increasing the probability of post-merger price increases.<sup>44</sup>

#### C. Efficiencies

Many of the promised cost savings from airline mergers come from fleet optimization, such as right-sizing aircraft to routes to eliminate excess capacity, reduce costs, and increase efficiency; and service enhancements from merging complementary networks. While US Airways and American have not yet proposed how a merger will create benefits in both the short and long run, it is still worth noting several implications based on past mergers and the fact pattern surrounding the two legacy networks.

A combined US Airways-American fleet will consist of a variety of aircraft manufactured by Boeing, McDonnell Douglas, AirBus, and Embraer. <sup>45</sup> Almost 50 percent of the combined fleet would exhibit overlaps in the same types of Boeing aircraft. <sup>46</sup> Thus, while some post-merger adjustments in aircraft-to-route configurations might be possible, they may not be significant, unless US Airways and American plan on significant capacity retirements and bringing newer aircraft with different capacity profiles into service in the near future. Moreover, if the merging carriers are not currently individually optimizing their fleets, the burden should be on them – if the carriers plan to introduce this aspect of an efficiency defense – to show why they could not optimize their fleets without the merger.

Another key issue potentially raised by an efficiencies defense is distinguishing capacity adjustments that present opportunities to actually reduce costs from those that simply increase prices or harm some classes of consumers (e.g., smaller communities). On routes where there are load factor differences between US Airways and American flights, the merged carrier could implement cost-reducing adjustments involving aircraft and service frequency. However, as the analysis of Delta-Northwest and United-Continental makes clear, post-merger capacity adjustments can have a range of positive and negative effects that may be extraordinarily difficult to disaggregate and categorize as costs or benefits at the time a merger is reviewed. Even if efficiency-enhancing capacity reductions are possible to identify and isolate, it remains the burden of the merging parties to show how their merger is necessary to achieve such capacity reductions, as opposed to each carrier accomplishing such adjustments individually.

\_

<sup>&</sup>lt;sup>44</sup> The average discount off American high fares is 19 percent, 27 percent for LCCs, and only 12 percent for Southwest. The average discount off US Airways fares is 17 percent, 22 percent for LCCs, and only 15 percent for Southwest.

<sup>&</sup>lt;sup>45</sup> Our Aircraft, AA.COM, http://www.aa.com/i18n/aboutUs/ourPlanes/ourPlanes.jsp. US Airways *Fleet*, usairways.com, http://www.usairways.com/en-US/aboutus/pressroom/fleet.html.

<sup>&</sup>lt;sup>46</sup> American Airlines Fleet Details and History and US Airways Fleet Details and History, PLANESPOTTERS.NET, http://www.planespotters.net/Airline/American-Airlines and http://www.planespotters.net/Airline/US-Airways.

# D. Major Issues Raised by the Proposed Merger

The brief foregoing analysis of overlap routes, pricing, and capacity has a number of implications that should be considered by antitrust enforcers in their investigation of the proposed US Airways-American merger.

# 1. The Merged Network Increases Control Over Connecting and Intra-Regional Service in the U.S.

The network configuration of a merged US Airways-American has important implications for control over both connecting service and intra-regional service in the U.S. The networks of US Airways and American do not appear to be particularly complementary. There is relatively little "white space" in each network footprint that could be filled by the other carrier. Instead, combining the two networks could create regional and functional strongholds throughout the U.S. For example, the merged carrier will have a strong presence at six major airports on the eastern seaboard – JFK, LGA, PHL, DCA, CLT, and MIA.<sup>47</sup>

US Airways-American will also have a presence at two key western airports – LAX and PHX. These airports are integral to providing connecting service to other western destinations. Finally, the carrier will have significant market share at two key midwestern airports, DFW and ORD, that are critical for providing connecting service to eastern destinations. Indeed, there is a resemblance to the United-US Airways merger of 2001, which was challenged by the DOJ on the basis of "solidifying control" over hubs.

# 2. A Substantial Percentage of Overlap Markets Would be Monopolized or Near-Monopolized by the Merged Carrier

Over 50 percent of the routes adversely affected by the proposed merger of US Airways and American would be monopolized or nearly monopolized. In light of our earlier observations regarding fares and service in the aftermath of the Delta-Northwest and United-Continental mergers, the effect of the US Airways-American merger on overlap routes should garner some attention.

Airport-pairs reflect the narrowest relevant market definition in an airline merger. For example, a small but significant price increase on a route from CLT to DFW could be profitable because a substantial group of consumers would *not* substitute Dallas Love Field (DAL) for DFW. The reasons why consumers choose not to use alternative airports are relatively straightforward. Traveling to more remote airports may be more inconvenient and costly, some routes may involve the inconvenience of one or two stops,

http://www.transtats.bts.gov/DL\_SelectFields.asp?Table\_ID=259&DB\_Short\_Name=Air%20Carriers.

19

<sup>&</sup>lt;sup>47</sup> The combined shares based on passenger-miles at various hubs are: JFK (25 percent), LGA (30 percent), PHL (almost 60 percent), DCA (over 40 percent), CLT (over 90 percent), MIA (almost 85 percent), LAX (about 30 percent), PHX (about 50 percent), DFW (almost 90 percent), and ORD (about 45 percent). See U.S. Department of Transportation, Bureau of Transportation Statistics, Air Carriers: T-100 Domestic Market (U.S. Carriers), available at

and the timing of flights may be less frequent.

However, the DOJ typically considers the feasibility of consumer switching in cities with multiple airports. If switching is more likely, then markets could be defined more broadly as city-pairs, potentially containing more suppliers, and exhibiting lower concentration. Several hub airports affected by the proposed merger (DFW, DCA, ORD, MIA, and LGA) are located in cities where there are alternative airports.<sup>48</sup>

A brief review of alternative airports on routes affected by the proposed merger indicates somewhat limited substitution options for travellers. For example, travellers going to or from the New York City area could use JFK or EWR. JetBlue has a sizable presence at JFK that could provide some relief from potential post-merger fare increases. On routes originating or terminating in Chicago, Washington D.C., Dallas, or Miami areas, travellers could potentially avail themselves of service that Southwest or LCCs offer at secondary airports Midway (MDW), Baltimore-Washington (BWI), Fort Lauderdale (FLL), and DAL.

Any claim that service offered by rivals at alternative airports can effectively discipline adverse post-merger effects on routes involving US Airways and American hubs, however, should be tempered by a number of important considerations. First, not all routes affected by the US Airways-American merger are well-replicated by other carriers at alternative airports in terms of flight frequency and other important features. Second, legacy competition cannot be relied upon to discipline post-merger increases on affected routes. Empirical work, for example, shows that the estimated effects of legacy competition are weak. Indeed, much of the competition on the airport-pairs affected by US Airways-American comes from legacy rivals. Third, as consolidation has significantly narrowed the field of competitors on airport-pair and city-pair routes, the probability of tacit coordination between remaining carriers (even on city-pairs), increases.

Fourth, JetBlue has continued to focus on the leisure market in Florida and the Caribbean and may not provide a particularly good substitute for business travelers who are adversely affected by a merger of US Airways and American. Fifth, Southwest has a substantial presence at secondary airports such as MDW, BWI, and DAL where it could potentially wield significant market power. Indeed, there is evidence that fare discipline

\_

<sup>&</sup>lt;sup>48</sup> Depending on timing and the scale of entry, it is also possible that potential entry by carriers could change the competitive landscape in airport-pair and city-pair markets.

<sup>&</sup>lt;sup>49</sup> Some routes originating or terminating at DFW cannot be replicated using DAL.

<sup>&</sup>lt;sup>50</sup> Jan K. Brueckner, Darin Lee, and Ethan Singer, *Airline Competition and Domestic U.S. Airfares A Comprehensive Reappraisal* 48 (June 2010, revised May 2012), *available at* http://www.socsci.uci.edu/~jkbrueck/price% 20effects.pdf. Brueckner, at al note (at 29) that "...our results imply that mergers between legacy carriers that reduce such competition may tend to generate small potential aggregate fare impacts as long as the overlap between the networks of the two carriers is limited." Presumably, if overlaps are not limited (as is likely the case in US Airways-American) then this conclusion should be tempered accordingly.

wanes as LCCs (e.g., Southwest) gain market share at key secondary airports.<sup>51</sup> Trading one monopoly route adversely affected by the US Airways-American merger for another using an alternative airport dominated by Southwest is unlikely to produce fare decreases in the wake of the merger.

In sum, while there are a number of alternative airports in cities with US Airways and American hubs affected by the proposed merger, it is clear that they do not all provide good substitutes or justify defining markets around city pairs, as opposed to airport-pairs. When consumers have limited choices in airports (even within the same city), markets are typically smaller and more concentrated and the remaining carriers in the market can exert more control over fares.

# 3. The Merger Increases the Probability of Adverse Unilateral or Coordinated Effects

Fare increases following the Delta-Northwest and United-Continental mergers have important implications for another legacy merger. Indeed, the fact pattern for a US Airways-American merger is similar. Substantial competition will be eliminated on important routes; there appear to be limited options facing consumers seeking to avoid post-merger price increases in cities with multiple airports; and both US Airways and American tend to be high-priced rivals. The merger would create a dominant firm with a substantial presence on a significant proportion of important airport-pair routes.

One competitive concern is how the firm, acting unilaterally (alone) post-merger, might be able to exercise market power, with adverse effects on fares, service, convenience, and consumer choice. As noted earlier, if consumers view the two carriers as close enough substitutes such that sales from one of the merging parties would be diverted to the merger partner enough to make a price increase profitable, the merger could result in upward pricing pressure. On overlap routes where US Airways and American are the dominant carriers – as is the case on a number of routes affected by the merger – diversion of sales from US Airways to American (or vice-versa) is more likely.

The merger could also increase the risk of anticompetitive coordination. There are relatively few competitors on top routes. A host of factors could facilitate explicit or tacit collusion, including high levels of price transparency, relatively homogeneous products within fare classes, and visible cost structures. It is therefore possible that the proposed merger could facilitate anticompetitive coordination on fares, ancillary fees, or capacity among the few carriers on routes affected by the merger. <sup>52</sup>

<sup>52</sup> For more on anticompetitive coordination involving airlines, *See, e.g.*, Several Borenstein, *Rapid Price Communication and Coordination: The Airline Publishing Case* (1994), in The Antirust Revolution 233 (John E. Kwoka Jr. and Lawrence J. White, eds., 2004).

21

<sup>&</sup>lt;sup>51</sup> See e.g., John Kwoka, Kevin Hearle, and Phillippe Alepin, Segmented Competition in Airlines: The Changing Roles of Low-Cost and Legacy Carriers in Fare Determination, working paper, presented at 10th Annual IIOC, Washington, DC (May 2012).

It is not obvious that LCCs will assuage concerns over adverse effects that could result from a US Airways-American merger. Based on our analysis of routes affected by the Delta-Northwest and United-Continental mergers, LCCs may have a limited ability to induce price discipline among the legacy carriers that serve hub-to-hub routes. We note that LCCs do not factor prominently on routes adversely affected by US Airways-American and that the most important LCC (Southwest) has itself merged and behaves more like a legacy carrier. Shares on US Airways-American overlap routes are concentrated largely among legacy carriers, lending some support to the possibility that potential fare increases could be significant.

#### 4. The Merger Could Harm Behind-the-Hub Communities

As a consequence of U.S. policies that have supported increased U.S. airline industry consolidation, many mid-size communities have seen flight frequencies reduced, equipment downgraded or service lost altogether. Scores of airports are expected to lose scheduled service in the immediate years ahead as well as attendant local and regional economic benefits that flow from connectivity to the world's important business centers. This development, playing out in real time, is tied to U.S. public policy that encourages domestic consolidation and fortress-like hub airports.

Evidence from the Delta-Northwest and United-Continental mergers indicates that merged carriers have adjusted capacities on overlap routes where they are dominant in a variety of ways. One is to drive more traffic to large hubs, with the possible side effect of starving routes involving behind-the-hub cities. Similar fact patterns across these mergers and US Airways-American raises the possibility that behind-the-hub communities could be harmed by the proposed merger. Loss of consumer choice that forces consumers to use less convenient connecting service or travel longer distances to other airports represent legally cognizable adverse effects of a merger.<sup>54</sup>

The practical implication of the foregoing is that antitrust enforcers should regard with skepticism any denials by the merging parties of future negative effects on many of the markets served before the merger. Moreover, in light of the potential harm to behind-the-hub communities, airline mergers should not be given a "pass" on the basis of countervailing "out-of-market" benefits. In other words, any probable harm to smaller communities resulting from the US Airways-American merger he must be directly addressed.

http://www.aviationplanning.com/Images/AirServiceRealitiesFromBoydGroupInternational.pdf. *See also* Will Phase-Out of RJs Doom Small Airports? 81 AIRPORT POLICY NEWS (July/August 2012), *available at* http://reason.org/news/show/airport-policy-and-security-news-81.

22

<sup>&</sup>lt;sup>53</sup> See, e.g., Boyd Group International, Air Service Challenges & Opportunities For US Airports (2012), available at

<sup>&</sup>lt;sup>54</sup> For further discussion, *see*, *e.g.*, Robert H. Lande and Neil W. Averitt, *Using the 'Consumer Choice' Approach to Antitrust Law*, 74 ANTITRUST L. J. 175 (2007).

# 5. The Systems Competition Argument is Complex and Requires Careful Scrutiny

One rationale for merger is to grow larger to match rivals' size in the domestic and international spheres. This rationale is part of the "systems" argument for consolidation, the kernel of which is that carriers that are national in scope should be about equal in size in order to compete effectively. If a systems argument based solely on the need to have equal size competitors were to hold sway, then successive mergers would lead to the Big 3, then the Big 2 carriers, while dimming the prospects for a continued LCC presence in the industry. For the systems argument to be compelling, a more robust rationale is therefore necessary to convince antitrust enforcers not to challenge an airline merger.

For example, for systems competition to be effective, carriers must be able to quickly enter routes that provide comparable alternatives to the service provided within the networks of rival hub-and-spoke and point-to-point or hybrid systems. This is unlikely to be the case. Legacy hub-and-spoke systems feature carriers that dominate certain hubs, making entry by rivals difficult, particularly in cities or regions without alternative airports. Moreover, entry into markets where either the origin or destination is *not* a hub or a hub-equivalent (e.g., a secondary airport that provides a comparable alternative to a hub) is less likely to enhance systems-based competition.

Finally, it is clear that consumers cannot easily switch between different airline systems. A number of factors have the effect of locking consumers into one carrier, including: frequent flyer programs, brand loyalty, participation in code-sharing and international alliances, and location relative to airlines hubs. Consolidation has arguably exacerbated this consumer lock-in effect over time. The equal-size competitor argument as a justification for merger should therefore account for the fact that constraints on the consumer side limit rivalry between systems.

#### 6. The Proposed Merger Could Enhance Monopsony Power

Consolidation in the domestic industry has produced three large airline systems from six airlines in four years' time (Delta, United Continental, and Southwest). The proposed merger of US Airways and American will eliminate yet another airline to produce four mega-carrier systems. Another merger of major carriers should begin to raise questions, as described in the GUIDELINES, about the effect of the transaction on the carriers' buying market power. The proposed US Airways-American merger raises two potential sources of concern.

One monopsony issue is that a merged US Airways-American, as the largest carrier in the U.S., will wield significantly more buyer power than each carrier does independently. As a result, the merger could – as the Guidelines describe – reduce the number of "attractive outlets for their [suppliers'] goods or services." Airlines are significant purchasers of goods and services from sellers in complementary markets. These suppliers

-

<sup>&</sup>lt;sup>55</sup> GUIDELINES, *supra* note 7, at §12.

include: travel agencies, travel management companies, airports, distribution systems, parts suppliers, and caterers. Such suppliers are far less powerful and dispersed relative to the airline buyers with which they do business. As a result, they lack the bargaining power necessary to balance the buyer power potentially exercised by the merged carrier. The merger could therefore result in suppliers being squeezed by below-competitive prices paid for their goods and services.

A second source of concern surrounding monopsony power relates to the role of US Airways and American in global airline alliances. Because US Airways and American are currently in different global alliances, and one carrier will switch alliance membership, an important by-product of the merger will be a reconfiguration of the international alliances landscape. Given American's protracted and controversial efforts to obtain antitrust immunity for its participation in the oneworld alliance, it is more probable that US Airways would defect from the Star alliance to join oneworld.

Global antitrust immunized airline alliances are already powerful buying groups that exert market power over various suppliers. The merger of US Airways and American (conformed within one alliance) will produce a larger oneworld alliance vis-à-vis a more disparate set of suppliers. Similar to the argument regarding the merging carriers themselves, the monopsony concern in the global alliance context arises because the merged carrier will create a more powerful oneworld alliance group buyer. An antitrust investigation into the proposed merger of US Airways and American should frame the question of how the proposed merger affects the incentive and ability of the larger oneworld alliance to adversely affect prices paid to the various alliance suppliers by driving them below competitive levels.

The likelihood of monopsony effects potentially resulting from the proposed merger is difficult to predict without information from the suppliers who themselves do business with the airlines and with global airline alliances. Specifically, it will be important for the DOJ to understand how suppliers' bargaining power is affected by a combined US Airways-American and a larger and potentially more powerful oneworld alliance.

# 7. The Proposed Merger Could Exacerbate an Existing Lack of Ancillary Service Fee Transparency

Price transparency is vitally important for the competitive process to function properly. However, the latest round of airline industry consolidation has been accompanied by carriers aggressively unbundling their products (e.g., checked baggage, advance boarding, preferred seating, etc.) and charging fees for services previously included and paid for by consumers in the price of their tickets. While unbundling is generally procompetitive, it is unlikely to be beneficial without transparency in prices that is typically intended to accompany it. Indeed, airlines have been increasingly able – without

\_

<sup>&</sup>lt;sup>56</sup> We note that price transparency is also essential for antitrust enforcers to accurately evaluate the competitive effects of mergers and conduct-based issues. This ranges from defining relevant markets to determining a merger's effect on quality and choice.

competitive repercussions – to ignore the demand for ancillary fee data even from their largest, most sophisticated customers. <sup>57</sup> Moreover, airlines have inadequately responded to the concerns of Congress and the DOT over lack of transparency and purchasability of ancillary fees. <sup>58</sup>

The obvious struggle within the domestic airline industry over unbundling and price transparency is a conflict that presents an important "cross-over" issue between consumer protection and antitrust. For example, in eschewing true price transparency, airlines increasingly mask the all-in price of air travel, with two major adverse effects. First, lack of price transparency prevents consumers from efficient comparison-shopping of air travel offerings across multiple airlines – a hallmark of U.S. airline industry deregulation. A second consequence of the deterioration in price disclosure is that ancillary fees go largely undisciplined by market forces. Likewise, base fares are today not exposed to the full discipline of the marketplace and represent unreliable comparative benchmarks for consumers and regulators alike because some fares contain specific services that others do not. Arguably, to the extent that airlines are in a commodity business, it is to their advantage to attempt to differentiate themselves by making meaningful price comparisons difficult.

The question for an antitrust investigation of a proposed merger of US Airways and American is whether the combination will dampen the merged carriers' incentive to disclose ancillary fee information to consumers. If so, such an adverse outcome could represent a cognizable adverse effect of the merger. Arguably, as airlines have grown larger and more powerful relative to consumers through consolidation, carriers have increasingly been able to refuse to provide consumers with so-called ancillary services and associated fees information. This supports the notion that rivalry creates incentives for sellers to fully inform consumers about the pricing, quality, and availability of their products. A loss of competition through merger therefore diminishes those incentives, particularly in cases such as US Airways-American where the combination results in extremely high levels of concentration.

It will be important for the DOJ to determine if and how a merger of US Airways and American – a transaction that would create the largest airline in the U.S. – could alter the ability and incentive for the merged carrier to disclose ancillary fee information differently than before the merger. The mechanism for this may be that with fewer players in the market, the need for sellers to reach agreement on matters such as how to deal with baggage fees is minimized because it can be handled by the airlines "tacitly." Curbing or preventing such behavior is one of the major purposes of the antitrust laws, particularly merger control.

In light of the fact that the industry has long-opposed efforts to require fuller disclosure,

-

<sup>&</sup>lt;sup>57</sup> U.S. DOT Needs To Evaluate Airline Industry Consolidation: Is Proposed US Airways – American Airlines Merger Cause For Concern? BUSINESSTRAVELCOALITION.COM, April 22, 2012, *available at* http://businesstravelcoalition.com/press-room/2012/april-22---us-dot-needs-to.html.

<sup>&</sup>lt;sup>58</sup> The same is true for concerns over extended tarmac delays.

the benchmark for a forward-looking analysis of how a US Airways-American combination affects information disclosure should be the DOT's statutory authority to remedy unfair and deceptive practices in air transport. For example, the merger may increase the leverage the airline will have over the DOT or expose weaknesses in policing and enforcing conduct regarding fee information disclosure under the regulatory statute. If so, then there may well be a role for antitrust to play in remedying adverse effects relating to ancillary fee disclosure in the merger proceeding.

#### V. Conclusions

The proposed merger of US Airways and American ideally presents the opportunity for antitrust enforcers to consider the implications of similar fact patterns and parallels with previous legacy combinations. Moreover, the proposed transaction should be viewed with an eye to the critical transformation such a transaction could impose on the domestic airline industry and its consumers. Four large airline systems and a small and dwindling fringe of LCCs and regional airlines would populate the industry. While the analysis discussed in this White Paper is by no means conclusive of the likely effects of the proposed transaction, it may serve to frame several key issues that deserve attention in an antitrust investigation and more broadly by aviation policymakers.

- In light of the potential for adverse affects indicated by our brief analysis of the proposed merger, the burden remains with the merging parties to show that their transaction will not substantially lessen competition and harm consumers. Based on an analysis of overlap routes that demonstrate high levels of merger-induced and post-merger concentration, the proposed merger of US Airways and American could potentially substantially lessen competition. Coupled with clear warning signs from previous legacy mergers regarding post-merger fares and service to smaller communities, there appears to be enough smoke surrounding the proposed merger to indicate a potential fire. The merging parties therefore bear a heavy burden in demonstrating that their merger will not be harmful to competition and consumers.
- refficiencies claims should be viewed skeptically by antitrust enforcement. Three major factors should give the DOJ significant pause in relying on any efficiency claims for approving the proposed merger of US Airways and American. One is the diminishing likelihood of realizing typical efficiencies as networks become larger. Another is a growing body of evidence surrounding costly and unexpected integration problems in past mergers. Finally, as the analysis of Delta-Northwest and United-Continental makes clear, post-merger capacity adjustments can have a range of positive and negative effects that may be extraordinarily difficult to disaggregate and categorize as costs or benefits at the time a merger is reviewed. Collectively, these factors highlight the need to treat efficiency claims with skepticism, particularly in large mergers.
- LCCs cannot be relied upon to save the day for legacy mergers that present sizable

<sup>59</sup> Federal preemption strips airline industry consumers of Federal Trade Commission protections as well as virtually all state remedies under consumer protection laws.

26

competitive issues. The dwindling stock of LCCs and their exposure as potential takeover targets – particularly in light of the Southwest-AirTran merger – makes them increasingly unreliable as a source of competitive discipline in the industry. Pre- to post-merger fare increases on Delta-Northwest and United-Continental routes highlight the challenges that smaller, lower-cost rivals face on hub-to-hub routes dominated by legacy carriers. Increasingly concentrated hubs resulting from previous legacy mergers raise further barriers to LCC entry that could potentially discipline adverse effects.

- Airline merger review should consider the adverse effects of merger-related service cutbacks to behind-the-hub communities. Choice and availability are important variables in the antitrust analysis of transportation networks, since consumers have limited flexibility over the points at which they enter (and exit) the network. The sacrifice of service to behind-the-hub domestic communities in the name of driving traffic to larger hubs that serves to improve the global competitiveness of domestic airlines is a lose-lose situation for many American consumers.
- Any argument that the proposed merger is necessary to create a larger system to effectively compete with the existing three systems is fundamentally flawed. For a systems arguments to be persuasive enough to justify antitrust approval, far more than the "equal size competitor" rationale will be necessary. Proponents of this rationale ideally need to demonstrate to antitrust enforcers how roughly equal size systems provide effective competition in the face of network differences, entry barriers, and consumer switching constraints.
- Competitive issues related to slot transfers at New York La Guardia airport and Washington D.C. Reagan National airport should be resolved in this proceeding. The recent swapping of slots between US Airways and Delta at LGA and DCA would enhance US Airways' market share at DCA, a slot-controlled airport that will be affected by the proposed US Airways-American merger. Should the DOJ seek to negotiate a settlement with the merging parties, divestitures or other remedies involving the slot transfers which materially affect the competitive landscape at DCA could be sought as part of the merger transaction.
- The proposed merger raises competition issues that may require remedies that are broader than divestitures or carve-outs. Evidence from previous large mergers emphasizes that behind-the-hub communities, including small and mid-size cities, have been harmed by post-merger capacity adjustments. Such communities should therefore be protected from the anticipated loss of hub services and degradation of service from a US Airways-American merger. One approach, for example, could be a multi-year moratorium on reductions in the number of seats and flights on routes involving major hub airports.
- Policies to promote LCCs and to ease participation by foreign airlines in domestic air travel are needed. As consolidation places more pressure on the dwindling stock of LCCs to discipline merger-related fare increases, it is clear that some policy is

needed to promote the role of LCCs in providing options to consumers for bypassing large legacy networks and putting some potential limits on their dominance. Likewise, policies to ease participation by foreign airlines in domestic markets will increase competition.

Short of moving to block the merger, the traditional remedies available to antitrust enforcers to fix a problematic airline merger may be inadequate in light of certain competitive problems raised by US Airways-American. In the event that the DOJ does have concerns over monopsony and ancillary fee disclosure issues in the context of the proposed merger, fixing them may test the effectiveness of traditional structural and behavioral antitrust remedies. Policymakers may therefore want to consider additional fixes – including legislative and regulatory approaches. For example, addressing the imbalance in market power between the increasingly powerful global alliances and more atomistic collection of service providers may be better addressed through amendments to the National Labor Relations Act to expressly permit travel agents to engage in collective bargaining with airlines. In order to address price transparency problems resulting from an imbalance in market power between the airlines and consumers, policymakers might consider the efficacy of a minimum set of national consumer protections, enforceable at the state level, to protect consumers while avoiding burdening airlines with a patchwork of consumer laws. The DOT might consider promulgating a new rule that would require airlines to provide ancillary fee data in a transparent and salable format in any channel they choose to sell their base fares such that consumers may efficiently compare full-price offerings from multiple airlines on an apples-to-apples basis.

-

<sup>&</sup>lt;sup>60</sup> Empirical economic analysis indicates that historically, LCCs have exercised significant competitive discipline – a role that presumably is worthwhile preserving for the benefit of competition and consumers. See, e.g., Brueckner, et al, *supra* note 50 and Kwoka, et al, *supra* note 51.



# Testimony of Kevin Mitchell Chairman Business Travel Coalition

Before the U.S. House Committee on the Judiciary, Subcommittee on Regulatory Reform, Commercial and Antitrust Law

Regarding The Proposed American Airlines - US Airways Merger February 26, 2013

# **TABLE OF CONTENTS**

I. INTRODUCTION P. 3

• IATA Resolution 787

<ul> <li>II. BACKGROUND P. 3</li> <li>A. The Right Regulatory Review Construct</li> <li>B. Horizontal Airline Competitors Colluding On Business Rules</li> <li>C. No Failing Firms Here</li> </ul>
III. THE PROMISE OF INCREASED EFFICIENCIES P. 4 A. Merger-Related Cost Savings Are Controversial B. Need To Analyze Past Merger Projections, Promises and Outcomes
IV. WHAT MERGERS ARE UNLIKELY TO RAISE ANTITRUST ENFORCEMENT OBSTACLES? P. 5 A. Analyses Often Too Simplified B. Lessons From The Delta-Northwest And United-Continental Mergers
V. THE DIMINISHING INFLUENCE OF LOW COST CARRIERS P. 6
VI. THE PROBLEM OF MONOPSONY POWER P. 6
VII. THE LACK OF ANCILLARY FEE INFORMATION EXACERBATED P. 7
VIII. COORDINATED EFFECTS A BIG PROBLEM P. 9
<ul> <li>IX. THE ANTI-CONSUMER ELEPHANT IN THE ROOM P. 9</li> <li>A. IATA'S NDC IS AN Agreement Among Horizontal Airline Competitors</li> <li>B. The Details About NDC</li> <li>C. The Consumer Privacy, Pricing and Cost Impacts of NDC</li> <li>D. How IATA Tells The Story</li> <li>E. The Nexus Between This Merger And NDC</li> </ul>
X. THE REMEDIES P. 13 A. Block NDC B. Investigate NDC C. Increase Consumer Protections
XI. CONCLUSION P. 14
Addenda

• American Antitrust Institute – Business Travel Coalition White Paper

#### I. INTRODUCTION

Mr. Chairman and Members of the Committee thank you for requesting that Business Travel Coalition (BTC) appear before you today to represent the interests of the managed-travel community and consumers on the subject of a potential American-US Airways merger. The consequences of airline mergers for the national economy and consumers must be carefully and deliberately examined. BTC applauds this Committee for taking this early and important oversight step. The American Antitrust Institute (AAI) and BTC jointly produced a White Paper on this potential merger and it is appended to this statement.<sup>1</sup>

From a consumer standpoint – *individual traveler or corporate travel department* - there are few benefits to offset the negative impacts of this proposed merger that include reduced competition, higher fares and fees and diminished service to small and mid-size communities. To be clear, there is benefit in a financially viable air transportation system. However, previous mergers have already enabled seat capacity cuts, higher fares and billions of dollars in fees for ancillary services resulting in a financially strengthening industry. As such, consumer harms from this merger are exacerbated, as there are no substantial countervailing consumer benefits.

#### II. BACKGROUND

## A. The Right Regulatory Review Construct

Industry observers who suggest a smooth ride through regulatory airspace point to previous mega merger approvals, relatively few overlapping routes and the need for these firms to be able to compete more effectively against giants Delta Air Lines and United Continental. However, Alison Smith, an antitrust lawyer at McDermott Will & Emery LLP in Houston, and a previous official in the Department of Justice's (DOJ) antitrust division, stated it well when on February 10, 2013 *The Wall Street Journal* paraphrased her analysis: "The key question is whether regulators believe the airline industry already is sufficiently concentrated."

Indeed, Congress must insist that the U.S. Department of Transportation (DOT) and DOJ not merely focus on the proposed merger as a standalone transaction with its associated route overlaps. Rather, the analysis should include implications for the competitive structure of the industry, i.e. the future of airline competition, airfare transparency, comparison-shopping, personal data privacy and consumer protections.

# B. Horizontal Airline Competitors Colluding On Business Rules

Importantly, Congress needs to call on DOJ to examine the anti-competitive and anti-consumer direction increasingly powerful mega airlines and antitrust-immunized global alliances seek to take the industry in with respect to collusion on business rules. The International Air Transport Association (IATA) - the trade association for 240 airlines across the globe – has developed and is moving into a testing phase for a new worldwide business model designed (in its own words) to substantially eliminate price competition by reducing airfare and ancillary fee transparency and comparison

shopping for consumers and corporate travel departments. This testimony will endeavor to illuminate the important nexus between the proposed merger and the implementation of IATA's so-called New Distribution Capability (NDC).

# C. No Failing Firms Here

Airline mergers are generally reviewed by the DOJ and DOT. The DOJ has authority to block a merger even if it is approved by the DOT. The "failing firm" defense under the Department of Justice/Federal Trade Commission (FTC) HORIZONTAL MERGER GUIDELINES (GUIDELINES) provides a safe harbor if "...a merger [is] not likely to enhance market power if imminent failure...of one of the merging firms would cause the assets of that firm to exit the relevant market." "Imminent" failure of a firm under the GUIDELINES is defined by specific criteria, including: the inability of a failing firm to meet its financial obligations in the near future or to reorganize successfully in Chapter 11, and a demonstration of good-faith efforts to garner offers that would keep the firm's assets in the market.<sup>4</sup>

Based on the GUIDELINES' criteria, it is clear that the failure of American is not imminent, even though American is in bankruptcy. Indeed, there are few examples of major U.S. airlines not emerging successfully from bankruptcy. For example, Trans World Airlines declared bankruptcy on three separate occasions over almost a decade. The carrier's final bankruptcy filing in 2001 ended in a merger with American. Similarly, the bankruptcy of America West resulted in a merger with US Airways in 2005, a deal that went unchallenged by the DOJ.

#### III. THE PROMISE OF INCREASED EFFICIENCIES

# A. Merger-Related Cost Savings Are Controversial

Claimed efficiencies from airline mergers can be a powerful defense for an otherwise anticompetitive merger. After a six-month investigation into the Delta-Northwest transaction, for example, the DOJ concluded that the merger "is likely to produce substantial and credible efficiencies that will benefit U.S. consumers and is not likely to substantially lessen competition." The agency counted as efficiencies those relating to cost savings in airport operations, information technology, supply chain economics, fleet optimization and service improvements related to combining complementary networks.

Merger-related cost savings are a controversial subject. The economic literature has hosted an ongoing debate over issues relating to the tension between network size versus economies of scale and density, and efficiencies versus market power effects. This includes empirical economic work showing that efficiencies dwindle as networks increase in size and the effects of increased "hubbing" on congestion and costs materialize. As mergers become larger, the bar is raised on carriers to demonstrate to the DOJ that claimed efficiencies are substantial enough to overcome correspondingly large anticompetitive effects. 10

An increasingly important factor in the efficiencies debate is post-merger integration. It is now clear that integration of major airlines presents significant hurdles. Protracted and unwieldy system integration scenarios can impose costs on the merged company that are passed on to customers in the form of inconvenience, flight delays, and even litigation involving contested issues. For example, US Airways-America West, Delta-Northwest, and United-Continental all experienced systems integration problems, 11 ranging from integrating computer systems, combining frequent flier programs and meshing work forces to problems with cockpit standardization.

Based on accumulating evidence that post-merger integration problems are significant, there is a case to be made that future airline mergers could follow suit. Moreover, the costs associated with integration are probably underestimated when the merger is proposed and can skew an analysis of efficiencies benefits. One way to correct for this is for antitrust enforcers to discount the magnitude of claimed efficiencies at the time of merger review. This is an especially important consideration in light of the GUIDELINES inherent balancing of anticompetitive effects against claimed efficiencies.

# B. Need To Forensically Analyze Past Merger Projections, Promises and Outcomes

Advocates of airline mergers will undoubtedly cite recent improved financial performance as evidence that mergers have proved up the cost savings. Before such claims are accepted, however, it is important to note that high profits may indicate any number of developments. One is that carriers have in fact realized claimed efficiencies. Alternatively, higher profits may be the result of higher fares achieved through the exercise of market power, or the express or tacit agreement among competitors to withhold ancillary fee information from consumers necessary for efficient comparison shopping and purchasing of the complete air travel product.

A thorough post-mortem analysis of airline efficiencies that disaggregates these, and other potential merger-related reasons for higher post-merger profits, is badly needed. Such a forensic analysis of projections, promises and outcomes would also account for how successive airline mergers increase the probability that the merged carrier can externalize integration problems to captive customers without facing the threat of lost market share from defections to a dwindling number of rivals.<sup>12</sup>

# IV. WHAT MERGERS ARE UNLIKELY TO RAISE ANTITRUST ENFORCEMENT OBSTACLES?

## A. Analyses Often Too Simplified

One of the few examples of a merger that failed to obtain antitrust clearance is United-US Airways (2000-2001). In that case, the DOJ's major concerns centered on loss of choice, potentially higher fares, and lower quality of service. The merger would have yielded a monopoly or duopoly on nonstop service on over 30 routes and "solidify[ied] control" by the merging airlines over major connecting hubs for east coast traffic. The DOJ rejected a proposed remedy by the parties, including a divesture of assets at Washington D.C. Reagan National airport and a promise by American to fly five of the routes that would be adversely affected by the merger.

With few challenged airline mergers to evaluate, industry analysts and observers often opine on the legality of airline mergers based on fact patterns across mergers that antitrust enforcers did not attempt to block. For example, both Delta-Northwest and United-Continental involved multiple overlap routes, many of which involved 2-1 and 3-2 routes. Yet in contrast to United-US Airways, both deals went through, raising the question: How many overlap routes on which competition is substantially lessened should be enough to raise antitrust enforcement eyebrows? Given the fact pattern surrounding overlap routes in unchallenged mergers, one could deduce that the DOJ will look past problematic overlap routes if there is a modicum of rivalry from LCCs and legacies and the affected airports are not slot-constrained. As noted earlier, an efficiencies defense also appears to carry significant weight.

## **B. Lessons From The Delta-Northwest And United-Continental Mergers**

There are a limited number of economic studies of airline mergers that examine post-merger price, output and quality measures to determine if mergers are largely procompetitive or anticompetitive. Increasingly, antitrust enforcement emphasizes the value of direct evidence of anticompetitive effects – including natural experiments and analysis of consummated mergers – in guiding future enforcement decision-making. <sup>14</sup> Both tools attempt to make the most use of actual, relevant events in evaluating prospective mergers, including evidence of adverse effects (e.g., post-merger price increases) and entry and exit, particularly in markets similar to those affected by a proposed transaction.

The proposed American-US Airways transaction presents a unique opportunity for the DOJ to analyze evidence on previous airline mergers. <u>Indeed, it would be poor competition policy to undertake an antitrust analysis of the proposed merger without evaluating the effects of prior airline mergers.</u>

## V. THE DIMINISHING INFLUENCE OF LOW COST CARRIERS

Low cost carriers (LCCs) cannot be relied upon to save the day for legacy mergers that present sizable competitive issues. The dwindling stock of LCCs and their exposure as potential takeover targets – particularly in light of the Southwest-AirTran merger – makes them increasingly unreliable as a source of competitive discipline in the industry. Pre- to post-merger fare increases on Delta-Northwest and United-Continental routes highlight the challenges that smaller, lower-cost rivals face on hub-to-hub routes dominated by legacy carriers. Increasingly concentrated hubs resulting from previous legacy mergers raise further barriers to LCC entry that could potentially discipline adverse effects.

#### VI. THE PROBLEM OF MONOPSONY POWER

Consolidation in the domestic industry has produced three large airline systems from six airlines in four years' time (Delta, United Continental, and Southwest). The proposed merger of American and US Airways would eliminate yet another airline to

produce four mega-carrier systems. Another merger of major carriers should begin to raise questions, as described in the GUIDELINES, about the effect of the transaction on the carriers' buying market power. The proposed American-US Airways merger raises two potential sources of concern.

One monopsony issue is that a merged American-US Airways, as the largest carrier in the U.S., could wield significantly more buyer power than each carrier does independently. As a result, the merger could – as the GUIDELINES describe – reduce the number of "attractive outlets for their [suppliers'] goods or services." Airlines are significant purchasers of goods and services from sellers in complementary markets. These suppliers include: travel agencies, travel management companies, airports, distribution systems, parts suppliers and caterers. Such suppliers are far less powerful and dispersed relative to the airline buyers with which they do business. As a result, they lack the bargaining power necessary to balance the buyer power potentially exercised by the merged carrier. The merger could therefore result in suppliers being squeezed by below-competitive prices paid for their goods and services.

A second source of concern surrounding monopsony power relates to the role American and US Airways in global airline alliances. Because American and US Airways are currently in different global alliances, and one carrier would switch alliance membership, an important by-product of the merger would be a reconfiguration of the international alliances landscape. Given American's protracted and controversial efforts to obtain antitrust immunity for its participation in the oneworld alliance, it is more probable that US Airways would defect from the Star alliance to join oneworld.

Global antitrust immunized airline alliances are already powerful buying groups that exert market power over various suppliers. The merger of American and US Airways (conformed within one alliance) could produce a larger oneworld alliance vis-à-vis a more disparate set of suppliers. Similar to the argument regarding the merging carriers themselves, the monopsony concern in the global alliance context arises because the merged carrier could create a more powerful oneworld alliance group buyer. An antitrust investigation into the proposed merger of American and US Airways should frame the question of how the proposed merger could affect the incentive and ability of the larger oneworld alliance to adversely affect prices paid to the various alliance suppliers by driving them below competitive levels.

The likelihood of monopsony effects that might result from the proposed merger is difficult to predict without information from the suppliers who themselves do business with the airlines and with global airline alliances. Specifically, it will be important for the DOJ to understand how suppliers' bargaining power could be affected by a combined American-US Airways and a larger and potentially more powerful oneworld alliance.

# VII. THE LACK OF ANCILLARY FEE INFORMATION EXACERBATED

Price transparency is vitally important for the competitive process to function properly. <sup>16</sup> However, the latest round of airline industry consolidation has been

accompanied by carriers aggressively unbundling their products (e.g., checked baggage, advance boarding, preferred seating, etc.) and charging fees for services previously included and paid for by consumers in the price of their tickets. While unbundling is generally pro-competitive, it is unlikely to be beneficial without transparency in prices that is typically intended to accompany it. Indeed, airlines have been increasingly able – without competitive repercussions – to ignore the demand for ancillary fee data even from their largest, most sophisticated customers. Moreover, airlines have inadequately responded to the concerns of Congress and the DOT over lack of transparency and purchasability of ancillary fees.

The obvious struggle within the domestic airline industry over unbundling and price transparency is a conflict that presents an important "cross-over" issue between consumer protection and antitrust. For example, in eschewing true price transparency, airlines increasingly mask the all-in price of air travel, with two major adverse effects. First, lack of price transparency prevents consumers from efficient comparison-shopping of air travel offerings across multiple airlines — a hallmark of U.S. airline industry deregulation. A second consequence of the deterioration in price disclosure is that ancillary fees go largely undisciplined by market forces. Likewise, base fares are today not exposed to the full discipline of the marketplace and represent unreliable comparative benchmarks for consumers and regulators alike because some fares contain specific services that others do not. Arguably, to the extent that airlines are in a commodity business, it is to their advantage to attempt to differentiate themselves by making meaningful price comparisons difficult.

The question for an antitrust investigation of a proposed merger of American and US Airways is whether the combination could dampen the merged carriers' incentive to disclose ancillary fee information to consumers. If so, such an adverse outcome could represent a cognizable adverse effect of the merger. Arguably, as airlines have grown larger and more powerful relative to consumers through consolidation, carriers have increasingly been able to refuse to provide consumers with so-called ancillary services and associated fees information. This supports the notion that rivalry creates incentives for sellers to fully inform consumers about the pricing, quality and availability of their products. A loss of competition through merger therefore diminishes those incentives, particularly in cases such as American-US Airways where the combination results in extremely high levels of concentration.

It will be important for the DOJ to determine if and how a merger of American and US Airways – a transaction that would create the largest airline in the U.S. – could alter the ability and incentive for the merged carrier to disclose ancillary fee information differently than before the merger. The mechanism for this may be that with fewer players in the market, the need for sellers to reach agreement on matters such as how to deal with baggage fees is minimized because it can be handled by the airlines "tacitly." Curbing or preventing such behavior is one of the major purposes of the antitrust laws, particularly merger control.

#### VIII. COORDINATED EFFECTS A BIG PROBLEM

When there were eight network carriers, regulatory focus on route overlap and reduced competition in individual markets made sense. However, when the number of network competitors is cut in half, and headed for three, explicit or tacit agreements on market actions such as across-the-board fare or ancillary fee increases are made infinitely more achievable and take on far more importance than route overlaps. Furthermore, four network competitors since 2008, when radical industry consolidation began, have been able to dismiss in lockstep their best corporate customers' demands for ancillary fee information, e.g., for checked bags. This is a clear sign that the market for commercial air transportation services is failing, and given this circumstance, how could prudent public policy suggest further consolidation of this industry?

This concern about competitor agreements is called "coordinated effects" in the U.S. and "collective dominance" in the EU and has been at the core of U.S. merger policy for some time. In 1986, for example, Judge Richard Posner wrote that the "ultimate issue" in reviewing a merger under the antitrust laws is "whether the challenged acquisition is likely to hurt consumers, as by making it easier for the firms in a market to collude, expressly or tacitly, and thereby force price above or farther above the competitive level." <sup>19</sup>

#### IX. THE ANTI-CONSUMER ELEPHANT IN THE ROOM

# A. IATA's NDC Is An Agreement Among Horizontal Airline Competitors That Raises Significant Antitrust And Privacy Law Issues

Mega U.S. and international airlines and their antitrust-immunized global alliances have used IATA as the vehicle to reach an agreement establishing a new industry-wide business model for the pricing and selling of air transportation services. This new model would apply to travel to and from, and within the United States, and in fact, air transportation services across the globe.

This proposed new business model, agreed by IATA member airlines at a conference held on October 19, 2012 as Resolution 787, would negatively and significantly impact airline competition and would drive up airline prices for consumers.<sup>20</sup> It is designed to terminate by agreement among airline competitors the current market-driven and transparent model for the pricing and sale of tickets, where airfares are published and publicly available for comparison-shopping and purchase by all consumers on a non-discriminatory basis. The airlines themselves have confirmed publicly that the current transparent airfare model has constrained their ability to raise airfares.

This new business model would also violate the privacy rights of consumers. Under Resolution 787 the airlines have agreed among themselves that they have the right to demand that extraordinarily intrusive personal data about specific consumers be broadcast to all airlines that might offer service, even though consumers in most cases enter into a contract of carriage with just one of those airlines. Resolution 787 on its face (Section 3.1.1) explicitly says that before they quote prices for a consumer the

airlines have the right to demand from consumers personal information that "includes but is not limited to" the customer's: name, age, marital status, nationality, contact details [including email address], frequent flyer numbers [on all carriers], prior shopping, purchase and travel history, and whether the purpose of the customer's trip is business or leisure. Unless all NDC airlines were to adopt a common privacy policy, which is exceedingly unlikely, then consumer information would be sent to airlines prior to consumers having had the opportunity to review individual airlines' privacy policies.

#### B. The Details About NDC

Because the proponent airlines of NDC and IATA chose to incorporate this new business model in an IATA Resolution as opposed to an IATA Recommended Practice, under IATA's governing rules, this new business model is an agreement that is binding on all of the roughly 240 IATA-member airlines worldwide. As set forth in the preamble of this Resolution, all IATA airlines that choose to distribute "enhanced content" (an undefined term but overtly one that means when an "ancillary service" such as checked luggage or pre-reserved seating is sold along with the base fare) across "multiple channels" would be obliged to adhere to this new business model, and to do so both with respect to sales made by intermediaries (that is, travel agencies) and those made in their direct sales channels, such as via their websites.

For carriers adopting NDC for particular markets, airfares and schedules would no longer be publicly filed and available on a non-discriminatory basis for any and all consumers to anonymously comparison shop and then purchase through intermediaries such as brick-and-mortar and online travel agencies, or via their websites. Instead, NDC airlines would create "unique" offers each time a particular consumer requested a fare for a specific route/date. The offers made by each airline would be "customized" based on personal details the airlines have agreed in Resolution 787 they will have the right to demand from consumers before quoting any prices.

The personal information about each specific traveler the airlines have agreed among themselves that they will have the right to demand is quite detailed and intrusive, as explained above. Many of these items of sensitive personal information can be used very effectively to pinpoint, and extract higher prices from, those travelers who are likely to be less price elastic - such as business travelers and travelers whose shopping and travel history demonstrate they do not regard connecting services as viable substitutes for non-stop services on particular routes or do not consider alternate airports serving the same area as substitutes for one another.

Importantly, the airline industry, and IATA in particular, has decried publicly what it describes as the "commoditization" of airline services caused by the low-fare search capabilities on-line and brick-and-mortar travel agencies have made available to consumers, capabilities that only work because of the current system of publicly available and transparent fares. And airlines have done so even as they acknowledged at the same time the benefits for consumers of the current system of

fare transparency. For example, in July 2012, Tony Tyler, the Director General of IATA, just after the NDC project had been officially launched, stated as follows in an interview with Flight Global:

"We've done a great job of improving efficiency and bringing down costs, but we've handed that benefit straight to our customers," Tyler says. "As soon as someone's got a cost advantage, instead of charging the same price and making a bit of profit, they use it to undercut their competitors and hand the value straight to passengers or cargo shippers – and you've got to ask why? I think one of the reasons is that the way we sell our product forces us to commoditize ourselves."<sup>21</sup>

On other occasions as well, airlines have confirmed publicly that this fare transparency and efficient comparison shopping have sharpened price competition among airlines on competitive routes and have forced them to keep their prices low, lest they lose sales to airlines offering more attractive published fares to consumers.

The current distribution system has indeed been responsible for an unprecedented degree of comparison-shopping opportunities for air travelers, who can, with just a few clicks of a mouse, learn in seconds the best priced options on any carrier for their journey.

It might be proper for individual airlines, at least those not holding a dominant position, to unilaterally adopt and pursue distribution business model changes that increased consumer search costs and otherwise undermined the current fare transparency they admit has been a source of significant competitive pricing pressure. However, BTC firmly believes that horizontal competitors (and indeed nearly the entire airline industry) banding together to jointly adopt such a new business model by express agreement crosses the line. In short, BTC believes that NDC is an agreement among competitors that has the purpose and will have the effect of stabilizing or raising prices and thus violates U.S. antitrust laws.

BTC also submits that any ticket distribution system that, like NDC, requires consumers to surrender the types of personally identifiable information spelled out at Section 3.1.1 for the privilege of being quoted a price for travel between points A and B is a flagrant violation of consumers' elementary rights to privacy. The processing of these personal details is not for a legitimate purpose but rather to allow airlines to engage in acutely targeted price discrimination that extracts higher fares from those judged to be less price-sensitive. Further, the data enumerated by the Resolution is excessive in relation to the purpose of quoting airfares for consumers. Airlines, of course, have been quoting prices to consumers for decades and have never before demanded these intrusive details as a condition for being told what the costs of travel would be. In addition, BTC strongly holds the view that none of a person's age, marital status, frequent flyer membership, nationality, shopping, travel and purchase history and whether the purpose of a trip is business or leisure can be a proper basis for price discrimination by an airline.

For example, BTC is convinced that no reasonable person would suggest that it fair or defensible to charge someone 40 years of age more, or less, than someone who is 50. And BTC would strenuously object to any suggestion that those who are married can be favored or penalized in terms of prices relative to those consumers who are not, especially given that a large sector of the American public cannot legally get married.

IATA has stated publicly that testing and adoption of NDC will begin early this year. Thus, NDC may pose an imminent threat of higher prices for consumers of air travel as the competitive discipline that flows from the current regime of published, visible and easily comparable air prices is supplanted with one based on the ultimate in fare shrouding. Under NDC, consumers would be unable to conveniently and easily test what the "market price" for their trips should be as every fare would be "unique" to particular travelers. And consumers could not be confident that they were being quoted offers that were the best deal for them, or even a good one. And NDC will soon violate consumers' rights to privacy on an unprecedented scale.

# C. The Consumer Privacy, Pricing and Cost Impacts of NDC

If implemented, NDC would infringe upon consumers' data privacy rights and expectations in unprecedented ways and to extreme levels. Using consumers' data to price discriminate and structurally divide markets, joined up with the elimination of publically available fares, rules, and schedules, would kill off market disciplining forces and enable prices to rise throughout the entire aviation system. Adding insult to injury, all manner of new costs will befall the travel distribution system including travel agencies having to pay for access to airfare, ancillary fee and bundled content. These costs would then be transferred onto the backs of consumers and corporate travel departments in the form of higher transaction or service fees.

#### D. How IATA Tells The Story

IATA's well-oiled public relations machine is a clever operation; maybe too clever. This is how the organization brought the NDC proposal to the marketplace.

#### IATA:

- 1. developed rationale and generated support among airline-members for NDC as an IATA strategic priority and solution to a problem of commoditized pricing that cannot easily be solved by individual airlines in a transparent and competitive marketplace, but that can be remedied through agreement by a group of horizontal competitors;
- 2. ensured that only airlines would participate in new business-model strategic planning for close to a year before some, but not all, industry stakeholders were convened in July 2012 in Geneva to be informed of the new "direction" the world's airlines were headed in;
- 3. powered forward with world's most influential airlines and alliances to ensure momentum and initial success in the major global markets;

- 4. secured a Binding Resolution in October 2012 with 238 yeas and 2 abstentions;
- 5. labeled NDC as a technical standard when it is really a new industry-wide business model;
- 6. advertised that personal information would be requested only on an opt-in basis while being silent about non-consent resulting in significant negative consequences for consumers;
- 7. described personalization and customization as the ultimate in transparency when in fact the objective is price opacity;
- 8. declared that consumers are demanding personalization when in fact they have been demanding that transparency and comparison shopping be restored; and
- 9. failed to mention massive new costs that will be ultimately transferred to consumers.

# E. The Nexus Between This Merger And NDC

Importantly, the proposed American/US Airways merger, if sanctioned by Washington, would increase the chances of success of IATA's new business model by orders-of-magnitude. Why? US Airways has been a long-time competitive outlier and maverick in content distribution matters.

For example, in 2001 and 2002 when only airline-owned Orbitz had access to airlines' web fares, US Airways was the first to break ranks and offer them to travel agencies and their corporate clients. Likewise, in 2006 when American Airlines took the industry to the brink of airfare content collapse, US Airways was a significant early-mover participant in full-content agreements averting a calamity for corporate travel programs and individual consumers alike.

If American Airlines, a full supporter of NDC, were to swallow maverick US Airways, then the chances that a competitively relevant competitor, in the world's most important aviation market, would reject this over-the-top anti-competitive and anti-consumer IATA initiative, would be dangerously diminished. This represents the über manifestation of the coordinated-effects antitrust problem cited above, i.e. competitors pursuing a market-structure change implicitly understand that they should cooperate, including LCCs that would benefit from rising prices without directly participating.

#### X. THE REMEDIES

#### A. Block NDC

Given the obvious anti-competitive effects of NDC, and the unprecedented invasion of privacy it would inflict on all consumers, upon receipt of IATA's application for approval

of Resolution 787, DOT should deny approval of it.

# **B. Investigate NDC**

DOJ should serve IATA, and the airline members of IATA who have been spearheading the NDC scheme with a civil investigative demand (CID) to discover documentation and compel testimony regarding the purpose and objectives of NDC and the process by which horizontal competitors reached a Binding Resolution on a new industry-wide business model.

#### **C. Increase Consumer Protections**

In order to address price transparency problems resulting from an imbalance in market power between airlines and consumers, and to address the complete absence of any private right of action for consumers when airlines fail to make clear and timely disclosure of the all-in price of travel, Congress might consider the efficacy of a minimum set of national consumer protections, enforceable at the state level, to protect consumers while avoiding burdening airlines with a patchwork of consumer laws.

#### XI. CONCLUSION

Whether it is fighting DOT rule makings or boldly proposing NDC, there is a fullthroated airline assault on price transparency. The past two mega-airline mergers were justified on the pricing transparency and discipline provided by the online travel agencies and other third party distributors. Now through NDC, airlines are jointly seeking to kill off transparency and comparison-shopping - this at a time when they are needed more than ever as we have gone since 2008 from 6 network carriers to 5, then to 4 and now potentially to 3.

Congress needs to keep its guard up, and intervene as necessary, before consumers are really harmed.

<sup>&</sup>lt;sup>1</sup> The White Paper, which has been sent to the U.S. Department of Justice (DOJ), indicates that a merger between Dand American could: substantially reduce competition on a number of routes, create regional strongholds at key airports across the country, and starve smaller communities of important air service. (August 2012), available http://www.businesstravelcoalition.com/press-room/2012/august-8--aai--btc-white.html

<sup>&</sup>lt;sup>2</sup> The Wall Street Journal - U.S. Likely to Clear Airline Deal (February 10, 2013) available http://online.wsj.com/article/SB10001424127887323511804578296221685366486.html

<sup>&</sup>lt;sup>3</sup> U.S. DEPARTMENT OF JUSTICE AND FEDERAL TRADE COMMISSION, HORIZONTAL MERGER GUIDELINES (GUIDELINES), §11 (August 2010), available http://www.justice.gov/atr/public/guidelines/hmg-2010.pdf

<sup>&</sup>lt;sup>4</sup> *Id*.

<sup>&</sup>lt;sup>5</sup> For sure, a combined American Airlines and US Airways would have a bigger competitive footprint to compete with Delta and United Continental, but that's the logic that has brought us to four network

carriers, and if you continue to extend the logic the U.S. would be down to two closed network-carrier systems pretty soon, after one of these mammoth groupings acquires Alaska Airlines, JetBlue Airways and Frontier Airlines. What's more, US Airways and American Airlines are not failing firms. The former is enjoying record profits while that latter is about to exit bankruptcy reorganization with billions of dollars in cash, lower operating costs and new aircraft on order.

<sup>&</sup>lt;sup>6</sup> History of Airline Bankruptcies, FOXBUSINESS.COM, November 29, 2011, http://www.foxbusiness.com/travel/2011/11/29/history-us-airline-bankruptcies/

<sup>&</sup>lt;sup>7</sup> Keith L. Alexander, *US Airways To Merge, Move Base To Arizona*, WASHINGTONPOST.COM, May 20, 2005, http://www.washingtonpost.com/wp-dyn/content/article/2005/05/19/AR2005051901972.html

<sup>&</sup>lt;sup>8</sup> U.S. Department of Justice, Statement of the Department of Justice's Antitrust Division on its Decision to Close its Investigation of the Merger of Delta Air Lines Inc. and Northwest Airlines Corporation, October 29, 2008, *available at* http://www.justice.gov/atr/public/press\_releases/2008/238849.htm.

<sup>&</sup>lt;sup>9</sup> See, e.g., David Gillen, et al., Airlines Cost Structure and Policy Implications, 24 J. TRANSP. ECON. AND POL'Y 9 (1990); Michael Creel and Montserat Farell, Economies of Scale in the US Airline Industry After Deregulation: a Fourier Series Approximation, 37 TRANSP. RES. PART E 321, 332 (2001); W. M. Swan, Airline Route Developments: A Review of History, 8 J. AIR TRANSP. MGMT. 349 (2002). See also Subal C. Kumbhakar, A Reexamination of Returns to Scale, Density and Technical Progress in U.S. Airlines, 57 S. ECON. J. 428, 439 (1990) and Leonardo J. Basso and Sergio R. Jara-Diaz, Distinguishing Multiproduct Economies of Scale from Economies of Density on a Fixed-Size Transport Network, 6 NETWORK & SPATIAL ECON. 149 (2006). Regarding the balance of market power and efficiencies effects, see e.g., E. Han Kim and Vijay Singal, Mergers and Market Power: Evidence from the Airline Industry, 83 AM. ECON. REV. 549 (1993).

<sup>&</sup>lt;sup>10</sup> Perhaps the best example of the imperative for merging parties to show significant efficiencies in the presence of high market concentration is Federal Trade Commission v. H.J. Heinz Co., 246 F.3d 708 (D.C. Cir. 2001).

<sup>&</sup>lt;sup>11</sup> See, e.g., Smisek Apologizes For United's Technological, Operational Missteps, THEBEAT.TRAVEL, July 26, 2012, http://www.thebeat.travel/post/2012/07/26/Smisek-Apologizes-United-Missteps.aspx; Massive Integration Issues Continue to Affect United, PREMEIRTRAVELSERVICES.COM, April 13, 2012, http://premieretravelservices.blogspot.com/2012/04/massive-integration-issues-continue-to.html; Jim Glab, United: Systems integration still causing some delays, problems, EXECUTIVETRAVELMAGAZINE.COM, April 27, 2012, http://www.executivetravelmagazine.com/blogs/air-travel-news/2012/4/27/united-systems- integrationstill-causing-somedelays-problems; United exec: Airline halfway through integration with Continental, BIZJOURNALS.COM. March 13. 2012. http://www.bizjournals.com/denver/news/2012/03/13/unitedexec-airline-halfway-through.html; United Airlines Faces Delays After Systems Merger: IT difficulties cause kiosk malfunction, traveler setbacks, INVESTORPLACE.COM, March 5, 2012, http://www.investorplace.com/2012/03/united-airlines-faces-delays- after-systems-merger/: Linda Rosencrance, No Smooth Takeoff for US Airways IT Conversion: Integration of reservation systems with America West blamed for delays, COMPUTERWORLD.COM, April 2, 2007, http://www.computerworld.com/s/article/287874/No Smooth Takeoff for US Airways IT Conversion; and Jad Mouawad, Delta-Northwest Merger's Long and Complex Path, NYTIMES.COM, May 18, 2011, http://www.nytimes.com/2011/05/19/business/19air.html?pagewanted=all.

<sup>&</sup>lt;sup>12</sup> In 2008, when Congress held hearings about the then proposed Delta Air Lines – Northwest Airlines merger, Doug Steenland, CEO of Northwest, and Richard Anderson CEO of Delta, made all manner of projections and promises about how and when the merger would produce cost-reduction and revenue synergies, new efficiencies, better customer service and innovations while not abandoning routes, downsizing hub airports, withdrawing or degrading service to small and mid-size communities or

gouging consumers in monopoly markets. Indeed, Steenland went so fare as to argue that it would be virtually impossible to raise prices.

<sup>&</sup>lt;sup>13</sup> U.S. Department of Justice, Department of Justice and Several States Will Sue to Stop United Airlines from Acquiring US Airways: Deal Would Result in Higher Air Fares for Businesses and Millions of Consumers, July 27, 2001, <a href="http://www.justice.gov/opa/pr/2001/July/361at.htm">http://www.justice.gov/opa/pr/2001/July/361at.htm</a>.

<sup>&</sup>lt;sup>14</sup> GUIDELINES, supra note 7, at §11.

<sup>&</sup>lt;sup>15</sup> GUIDELINES, supra note 7, at §12.

<sup>&</sup>lt;sup>16</sup> We note that price transparency is also essential for antitrust enforcers to accurately evaluate the competitive effects of mergers and conduct-based issues. This ranges from defining relevant markets to determining a merger's effect on quality and choice.

<sup>&</sup>lt;sup>17</sup> U.S. DOT Needs To Evaluate Airline Industry Consolidation: Is Proposed US Airways – American Airlines Merger Cause For Concern? BUSINESSTRAVELCOALITION.COM, April 22, 2012, *available at* http://businesstravelcoalition.com/press-room/2012/april-22---us-dot-needs-to.html.

<sup>&</sup>lt;sup>18</sup> The same is true for concerns over extended tarmac delays.

<sup>&</sup>lt;sup>19</sup> Hospital Corp. Of America v. FTC, 807 F.2d 1381, 1386 (7th Cir. 1986). See also FTC v. H.J. Heinz, 246 F.3d 708 (D.C. Cir. 2001)("Merger law 'rests upon the theory that, where rivals are few, firms will be able to coordinate their behavior, either by overt collusion or implicit understanding, in order to restrict output and achieve profits above a competitive level.") (quoting FTC v. PPG Indus., 798 F.2d 1500, 1503 (D.C. Cir. 1986.)

<sup>&</sup>lt;sup>20</sup> Binding Resolution 787 is appended to this testimony.

<sup>&</sup>lt;sup>21</sup> Flight Global-Tony Tyler, IATA available (Feb. 2013) available http://www.flightglobal.com/interviews/tony-tyler/the-interview/

<sup>&</sup>lt;sup>22</sup> See supra note 20

2007 McCaskill-Bond Amendment

See Page 2, lines 3-10

## AMENDMENT NO.

Calendar No.

Purpose: To provide for the fair and equitable resolution of labor integration issues.

IN THE SENATE OF THE UNITED STATES-110th Cong., 1st Sess.

## S. 1300

To amend title 49, United States Code, to authorize appropriations for the Federal Aviation Administration for fiscal years 2008 through 2011, to improve aviation safety and capacity, to modernize the air traffic control system, and for other purposes.

Referred to the Committee on ordered to be printed

and

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

#### Viz:

- 1 At the appropriate place, insert the following:
- 2 SEC. . FAIR AND EQUITABLE RESOLUTION OF LABOR
- 3 INTEGRATION ISSUES.
- 4 (a) Application of Railway Labor Act to Merg-
- 5 ERS AND ACQUISITIONS.—Section 6 of the Railway Labor
- 6 Act (45 U.S.C. 156) is amended by inserting ", including
- 7 changes sought in the context of a merger or acquisition

- 1 involving the carrier," after "written notice of an intended 2 change in agreements".
- 3 (b) LABOR INTEGRATION.-With respect to any cov-
- 4 ered transaction involving a covered air carrier that results
- 5 in the combination of crafts or classes that are subject
- 6 to the Railway Labor Act (45 U.S.C. 151 et seq.), the
- 7 labor protective provisions imposed by the Civil Aero-
- 8 nautics Board in the Allegheny-Mohawk merger (as pub-
- 9 lished at 59 C.A.B. 45) shall apply to the covered employ-
- 10 ees of the covered air carrier.
- 11 (c) ENFORCEMEN'I'.-Any individual (including any
- 12 labor organization that represents the individual) who is
- 13 aggrieved as a result of a violation of the labor protective
- 14 provisions applied under subsection (a) may bring an ac-
- 15 tion to enforce this section, or to enforce the terms of any
- 16 award or agreement resulting from arbitration or a settle-
- 17 ment relating to the requirements of this section. An ac-
- 18 tion under this subsection shall be brought in an appro-
- 19 priate Federal district court, determined in accordance
- 20 with section 1391 of title 28, United States Code, without
- 21 regard to the amount in controversy.
- 22 (d) DEFINITIONS.-In this section:
- 23 (1) .AIR CARRIER.-The term "air carrier"
- 24 means an air carrier that holds a certificate issued
- under chapter 411 of title 49, United States Code.

1	(2) Covered Air Carrier.—The term "cov-
2	ered air carrier" means an air carrier that is in-
3	volved in a covered transaction.
4	(3) COVERED EMPLOYEE.—The term "covered
5	employee'' means an employee who—
6	(A) is not a temporary employee; and
7	(B) is a member of a craft or class that is
8	subject to the Railway Labor Act (45 U.S.C.
9	151 et seq.).
10	(4) COVERED TRANSACTION.—The term "cov-
11	ered transaction" means a transaction that—
12	(A) is a transaction for the combination of
13	multiple air carriers into a single air carrier;
14	and
15	(B) involves the transfer of ownership or
16	control of—
17	(i) 50 percent or more of the equity
18	securities (as defined in section 101 of title
19	11, United States Code) of an air carrier;
20	or
21	(ii) 50 percent or more (by value) of
22	the assets of the air carrier.

**TAB #2** 

Senator McCaskill Letter of January 3, 2008 to APFA
See Page 2, First Paragraph

United States Senate

WASHINGTON, DC 20510

January 3, 2008

(202) 224-6154 FAX: (202) 228-6326 http://mccaskill.senate.co.

COMMITTEES: ARMED SERVICES

COMMERCE, SCIENCE AND TRANSPORTATION

HOMELAND SECURITY AND GOVERNMENT AFFAIRS

INDIAN AFFAIRS

SPECIAL COMMITTEE ON AGING

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Tommie Hutto-Blake President Association of Professional Flight Attendants 1004 West Euless Blvd. Euless, TX 76040

#### Dear Tommie:

It is my understanding that there some concerns within your union regarding the negotiated settlement between APFA and American Airlines with respect to the recall rights of American's furloughed flight attendants. I am writing to provide my perspective and hope to clear up any confusion with your members.

As you are well aware, the April 2001 merger of American Airlines and TWA proved to be a nightmare for thousands of flight attendants. The events of 9/11 led to widespread layoffs, and the five-year recall rights simply weren't enough to give these workers any hope of securing their jobs. At the same time, the federal government was providing millions of dollars in taxpayer-supported funding for American Airlines. It didn't seem fair to focus solely on the corporation, and not the workers who had put their lives on hold waiting for a recall. I promised during my 2006 Senate campaign that I would take every step to bring American and APFA together to reach an agreement that would extend the recall rights for these workers. After I was sworn in, I set about to do just that.

Additionally, from Washington I began an effort to pass legislation that would implement Allegheny-Mohawk labor protective processes for all future airline industry mergers. I am convinced that another wave of industry consolidation is on its way, and we simply cannot allow thousands of additional workers to find themselves stapled to the bottom of a seniority list. The Allegheny-Mohawk process will ensure that labor has a seat at the table if airlines merge, and that if a seniority agreement cannot be reached, a fair mediation process is guaranteed as a backup.

The Senate Commerce Committee in May 2007 amended the pending FAA Reauthorization bill with my legislation guaranteeing Allegheny-Mohawk protections. Working with Rep. Russ Carnahan, the House of Representatives in September 2007 passed a bill mandating Allegheny-Mohawk protections. In November, I became concerned that the underlying FAA Reauthorization bill would be stalled, however, and ultimately Sen. Kit Bond and I were able to attach Allegheny-Mohawk protections to a government spending bill signed into law late last month.

Ms. Hutto-Blake January 3, 2008 Page Two

It is important to note that adoption of Allegheny-Mohawk protections was never a question of "if' - it was simply a question of "when". I was disappointed that you chose not to endorse my Allegheny-Mohawk legislation, despite my repeated requests. I remain convinced that this legislation will strengthen both the industry and its dedicated workforce.

The negotiations between APFA and American Airlines were difficult to jumpstart. The issue of furloughed workers had simmered for over five years, and both sides were reluctant to attempt to reach any agreement. As you recall, I spoke with both you and Gerard Arpey to advise that if my efforts at a voluntary agreement were not successful, I would seek a legislative solution - and could not guarantee that either side would be happy with the outcome. As a matter of simple fairness to the furloughed workers - as well as keeping my 2006 pledge - I was not going to take "no" for an answer from either side.

I was delighted that together, American Airlines and APFA reached an agreement that will extend the recall rights for the remaining furloughed flight attendants. Of course I would have preferred an agreement that would have covered all flight attendants, including those who have lost their recall rights, but the compromise agreement will finally provide relief for the most senior flight attendants still on the recall lists. I appreciate your role in ending a five-year ordeal for hundreds of your members.

I hope this letter will clear up any misconceptions, and urge you to share it with your members.

Sincerely,

Claire McCaskill Senator

# **TAB #3**

Article 1 – Recognition & Merger/Acquisition Protection

APFA Contract

See Highlighted Language

## ARTICLE 1 - RECOGNITION AND MERGER/ACQUISITION PROTECTION

#### A. RECOGNITION OF APFA AS EXCLUSIVE BARGAINING AGENT

In accordance with the certification from the National Mediation Board, Case R-4711 dated May 16, 1977, the Company recognizes the Association of Professional Flight Attendants as the exclusive and sole collective bargaining agency for Flight Attendants in the employ of the Company for the purposes of the Railway Labor Act.

## **B. MERGER AND ACQUISITION PROTECTION LANGUAGE**

- 1. The Agreement shall be binding upon any Successor. The Company shall not bring a single step or multi-step Successorship Transaction to final conclusion unless the Successor agrees, in writing, to recognize APFA as the representative of Flight Attendants on the American Airlines Flight Attendant Seniority List consistent with the Railway Labor Act, to employ the Flight Attendants on the American Airlines Flight Attendant Seniority List in accordance with the provisions of this Agreement, and to assume and be bound by this Agreement
  - a. The term "Successor" shall include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor, and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.
  - b. The term "Successorship Transaction" means any transaction, whether single step or multi-step, that provides for, results in, or creates a Successor.
- 2. If the Successor is an Air Carrier (any common carrier by air) or an affiliate of an Air Carrier, the Company shall, at the option of APFA, and prior to finally concluding a Successorship Transaction, require the Successor to agree to integrate the pre-transaction Flight Attendant seniority lists of the Company and the Successor in a fair and equitable manner within 12 months of the Successorship transaction pursuant to Sections 3 and 13 of the Allegheny-Mohawk Labor Protective Provisions ("LPPs").
- 3. The provisions of paragraphs 1. and 2. above do not apply to the Company's acquisition of all or part of another Air Carrier in a transaction which includes the acquisition of aircraft and Flight Attendants.
- 4. In the event that, within any 12 month period, the Company transfers (by sale, lease or other transaction) or otherwise disposes of aircraft, slots, or route authorities ("Aircraft-Related Assets") which, net of Aircraft-Related Asset purchases or acquisitions during the same 12 month period, constitute 40% or more of the value of the Aircraft-Related Assets of the Company to an entity or to a group of entities acting in concert that is an Air Carrier or that will operate as an Air Carrier following its acquisition of the transferred Aircraft-Related Assets (any such entity or group, the "Transferee"; any such transaction, a "Substantial Aircraft-Related Asset Sale"):
  - a. the Company shall require the Transferee to proffer employment to Flight

attendants from the American Airlines Flight Attendant Seniority List in strict seniority order (the "Transferring Flight Attendants"). The number of Transferring Flight Attendants shall be no fewer than the average monthly Flight Attendant staffing over the prior 12 months for the Aircraft-Related Assets transferred to the Transferee in connection with the Substantial Aircraft-Related Asset Sale; and

b. the Company shall not finally conclude a transaction under this subsection unless the Transferee agrees to integrate the Transferring Flight Attendants into the Transferee's Flight Attendant seniority list pursuant to Sections 3 and 13 of the Allegheny-Mohawk LPPs.

11

5. In the event the Company acquires another air carrier, merges the operations of the acquired carrier with the Company's operations and, as part of the merger, employs Flight Attendants of the acquired carrier, the combined seniority list of the two carriers for the Flight Attendants who are employed by the Company as part of the merger shall be pursuant to a method to be determined by the APFA. Such combined seniority list integration shall not require a system flush and/or system rebid. In addition, the APFA will use best efforts to provide the combined seniority list to the Company no later than ninety (90) days following the date on which the acquisition closes.

### 6. Remedies

- a. The Company and APFA agree to arbitrate any grievance filed by the other party alleging a violation of Article 1 of the Agreement on an expedited basis directly before the System Board of Adjustment sitting with a neutral arbitrator. The arbitrator shall be member of the National Academy of Arbitrators and experienced in airline industry disputes. The burden of proof will be determined by the arbitrator. The provisions of the Railway Labor Act shall apply to resolution of any dispute regarding this Article.
- b. The parties agree that, in addition to any other rights and remedies available under law and this Agreement, an arbitration award under Article 1 of the Agreement shall be enforceable by equitable remedies, including injunctions and specific performance against the Company and/or AMR Corp. and/or an Affiliate Company. The Company and the Association agree that in a court proceeding to enforce an arbitration award under Article 1 of the Agreement, the rights and obligations are equitable in nature, that there are no adequate remedies at law for the enforcement of such rights and obligations, and that the APFA and the Company's Flight Attendants are irreparably injured by the violation of Article 1 of the agreement.

The term "Affiliate" refers to (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) immediately above.

**TAB #4** 

McCaskill-Bond Press Release

December 17, 2007

McCaskill and Bond Work to Protect Airline Workers in Mergers Provision included in spending bill would prevent scenarios similar to TWA – American Airline merger

December 17, 2007

WASHINGTON, D.C. – Less than a week after Lufthansa agreed to purchase 19% of Jet Blue, a struggling U.S. carrier, U.S. Senators Claire McCaskill and Kit Bond today secured a provision to the Senate's omnibus spending bill to provide air carrier employees with a base level of protection during mergers. With 1,253 former TWA employees still at risk of losing recall rights five years after being laid off from TWA's merger with American, McCaskill and Bond are seeking to prevent similar scenarios from occurring in the future. The provision would ensure a merger process by which airline employees seniority lists can be integrated in a fair manner. If a dispute occurs, the parties can engage in binding arbitration. This provision would make it harder for one airline or union to add the employees of another airline or union to the bottom of the seniority list. Thousands of former TWA flight attendants lost their seniority after American Airlines acquired TWA and were furloughed after September 11. This provision would help prevent such occurrences in the future.

In addition to the recent news about the Lufthansa investment in Jet Blue, news reports are fanning rumors about the potential for other major commercial airlines to engage in mergers. McCaskill, who successfully offered a similar amendment to the Federal Aviation Administration Reauthorization Act in May, believed that the recent talk of mergers raised the level of urgency to sign such protections into law. She was pleased to work with Bond, along with U.S. Senator Dick Durbin (D-IL), to ensure the provision was included in the omnibus spending bill. The bill is expected to pass in both chambers and to be signed into law by the holiday recess.

"This provision is an important piece of the puzzle to ensure workers in the future don't suffer the same fate as the TWA workers. I'm also hopeful it will aid in negotiations towards a final settlement for those workers," McCaskill said.

"Our TWA workers were given promises and only got pink slips, this provision is a critical step in protecting airline workers from this fate in the future," said Bond. "It was a pleasure to work with Senator McCaskill to secure these protections.

**TAB #5** 

Senator Jim Talent Letter to TWA

November 2, 2006

JAMES M. TALENT MISSOURI http://talent.senate.gov

CHAIRMAN
SUBCOMMITTEE ON SEAPOWER
CHAIRMAN
SUBCOMMITTEE ON MARKETING, INSPECTION
AND PRODUCT PROMOTION

DEPUTY MAJORITY WHIP

## United States Senate

493 Russell Senate Office Building Washington, DC 20510 (202) 224–6154 Fax: (202) 228–1518

COMMITTEES:

ARMED SERVICES

AGRICULTURE, NUTRITION AND FORESTRY
ENERGY AND NATURAL RESOURCES
SPECIAL COMMITTEE ON AGING

November 2, 2006

Dear Former TWA Flight Attendants:

Thank you for contacting me regarding the extension of recall rights for former TWA flight attendants. I appreciate the time you have taken to share your views with me, and I welcome the opportunity to respond.

As you know, as a result of the failure of American Airlines to honor its commitments during the acquisition of TWA, the former TWA flight attendants were stapled to the bottom of the seniority list. In all my years in public office and in the years when I practiced labor law, I have never seen an acquisition that was as disadvantageous to one of the former employee groups as this one. The former TWA flight attendants are the hardest working and most dedicated men and women in the industry, and they deserve the right to be recalled to their jobs.

I believe that these recall rights must be extended. At the request of TWA flight attendants, Senator Bond and I sent a letter to the American Airlines President and CEO urging the extension of recall rights. In addition, I have pledged to pursue every option, including legislation, in order to extend these recall rights. I look forward to continuing to work with former TWA flight attendants when the senate returns to session.

The extension of recall rights for former TWA flight attendants is a matter of basic fairness and I will pursue every option to extend these rights. If I may be of further assistance, please don't hesitate to call or write.

Sincerely,

James M. Talent

Utited States Senator

## **TAB #6**

APFA President Laura Glading
Fort Worth Star Telegram Editorial Board Interview
June 21, 2012, Page 7

Fort Worth Star-Telegram, Editorial Board Interview, June 21, 2012, Page 7

same package as US Air, even a sweeter deal, I would still be for this merger. It's not really so much what's in the contract as it is having a future, getting back that feeling that we had 30, 40 years ago when we first put the uniform on, getting the best airline possible. I firmly believe this opportunity will get us there. That's why I'm here.

**ST:** Are you guaranteeing that everyone that is employed there will have a job?

**Parker:** In the terms that we have with these guys [points to APA and APFA] yes, there are "no furlough protections" for the existing employees.

**ST:** There were seniority integration issues with the American-TWA merger. Who gets seniority if US Airways/American Airlines are merged?

Glading: I'll take that one. Because we really screwed up on that big time with the flight attendants. When we merged with TWA, the company did give them top pay but we stapled them to the bottom of our seniority list. That was a mistake. But we did. So before at that time though there wasn't the Allegheny–Mohawk provision was not legislated. Since then in December of 2007, McCaskill–Bond put together an amendment to the omnibus bill that said that seniority integration has to be agreed upon by the parties, if it's not it goes to this binding arbitration process. So now we have this backstop. That backstop will now be in place for the pilots.

As you know the East-West pilots at US Air still have a bit of a struggle, the TWA [pilots] still have a bit of an issue with the seniority at APA, so we'll have a way of ending all of that and integrating. I have said publicly and privately and in my sleep that I would be very much for a date of hire seniority integration. That's what AFA would like and I've talked with AFA every day. We're all very enthusiastic about this. I don't want to speak for them, they're in contract negotiations but I can tell you, I do not see any upset with this seniority integration for the flight attendants at least.

**Little:** That's the same thing with the IAM on the property. I told them I said my preference would be integrating, dovetailing everyone together I said because you end up spending the next X amount of years you're on the property all complaining about seniority. And my first incident with American on seniority integration was going back to TransCaribbean. I still know people who worked for TransCaribbean who are still complaining about seniority and that goes back to 1970. So seniority is an issue that you deal with. So I think I've always taken the position, even though it didn't happen with TWA as you brought up, we arbitrated it and we ended up coming to a compromise and we ended up locking cities in and it wasn't quite dovetail but we did give them 100 percent of the cities they wanted, I'd like to go to the next step because I've always believed they should be dovetailed.

ST: Laura, what was the term you used on how these would be put together?

Glading: Date of hire or the Allegheny-Mohawk?

ST: Date of hire.

**Glading:** Date of hire. Meaning we'd go back to the date you were hired by your company whether it was US Air, or America or America West and that would be your seniority date and you would all be integrated in that fashion.

APFA Constitution, Exempting "Furloughed" Employees from Dues

July 2009

### Article II - Membership

### SECTION 1. ELIGIBILITY FOR MEMBERSHIP:

Any person hired as a Flight Attendant by an airline where the APFA is the recognized Bargaining Agency for the Flight Attendant employee group at that airline shall be eligible to join and maintain membership in the APFA as hereinafter provided.

#### SECTION 2. OBLIGATIONS OF MEMBERS:

Members of the Association do accept and agree to abide by this Constitution of the APFA as it is in force or as it may be altered, added to, deleted from or amended in accordance with the provisions of this Constitution. Ignorance of this Constitution will not be considered a proper excuse for any violation of the provisions contained herein. Inherent in the rights, privileges, duties and responsibilities of membership in the APFA is the obligation to responsibly exercise these rights, privileges, duties and responsibilities.

#### SECTION 3. BILL OF RIGHTS OF MEMBERS:

A.All members of the APFA shall have the right of free speech, freedom of assembly and freedom to dissent.

B.All members of the APFA shall have access to all administrative and financial reports and records except as provided in Section 5,B,(1) of this Article II.

C.All members of the APFA shall have the right to individual privacy.

D.All members of the APFA shall have the right to due process and equal representation.

E.All members of the APFA shall have full equality of rights and shall not be discriminated against because of national origin, race, religion, creed, age, sex or sexual orientation.

#### SECTION 4. CLASSIFICATION OF MEMBERSHIP

#### -- ACTIVE:

A.An Active Member is a Flight Attendant who has a dues obligation to the APFA in accordance with this Constitution, except as provided herein.

B.Membership Status-- Good Standing:

(1) The rights and privileges of a member in good standing shall include, but not be limited to:

a.attending union meetings;

b.voting on all matters brought before the membership;

c.voting in elections for officers or base representatives of the APFA; and

d.running for an elected position, or holding an elected or appointed position with the APFA.

(2)A member, regardless of flight status, shall be considered in good standing and shall maintain all rights and privileges of the APFA so long as financial obligations are met pursuant to this Article II and Article IV of this Constitution.

(3)A member in good standing will remain in good standing and will be exempt from his/her financial obligation to the APFA when the member is in an unpaid status from his/her employer in excess of thirty (30) consecutive days by:

a.termination by the employer and seeking reinstatement, as provided for in the applicable Collective Bargaining Agreement or through an administrative or judicial proceeding;

b.suspension/withhold by the employer and seeking reinstatement;

c.unpaid sick status;

d.hardship as approved by the Executive Committee or by the Board of Directors;

nttp://www.apfa.org

Powered by Joomla

Generated: 27 July, 2009, 13:55

e.approved military leave of absence; and/or

f.furlough by the employer.

## **TAB #13**

APFA Board Resolution Changing Constitution

Making "Furloughed" Employees Dues Obligated

November 2009

# APFA FALL BOARD OF DIRECTORS MEETING NOVEMBER 3 - 4, 2009

Y = Yes N = No P = Pass A = Abstain N7A = Absent PXY= Proxy Vote

### Resolution Tally Sheet

Resolution:	#8
Maker:	Prayon
Second:	Breckenridge
Date:	11/4/09
Time:	1235

		Υ	N	р	Α	N/A
BOS	McCautey	V				
BOSI	Vargas	V				
DCA	Prayon	V				
DCAI	Gale	V				
DFW	O'Kelley	7				
IDF	Bedwell	V				
JFK	Nasca	V				
LAX	Nikides	V				
LAXI	Ransom	V				
LGA	Avfles		V			
MIA	Washbisrt	V				
IMA	Traufman	V				
ORD	Breckenridge	V				
IOR	Bauer	V				
RDU1	MacPherson-Bowers	V				
SFO	Salas	V				
SFOI	Ross	V				
STL	Hunter		V			
PRES	Glading (Tie Breaker)			İ	İ	

ABSEN WITHE AWN (

STATUS:

YES: 16 PASSED (V)

> NO: 2 FAILED ( )
>
> ABSTAIN:
> TABLED( )

WHEREAS, per Article HI, Section 1, the APFA Constitution may be recommended to the membership for alterations, additions, deletions, or amendments by the APFA Board of Directors; and

WHEREAS, the Board of Directors has determined that it is necessary to update the APFA Constitution, and to recommend changes to the membership; and

Fail Board of Directors Meeting November 3-4,2009 Resolution #8 Page 2 of 3

WHEREAS, Article II, Section 4.B(2) of the APFA Constitution provides that a member "shall be considered in good standing and shall maintain all rights and privileges of the APFA so long as financial obligations are met pursuant to this Article II and Article IV of this Constitution"; and

WHEREAS, Article II, Section 4.B(3) provides:

A member in good standing will remain in good standing and will be exempt from his/her financial obligation to the APFA when the member is in an unpaid status from his/her employer in excess of thirty (30) consecutive days by:

- a. termination by the employer and seeking reinstatement, as provided for in the applicable Collective Bargaining Agreement or through an administrative or judicial proceeding;
- b. suspension/withhold by the employer and seeking reinstatement;
- c. unpaid sick status;
- d. hardship as approved by the Executive Committee or by the Board of Directors;
- e. approved military leave of absence; and/or
- f. furlough by the employer.

WHEREASf Article II, Section 4.B(4) provides that: "A member in good standing who is on any leave of absence from his/her employer for reasons not listed in (3),a through 3,f above shall remain a member in good standing and shall be dues obligated, but shall not be required to pay dues on a monthly basis. Upon return to payroll, his/her dues obligation shall become payable pursuant to this Article II and Article IV of this Constitution"; and

WHEREAS, under Section 4.B(3), despite the facts that members in the listed categories are not required to pay dues, and that under Section 4.B(4) members on leaves of absence for other reasons are not required to pay dues on a monthly basis, these members continue to enjoy the full rights of APFA membership; and

WHEREAS, when these provisions were adopted in 1991, there was no contemplation that significant numbers of flight attendants would be in unpaid status; and

WHEREAS, beginning in 2002, thousands of members have been in unpaid status for at least five years; and

WHEREAS, it appears that large numbers of flight attendants may continue to be in unpaid status for many years; and

WHEREAS, APFA has an obligation to represent, and does actively represent, flight attendants who, under Article H., Section 4.B(3) and (4) are not dues obligated or who are not required to pay dues on a monthly basis; and

Fall Board of Directors Meeting November 3-4,2009 Resolution #8 Page 3 of 3

WHEREAS, as a result of the exemption from the dues obligation or from payment of dues on a monthly basis, APFA has lost the benefit of hundreds of thousands of dollars without any equivalent reduction in its costs of operating the union and representing these and all flight attendants; and

WHEREAS, it is a fundamental principle that members can be required to pay dues in order to exercise the rights of union membership; and

WHEREAS, it is in the best interests of APFA and our members that all members who are entitled to exercise the rights and privileges of APFA membership are obligated to be dues current as defined in Article IV of the Constitution.

THEREFORE BE IT RESOLVED, that the APFA Board of Directors recommends that the following amendments be made to Article II and Article TV of the APFA Constitution:

### Article II

Delete the current language of Section 4.B(3) and replace with: the following:

"Members who are in an unpaid status for any reason shall be dues obligated for all dues accrued on or after the effective date of this Section 4.B(3)."

Delete Section 4.B(4)

In Section 5.A, delete "except as provided in (3) below,"

### Article IV

In Section 1.A, delete "Article n, Section 4,B,(3)."

Delete the first paragraph of Section 3.C and replace with the following:

Members returning from unpaid leave status may set up a payment plan to satisfy their obligation for back dues, initiation fee(s) and/or assessments:

Sections 3.C(1), (2) and (3) remain unchanged.

**BE IT FURTHER RESOLVED,** that these proposed Constitutional amendments be sent to the membership for approval.

# Membership status non-Flight Attendant positions Resolution Number 6: Item #3 on VOUR ballot

This proposal brings changes to the status of those Flight Attendants who choose to take a paid management position or other non-Flight Attendant Position at American. Currently, these individuals who have become members of management retain the right to their membership and therefore have access to Union meetings and information intended for Flight Attendants. Under this proposal, those individuals will lose their APFA membership. If they return to the position of Flight Attendant, they may rejoin the Union subject to the re-initiation fee.

Board Vote: 18 Yes 0 No

### Monthly dues amount - Resolution Number 7: Item #4 on Vour ballot

Under this resolution, monthly dues will be set at an amount equal to the hourly Domestic pay rate at year 12, which currently is \$42.65. This figure is less than dues at most other unions and would mean currently only an increase of \$1.65 per month (less than \$20.00 per year, or 83 cents per pay period) over today's dues amount. Tagging the dues amount to a pay step is a smart way to effectively respond to APFA's cost of doing business. We believe this method of calculating dues will eliminate the need for any future dues referendums. When the APFA membership hourly rates change, your monthly dues will be tied to the established pay step. Twenty-five (25%) percent of any dues increase under this proposal shall be placed in a negotiations-related fund.

Board Vote: 15 Yes 3 No

### Monthly dues obligation - Resolution Number 8:

Item #5 on your ballot

This proposal expands the dues obligation to afi Flight Attendants in any unpaid status. APFA continues its work on your behalf even if you aren't flying. Simply put, to maintain your union rights and privileges, you need to pay dues. The categories of unpaid status are:

### Furlough by Employer

- Approved Military Leave or Absence
- Annroved Hardships
- Unpaid Sick
- Suspension by Employer
- Termination by Employer
- Other Authorized Unpaid Leaves

Board Vote: 16 Yes 2 No

APFA Election Results, 2012



### **National Officers Runoff Election Results**

Today, February 24, 2012, the APFA National Ballot Committee certified the results of the National Officer Run-Off election.

The results are as follows: For President Liz Geiss received 4284 votes and Laura Glading received 4434 votes. For Vice President Marcus Gluth received 4562 votes and Anne Loew received 4075 votes. For Secretary Vicki Dale received 4233 votes and Jeff Pharr received 4403 votes. For Treasurer Jennifer Brissette received 3711 votes and Greg Gunter received 4921 votes.

Laura Glading is elected APFA President, Marcus Gluth is elected APFA Vice President, Jeff Pharr is elected APFA Secretary and Greg Gunter is elected APFA Treasurer. These officers will serve a four year term of office beginning April 1, 2012. A document containing the base breakdown and percentages, will be posted soon on the Election and Balloting Page of APFA.org.

AFPA National Ballot Committee
APFA Communications
817.540.0108 x8308
communications@apfa.org

You received this e-mail as an APFA Member. If you no longer wish to receive this Weekly Hotline Update via e-mail, unsubscribe information is available below.

<u>Unsubscribe mensajim@yahoo.com</u> from this list | Forward to a friend | <u>Update your profile</u> **Our mailing address is:** 

APFA 1004 W. Euless Blvd. Euless, TX 76040 Add us to your address book Copyright (C) 2012 APFA All rights reserved.

AFA President Veda Shook Letter to Chairman Jay Rockefeller

June 16, 2011

#### ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO



501 Third Street, NW, Washington, DC 20001-2797

PHONE 202 • 434 • 1300 MAIN FAX 202 • 434 • 1319 LEGAL FAX 202 • 434 • 0690

June 16, 2011

Honorable Chairman Jay Rockefeller Commerce, Science & Transportation Committee 531 Hart Senate Office Building Washington, DC 20510

Dear Senator Rockefeller:

The Association of Flight Attendants-CWA (AFA) encourages congressional action to right a terrible wrong against Flight Attendants in the American/TWA merger. Since the time of that merger AFA advocated for a remedy and Congress took action for future mergers to ensure a fair and equitable seniority integration process is provided by law. We encourage Congress to fully resolve this issue and bring justice to former TWA Flight Attendants.

When American Airlines acquired TWA in 2001, former leadership of the union that represents American Airlines Flight Attendants made the unilateral decision to deprive the TWA Flight Attendants of their accrued occupational seniority in the class and craft. The Association of Flight Attendants has a union seniority integration policy that maintains seniority for Flight Attendants in a merger, and absent such protection for Flight Attendants we believe a fair and equitable process must be a minimum standard in any merger.

AFA supported the McCaskill/Bond amendment that ensured what happened to the TWA Flight Attendants would never again happen to another group of workers. It is wrong that the very people whose treatment necessitated a change in the law were not protected by that law. Former TWA Flight Attendants have suffered extraordinary harm from the ill-advised seniority "stapling." Flight Attendants with over 40 years of service to the airlines were suddenly out of work as furloughs affected most airlines. Many of these Flight Attendants are still out of work and waiting recall to flying at American.

The current environment of airline consolidation brings additional concern and urgency to this issue. Should American merge again, former TWA Flight Attendants will be further disadvantaged as the only group to receive no seniority integration whatsoever. We encourage swift action to rectify this situation.

We encourage Congress to take legislative action to end this injustice.

Sincerely

Veda Shook President

TWA Flight Attendant Amy Ludwig

June 2013 Buyout Date

### **DEPARTURE DATE AWARDS**

EMP	SEN	NAME	CURRENT	AWARD
100641	201	LOYA DL	LAXD	JUN
133693	6090	LUCAS JA	JFKI	MAR
52989	5209	LUCE JR RR	IMAI	JUN
37523	525	LUCZAK AM	LAXD	MAR
627024	15389	LUDWIG AJ	SLTD	JUN
362849	10950	LUDWIG S	DFWD	MAY
98243	4477	LUKAC SL	IMAI	SEP B
64119	1787	LUNDQUIST	ORDD	AUG
9700	808	LUST TH	IDFI	MAR
41810	1181	LUTES CL	JFKI	FEB
16400	317	LYMAN L	JFKI	MAR
307130	8808	LYONS C	DFWD	AUG
14929	638	LYONS CD	IORI	SEP A
356659	10452	LYONS E	DFWD	MAY
335577	10207	LYONS-KUPER	SFOD	AUG
564437	13472	LYSNE CP	SFOD	MAY
4312	626	MACAGBA EP	SFOD	JUN
655874	15677	MACDONALD DO	DFWD	AUG
447117	11630	MACDONALD DS	LGAD	MAY
564995	13677	MACH A	DCAD	SEP B
61464	1665	MACKOWN JA	IDFI	AUG
38345	1155	MACK-SCHLACHTER	JFKI	AUG
146095	6774	MADDOX CJ	IDFI	MAY
95509	2684	MADDOX JD	JFKI	SEP B
140033	6686	MAGEE TR	DFWD	MAR
647961	15395	MAGER AD	LGAD	AUG
45258	1385	MAGGIO DG	JFKI	FEB
23443	1196	MAGUIRE EM	JFKI	SEP B
196207	8449	MAHAN DL	DFWD	SEP B
46767	4690	MAINARD SG	DFWD	SEP B
45137	1297	MALLICK KA	IORI	FEB
95100	2583	MALOOF P	LAXD	FEB
145848	6685	MANDEL S	JFKI	SEP B
182876	8145	MANIACI CA	DFWD	MAY
9334	738	MANIFOLD DL	JFKI	FEB
98242	3573	MANISCALCO CA	LGAD	JUN
196267	9877	MANLEY KC	ORDD	MAY
104756	2225	MANTEY MA	LAXD	SEP B
56718	4952	MARAS-GARDNER DC	LGAD	SEP B
67823	2288	MARBURY BA	IDFI	FEB
345532	10350	MARCOON J	LGAD	MAY
9524	191	MARCOUX AM	IORI	SEP B
63937	1982	MARCUS SA	LAXD	FEB
301449	8671	MARGOLIS E	ORDD	SEP B
5670	688	MARICLE	IDFI	AUG

APFA Board Vote on Resolution for Arbitrary Look-Back Distribution

# **APFA**

### BOARD OF DIRECTORS MEETING

### SPECIAL BOARD OF DIRECTORS MEETING

via Teleconference August 29, 2012

eet	Resolution #: 2								Resolution Name: Equity Claim Distribution										
lly Sh	Maker	er: Glading							AFFECTS POLICY MANUAL:										
. Resolution Tally Sheet	Secon Date: Time:	ond: Casadey e: 08/29/2012					YES = Yes ABS = Abstain PXY = Proxy Vote  NO = No NIA = Absent REC = Recuse  PASS = Pass  COMMENTS:												
	B				L A X I	L G A	M I A	I M A	O R D	I O R	R D U	S F O	S T L	PRES —— Tie-Breaker					
		Corrigan	Vargas	Prayon	O'Kelley	Bedwell	Nasca	Nikides	Wildish	Casadey	Moyer	Trautman	Breckenridge	Alconcher	MacPherson	Salas	Fuller	Glading	
	YES NO																		
A	ASS ABS N/A																		
	REC																		
	Υ	ES:	9		NO:	7	A	BSTA	AIN:	0		ABS	ENT:	0					
Statu	Status: Passed  Failed  Tabled  Withdrawn  Show of Hands																		

WHEREAS, under Article III, Section 3.L(22) of the APFA Constitution, the APFA Board of Directors has the right and the responsibility to take any and all appropriate action deemed necessary by the Board and in accordance with the Constitution to promote the welfare of the members of APFA; and

WHEREAS, on November 29, 2011, American Airlines filed for bankruptcy and since then has been operating as a debtor under Chapter 11 of the Bankruptcy Code; and

BOD Resolution #2 August 29, 2012 Page 1 of 4

2001 Seniority Integration Agreement

# AGREEMENT ON SENIORITY INTEGRATION AND RELATED MATTERS

Between

### AMERICAN AIRLINES, INC.

And

# ASSOCIATION OF PROFESSIONAL FLIGHT ATTENDANTS Representing THE FLIGHT ATTENDANTS OF AMERICAN AIRLINES, INC.

This Agreement on Seniority Integration and Related Matters (hereinafter referred to as "this Agreement") is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between American Airlines, Inc. (hereinafter sometimes referred to as "American" or "AA"), and the Association of Professional Flight Attendants (hereinafter sometimes referred to as "APFA), as representative of Flight Attendants in the employ of American Airlines.

American and APFA recognize that it is in their mutual interest to achieve the integration of American and TWA-LLC, an affiliate of American, into a single competitive transportation entity, and, after negotiations, have agreed to the following provisions.

### I. General

- A. As long as APFA is not the bargaining representative of the flight attendants employed by TWA Airlines LLC (hereinafter referred to as "TWA-LLC"), nothing in this Agreement is intended to change the terms and conditions of employment at TWA-LLC, absent concurrence of the TWA-LLC flight attendants' bargaining representative.
- B. Effective upon the date that APFA becomes the bargaining representative of the flight attendants employed by or performing flight attendant services for TWA-LLC, the terms and conditions of the current AA-APFA collective bargaining agreement (hereinafter referred to as "the CBA") shall be fully applicable to such flight attendants, except as otherwise provided for in this Agreement, or in any applicable subsequent agreement between AA and APFA.

### II. Definitions

- A. The term "American Airlines-APFA collective bargaining agreement" (or "the CBA") refers to the Agreement between American and APFA, including all Supplements, Appendices and Letters of Agreement, that were effective on September 12, 2001 or that became effective subsequent to September 12, 2001.
- B. The terms "American Airlines Flight Attendants" and "AA Flight Attendants" are used interchangeably herein and, as used herein, shall include all flight attendants whose names appear on the American Airlines Flight Attendant System Seniority List.

- C. The term "TWA-LLC Flight Attendants," as used herein, shall mean those Flight Attendants in the service of TWA-LLC whose names appear on the TWA-LLC flight attendant System Seniority List on or after April 10, 2001.
- D. The term "Single Transportation System Declaration," shall refer to the date on which TWA-LLC and American are declared to be a single transportation system for labor relations purposes by the National Mediation Board.
- E. The term "TWA-LLC Occupational Seniority Date," shall refer to the on line (bidding) seniority date at TWA-LLC of a flight attendant, which in no event shall be an earlier date than the bidding seniority date that such flight attendant had at TWA on April 9, 2001.
  - F. The term "TWA," shall refer to the air carrier predecessor to TWA-LLC.

### III. Seniority

- A. The TWA-LLC Flight Attendants shall receive an occupational seniority date at American of April 10, 2001, except that any TWA-LLC Flight Attendant who did not complete training and commence line flying on or before April 9, 2001, shall receive as an occupational seniority at American date [2][17][1] [the date on which this Agreement is signed], or such later date on which the flight attendant is placed on TWA-LLC's payroll on flight attendant status.
- B. APFA agrees that, consistent with American's previously stated position, the TWA-LLC Flight Attendants shall receive credit at American for their years of service at TWA and TWA-LLC for purposes of determining their Classification seniority and Company seniority dates at American, provided that in no event shall either of these seniority dates be earlier than they were at TWA as of April 9, 2001.
- C. AA Flight Attendants shall maintain their existing AA occupational, classification and Company seniority dates, except as otherwise provided for in this Agreement.

### IV. Terms and Conditions Determined Through a Bid and Award Process

Except as otherwise provided in this Agreement, AA occupational seniority shall be applicable for all purposes for which occupational seniority is applicable under the CBA.

### V. Combined Seniority List

A. APFA shall establish a combined system seniority list utilizing the occupational seniority dates as set forth in paragraph III of this Agreement and shall provide the list to AA. For purposes of the placement of the TWA-LLC flight attendants on the combined seniority list, the relative placement of the TWA-LLC flight attendants to each other shall not be altered. This list shall be implemented by AA effective the earlier of: (1) the first day of the calendar month

immediately following the date on which the first TWA-LLC flight attendant works in an inflight cabin position at American; or (2) December 31, 2002.

- B. AA shall make available (in hard copy or on the internet in a format that can be downloaded and printed) a copy of the combined seniority list to all flight attendants on the combined list.
- C. Upon implementation of the combined seniority list, the occupational seniority dates included in the list shall be used for all purposes for which occupational seniority is applicable under the AA-APFA collective bargaining agreement, except as otherwise provided in this Agreement. This shall include, among other things, the order of furlough (which shall be by inverse system seniority order) and recall (which shall be by system seniority order among the flight attendants on furlough at the time of a recall). Upon implementation of the combined seniority list, AA will assure that any flight attendants on furlough will be the junior most flight attendants, by occupational seniority date, on the combined seniority list.
- D. In the event there are any vacancies at AA or TWA-LLC prior to implementation of a combined seniority list, they will be filled by AA and/or TWA-LLC flight attendants on furlough status prior to any hiring of new flight attendants.



# X VI. Seniority at St. Louis Flight Attendant Bases

A flight attendant who was employed by TWA as a flight attendant as of April 9, 2001, and who was continuously employed by or conducting flights for TWA-LLC and based at a TWA-LLC base from April 10, 2001 until the Single Transportation System Declaration, and who thereafter remains continuously based at a St. Louis base will be permitted to use her/his TWA-LLC occupational seniority date at a St. Louis base for bidding purposes determined by occupational seniority.

### VII. Limitations on TWA-LLC Operations

- A. TWA-LLC Flight Service Operations will terminate no later than January 1, 2006, with the sole exception that aircraft maintained under the TWA-LLC maintenance certificate may continue to operate beyond this date.
- B. No new fleet types may be entered into service in the TWA-LLC Operation. Aircraft may be replaced in TWA-LLC on a one-for-one basis with any other aircraft type in the TWA-LLC fleet (e.g., a B717 can be replaced with a B757).
- C. No new flight attendant base may be created by TWA-LLC or to conduct flight operations at TWA-LLC.
  - D. During the existence of TWA-LLC Operations, each of the following shall apply:
- 1. The number of flight attendants based at St. Louis International may not exceed 11.29% of the combined number of flight attendants based at AA's IOR and IDF bases.

- 2. The number of flight attendants based at St. Louis Domestic may not exceed 52.14% of the combined number of flight attendants based at AA's ORD and DFW bases.
- 3. AA will be considered to be in compliance with the limitations set forth in paragraphs VII.D.1. and/or VII.D.2. if the percentage of flight attendants based at the particular base (St. Louis International or St. Louis Domestic) does not exceed the specified percentage limitation by more than 3% (e.g., if the percentage of flight attendants based at St. Louis Domestic does not exceed 55.14% of the combined number of flight attendants based at AA's ORD and DFW bases).

# VIII. Movement Between American and TWA-LLC During the Existence of TWA-LLC Operations Following Implementation of A Combined Seniority List

- A. An AA flight attendant may transfer/proffer to fill a vacancy in and fly trips assigned to a St. Louis domicile in accordance with the provisions for transfer/proffer provided in the CBA in the event the opening has been offered for bidding by TWA-LLC flight attendants based at St. Louis Domestic who meet the criteria set forth in paragraph VI. of this Agreement and a vacancy remains after honoring the bids properly submitted by such TWA-LLC flight attendants. An AA flight attendant who transfers to a St. Louis base will be able to use her/his AA occupational seniority at such base for all purposes for which occupational seniority is applicable under the CBA.
- B. A flight attendant who is able to use her/his TWA-LLC occupational seniority date as set forth in paragraph VI. may transfer/proffer to fill a vacancy in and fly trips assigned to an AA base at a location other than at St. Louis in accordance with the provisions for transfer/proffer provided in the CBA, utilizing the flight attendant's AA occupational seniority as provided under paragraph III of this Agreement, in the event the opening has been offered for bidding by all AA flight attendants and there are no AA flight attendants on furlough status.
- 1. Following transfer by a TWA-LLC flight attendant from a St. Louis base to an AA base at a location other than at St. Louis in accordance with paragraph VIII.B., the TWA-LLC flight attendant's AA occupational seniority, as provided under paragraph III of this Agreement, shall be applicable for all purposes for which occupational seniority applies under the AA-APFA collective bargaining agreement, except as provided in paragraph VIII.B.2.
- 2. The following terms will apply to a TWA-LLC flight attendant who transfers during the existence of TWA-LLC operations to an AA base at a location other than St. Louis and who thereafter during the existence of TWA-LLC operations transfers/proffers to fill a vacancy in and fly trips at a St. Louis base.
- a. If the first such transfer/proffer back from an AA base to St. Louis has an effective date that is within two years following the effective date of the initial transfer from St. Louis to the AA base, the flight attendant will be able to use her/his TWA-LLC occupational seniority date for such transfer/proffer and at the St. Louis base for bidding purposes determined by occupational seniority as long as the flight attendant thereafter remains based at St. Louis,

provided that this exception to paragraphs VIII.A. and VIII.B. and B.1. shall not apply during any period of time in which any AA flight attendants are on furlough status.

b. If the first transfer back to a St. Louis base does not have an effective date that is within two years following the effective date of the initial transfer from St. Louis to the AA base, the flight attendant will not be able to use her/his TWA-LLC occupational seniority rights for any purposes, including for transfer/proffer to a St. Louis base or for bidding purposes at a St. Louis base.

c. If, by application of paragraph VIII.B.2., the flight attendant is able to again use her/his TWA-LLC occupational seniority following an initial transfer back to a St. Louis base, the flight attendant will only be able to continue to use her/his TWA-LLC occupational seniority so long as she/he continues to be based at St. Louis.

### IX. Furlough Length Of Service and Pay Adjustments

The occupational seniority of all American Airlines flight attendants furloughed on or after April 10, 2001 shall be adjusted to fully credit any periods of time while the flight attendants are or were on furlough status at American Airlines on or after April 10, 2001 if, and to the same extent, that any TWA-LLC flight attendants are credited for occupational seniority for any periods of furlough on or after April 10, 2001.

### X. Additional Transition Matters

Additional transition matters will be the subject of subsequent agreement between AA and APFA.

### XI. Remedies

A. Any dispute between APFA and American alleging a violation of this Agreement that has not been resolved by agreement between the President of the APFA and the Vice President of Employee Relations, or their designees, within fifteen (15) days following the date the grievance is provided to the other party, shall immediately thereafter be submitted to the American Airlines Flight Attendant System Board of Adjustment sitting with a neutral arbitrator and arbitrated on an expedited basis.

- B. The System Board shall render a decision within ninety (90) days following submission of the dispute to the System Board.
- C. The System Board shall retain jurisdiction over any remedial issues related to the dispute submitted to the System Board.
- D. To the extent not inconsistent with this paragraph X of this Agreement, the procedures provided in Article 29 of the CBA will be applicable to such disputes.

Agreed to this  $\frac{12/17/01}{}$  day of

AMERICAN AIRLINES, INC.

By: Milleder

ASSOCIATION OF PROFESSIONAL FLIGHT ATTENDANTS

Bv:

Department of Labor Letter to APFA, Election Removal

Department of Labor

Employment Standards Administration Office of Labor-Management Standards Washington, DC 20210



August 17, 2004

John Ward, President Association of Professional Flight Attendants 1094 W. Euless Blvd. Euless, TX 76040

Dear Mr. Ward:

Pursuant to the authority of Section 601 of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), and receipt of election complaints, the Office of Labor-Management Standards (OLMS) conducted an investigation of the March 12, 2004, runoff election for officers of the Association of Professional Flight Attendants (APFA).

On July 13, 2004, OLMS District Director Kermit Perkins notified you of the OLMS investigative findings into the complaints filed by Sherry Cooper and Tommie Hutto-Biake. Specifically, OLMS concluded that 16 eligible members were denied the right to vote in Violation of Section 401(e) of the LMRDA when their ballots were not counted in the March 12, 2004 runoff election.

Since the margin of victory for President was 5 votes, OLMS concluded that the union's failure to count the 16 ballots may have affected the outcome of the March 12, 2004 runoff election for president. On August 12, 2004, OLMS opened and counted the 16 challenged ballots in the presence of candidate observers. When OLMS added the 16 votes to the March 12, 2004 tally, the revised election results showed that candidate Tommie Hutto-Biake received 7 more votes than candidate John Ward.

With regard to the election complaints filed by Ted Bedwell, Juan Jonnson, and Linda Lanning, the OLMS investigation found no violations that may have affected the runoff election outcome. In the near future, OLMS will issue its statement of reasons for dismissing these complaints, and provide a copy to APFA.

Based on these additional findings, it is the OLMS position that APFA should immediately install candidate Tommie Hutto-Blake to the position of APFA president, APFA's voluntary installation of Ms. Hutto-Blake to president for the remainder of the term will remedy the violations of Section 401(e) that occurred during the runoff election.

OLMS understands that the APPA Board of Directors is convening on August 25. We, therefore, request that any information concerning action contemplated by APPA to recognize the results of the August 12 ballot count, or otherwise address these findings, be provided to this office on or before August 26. OLMS will defer a final decision on enforcement until that time so that we may consider APPA's response. If OLMS does not receive a response from APPA by August 26, the Department will refer this matter for enforcement proceedings.

We appreciate the union's continued cooperation in this matter Thank you.

Sincerely,

John H. Heaney Chief, Division of Enforcement

cc: Steven Moldorf, APFA Counsel Grea Hildreth, APFA Secretary Based on these additional findings, it is the OLMS position that APFA should immediately install candidate Tommie Hutto-Blake to the position of APFA President. APFA's voluntary installation of Ms. Hutto-Blake to president for the remainder of the term will remedy the violations of Section 401(e) that occurred during the runoff election.

OLMS understands that the APFA Board of Directors is convening on August 25, we, therefore, request that any information concerning action contemplated by APFA to recognize the results of the August 12 ballot count, or otherwise address these findings, be provided to this office on or before August 26. OLMS will defer a final decision on enforcement until that time so that we may consider APFA's response. If OLMS does not receive a response from APFA by August 26, the Department will refer this matter for enforcement proceedings.

This is a copy of the U.S. Department of Labor's final notice to APFA calling for action on the removal of John Ward as President following the DOL's investigation, subsequent findings, and resulting ballot count of ballots submitted by APFA members in good standing that were originally discounted.

John Ward received previous DOL notifications warning of this issue but chose to conceal their existence from the Board, thereby putting APFA in jeopardy of even more legal action, this time by the U.S. Department of Labor.

The DOL demanded the rightful winner of the election be installed as President. The APFA Board of Directors were made aware of this letter and wholly complied with the orders of the Department of Labor. John Ward was removed from office on August 25, 2004.

Below, the last two, and the most important, paragraphs have been enlarged for easier reading.

11 March 2013

Senator Mike Lee 316 Hart Senate Office Building Washington, D.C. 20510

Sent via email:

Senator Lee:

As a businessman and proponent of the markets, I've observed American Airlines since it filed for bankruptcy in November 2011. I have been interested to observe its progress, and more recently, the arguments both for and against American merging with US Airways. After hearing from both sides, it appears to me this merger is likely to benefit not only the airline industry as a whole, but also the state of Utah and our Salt Lake City hub. I see no reason for the heavy hand of government to second-guess the markets.

I see that some have argued this merger will diminish competition and increase fares for consumers, but I seriously doubt it. For American and US Airways it appears necessary to merge in order to ensure their longevity and ability to compete with the industry's current legacy and low cost carriers. The lack of significant route overlap between the two is evidence that this merger will have little negative impact on competition. American and US Airways have equal or fewer duplicate routes than were found in the recent mergers between Delta-Northwest and United-Continental, both of which were approved. That being the case, I simply don't see a role for government intervention; let the market sort itself out.

While this merger should be positive for the industry, it should also be fine for our hometown Salt Lake City hub and its primary airline, Delta. Post-merger there are expected to be 19 daily AA departures from Salt Lake. This increased connectivity will benefit Utah businesses and travelers with decent options, and the low-cost carrier offerings will keep fares in check.

As you prepare for the upcoming hearing on the merger, I hope that you will evaluate the positive impacts this merger will have on the airline industry – another strong, sustainable carrier in place of two struggling ones. Your support for the workings of the market would be much appreciated.

David Cindrich, Owner

Cindrich Boards 801.369.5588

Orem, Utali

#### 11 March 13



Senator Mike Lee 316 Hart Senate Office Building Washington, D.C. 20510

Sent via email.

Dear Senator Lee:

As President of Kirkham Motorsports, I see plenty in today's economic climate to cause concern. Certainly our fiscal situation as a nation is alarming. I am concerned about the rising costs of goods sold, our even inflating taxes, and the effect both have on small and medium business. That said, if anything can be more alarming than taxes, it would have to be excessive regulation. At least with taxes the costs are in the open; with regulation, the costs are often hidden.

That is why I am writing to encourage you to support the proposed merger of American Airlines and U.S. Air. My understanding is that one of your Senate committees will consider the issue this month, and that as ranking minority member, your opinion will be significant. Even though I cannot predict the final outcome of this proposed merger; I simply lean more toward the view that the markets are better at judging such moves than the government.

I happened to have read a couple of articles about the proposed merger, and it appears to me that the joined entity will be better positioned to compete in a global market. Evidently the main unions involved find it acceptable, and it appears to be a fact of life that economies of scale are necessary to compete in that industry. I also believe the lower cost carriers such as Southwest do a pretty good job of keeping fares in check.

Since Delta was allowed to make a similar move with Northwest a few years ago, it seems reasonable to give American and U.S. Air the same opportunity to make a go at making their companies profitable once again. Whether it works out should play out in the markets over time, not be predetermined by the government. I don't see our current government as all that good of a predictor.

So as you hear this matter in committee, I hope you will take the side of free markets determining winners and losers rather than an overly intrusive federal government.

Thank you for your service to our state and nation.

David Kirkham, President ' Kirkham Motorsports



#### COUNTY COUNCIL

Randy Horluchi Councilmen Al-Large

Heather Mastakas Council Assistant

SALT LAKE COUNTY GOVERNMENT CENTER 2001 S. State Street Suite N2200 Salt Lake City Utah 84190-1010 Tel: 385-468-7451 Fax: 385-468-7501 Senator Mike Lee 316 Hart Senate Office Building Washington, D.C. 20510

Sent via facsimile: 202-228-1168

Senator Lee:

Since American Airlines filed for bankruptcy in November 2011, I have closely followed its progress as well as the arguments both for and against American merging with US Airways. After weighing the points of both sides, it is clear to me that this merger will benefit not only the airline industry as a whole, but also the state of Utah and our Salt Lake City Hub. In the coming weeks, you and your colleagues on the Senate Judiciary Committee will be examining this issue and I ask that you factor in the merger's positive impact on both the industry and air travelers while forming your opinion on the matter.

It has been argued this merger will diminish competition and increase fares for consumers, but this is not the case. For American and US Airways, merging is step necessary to ensure their longevity and ability to compete with the industry's current legacy and low cost carriers. The lack of significant route overlap between the two is evidence that this merger will not have a negative impact on competition. American and US Airways have equal or fewer duplicate routes than were found in the recent mergers between Delta-Northwest and United-Continental, both of which were approved. Adding a streamlined, more competitive legacy carrier to the marketplace will bring stability to the industry and keep passenger fares in check, as existing carriers will be forced to more actively pursue new customers.

While this merger is good for the industry, it is also good for our hometown Salt Lake City hub and its primary airline, Delta. Post-merger, there are expected to be 19 daily departures from SLC, offering access to more than 300 worldwide destinations. This increased connectivity will benefit Utah businesses and travelers.

As you prepare for the upcoming hearing on the merger, I hope that you will come to see the positive impacts this merger will have on the airline industry, consumers, and the state of Utah. Your support would be much appreciated.

Thank you for your service,

Randy Horischi

# Statement of Bruce and Barbara Ferriss Spokespersons, Former TWA Flight Attendants and APFA Members

### Before the U.S. Senate Committee on the Judiciary Subcommittee Antitrust, Competition Policy and Consumer Rights

### Hearing on "The American Airlines / US Airways Merger: Consolidation, Competition & Consumers"

March 19, 2013

Chairman Klobuchar, Ranking Member Lee, Senator Franken and Members of the Senate Antitrust Subcommittee; thank you for the opportunity to submit this joint statement regarding the merger of my employer, American Airlines, with US Airways. My name is Bruce Ferriss, my wife is Barbara Ferriss, and we are both American Airlines flight attendants and members of the Association of Professional Flight Attendants (APFA). We are from Eden Prairie, MN. Barbara and I were hired into the flight attendant job classification by Trans World Airlines in 1975. I represent the former TWA flight attendants who were acquired by American Airlines in the 2001 acquisition of TWA.

One of the great work force injustices in aviation history occurred in 2001 when the Association of Professional Flight Attendants, (APFA), 24,000 strong, took unilateral action against the 4,100 former TWA flight attendants by stripping them of their earned date of hire seniority from TWA. What does this mean? It means those with 20-40 or more years of seniority with TWA were placed at the bottom of the merged seniority list, junior to those hired just before the merger. The effect of this unilateral action is that without the earned date of hire occupational seniority, we are last in line to "bid and hold" the base closest to our homes and families.

Therefore, American Airlines continues to unnecessarily incur expense that is passed along to the consumer when the company has to transport almost a thousand former TWA flight attendants from their homes to their base cities on an average of over a thousand miles or more when we "commute" to work. Most of us lived in the city where we were based before the merger. After the 2001 merger, every former TWA flight attendant was laid off from their position after 9/11. Since being recalled to American, almost all of us are forced to commute very long distances in order to keep our jobs. This is a financial hardship for the company and for us personally.

One of the important issues to consider in the antitrust debate is the efficiency of cost as a result of an approved merger. In our personal situation, we could not fly from the base of our choosing, Minneapolis International in Minneapolis. American has to bear the cost of our travel cross-country to "commute" to work at Dallas-Fort Worth International (DFW). Others fly from Salt Lake to Miami, Seattle to DFW or St. Louis to LaGuardia among some of the outrageous "commutes" and then take their assigned work flights from there and return "home" the same way.

There are millions of dollars a year being wasted on a situation that can easily be remedied if Congress insists that it end. Otherwise, those expenses to fly almost one thousand former TWA flight attendants around the country will be hidden, tucked and passed along to the ultimate consumer, your constituents, in the form of ongoing higher ticket prices.

American Airlines did not create this situation. Unlike the APFA, American Airlines has always respected TWA seniority and the TWA flight attendants have responded by being the best flight attendants they can be. American gave us all the pay and benefits we earned, but American remains the financial hostage of increased and unnecessary expenditures because of the unilateral actions of the APFA. This is because occupational seniority is in the sole jurisdiction of the APFA, not the company. American has no say about what the APFA did that has caused an unnecessary increase in its expenditures. Understandably, American does not want to rock the boat with the APFA union over a few million dollars. But now Congress has the chance and obligation to help right the wrong and reduce the wasteful pass-through of expenditures to your constituents.

The history that brought us to this point is complex, but the current solution is simple. It would not require Congressional legislation, although there were bipartisan attempts to resolve this decade old problem in 2001 in S.1479, "The Airline Workers Fairness Act" sponsored by then-Senator Kit Bond, co-sponsored by Senators Schumer, Clinton, Durbin and Carnahan in the 107<sup>th</sup> Congress. The issue is still unresolved and will not go away until justice prevails. Again in 2007, Congress did pass legislation that ostensibly tried to address this situation, known as the "McCaskill-Bond" Amendment. Unfortunately, that legislation is now the barrier to the fair resolution of this problem. The reason that is the case is because APFA will claim that it integrated the flight list in 2001 placing all the TWA at the bottom of the list. The law was passed in 2007. In this 2013 merger, all they are doing is integrating the two lists from USAirways and American, as the lists exist today with TWA at the bottom. This will forever place us on the bottom of over 20,000 merged flight attendants notwithstanding our 25-45 years of earned seniority, except for new hires.

One former U.S. Senator has advised that if this issue cannot be resolved in the context of this merger, that a Duty of Fair Representation lawsuit should be filed against the APFA as well as an injunction against the entire merger. Because the damages and harm inflicted upon the TWA flight attendants is permanent and irreparable it will likely be sustained in an injunction.

We are here to tell Congress and other reviewing agencies that we are in favor of the merger, but only if the outrageous injustices you will hear about are resolved <u>before</u> the merger. We don't need litigation to resolve this but will not be afraid to vindicate our rights --- especially when what transpired is an admitted "mistake." We need to write a new chapter in the non-partisan "Profiles in Courage." We concur in House Judiciary Chairman Goodlatte's expressed sentiment that antitrust law is "non-partisan." So is the solution to this problem.

### The History

Seniority integration by date of hire has long been recognized by labor and management as the fairest and most equitable method of determining seniority integration in a merger and acquisition. It is the cornerstone of the Allegheny-Mohawk Labor Protective Provisions, (LPPs) of which Sections 3 &Al3 were incorporated into the McCaskill-Bond legislation in 2007. Date of Hire integration of seniority lists is the only method that is blind and neutral and does not seek to advantage or disadvantage any worker over another. It simply recognizes each individual's time on the job from the first day of hire.

As a result of the treatment of the TWA flight attendants by the APFA in 2001, Congress in 2007 intervened into labor matters to enact the McCaskill-Bond amendment to statutorily mandate Sections 3 & 13 of the Allegheny-Mohawk Labor Protective Provisions to include "fair and

equitable" seniority list integration in all future mergers. (Tab #1, Page 2, lines 3-10, statutorily codifying the Civil Aeronautics Board ruling). Congress did this in part because the old CAB was disbanded leaving no one to enforce these provisions.

During that time period, APFA took advantage of the lack of enforcement without a CAB around, and "stapled" the former TWA to the bottom. McCaskill-Bond will arguably prevent what happened to the TWA workers from happening again. However, for reasons discussed below, the amendment that passed in December of 2007 as part of the FY 2008 Omnibus bill, did not apply to the TWA flight attendants.

Unlike most unions in the airline industry, APFA did not support the McCaskill-Bond legislation to include their own TWA members. Senator McCaskill expressed her displeasure with the APFA stating, "I was disappointed that you chose not to endorse my Allegheny-Mohawk legislation despite my repeated requests." (Tab #2, Senator McCaskill letter of January 3, 2008, page two, first paragraph).

The most recent APFA contract up to the merger ignored Congress' mandate in McCaskill-Bond. It states that if American acquires another company the APFA will use <u>any</u> method determined by them to integrate seniority, not "fair and equitable" integration. However, selfishly, the contract says if another Company acquires them, then the "fair and equitable" standard applies. (Tab #3, "Article 1 Recognition and Merger/Acquisition Protection", see highlighted pages 1 and 2).

Furthermore, Senator McCaskill recognized that this legislation was not the final resolution to the problem. In her December 17, 2007 press release with Senator Kit Bond, she said, "This provision is an important piece of the puzzle to ensure workers in the future don't suffer the same fate as the TWA workers. I'm also hopeful it will aid in negotiations towards a final settlement for those workers." (Tab #4, Press Release). Unfortunately, APFA has intentionally ignored and rebuffed any and all attempts for further negotiations to resolve the TWA seniority integration issue.

This indifference is a consistent pattern of ignoring Congressional requests to meet and discuss a resolution and prompted Senator McCaskill's predecessor, Senator Jim Talent, to cogently analyze the situation when he wrote to the TWA Flight Attendants and said, "In all my years in public office and in the years when I practiced labor law, I have never seen an acquisition that was as disadvantageous to one of the former employee groups as this one." (Tab #5, Senator Talent letter, November 6, 2006).

The fact is whatever transpired in the past is now acknowledged by the APFA as an admitted "mistake." APFA President Laura Glading submitted testimony House Judiciary Subcommittee but she did not include in her comments praising the merger the history of the APFA's outrageous actions against her own members, the former TWA flight attendants. Ms. Glading did not mention that their actions have cost and will continue to cost American Airlines millions in unnecessary transportation costs that will continue to be passed on to consumers unless this is resolved.

In the June 21, 2012 Editorial Board interview with the Fort Worth Star-Telegram, APFA President Glading was asked by the Star Telegram, "Who gets seniority if USAirways/American Airlines are Merged?" Sitting next to Ms. Glading during that interview was US Airways CEO Doug Parker. She responded, "I'll take that one. Because we really screwed up on that one big time with the flight attendants. When we merged with TWA, the company did give them top pay but we stapled them to the bottom of our seniority list. That was a mistake.... I have said publicly and in my sleep

that I would be very much for date of hire seniority integration. That's what the AFA would like and I've talked with AFA every day." (Tab #6, Page 7 of transcript, emphasis added).

The Association of Flight Attendants, (AFA) is the union for USAirways and is the largest flight attendant union in the AFL-CIO and in the country with over 60,000 members. AFA's full support of our position is noted in the June 16, 2011 letter sent to Chairman Rockefeller as we attempted to get legislation passed to close the loophole in the McCaskill-Bond legislation to include us prospectively. The AFA noted, "It is wrong that the very people whose treatment necessitated a change in the law were not protected by that law. Former TWA flight attendants have suffered extraordinary harm from the ill-advised seniority stapling.... Should American merge again, former TWA flight attendants will be further disadvantaged as the only group to receive no seniority integration whatsoever.... We encourage Congress to take legislative action to end this injustice." (Tab #7, AFA letter to Senator Rockefeller, emphasis added).

Since that time, Ms. Glading has done nothing to correct this admitted mistake. I am testifying today that the TWA flight attendants will be harmed yet again in this proposed merger when all flight attendants are integrated by their Date of Hire seniority date <u>except</u> those of us whose seniority number was unilaterally changed by the APFA. This self-inflicted injury by APFA can be unilaterally corrected by APFA. The APFA Board did it in 2001 without sending it to a membership vote and they can undo their admitted mistake the same way.

The following list of injuries intentionally inflicted on the TWA workers by the APFA is well documented and costs American. The financial pass-through of APFA's injustice is done in the hope the merger will sweep this injustice under the rug and no one will know your constituents picked up the tab for this admitted mistake.

A few months ago, American Airlines offered a \$40,000 lump sum cash buyout to senior employees to leave the company. 2,250 flight attendants accepted that offer and starting December 1, 2012, through September 30, 2013, they will be leaving the company on the basis of their earned occupational seniority. One who took the buyout was former Ozark/TWA/American flight attendant Amy Ludwig, of St. Louis, MO. Amy started flying in 1969 and in the spirit of the current law, when TWA acquired Ozark Airlines in 1986, Amy did not lose a single day of seniority or a minute of pay. The TWA flight attendants integrated the Ozark flight attendants into the system seniority list by their date of hire and both groups have been working side by side ever since. When TWA acquired Ozark, the TWA attendants outnumbered the Ozark Flight attendants by a 9:1 ratio.

At age 64, Amy was dying of stage 4 ovarian cancer. With 45 years of service in the airline industry, but with no bidding seniority to allow her to select the month she wished to retire, Amy was "awarded" one of the later departure dates in June, 2013. She called APFA to advise them she was unlikely to live until June of 2013 and request that she be allowed a hardship departure date to leave with her buyout money to pay her medical bills and final expenses.

APFA refused to consider her request and told her if she died before her June departure date she would forfeit the money she would otherwise receive and her heirs could not receive anything to pay for her final expenses even though she timely applied for the buyout. Amy died heartbroken and penniless on December 18, 2012 telling her TWA colleagues at her bedside that her dying wish was that they would get their earned seniority. (Tab #8, Amy Ludwig's Buyout June 2013 departure date).

The most recent slap at the TWA flight attendants from APFA comes from an entitlement to stock in the reorganized company when American Airlines emerges from bankruptcy. As part of the concessionary contract, American Airlines granted a 3% equity stake in the company to the flight attendant work force. As the bargaining representative of the flight attendants, APFA devised a method of distribution that disenfranchises all the former TWA flight attendants. They did this by using a look back period of W-2 earnings from the company when all the TWA attendants were unemployed from American for some or all of that period of time. (Tab #9, Page 1 of 4, APFA Board Vote on Resolution for Arbitrary Look-Back, passes 9 to 7, Laura Glading, maker). To disenfranchise one segment of the membership when all were laid off due to their unilateral placement on the seniority list by APFA makes a mockery of their duty of fair representation.

Every former TWA flight attendant was laid off from their position after 9/11. Had we retained our earned seniority to protect us, more than 90% would not have been subject to that reduction in force. The sad irony is that Ms. Jo Ann Schuetz, a former TWA, now American Flight Attendant has the most time on the job in the flight attendant job classification. She started flying in March 1960. Because of APFA's actions to deprive her of her seniority, instead of being Number 1 in seniority, she is now number 15,032 out of 16,183 on the system seniority list. This is patently unfair. There is a cost to keeping the myth of APFA's labor harmony and your constituents should not be the one's financially sacrificed for APFA's benefit.

The last group of TWA flight attendants was finally recalled to their job at American in November of 2012. Over the many years of unemployment the TWA flight attendants lost over 2.1 billion dollars in lost wages, Social Security earnings and pension benefits. (There were more than 4,100 TWA Flight Attendants employed when American acquired TWA making an average of \$50,000 per year in salary and benefits, over 10 years is \$2.1 Billion. That money wound up in someone else's pockets because we were denied our earned seniority and were furloughed --- now and admitted 'mistake' and 'screw-up').

In a final indignity, APFA negotiated away our severance pay so that the most senior flight attendants went to the street empty handed. This was not something American asked for. APFA simply volunteered it when the APFA knew every TWA flight attendant would be laid off. After my 9/11 furlough, I did not receive my final recall until April 2011. Had I not been deprived of my seniority, I would have been able to retire several years ago. But because of the deprivation of years of income, I and my TWA colleagues will not leave on a modest buyout package, but are constrained to work the rest of our lives to make up for the lost income.

The loss of all TWA seniority and the corresponding impacts noted above might have been mitigated somewhat had APFA kept its promise in the so-called Seniority Integration Agreement they wrote promising that we would retain our TWA seniority in our TWA base of St. Louis which TWA brought to the merger. APFA reneged on that promise and refused to allow us to file a grievance when the agreement was violated. (Tab #10, Seniority Integration Agreement, Page 3, VI., "Seniority at St. Louis Flight Attendant Bases").

Furthermore, what is the real-life impact of APFA's indefensible actions? When I was laid off after 9/11, I was over 55 years of age and looking for a "new career." I had two teenage sons, and couldn't afford the astronomical COBRA costs to cover myself, wife, and family. After three months, I was fortunate to find a job in a call center at United HealthCare in Minnetonka, MN for

less than one-half of what I made at American. It came with health insurance though, and that was the most important benefit for my children.

I was a decorated Vietnam Veteran with the 101st Airborne Division, so I was able to access health care without the deductibles and co-pays that were a part of my private insurance through United Healthcare. The job and the constant time on the computer resulted in hand injury and Carpel Tunnel surgery. I had that surgery done at the VA Hospital in Minneapolis. Of course that cost the taxpayers, but what did APFA care about that? They like making others pay for their admitted mistakes, including your constituents.

I worked at that position for over two years, slowly burning through what savings I had, tapping IRA's and trying to make my children and wife believe, that "everything would be all right." The stress of the job loss and the uncertainty of the future resulted in my wife of 18 years filing for divorce, unable to take the pressure of our situation.

After the divorce, I was also in trouble with mortgage payments on my home in Eden Prairie. I had to refinance from the attractive 15 year mortgage I had, to sadly return to a 30 year mortgage, paying the closing costs by having them tucked into the new mortgage, in an effort to conserve what little cash was coming in at the time.

My son Andrew, a talented musician who plays classical trumpet, was at that time a member of one of the Twin Cities Youth Symphonies (GTCYS). It was a large expense at \$500 a year, for someone who had taken a 50% cut in pay and who was laid off due to APFA's actions. My son made Minnesota All-State Band in the 10th grade, and I just couldn't tell him we couldn't afford the Youth Symphony expense. After literally begging the Artistic Director for some financial aid, GTCYS gave my son a scholarship where I had to pay only \$50 per year.

In December of 2007 I was finally recalled, along with my new wife, also a former TWA flight attendant, to our former flight attendant positions. Barbara had been working as a Senior Court Clerk for the 4th judicial district in Minneapolis at the Government Center in the Traffic Violations Bureau. It paid less than our former flight attendant jobs, but it was as she said, A "J-O-B" and that's what mattered, plus it came with medical insurance. She, and I always viewed unemployment compensation as a temporary "hand up," and it was important to get back to work, both financially and psychologically.

Being at the bottom, once again due APFA's actions, we were forced to accept the New York base, the most junior, and most expensive base. We had to take an apartment in Queens, NY with several other flight attendants, and "commute" by air (standby) to our flight assignments. There were no other choices. Go to New York, or lose the job. We accepted because we felt down the road it just might get better, and we might get our seniority back when APFA became aware of the incredible hardships placed on former TWA, a group primarily in their 50's and 60's. We are parents and grandparents, who had just lost over \$200,000 in wages over a four year period. Some lost much more....their lives.

Thirteen 13 months later, in April of 2009, we once again received furlough notices, as the most "junior flight attendants in the system." At this time, Barbara and I had a combined 72 years seniority from our dates of hire in May of 1975 at TWA. But again, deaf ears from the APFA.

Back on the street again after a return to Minnesota, which had a high unemployment rate due to the recession...not exactly the job market for a married couple in their late 50's and early 60's to "find that new career." Barbara, despite hundreds of applications, and with her experience in State Government was unable to find work for two years, when we were once again recalled in April of 2011.

After three months of searching after that 2nd layoff, I was incredibly fortunate to be offered a position with the Department of Veterans Affairs in Minneapolis. I was a Veterans Service Representative and I was able to grant over a million dollars in benefits during my tenure at the VA to these deserving souls. As a veteran of Vietnam myself, I am grateful for the hand up I got from the VA as a veteran, and trust I served our military veterans in the best possible way I could.

My wife and were once again recalled to American Airlines in April of 2011, and sent again to the junior base in New York incurring the same out-of-pocket \$12,000 a year expenses. We were fortunate though to get a transfer "closer to home" --- to Dallas, Texas. That was an "improvement" as our new base was "only" 1,100 miles from our home in Eden Prairie, as opposed to 1,200 miles in New York. Of course we still have to commute by air to Texas for our flight assignments, as we do to this day.

APFA has deprived us of our voting rights and twice the US Department of Labor has had to intervene and force APFA to count TWA ballots or run a whole new election. (Tab #11, Dept. of Labor Election Removal Letter).

To make it extremely difficult for the former TWA members to vote in union elections, APFA changed their Constitution to require the full payment of union dues when we were unemployed. (Tab #12, APFA Constitution in July 2009 exempting "furloughed" employees from dues, page 2; Tab #13, APFA Board Resolution, November 3-4, 2009, changing the APFA Constitution to include furloughed members for dues obligations).

Unless we pay the dues when we were unemployed and not represented by APFA we are deprived of membership in good standing. This was our welcome back gift from APFA after being recalled -- we owed \$1,200.00 in back union dues. Unless we pay the back dues, we cannot vote in union elections or run for office, attend informational meetings, access the APFA website, or even travel as invited members with APFA to Capitol Hill. This newly imposed financial burden acts like any Poll Tax in suppressing our ability to speak out about the mistreatment by our union with our vote or even about our working conditions.

In spite of following all the procedures for paying dues under the changed APFA Constitution, the APFA refuses to return most TWA flight attendants to membership in good standing. Even if one tries to pay the current monthly payment, the APFA, with no written policy to do this, applies the money to the oldest outstanding arrearages and prevents anyone from being current in order to continue the suppression.

In fact, Laura Glading would not be submitting testimony to Congress as APFA President but for the Poll Tax that was instituted under her leadership. In the most recent national officer elections, Ms. Glading was narrowly re-elected in a runoff election by 150 votes because most of the remaining 950 TWA flight attendants who did not support her were not eligible to vote. (Tab #14, APFA, vote results from last election).

#### The Solution

The solution to this problem is simple and the time to do it is now. As the 2,250 flight attendants leave the company with the buyout through September 30, 2013, APFA can slot in the 950 TWA flight attendants who remain and everyone still moves up the seniority list.

There is no credible harm to any other member of the APFA bargaining unit; the super seniority they all have received at our expense will simply come to an end. The TWA workers are not looking for economic damages because those devastating damages are too great and would bankrupt the APFA. We are not seeking back pay, any back benefits, or any reinstatement of recall rights. We will gladly sign a legally binding release of any and all claims against APFA and American Airlines. We simply want our dignity restored that recognizes our years of service as flight attendants.

In fact, if the merger between American and USAir is approved, APFA has agreed that AFA members from USAir will assume their rightful date of hire position *above* thousands of American Flight Attendants. If there were harm to the American Flight Attendants, APFA would not agree to give date of hire seniority to AFA members *above* their own.

Any APFA claim of harm to the membership from slotting in the remaining 950 TWA Flight Attendants and no claim of harm from close to 7,000 AFA USAir Flight Attendants many of whom will be integrated above thousands of American Flight Attendants is patently specious and absurd on its face.

The practical effect is when we return to our proper place on the seniority list, no American Airlines flight attendant will suffer any economic harm. They will continue to earn the same salary. They will earn the same benefits they currently earn. They will not lose their domestic or international bases. The TWA attendants will be slotted into the list at their proper place and bid for bases as vacancies occur and assignments just like every other current American flight attendant does.

There will be no base displacement to any current APFA member. That is because only the Company, not the APFA, determines if there is an operational need to increase the flight attendant headcount at a particular base. If there is an operational need for increased staffing, the TWA flight attendants will have to bid for transfer to the base of their choice. They cannot displace a current APFA member from that base. There is no harm to anybody by allowing us to bid for assignments just like every other flight attendant.

There is no harm to American Airlines. All employment records are computerized and the actual seniority dates are in their employment records. (Tab #15, showing occupational "Occ" seniority hiring date of June 21,1975; yet my 'acquisition date' for APFA is April 10, 2001, the merger date. In effect, APFA threw almost 26 years of seniority in the trash can.) All that would be required to fix this problem would be to re-sort the list of names to utilize the original TWA occupational seniority dates. Those administrative programming changes would take just a few minutes to re-sort the list.

TWA flight attendants have always been a tiny minority of the work force and we have never been looking for a handout. If there is a merger, the TWA flight attendants will be less than 4% of the entire flight attendant workforce of the merged airlines. TWA brought physical assets to merger to sustain our own jobs. American Airlines could not have operated the TWA aircraft without us

because each carrier has its own operating certificate until there is a complete merger of both operations. APFA cost American Airlines several millions of dollars when American had to lay us off and train their F/A's on the TWA operating certificate to continue to operate our TWA aircraft.

The only claim APFA and any other detractor from the truth could make is that this issue has been litigated in the courts against the TWA FA's in the past. This is not a valid argument. The APFA cannot produce one court case where the federal or state court held that the Seniority Integration Agreement ("SIA") that placed the TWA FA's at the bottom of the occupational seniority list is a valid contract between the proper parties (the American Flight Attendants and the TWA Flight Attendants). There was never a legal determination which said that was the case. The only cases that APFA can point to are ones where there was a procedural ruling that the proper parties weren't before the court and other similar rulings. There was never a legal holding on the substantive merits that any Seniority Integration Agreement was valid; none.

Furthermore, any legal argument APFA may have is waived in light of the admission by their President Laura Glading that they made a "mistake" and "screwed up big time."

Secondly, the APFA may try to say that the Seniority Integration Agreement (SIA) that placed the TWA FA'S at the bottom was a negotiated agreement and a contract. That is an untenable position when the true facts are revealed. The SIA was a unilateral document prepared in 2001 by the APFA after it refused to negotiate with the IAM who represented the TWA Flight Attendants at the time. The ostensible "Agreement" (sic) was a document presented to American Airlines, not the IAM or any TWA flight attendants, declaring among other things that the TWA occupational seniority commenced on the Date of Acquisition, April 10, 2001, not their original date of hire.

Whether the APFA gave the full occupational seniority to the TWA Flight Attendant's or deprived the TWA FA's of their occupational seniority in the SIA as they did here, American Airlines would have signed their acknowledgement to this unilateral act. This is because the determination of occupational seniority is the sole jurisdiction of the Union, not the Company. It was for the APFA to decide how to handle the TWA seniority, not American. American merely acknowledged what APFA decided to do.

I am very proud of the TWA flight attendants who are professionals on the job as well as fighters for justice. Justice has been a long time coming and this injustice must end now. We will not allow this issue to be swept under the rug. It is past time for the APFA to correct their admitted mistake and treat the former TWA flight attendants as they want to be treated in the merger with US Airways.

The solution is simple. Why let a renegade group allow an entire merger to be jeopardized because of an admitted mistake just because they lack the courage to correct it? Why let the APFA pass on its mistakes in the form of a hidden increase in fees to your constituents? Why not show the courage to end the injustice that was recognized by Senator McCaskill and Senator Talent? Let the former TWA have their last measure of earned dignity and allow them to move forward with a new and brighter future in a merged airline.

For this merger to have any chance of success, all members of the new company <u>must</u> feel included and <u>all</u>, management and union, employees and shareholders alike, must work together to achieve this goal. The time for injustice has ended; the time for courage is now. Thank you.



136 S. Bronough Street Tallahassee, FL 32301 Phone: (850) 521-1200 Fax: (850) 521-1203

www.floridachamber.com

March 18, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Re: Florida Chamber Supports American Airlines and US Airways Merger

Dear Senator Klobuchar and Senator Lee:

On behalf of the Florida Chamber of Commerce, I am writing you to highlight the important benefits and opportunities the announced American Airlines and US Airways merger will have on our business community here in Florida.

It is no secret how important the travel and tourism industry is to our state. In total, the travel industry employs more than 700,000 Floridians, contributes \$730 billion in tax revenue, and has an overall economic contribution of \$66 billion annually. Its footprint in our state is crucial to our long-term economic health. Miami International Airport, an American Airlines hub, is the second leading gateway to the U.S. with 18.4 million international passengers in 2011. American Airlines has almost 800 weekly flights to 55 destinations in the Caribbean and Latin America.

Clearly, this demonstrated record of success would not be possible without excellent partners in the airline industry, who for decades have recognized the importance of maintaining a strong presence throughout our entire state to better serve domestic and international visitors.

This merger is a continued step in that direction, maintaining this commitment and keeping Florida on a path to economic health. This new combined network will expand business opportunities for countless numbers of our corporate residents, invite international corporations to conduct business with us, and allow our homegrown businesses to reach customers around the world. This merger is a win-win for Florida's economy.

After thoroughly examining this transaction, the Florida Chamber is encouraged to learn the combined American Airlines-US Airways will remain committed to our communities by maintaining current hubs and expanding services to new cities. We are pleased to learn employees of each

The Honorable Amy Klobuchar The Honorable Michael Lee March 18, 2013 Page Two

company will be granted additional opportunities to grow and build their careers with this new combined company. As this merger permits a stronger, more financially stable corporation in an unpredictable and competitive industry, employees will now have stability and confidence to pursue their careers with American Airlines with competitive compensation and benefit packages.

The Florida Chamber strongly supports this pending union of two great partners in the airline industry, and we respectfully request your support as you review this important merger.

Sincerely,

David Hart Executive Vice President

cc: Hon. Bill Nelson cc: Hon. Marco Rubio



March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Ranking Member, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

As the official destination sales and marketing organization for our community, the Greater Miami Convention & Visitors Bureau (GMCVB) is truly excited and looks forward to the American Airlines (AA) / U.S. Airways merger. With our mission to bring tourists, business meetings, conventions and major events to Miami, we feel this merger will allow us to build upon our past successes.

For the past several years we have experienced record growth in travel and tourism to Miami due in large part to AA's expansion and commitment to our community. They are more than just an airline... they have been a true corporate and civic partner.

Based on our general review of the plan and the complimentary nature of the merger, we expect that growth to continue which will result in increased economic and job growth in hospitality, the top industry in Greater Miami. With that in mind, we strongly urge your support of the merger of these two airlines as we previously stated in the full page ad in the New York Times that you will see attached.

Thank you for your deliberate consideration of this matter. And please do not hesitate to contact us with any questions.

Sincerely,

William D. Talbert III President & CEO

14 D. Felbert II

c. Honorable Marco Rubio, Senator for Florida. Honorable Bill Nelson, Senator for Florida



# We congratulate American Airlines and US Airways on their announced merger.

We're so excited because even more places will be closer to Greater Miami's exceptional climate, activities, and cultural scene. With more routes than ever it will be even easier to get to Where Worlds Meet. Find out how Greater Miami helps everyone live an inspired life. Visit **MiamiWhereWorldsMeet.com** 















### CARLOS A. GIMENEZ

MAYOR MIAMI-DADE COUNTY

March 18, 2013

The Honorable Amy Klobuchar
Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

American Airlines is one of Miami-Dade County's largest private employers as well as a model corporate leader in social responsibility and commitment to our community. It is for those reasons that I write to you in support of American's merger with US Airways, as that merger will result in a stronger American Airlines and have a positive impact on job creation and economic development for our County.

Based on the information that has been made available, the new American Airlines will also have a positive impact throughout the country and around the world, given that the merged airline will provide 1,300 new routes worldwide. The additional access these routes provide customers will increase the competitiveness of the new airline and support its efforts to address stiff competition from other global carriers.

We were also reassured last month when the various unions from the two companies approved the merger and stated their support. This is important to our community since we have a large workforce in Miami-Dade County that will have new job opportunities made available to them.

The merger of the two airlines will lead to a financially stronger company that is better suited to compete at the global level. That is a critical factor for our community because Miami International Airport (MIA) serves as the key hub for American Airlines' Caribbean and Latin American routes. A stronger airline will therefore result in additional routes and passengers coming through MIA, which will lead to increased economic growth for Miami-Dade County.

It is for the above compelling reasons that I support the merger and respectfully request your support for a stronger and more competitive American Airlines.

Sincerely

Carlos A. Gimenez



March 8, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Honorable Amy Klobuchar:

As Mayor of the City of Cedar Rapids, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Cedar Rapids and American Airlines have a long and very successful relationship. Currently we enjoy direct service with American Airlines to Chicago O'Hare and Dallas/Fort Worth Airport with connections to destinations worldwide. We are encouraging support from leaders like you, which at this critical point, is very important.

We see the potential in the merger between American Airlines and U.S. Airways to provide additional Air Service in our region and possibly open underserved destinations for Eastern Iowa. We believe this merger will continue to support our economy over the coming years.

The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Cedar Rapids and the Eastern Iowa region. This merger will be good for the residents and visitors of Cedar Rapids and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Ron J. Corbett, Mayor City of Cedar Rapids

cc: Senator Grassley



March 8, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Honorable Michael S. Lee:

As Mayor of the City of Cedar Rapids, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Cedar Rapids and American Airlines have a long and very successful relationship. Currently we enjoy direct service with American Airlines to Chicago O'Hare and Dallas/Fort Worth Airport with connections to destinations worldwide. We are encouraging support from leaders like you, which at this critical point, is very important.

We see the potential in the merger between American Airlines and U.S. Airways to provide additional Air Service in our region and possibly open underserved destinations for Eastern Iowa. We believe this merger will continue to support our economy over the coming years.

The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Cedar Rapids and the Eastern Iowa region. This merger will be good for the residents and visitors of Cedar Rapids and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Ron J. Corbett, Mayor City of Cedar Rapids

cc: Senator Grassley



11000 Airport Road → Dubuque, Iowa 52003

Tel: 563-589-4128

Fax: 563-589-4108

www.flydbq.com

Airport Commissioners →

Steve Accinelli

Doug Brotherton

Amy Wagner

Charles Daoud

Mike Santillo

March 6, 2013,

The Honorable Chuck Grassley 135 Hart Senate Office Building Washington DC 20510

Dear Senator Grassley:

I write to ask for your support of the planned merger between American Airlines and U.S. Airways. We have a beneficial and successful partnership with American Airlines and we feel this merger will provide the possibility of more options for our travelers.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports our passengers through Chicago O'Hare to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Dubuque. Our business leaders support this merger. Mayor Roy D. Buol has written you a letter of support as well.

American Airlines is Dubuque's connection to the world. This merger will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Robert A. Grierson, AAE

**Dubuque Regional Airport Manager** 



March 7, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington DC 20510

The Honorable Michael Lee United States Senate 316 Hart Senate Office Building Washington DC 20510

Dear Senators,

I am writing on behalf of the Des Moines Airport Authority Board of Directors and staff to extend our support for the merger of American Airlines and US Airways.

Des Moines is currently served by both carriers on non-competing routes. American provides non-stop service to Chicago's O'Hare Airport and Dallas, Texas. US Airways provides non-stop service to Washington, DC's Reagan Airport, Charlotte, NC, and Phoenix, AZ.

I want to emphasize the importance of each of these destinations and particularly the US Airways non-stop flights to and from Washington, DC. Des Moines is our state capitol and this service is essential for the many passengers of both state and federal agencies to conduct their business for Iowa.

Given the recent mergers of other major airlines it is essential for American and US Airways to combine their companies for reasons of competition and economic survival. We therefore recommend approval of the merger.

Respectfully,

Donald L. Smithey Executive Director

Cc: The Honorable Charles Grassley





Office of the Mayor City Hall 50 West 13<sup>th</sup> Street Dubuque, IA 52001-4864 www.cityofdubuque.org

March 4, 2013

The Honorable Chuck Grassley 135 Hart Senate Office Building Washington, DC 20510

Dear Senator Grassley,

As Mayor of the City of Dubuque, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports out Passengers through Chicago O'Hare to destinations worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Dubuque. This merger will be good for the residents and visitors of Dubuque and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely.

Roy D. Buol

Poy D. Buol

Mayor

RDB:ds



March 12, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee,

The Eastern Iowa Airport has a long and very successful relationship with American Airlines. In light of the upcoming judiciary hearing on the merger between American Airlines and U.S. Airways, I write to ask for your support of the planned merger. The Eastern Iowa Airport currently enjoys direct service with American Airlines to Chicago O'Hare and Dallas/Fort Worth Airport with connections to destinations worldwide. American serves our top business destination of Dallas, Texas with direct service, a vital key to our business community's continued success. We are encouraging support from leaders like you at this critical point.

The Eastern Iowa Airport is located on the south side of Cedar Rapids, Iowa, Iowa's second largest city, and just 20 miles from Iowa City, home of the University of Iowa. We serve the eastern counties of Iowa with significant reach as far north as Waterloo/Cedar Falls and as far south as Burlington, Iowa. We see approximately a million passengers a year through our doors and have been steadily increasing passenger traffic over the last year and a half, a testament to the strength of our business community in Eastern Iowa.

We see the potential in the merger between American Airlines and U.S. Airways to provide additional Air Service in our region and possibly open underserved destinations for Eastern Iowa. We believe this merger will facilitate continued support to our economy over the coming years.

The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Cedar Rapids and the Eastern Iowa region. This merger will be good for the residents and visitors of Eastern Iowa and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely.

Tim Bradshaw, A.A.E.

Airport Director

The Eastern Iowa Airport



March 12, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Amy Klobuchar,

The Eastern Iowa Airport has a long and very successful relationship with American Airlines. In light of the upcoming judiciary hearing on the merger between American Airlines and U.S. Airways, I write to ask for your support of the planned merger. The Eastern Iowa Airport currently enjoys direct service with American Airlines to Chicago O'Hare and Dallas/Fort Worth Airport with connections to destinations worldwide. American serves our top business destination of Dallas, Texas with direct service, a vital key to our business community's continued success. We are encouraging support from leaders like you at this critical point.

The Eastern Iowa Airport is located on the south side of Cedar Rapids, Iowa, Iowa's second largest city, and just 20 miles from Iowa City, home of the University of Iowa. We serve the eastern counties of Iowa with significant reach as far north as Waterloo/Cedar Falls and as far south as Burlington, Iowa. We see approximately one million passengers a year through our doors and have been steadily increasing passenger traffic over the last year and a half, a testament to the strength of our business community in Eastern Iowa.

We see the potential in the merger between American Airlines and U.S. Airways to provide additional Air Service in our region and possibly open underserved destinations for Eastern Iowa. We believe this merger will facilitate continued support to our economy over the coming years.

The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Cedar Rapids and the Eastern Iowa region. This merger will be good for the residents and visitors of Eastern Iowa and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Tim Bradshaw, A.A.E. Airport Director

Ti Bradelia

The Eastern Iowa Airport



March 12, 2013

The Honorable Chuck Grassley United States Senate 135 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee.

The Eastern Iowa Airport has a long and very successful relationship with American Airlines. In light of the upcoming judiciary hearing on the merger between American Airlines and U.S. Airways, I write to ask for your support of the planned merger. The Eastern Iowa Airport currently enjoys direct service with American Airlines to Chicago O'Hare and Dallas/Fort Worth Airport with connections to destinations worldwide. American serves our top business destination of Dallas, Texas with direct service, a vital key to our business community's continued success. We are encouraging support from leaders like you at this critical point.

The Eastern Iowa Airport is located on the south side of Cedar Rapids, Iowa, Iowa's second largest city, and just 20 miles from Iowa City, home of the University of Iowa. We serve the eastern counties of Iowa with significant reach as far north as Waterloo/Cedar Falls and as far south as Burlington, Iowa. We see approximately a million passengers a year through our doors and have been steadily increasing passenger traffic over the last year and a half, a testament to the strength of our business community in Eastern Iowa.

We see the potential in the merger between American Airlines and U.S. Airways to provide additional Air Service in our region and possibly open underserved destinations for Eastern Iowa. We believe this merger will facilitate continued support to our economy over the coming years.

The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Cedar Rapids and the Eastern Iowa region. This merger will be good for the residents and visitors of Eastern Iowa and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Tim Bradshaw, A.A.E.

Airport Director

The Eastern Iowa Airport





Senator Amy Klobuchar 302 Hart Senate Office Building Washington, DC 20510

RE: Proposed Merger American Airlines and US Airways

Dear Senator Klobuchar:

On behalf of the Sioux Gateway Airport Board of Trustees please accept this letter as our endorsement for the proposed merger of American Airlines and US Airways. We believe that the merger will offer greater efficiencies and more potential for the new American Airlines to provide expanded air service to Sioux City. With a stronger financial base and the combination of equipment and management of the two entities, there should be new opportunities for markets like Sioux Gateway Airport to expand their partnership with American Airlines.

The City of Sioux City does not feel there would be any adverse effect to competition from the merger due to the fact that the two companies do not serve many markets in common. The new company would actually be in a better position to serve an expanded network of airports and provide additional opportunities for the traveling public.

Sincerely,

David Bernstein, Board President Sioux Gateway Airport City of Sioux City, Iowa

CC: Senator Charles Grassley





Senator Mike Lee 316 Hart Senate Office Building Washington, DC 20510

RE: Proposed Merger American Airlines and US Airways

Dear Senator Lee:

On behalf of the Sioux Gateway Airport Board of Trustees please accept this letter as our endorsement for the proposed merger of American Airlines and US Airways. We believe that the merger will offer greater efficiencies and more potential for the new American Airlines to provide expanded air service to Sioux City. With a stronger financial base and the combination of equipment and management of the two entities, there should be new opportunities for markets like Sioux Gateway Airport to expand their partnership with American Airlines.

The City of Sioux City does not feel there would be any adverse effect to competition from the merger due to the fact that the two companies do not serve many markets in common. The new company would actually be in a better position to serve an expanded network of airports and provide additional opportunities for the traveling public.

Sincerely

David Bernstein, Board President Sioux Gateway Airport City of Sioux City, Iowa

cc: Senator Charles Grassley



Senator Amy Klobuchar 302 Hart Senate Office Building Washington, DC 20510

RE: Proposed Merger of American Airlines and US Airways

Dear Senator Klobuchar:

Please accept this letter of support for the proposed merger of American Airlines and US Airways. We believe that the merger will offer greater efficiencies and more potential for the new American Airlines to provide expanded air service to Sioux City. With a stronger financial base and the combination of equipment and management of the two entities, there should be new opportunities for markets like Sioux Gateway Airport to expand their partnership with American Airlines.

The City of Sioux City does not feel there would be any adverse effect to competition from the merger due to the fact that the two companies do not serve many markets in common. The new company would actually be in a better position to serve an expanded network of airports and provide additional opportunities for the traveling public.

Sincerely.

Robert E. Scott, Mayor City of Sioux City, Iowa

Senator Charles Grassley CC:



Senator Mike Lee 316 Hart Senate Office Building Washington, DC 20510

RE: Proposed Merger of American Airlines and US Airways

Dear Senator Lee:

Please accept this letter of support for the proposed merger of American Airlines and US Airways. We believe that the merger will offer greater efficiencies and more potential for the new American Airlines to provide expanded air service to Sioux City. With a stronger financial base and the combination of equipment and management of the two entities, there should be new opportunities for markets like Sioux Gateway Airport to expand their partnership with American Airlines.

The City of Sioux City does not feel there would be any adverse effect to competition from the merger due to the fact that the two companies do not serve many markets in common. The new company would actually be in a better position to serve an expanded network of airports and provide additional opportunities for the traveling public.

Sincerely,

Robert E. Scott, Mayor City of Sioux City, Iowa

Senator Charles Grassley CC:



# CITY OF WATERLOO,

CITY HALL • 715 Mulberry Street • Waterloo, IA 50703 • (319) 291-4301 Fax (319) 291-4286

March 7, 2013

Mayor BUCK CLARK

COUNCIL

**MEMBERS** 

The Honorable Patrick Leahy United States Senate 437 Russell Senate Office Building Washington, D.C. 20510

DAVID **JONES** Ward I

RE: PLANNED MERGER AMERICAN AIRLINES & U.S. AIRWAYS

CAROLYN COLE Word 2

HAROLD

**GETTY** Ward 3

OUENTIN M. HART Ward 4

RON WELPER Ward 5

BOB **GREENWOOD** At-Large

STEVE SCHMITT At-Large

Dear Honorable Leahy:

As Mayor of the City of Waterloo, Iowa, I am asking for your support of the planned merger between American Airlines and U.S. Airways. Since April of 2012, American has served Waterloo with flights to and from Waterloo via Chicago O'Hare. Supporting American Airlines' merger with U.S. Airways is crucial for economic development and expanding service for our citizens, businesses and all who the Waterloo Regional Airport serves.

By supporting the merger, you support continued growth of the Waterloo Regional Airport and the communities and businesses it serves. In the best interests of residents, businesses and those in our region, the expanded AA/US network would increase the frequency of flights to additional various locations within the United States.

Success for American Airlines will bring success in long-term opportunities that our whole community and region strongly needs. It is a goal we all share and support. I urge your support as well.

Sincerely,

**Buck Clark** Mayor

Buck Vack



The Honorable Chuck Grassley 135 Hart Senate Office Building Washington, DC 20510

Dear Senator Grassley,

As the Airport Director of Waterloo Regional Airport, I am writing to ask for your support of the planned merger between American Airlines and US Airways. The Waterloo Regional Airport has enjoyed a successful relationship with American Airlines. Support from leaders such as yourself, is critical to our continued relationship with American Airlines.

The merger between American Airlines and US Airways could provide a valuable contribution to our region and our economy over the coming years. Currently our service with American Airlines has daily Regional Jet (RJ) service through Chicago-O'Hare airport with connections to hundreds of markets around the world. The expanded AA/US network would increase the connectivity of service through the Chicago-O'Hare hub offering the Cedar Valley more connections. The merger will be good for our business retention and development efforts, as well as tourism, and quality of life.

This merger will mean success for both American Airlines and Waterloo and the Cedar Valley. It will bring long term opportunities for our community and region. This is very much supported by all of us at the Airport and we urge you to support this merger as well.

Sincerely,

Bradley Hagen

Airport Director



March 15, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510 The Honorable Michael S Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Senators Klobuchar and Lee,

I write to ask for your support of the proposed merger between American Airlines and U.S. Airways. Chicago has enjoyed a longstanding and successful relationship with American. The precursor airline of AA was founded in Chicago in 1926. Chicago O'Hare is the only double-hub airport in the U.S.

The merger between American and U.S. Airways will provide a valuable contribution to our region and economy. Currently American and American Eagle fly directly from Chicago to 120 destinations, including 18 to Mexico, Asia and Europe. The combined airline system will offer 6,700 daily flights to 336 destinations in 56 countries around the world.

The Proposed merger would expand the network of flights and offer increased service to existing markets as well as service to new cities. There is very little overlap between the service currently offered by American and U.S. Airways. The merger would be very complementary to both airlines.

American has been a leader in pushing for modernization of O'Hare International Airport going back almost twenty years. Since the O'Hare Modernization Program was put in place almost ten years ago, O'Hare has essentially a new set of runways and attendant facilities. An agreement is already in place which will allow for the construction of a final, large runway when FAA traffic projections are reached.

In sum, American Airlines employs over 9,000 people at its Chicago base. American has been a strong partner with business, civic and cultural communities of Chicago for decades. The proposed merger would only make that stronger.

Sincerely,

Gerald J. Roper

President & CEO

CC: Senator Richard Durbin Senator Mark Kirk



#### ILLINOIS MANUFACTURERS' ASSOCIATION

1211 West 22nd Street • Suite 620 • Oak Brook, Illinois 60523 Telephone: (630) 368-5300 • Fax: (630) 218-7467 • E-mail: gbaise@ima-net.org

Gregory W. Baise

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510 The Honorable Michael S Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Senators Klobuchar and Lee,

As President of the Illinois Manufacturers' Association (IMA), I write to ask for your support of the proposed merger between American Airlines and U.S. Airways. The IMA represents 4000 companies in Illinois, many of which use O'Hare International Airport for both business travel and cargo shipping. American is one of the two largest airlines at O'Hare and we believe the proposed merger would strengthen American's position at the airport.

I believe the merger between American and U.S Airways will strengthen the economy in Chicagoland and throughout Illinois where American Eagle provides services to five Downstate airports. Currently American and American Eagle fly directly from Chicago to more than 100 destinations including many in Europe and Asia.

The newly combined airline system will offer 6700 daily flights to 336 destinations in 56 countries around the world which will expand the network of flights and offer increased service to new cities from Chicago. There is very little overlap between the service currently offered by American and U.S. Airways. The merger would be very complementary to both airlines.

American Airlines is a solid leader in the Illinois business community. It has also been a strong supporter of the effort to modernize O'Hare (OMP). Over the past ten years OMP has essentially remade O'Hare into a new airport.

American Airlines employs over 9,000 people at its Chicago base. American has been a strong partner with business, civic and cultural communities of Greater Chicago and Illinois for decades. The proposed merger would only make that partnership stronger and better for local businesses and travelers.

Sincerely,

Gregory W. Biase

President, Illinois Manufacturers' Association

CC: Senator Richard Durbin Senator Mark Kirk

#### HENRY CROWN AND COMPANY

222 NORTH LA SALLE STREET · CHICAGO, ILLINOIS 60601 · 312/236-6300

March 15, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510

The Honorable Michael S Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Senators Klobuchar and Lee,

I would like to enthusiastically endorse the proposed merger between American Airlines and U.S. Airways. American Airlines is a strong partner with Chicago at O'Hare International Airport. The merger between American Airlines and U.S. Airways will strengthen their role at O'Hare and will contribute to strengthening the Chicagoland economy which is highly dependent on the access to the world due to O'Hare. There is very little overlap between the services currently offered by American and U.S. Airways.

American Airlines has been an enthusiastic and strong supporter of modernizing O'Hare airport going back twenty years. American was instrumental in promoting State legislation which produced the O'Hare Modernization Program (OMP). Both American and United airlines have provided the bulk of the funding for OMP. The result is essentially a new airport.

As Chair of the Transportation Committee of the Civic Committee of the Commercial Club of Chicago, I participated over the years in many discussions and negotiations between the City and the airlines. I can assure you that American and the other airlines at O'Hare have stood firm to finish the OMP. There is now an agreement in place which will allow construction of the final new runway when the FAA thinks it is necessary in order to meet projected demand.

American Airlines has a large employee base at its Chicago hub and is one of two airlines which hub at O'Hare. American has been a strong supporter of the business, civic and cultural communities of Chicago and the proposed merger would only make American stronger to the benefit of Illinois institutions, businesses and travelers.

Sincerely,

Lester Crown

LC:jgc

cc: Senator Richard Durbin Senator Mark Kirk



VILLAGE OF ROSEMONT

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510 The Honorable Michael S Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Senators Klobuchar and Lee,

As Mayor of Rosemont, Illinois, I write to ask for your support of the proposed merger between American Airlines and U.S. Airways. Rosemont is a vibrant small community immediately adjacent to O'Hare International Airport. All traffic into and out of O'Hare goes through Rosemont. Many businesses affiliated with the air transport business have offices here, including American Airlines, which has maintained its regional headquarters here for over twenty years.

I believe the merger between American and U.S. Airways will provide a valuable contribution to our region and economy. Currently American and American Eagle fly directly from Chicago to more than 100 destinations, including almost 20 international destinations. The combined airline system will offer 6,700 daily flights to 336 destinations in 56 countries around the world.

The Proposed merger would expand the network of flights and offer increased service to existing markets as well as service to new cities. There is very little overlap between the service currently offered by American and U.S. Airways. The merger would be very complementary to both airlines.

American Airlines employs over 9,000 people at its Chicago base. American has been a strong partner with business, civic and cultural communities of Chicago and Rosemont for decades. The proposed merger would only make that partnership stronger and better for local businesses and travelers.

Sincerely

Brad Stephens

Mayor

CC: Senator Richard Durbin Senator Mark Kirk

9501 West Devon Ave. Rosemont, IL 60018

Phone 847-825-4404 Fax 847-696-2717



March 18, 2013

The Honorable Amy Klobuchar 302 Hart Senate Office Building Washington, DC 20510

#### Dear Chairwoman Klobuchar:

As you know, the management teams of American Airlines and US Airways have announced their intention to merge the two companies to form the world's largest airline. Employees of both airlines have welcomed the news with great excitement. In fact, the employees at American Airlines played a critical role in driving the deal. As the elected leadership of many of the companies' workgroups, we can say with certainty that our colleagues are looking forward to the day our operations are combined. Not only will 100,000 employees benefit from the proposed merger, but so will the new American Airlines, the communities we serve, our companies' investors, the commercial aviation industry, and the flying public.

Last year, as American's unions were negotiating under Section 1113 of the Bankruptcy Code, we were approached by the management team of US Airways with a strategic alternative to American's standalone plan of reorganization. US Airways' plan detailed the tremendous synergies and savings that would be created by a merged network. With more routes to more cities throughout the country and abroad, the new American would once again be an attractive option to the business travelers our airlines have lost to Delta and United in recent years. These factors add up to increased revenues and a thriving airline that can break the duopoly currently controlling our industry.

In addition, the new business model will allow the new American to sustain industry-rate contracts for the employees of both carriers and mitigate the furloughs that had been proposed by American's standalone plan. The employees at American and US Airways want our company to succeed. That is why we support the merger and why we worked together to effect it.

Together, our airlines can compete in the current market and compensate its employees fairly. Apart, they can do neither.

The most frequently cited argument against the merger is that both American and US Airways are succeeding financially and they do not need to merge to thrive. We reject this theory out of hand.

In the ten years leading up to bankruptcy, American lost approximately \$1 billion annually. There is near-unanimous agreement in the industry and on Wall Street that American's problems existed on both sides of the balance sheet. Unfortunately, Chapter 11 only allows the debtor to address its costs. If it were to emerge from bankruptcy on its own, American would remain at a competitive disadvantage in terms of generating revenue.

In fact, the principle difference at the airline would be a smaller workforce (trimmed by thousands of furloughs), a 17 percent cut in wages and benefits, and a frozen pension plan. Similarly, US Airways will continue to be hamstrung by the limitations of its network. The recently-approved mergers of United-Continental and Delta-Northwest have marginalized smaller carriers like US Airways, and their long-term viability is constantly in question. More than perhaps any other, our industry is subject to shocks like fuel spikes, acts of terrorism, accidents, and natural disasters. While large network carriers have the capacity to mitigate such volatilities, smaller airlines are disproportionately affected by them. Indeed, the only way to truly ensure a fair and competitive aviation industry is to allow our companies to combine.

The path forward will be challenging, of that we can be sure. However, with labor agreements in place at both carriers, some of the most difficult tasks are already complete. We believe that the benefits the new American will provide to the traveling public, our colleagues, and our membership are well worth the tremendous effort that merging these two carriers will require. We hope that you can share in our enthusiasm and optimism.

Sincerely,

Laura Glading

President, Association of Professional Flight Attendants – American Airlines

James C. Little

International President, Transport Workers Union – American Airlines & US Airways

Keith Wilson

President, Allied Pilots Association – American Airlines

Gary Hummel

President, US Airline Pilots Association – US Airways

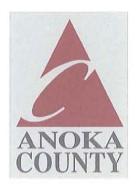
Roger Holmin

President, Association of Flight Attendants – US Airways

Deborah Volpe

President, Association of Flight Attendants – US Airways

CC: Rose Baumann



# COUNTY OF ANOKA

## OFFICE OF COUNTY BOARD OF COMMISSIONERS

GOVERNMENT CENTER
2100 3RD AVENUE STE 700 • ANOKA, MN 55303-5024
(763) 323-5700

March 14, 2013

SCOTT SCHULTE County Commissioner District #7

The Honorable Amy Klobuchar
Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510
Via Fax: 202-228-2186

The Honorable Al Franken
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
309 Hart Senate Office Building
Washington, DC 20510
Via Fax: 202-224-0044

Dear Senator Klobuchar and Senator Franken:

As an Anoka County Commissioner, I am writing to you today to express my support of the proposed merger between American Airlines and US Airways.

As I'm sure you're aware, a key economic driver for our area is business travel, and this merger would afford us with increased access to the rest of the country and the world. The broader route network will result in increased financial stability and robust competition across the global marketplace – joining other major airlines in Delta/Northwest, United/Continental, Southwest and various regional and low-cost carriers.

And with the proposed airline's commitment to maintain all current hubs, employee ranks should not be impacted, with current employees experiencing better opportunities over the long term. Additionally, with employees from both airlines supporting a merged airline from its inception, I am confident that integration efforts will result in a more streamlined airline for consumers and increased job stability for workers.

So as you can see, this merger will benefit businesses and the economy both nationwide and here in Minnesota. As you examine the merger's potential impact, I hope you will draw the same conclusions.

Thank you for your consideration, and please do not he sitate to contact me with any questions.

Sport Salaulta

Sincerely

Anoka County Commissioner

TDD/TTY: 763-323-5289

FAX: 763-323-5682

Affirmative Action / Equal Opportunity Employer

Driving the New Agenda for Business



March 13 2013

The Honorable Amy Klobuchar 302 Hart Senate Office Building Washington, DC 20510

Fax: 202-228-2186

Dear Senator Klobuchar

Senator Klobuchar:

As the President of the Dakota County Regional Chamber of Commerce, and someone with experience in the Airline Industry, I am writing to express my full support of the recently proposed merger between American Airlines and US Airways. After more than a year of uncertainty in the airline industry, this merger presents the best path forward both for the marketplace and consumers.

I have followed closely the arguments set forth by both supporters and opponents of the merger, and have concluded that not only will the new American Airlines better serve Minnesotans – the combined network will offer improved service through 38 daily departures from Minnesota, with access to 336 destinations around the world – claims that prices will increase for consumers are unfounded. In recent years, fluctuations in price have been tied not to industry competition, but instability in jet fuel prices. And numerous experts have validated that the new American Airlines presents similar – or even less – overlap than that of the United-Continental or Delta-Northwest mergers that received swift approval by the federal government.

Additionally, labor concerns that could normally cloud merger discussions are not an issue as both American Airlines and US Airways labor unions not only support a merger, they are already coming to agreements that would best facilitate integration upon approval.

As you prepare to consider the impact a merger might have on consolidation, competition, and consumers, I hope you will recognize the positive benefits that would be realized for your Minnesota constituency and the stability of the industry as a whole.

/ / / /-L

Sincerely.

Ruthe Batulis

President, Dakota Co. Regional Chamber of Commerce





March 13, 2013

The Honorable Amy Klobuchar
Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

Because I believe it would affirm the long-term competitiveness of US Airways and help assure the future viability of Charlotte Douglas International Airport (CLT), I offer my support for the finalization of the company's merger with American Airlines.

Jerry Orr, who serves as the city of Charlotte's aviation director and head of CLT, has been consistent in his belief that this merger would benefit our city because it would establish a truly global reach for our already strong international gateway.

It is clear to me that this merger would make Charlotte a key cog in a truly global airline that would manage almost 7,000 daily flights to more than 330 destinations. Our city's connection to the rest of the world will be greatly enhanced, as customers traveling to, from and through CLT will have significantly increased access to destinations throughout Europe, Asia and the Caribbean.

With this heightened service will come much-needed jobs, development and business partnerships – fuel for Charlotte's economic resurgence and a chance for local families to build vibrant, healthy lives around the new company and CLT. At a local level, an even stronger airport anchor will likely encourage deeper community partnerships, more vibrant local businesses and a greater collective commitment to creating a more dynamic Charlotte region.

Thank you for your dedication to ensuring that this merger benefits the U.S. economy, the airline industry and local communities throughout the country. If I can be of further assistance moving forward, please do not hesitate to contact me.

Thank you,

**Bob Morgan** 

Charlotte Chamber CEO and President

Be Mon



March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

On behalf of the citizens of Charlotte, who I am privileged to represent as Mayor, I write to offer my support for the US Airways-American Airlines merger because I believe it would benefit our city's local economy and build upon our citizens' significant investment in Charlotte Douglas International Airport (CLT).

Though our local economy is recovering and employment levels show signs of improvement, my administration understands the vital importance of seeking additional ways to increase jobs and spur economic development. By finalizing this merger, US Airways and American Airlines will generate many new job opportunities for local families and create additional economic activity to fuel our region.

Just as important, the merger would strengthen the 7,100 company employees that will act as the foundation of Charlotte's international gateway. This is evidenced by the impressive level of union support for the merger.

Our city takes great pride in our dynamic international airport, and we understand that this merger presents the opportunity for an even more pronounced global presence. CLT's enhanced international connections will allow us to offer travelers an expansive slate of choices and position Charlotte as a unique landing-place for international travelers. This could mean a game-changing increase in business opportunities and strategic partnerships for our city and region.

The City continues to enjoy a good relationship with US Airways and values the company's input as we continue to grow CLT. To my knowledge, US Airways has always worked with the City in a collaborative manner. Were that not the case, my view on this matter might be different.

I appreciate your thorough review of this merger and invite you to contact me directly for any additional information. Thank you for your time and consideration.

Sincerely.

Anthony R. Foxx

Mayor



March 14, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

Even during the height of the recession, US Airways continued to add flights and routes at Charlotte Douglas International Airport (CLT), making it the airline's largest hub by far. This impressive commitment to our region is, without a doubt, the greatest asset in our marketing arsenal. By creating an even stronger corporate partner, the American Airlines-US Airways merger will, in turn, give the Charlotte region an even greater international presence to allow us to better recruit foreign companies that create American jobs.

For that reason, I'm writing to demonstrate my support for this merger and ask that you consider its potential to positively impact the 16-county Charlotte region.

The combined carrier will more efficiently connect CLT with many additional international business destinations. We are finding the greatest opportunity to bring new job and investment opportunities to our region lies in foreign companies that want to establish a U.S. presence. A new global carrier with a demonstrated long-term commitment to Charlotte will greatly assist us in convincing them to take that step.

Furthermore, the company's combined resources should also allow it to bolster compensation and benefits offerings for the roughly 7,100 workers already serving CLT.

The Charlotte Regional Partnership and our constituent economic development partners are eager to capitalize on this potential increased international presence and all the business opportunities it will afford.

I appreciate your thorough examination of this merger and ask that you carefully consider the benefits it would bring to our region.

Sincerely,

Ronnie Bryant, CEcD, FM, HLM President & CEO

Charlotte Regional Partnership





# STATE OF NORTH CAROLINA OFFICE OF THE GOVERNOR

PAT McCrory Governor

March 13, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy & Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

As you and your colleagues prepare to examine the pending merger between US Airways and American Airlines, I'm writing to express my belief that this agreement is very positive news for North Carolina.

Not only will the emerging company maintain its hub at Charlotte Douglas International Airport (CLT), it would create a better opportunity to expand CLT's already impressive service and connect the City of Charlotte with exciting new destinations throughout the world. Gaining access to destinations in Asia and Europe – while bolstering domestic offerings at the same time – will allow North Carolina to move forward with the ability to compete at a global level.

Given our state's continued struggles with high unemployment, our ability to put more of our residents to work at stable jobs is vital to North Carolina's fiscal health in the future. A finalized merger will result in increased economic activity around one of the world's most significant transportation hubs and help our state create more secure jobs for our residents. I look forward to working with our enhanced corporate partner, the "new" American Airlines, to strengthen their existing workforce (which currently numbers almost 10,000 people in North Carolina between the two companies) and seek new opportunities for our state's workers.

I believe the emerging airline will have the ability to compete – with CLT as a cost-effective, efficient foundation – with the biggest airlines in the world. And here in North Carolina, the company will find a wealth of skilled, committed workers and an economic environment that is encouraging to business growth.

I'm appreciative of your consideration and encourage you to contact me for additional thoughts as you examine this exciting merger.

Thank you,

Pat McCrory

Governor of the State of North Carolina



# North Carolina **Department of Commerce**

Pat McCrory, Governor

Sharon Allred Decker, Secretary

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

In my capacity as North Carolina's Secretary of Commerce, I write today to add my voice to those offering support for the pending merger of US Airways and American Airlines.

The unfortunate reality is that North Carolina's unemployment rate remains among the worst the country and our economy is in the midst of a transition whose outcome is crucial to our ability to thrive moving forward.

By strengthening thousands of existing jobs, creating many new employment opportunities and putting one of our most important corporate partners on healthier financial footing, I believe this merger would act as a positive force in North Carolina's economic recovery.

Governor McCrory and I believe the "new" American Airlines will be in a better position to provide higher pay and stronger benefits to the companies' 10,000 employees here in North Carolina. The merged companies' significant internal and external support evidences a developing partnership between company leadership, employees and public servants that we believe will help spur important economic activity, as well as growth in and around the airport.

Furthermore, the prospect of expanding Charlotte Douglas International Airport's service and opening up new international opportunities for local travelers and businesses alike will likely result in the creation of solid jobs and vibrant economic development, both of which our state desperately needs.

By becoming the second largest U.S. hub for an airline competing to become the best in the world, the city of Charlotte would gain the sorts of competitive advantages that mark the most viable and globally relevant cities.

Thank you for the opportunity to present my views on this proposed merger. I applaud your diligence as you examine what could be a very meaningful development for the people of Charlotte and North Carolina.

Sincerely,

Sharon Decker

Secretary, North Carolina Dept. of Commerce



William C. Rudin Chairman

Jennifer M. Hensley Executive Director

Association for a Better New York 355 Lexington Avenue New York, NY 10017

t. 212.370.5800 f. 212.661.5877

www.abny.org

March 8, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

The Association for a Better New York (ABNY) is a 43-year old civic organization that advocates for policies and programs that make New York a better place to live, work and visit. Of course, accessibility is a critical component of our city's competitiveness, and essential to ensuring New York remains a world class destination for visitors and businesses alike.

We believe that a combined American Airlines-US Airways company will effectively mean more domestic and international flights into and out of New York than ever before, as well as greater access to fleet and ground service in all the major cities across our great state—including New York City, Long Island, Buffalo, Albany, Rochester, and Syracuse. In addition to offering more complex service options, the AA-US Airways merger will secure 8,060 jobs in New York. New capital generated from the merger may also be used to expand a major airport terminal at John F. Kennedy International Airport, solidifying New York's hegemony as a global gateway.

We expect that the American Airlines-US Airways merger will have a positive impact on air travel, particularly for New Yorkers. There is no doubt that a consolidated operation between AA and US Airways will help secure New York's future as a global gateway and a destination. We thank you for your attention to this important issue.

Yogurs for a Better New York.

Jennifer Hensley Executive Director



William C. Rudin Chairman

Jennifer M. Hensley Executive Director

Association for a Better New York 355 Lexington Avenue New York, NY 10017

t. 212.370.5800 f. 212.661.5877

www.abny.org

March 8, 2013

The Honorable Michael Lee United State Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

The Association for a Better New York (ABNY) is a 43-year old civic organization that advocates for policies and programs that make New York a better place to live, work and visit. Of course, accessibility is a critical component of our city's competitiveness, and essential to ensuring New York remains a world class destination for visitors and businesses alike.

We believe that a combined American Airlines-US Airways company will effectively mean more domestic and international flights into and out of New York than ever before, as well as greater access to fleet and ground service in all the major cities across our great state—including New York City, Long Island, Buffalo, Albany, Rochester, and Syracuse. In addition to offering more complex service options, the AA-US Airways merger will secure 8,060 jobs in New York. New capital generated from the merger may also be used to expand a major airport terminal at John F. Kennedy International Airport, solidifying New York's hegemony as a global gateway.

We expect that the American Airlines-US Airways merger will have a positive impact on air travel, particularly for New Yorkers. There is no doubt that a consolidated operation between AA and US Airways will help secure New York's future as a global gateway and a destination. We thank you for your attention to this important issue.

Yours for a Better New York,

Jennifer Hensley
Executive Director

CHAIRMAN
JOHN M. DIONISIO\*
VICE CHAIRMEN
LYNNE P. BROWN\*
RICHARD CAVALLARO\*
LOUIS J. COLETTI\*
GARY LaBARBERA\*
JORGE J. LOPEZ\*
TERRENCE E. O'NEAL\*
JONATHAN D. RESNICK\*
MILO E. RIVERSO\*

PRESIDENT
RICHARD T. ANDERSON\*
TREASURER
RALPH J. ESPOSITO\*
SECRETARY
JOSEPH A. IENUSO\*
GENERAL COUNSEL
MICHAEL S. ZETLIN\*

PAST CHAIRMAN PETER A. MARCHETTO\* DIRECTORS IOHN T. AHERN JOSEPH J. ALIOTTA ELIZABETH H. BERGER PAUL L. BONINGTON AINE M. BRAZIL VICTORIA I, CERAMI CATHLEEN B. COLELLA RAYMOND P. DADDAZIO MARY-JEAN EASTMAN THOMAS D. FARRELL HECTOR I. FIGUEROA CARL GALIOTO DONNA GARGANO IOHN I. GILBERT III MARYANNE GILMARTIN SHARON GREENBERGER GAIL GRIMMETT IOSEPH T. GUNN

RICHARD SETH HAYDEN SUSAN L. HAYES MAUREEN A. HENEGAN' THOMAS IOVINO CYRUS IZZO SABRINA KANNER GEORGE KLEIN CHRISTOPHER LARSEN IEFFREY E. LEVINE IOSEPH G. MIZZI CHARLES F. MURPHY MYSORE L. NAGARAJA CHERRIE NANNINGA GEORGE J. PIERSON RAYMOND M. POCINO JENNIFER J. RAAB LAWRENCE P. ROMAN ARTHUR RUBINSTEIN MICHAEL F. RUSSO ANTHONY P. SCHIRRIPA

\*Executive Committee Member DIRECTORS EMERIT

ROBERT E. SELSAM JACK F. SPENCER

VICKI MATCH SUNA LUIS M. TORMENTA

ELI ZAMEK

CHRISTOPHER O. WARD

FREDERICK W. WERNER

PETER L. DICAPUA
PETER GOETZ
STUART E. GRAHAM
JOHN F. HENNESSY III
JAMES H. JONES
LEEVI KIII.
HERBERT KOENIG
JEFFREY M. LEVY

JEFFREY M. LEVY
JOHN V. MAGLIANO
SALVATORE MANCINI
WILLIAM A. MARINO
GERARD A. NEUMANN
JOSEPH H. NEWMAN
ROBERT S. PECKAR
JACK RUDIN
FRANK J. SCIAME
DOMINICK M. SERVEDIO
MARILYN JORDAN TAYLOR
DANIEL R. TISHMAN
RICHARD L. TOMASETTI

LESTER O. WUERFL JR.

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senators Klobuchar and Lee:

I am writing to offer the support of the New York Building Congress for the proposed merger between American Airlines and US Airways.

As a leading civic organization composed of the design, construction and real estate industry in New York City, the Building Congress has a keen interest in the vitality of the airline industry and the economic impact it has on the region.

DAMON I. HAYES
DAMON I. HEMMERDINGER
A recent study by the Better Airports Alliance forecasts air travel to and from New York's
maureen A. HENEGAN\*
THOMAS IOVINO
CYRUS IZZO
SABRINA KANNER
GEORGE KLEIN
CHRISTOPHER LARSEN
JEFFREY E. LEVINE
LEVINE
HOUSENIC MYZZI
IN NEW York, and contribute billions of dollars to the regional economy.

This growth is predicated on a healthy and competitive airline industry able to meet this growing demand. The merger of American Airlines and US Airways will allow for a reliable third major carrier to compete with Delta and United, able to make the essential capital investments to improve airport terminals, maximize service and routes.

We understand that the merger will not affect employee ranks, a critical issue here in New York. Given the extensive positive impacts the merger will have on the New York region, we urge the timely approval of this merger.

DIRECTORS EMERITI Thank you for this opportunity to comment.

Richard T. Anderson

President

Sincerely,



Partnership for New York City

March 15, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

On behalf of the Partnership for New York City, I am writing in support of the proposed merger between American Airlines and US Airways. This merger will give American Airlines the opportunity to become a stronger competitor, one with a degree of financial stability not experienced in many years.

The Partnership for New York City represents the city's largest private sector employers and leading entrepreneurs. We work together with government, labor and the non-profit sector to promote economic growth and job creation in New York. Through the Partnership Fund we invest in innovative projects that create new jobs, revitalize distressed communities, and build the economy. American Airlines has been a valued member of the Partnership for the past decade and we are confident that thoughtful consideration was given to each strategic alternative before the best course to ensuring long-term financial health was decided.

American Airlines has served the state of New York for more than 80 years and has been an economic catalyst for our success. Each year 12.8 million American passengers fly into New York airports. As one of the airlines five key markets and its most important market to transatlantic business, American employs close to 7,500 workers statewide and contributes \$1.1 billion to the New York economy annually. Recognizing the need to modernize in order to keep pace with New York City's global competitors, American recently spent \$1.3 billion on a state-of-the-art, 1.5 million square foot terminal at JFK and \$30 million on improvements at LaGuardia airport.

The complementary operations of American and US Airways will create a world-class global network offering consumers more than 6,700 daily flights to 336 destinations in 56 countries including the East Coast shuttle. The Empire state stands to benefit from increased connectivity, a broader route network, and a stronger, more competitive airline. The combined airlines will

generate substantial net synergies and establish the financial foundation for a more stable company and better opportunities for their 100,000 employees nationwide. Both airlines have encountered unprecedented support from employees, labor unions and the Unsecured Creditors Committee who recognize that the transaction will put the combined company on the path to success.

Nothing has been more damaging for the airline industry, its employees, customers, and shareholders than the past decade of economic turmoil and uncertainty. It has become increasingly evident that a merger with US Airways could bring benefits to the traveling public, generate significant value for shareholders, and foster much needed stability in the industry.

Thank you in advance for your consideration and support.

Sincerely,

Kathryn S. Wylde

President CEO

cc: Senator Charles Schumer Senator Kirsten Gillibrand



# Mary Fallin Governor

March 6, 2013

The Honorable Amy Klobuchar, Chair U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee, Ranking Member U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

## Dear Senators Klobuchar and Lee:

The purpose of today's correspondence is to respectfully request your favorable review and consideration of the pending merger between American Airlines and US Airways.

American Airlines has been a significant partner in our state's business community for decades. Currently, they provide over 30 daily departures from Oklahoma airports and maintain a key maintenance base in Tulsa. Together, American Airlines and US Airways employ more than 6,000 Oklahomans.

Given their commitment to Oklahoma, I am extremely interested in seeing this merger regarded positively by the U.S. Senate Subcommittee on Antitrust, the Department of Justice, and the Department of Transportation. The merger is vital to sustaining the economic progress we have achieved in Oklahoma, as the combined company will continue to offer service to hundreds of destinations around the globe, facilitating travel for our citizens and business opportunities for our corporate residents.

I am encouraged to learn that labor unions, throughout the ranks of both organizations, have endorsed this merger, believing it will result in a stronger, more stable company and increase employment opportunities and benefit gains in the years to come for their members.

In sum, this merger is a smart business move that will reward consumers, the nation's economy, and the state of Oklahoma for years to come.

I am grateful for your consideration and welcome hearing from you, should you have questions concerning this matter.

Mary Fallin

Mary Fallin Governor





March 11, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

(Chair, Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights)

### Dear Senator Klobuchar:

On behalf of the State Chamber of Oklahoma, I am writing to ask for your support of the AMR-US Airways Merger. The State Chamber of Oklahoma represents over 2,000 businesses, including many in the aerospace industry such as manufacturers, technology companies, defense contractors, investors, oil and natural gas and many more across the business spectrum. The State Chamber's mission is to create a pro-business climate that grows our state's economy, creates jobs and spurs investment in Oklahoma.

The aerospace industry in Oklahoma employs over 144,000 individuals and generates an annual economic output of over \$12 billion. This industry alone generates \$4.4 billion in revenue for the state with exports to 170 countries. The AMR-US Airways merger would further expand the state's aviation sector, develop job opportunities, and bring increased global attention to Oklahoma. The State Chamber of Oklahoma supports the merger and welcomes its long-term advantages for the region.

The merger will enhance economic growth and improve workforce conditions in Oklahoma. American Airlines and US Airways are major employers in the state, with approximately 6,555 employees. These employees serve at three airports across the state and a major regional maintenance base in Tulsa. The creation of this new company will improve access for travel to and from Oklahoma and generate long-term employment. The merger will also bring increased attention to Oklahoma by making it a central hub to flyers worldwide.

The State Chamber of Oklahoma urges the Senate Judiciary Subcommittee on Anti-Trust, Competition Policy and Consumer Rights to support the proposed merger that would boost economic growth and greatly benefit Oklahoma consumers, employees and our local communities.

Sincerely.

Fred S. Morgan

FSM:ls

cc: Senator Michael Lee, Senator Tom Coburn, Senator Jim Inhofe

May



# FRED S. MORGAN PRESIDENT AND CEO

March 11, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

On behalf of the State Chamber of Oklahoma, I am writing to ask for your support of the AMR-US Airways Merger. The State Chamber of Oklahoma represents over 2,000 businesses, including many in the aerospace industry such as manufacturers, technology companies, defense contractors, investors, oil and natural gas and many more across the business spectrum. The State Chamber's mission is to create a pro-business climate that grows our state economy, creates jobs and spurs investment in Oklahoma.

The aerospace industry in Oklahoma employs over 144,000 individuals and generates an annual economic output of over \$12 billion. This industry alone generates \$4.4 billion in revenue for the state with exports to 170 countries. The AMR-US Airways merger would further expand the state's aviation sector, develop job opportunities, and bring increased global attention to Oklahoma. The State Chamber of Oklahoma supports the merger and welcomes its long-term advantages for the region.

The merger will enhance economic growth and improve workforce conditions in Oklahoma. American Airlines and US Airways are major employers in the state, with approximately 6,555 employees. These employees serve at three airports across the state and a major regional maintenance base in Tulsa. The creation of this new company will improve access for travel to and from Oklahoma and generate long-term employment. The merger will also bring increased attention to Oklahoma by making it a central hub to flyers worldwide.

The State Chamber of Oklahoma urges the Senate Judiciary Subcommittee on Anti-Trust, Competition Policy and Consumer Rights to support the proposed merger that would boost economic growth and greatly benefit Oklahoma consumers, employees and our local communities.

Sincerely,

Fred S. Morgan

FSM:ls

cc: Senator Tom Coburn, Senator Jim Inhofe

T.W. SHANNON

State Representative Comanche County District 62 Lawton, OK



State Capitol Building 2300 N. Lincoln Blvd., Room 401 Oklahoma City, OK 73105-4811

> 405.557.7374 tw.shannon@okhouse.gov

# House of Representatives Office of the Speaker

March 14, 2013

The Honorable Amy Klobuchar, Chair
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee, Ranking Member
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Klobuchar and Lee:

I would like to respectfully ask consideration by the Antitrust Subcommittee of the Senate Judiciary Committee on the matter of the pending merger between American Airlines and US Airways.

The merger of these two companies will provide numerous benefits to the State of Oklahoma and our entire nation. A combined company will be financially stronger, therefore providing more opportunities for job creation and growth. Consumers will benefit as well from the expanded services offered in both existing and new markets.

I truly appreciate your time and consideration of this matter. Please feel free to contact me if there is any way that I may be of further service.

Sincerely,

T.W. Shannon, Speaker

Oklahoma House of Representatives

# Oklahoma State Senate

Senator Brian Bingman President Pro Tempore

District 12 Creek & Okfuskee County



State Capitol Building 2300 N. Lincoln Blvd., Room 422 Oklahoma City, OK 73105

Office: (405) 521-5528 Fax: (405) 521-5578 Bingman@oksenate.gov

March 8, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D. C. 20510

Dear Senator Lee,

Today, I am writing to request your favorable review and consideration of the pending merger between American Airlines and US Airways.

For many decades, American Airlines has been a key partner in Oklahoma's business community through the 30+daily departures it offers from Oklahoma airports and the maintenance facility it operates in Tulsa. Combined, American and US Airways employ over 6,000 Oklahomans.

Given this commitment to our state, I am keenly interested in seeing this merger be viewed favorably by the U.S. Senate Subcommittee on Antitrust, as well as the Department of Justice and the Department of Transportation. This merger is important to continue the economic progress we have achieved in Oklahoma, by providing hundreds of destinations around the globe, facilitating travel for our residents and business opportunities for our corporate residents.

I am pleased to learn as well that labor unions of both companies have endorsed this merger, believing that a stronger and more stable company will increase employment opportunities and benefit gains in the years to come for their members.

In summary, this merger is a smart business move that will reward consumers, the U.S. economy, and the state of Oklahoma for years to come.

Thank you for your consideration, and please contact me should you have any further questions.

Sincerely,

Brian Bingman

President Pro-Tempore

Parin Palyin

BB/jw

# Oklahoma State Senate

Senator Brian Bingman President Pro Tempore

District 12 Creek & Okfuskee County



State Capitol Building 2300 N. Lincoln Blvd., Room 422 Oklahoma City, OK 73105

Office: (405) 521-5528 Fax: (405) 521-5578 Bingman@oksenate.gov

March 8, 2013

The Honorable Amy Klobuchar Rkg Mbr. U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

Today, I am writing to request your favorable review and consideration of the pending merger between American Airlines and US Airways.

For many decades, American Airlines has been a key partner in Oklahoma's business community through the 30+ daily departures it offers from Oklahoma airports and the maintenance facility it operates in Tulsa. Combined, American and US Airways employ over 6,000 Oklahomans.

Given this commitment to our state, I am keenly interested in seeing this merger be viewed favorably by the U.S. Senate Subcommittee on Antitrust, as well as the Department of Justice and the Department of Transportation. This merger is important to continue the economic progress we have achieved in Oklahoma, by providing hundreds of destinations around the globe, facilitating travel for our residents and business opportunities for our corporate residents.

I am pleased to learn as well that labor unions of both companies have endorsed this merger, believing that a stronger and more stable company will increase employment opportunities and benefit gains in the years to come for their members.

In summary, this merger is a smart business move that will reward consumers, the U.S. economy, and the state of Oklahoma for years to come.

Thank you for your consideration, and please contact me should you have any further questions.

Sincerely,

Brian Bingman

President Pro-Tempore

Polin Polyin

BB/jw



March 14, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

Last month, American Airlines and US Airways announced a merger to create a new American Airlines. We are writing in support of this merger, which we firmly believe will result in a stronger, more competitive airline which will benefit consumers, workers and local communities alike.

The Tulsa Regional Chamber is confident that the proposed merger will provide a long-term solution to the challenges previously faced by American Airlines, while ensuring a higher quality of service and opportunity for the individuals they serve. Customers will have access to more than 1,300 new routes worldwide, while also benefiting from the increased scale and capacity of the newly-formed company – enabling it to more effectively compete in the global marketplace.

In addition to a broader positive impact, the Tulsa community specifically stands to gain significantly through the approval of this merger. Tulsa is currently home to the world's largest commercial maintenance and repair overhaul center – the American Airlines Maintenance and Engineering Base – which supports thousands of primary and secondary jobs in northeast Oklahoma. In total, American Airlines and US Airways employ more than 6,500 Oklahomans in our great state. Approving the proposed merger will provide job security and continued professional opportunity to these members of our community.

In closing, the merger of American Airlines and U.S. Airways translates to a sustainable financial footing, new opportunities for air travel customers, and the retention of jobs for the employees and communities these two companies impact.

We look forward to the launch of the new American Airlines, and the success this merger will bring for our community and its customers worldwide. Thank you in advance for your consideration.

Sincerely,

Michael S. Neal, CCE, CCD

President & CEO

Tulsa Regional Chamber



March 14, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

#### Dear Senator Lee:

Last month, American Airlines and US Airways announced a merger to create a new American Airlines. We are writing in support of this merger, which we firmly believe will result in a stronger, more competitive airline which will benefit consumers, workers and local communities alike.

The Tulsa Regional Chamber is confident that the proposed merger will provide a long-term solution to the challenges previously faced by American Airlines, while ensuring a higher quality of service and opportunity for the individuals they serve. Customers will have access to more than 1,300 new routes worldwide, while also benefiting from the increased scale and capacity of the newly-formed company – enabling it to more effectively compete in the global marketplace.

In addition to a broader positive impact, the Tulsa community specifically stands to gain significantly through the approval of this merger. Tulsa is currently home to the world's largest commercial maintenance and repair overhaul center – the American Airlines Maintenance and Engineering Base – which supports thousands of primary and secondary jobs in northeast Oklahoma. In total, American Airlines and US Airways employ more than 6,500 Oklahomans in our great state. Approving the proposed merger will provide job security and continued professional opportunity to these members of our community.

In closing, the merger of American Airlines and U.S. Airways translates to a sustainable financial footing, new opportunities for air travel customers, and the retention of jobs for the employees and communities these two companies impact.

We look forward to the launch of the new American Airlines, and the success this merger will bring for our community and its customers worldwide. Thank you in advance for your consideration.

Sincerely,

Michael S. Neal, CCE, CCD

President & CEO

Tulsa Regional Chamber



March 11, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

As Mayor of Tulsa, I want to express my support for the proposed merger of American Airlines and US Airways.

American Airlines is a great corporate citizen of Tulsa and is our community's largest private sector employer. This merger will create a stronger airline that will benefit consumers, employees and the communities in which they live and work. Tulsa's well-documented history of providing high-quality aviation maintenance will also solidify this region's economic prosperity.

Also important to note, the labor unions for both airlines are enthusiastically supporting the merger which will create new opportunities for employee growth and advancement.

In the highly competitive air travel industry, other major carriers have merged in recent years, strengthening the partners and providing more routes and services to their customers. American Airlines and US Airways, through this merger, will also be stronger and will offer more and better service to customers and will continue to be important economic elements of the communities in which their employees live.

It is my hope that the Anti-Trust Subcommittee of the Senate Judiciary Committee will support this merger and allow these two carriers to grow and prosper and serve their customers even more efficiently than before. If I can be of service to you in this matter, please do not hesitate to contact me.

Best regards,

Dewey F Bartlett Jr.

Mayor



March 11, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As Mayor of Tulsa, I want to express my support for the proposed merger of American Airlines and US Airways.

American Airlines is a great corporate citizen of Tulsa and is our community's largest private sector employer. This merger will create a stronger airline that will benefit consumers, employees and the communities in which they live and work. Tulsa's well-documented history of providing high-quality aviation maintenance will also solidify this region's economic prosperity.

Also important to note, the labor unions for both airlines are enthusiastically supporting the merger which will create new opportunities for employee growth and advancement.

In the highly competitive air travel industry, other major carriers have merged in recent years, strengthening the partners and providing more routes and services to their customers. American Airlines and US Airways, through this merger, will also be stronger and will offer more and better service to customers and will continue to be important economic elements of the communities in which their employees live.

It is my hope that the Anti-Trust Subcommittee of the Senate Judiciary Committee will support this merger and allow these two carriers to grow and prosper and serve their customers even more efficiently than before. If I can be of service to you in this matter, please do not hesitate to contact me.

Best regards,

Dewey F, Bartlett Jr.

Mayor



417 Walnut Street Harrisburg, PA 17101-1902 717 255-3252 / 800 225-7224 FAX 717 255-3298 www.pachamber.org Gene Barr President and CEO

The Honorable Amy Klobuchar

March 15, 2013

Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

I write you to offer my support for the exciting merger proposal between US Airways and American Airlines, and ask you to do the same.

When I learned that these two companies sought approval to combine, my first thoughts were of the many Pennsylvanians working for them. US Airways, in particular, has a long history of operating in Pennsylvania and currently employs roughly 9,100 people across the state.

As you know, the airline industry has seen rough skies over the past decade. Most recent mergers have been driven by cold necessity. In contrast, the US Airways-American Airlines decision is driven by opportunity: the companies project \$1 billion in annual net synergies. These are not cuts. \$900 million, 90 percent, of that additional revenue is coming from revenue synergies. It is unprecedented in the industry.

And it means that Pennsylvania pensioners who hold stock in either company will be more able to rely on their retirement savings. It means that business travelers to and from Pennsylvania will have access to a broader international network. It means that we may be able finally to reverse the trend of diminishing flights in and out of our airports.

Most importantly, it means that the thousands of Pennsylvanians who work for both companies will have more job security and greater opportunity in an industry finally finding its footing.

All of this can happen without threatening the competitiveness of the industry at large. After all, Pennsylvania employs thousands of people with several other carriers and I would not want to see those jobs jeopardized. The combined American Airlines would represent less than a quarter of the domestic industry and would stabilize the marketplace.

I sincerely hope that you'll join me in supporting this important merger.

Sincerely,

Gene Barr

President and CEO



# CITY OF PHILADELPHIA CITY COUNCIL

OFFICE OF THE PRESIDENT

DARRELL L. CLARKE PRESIDENT ROOM 494, CITY HALL Philadelphia, PA 19107 (215) 686-2070 Fax No. (215) 563-3162

COUNCILMAN - 5TH DISTRICT

March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee
Ranking Member, U.S. Senate Subcommittee on Antitrust,
Competition Policy and Consumer Rights
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

## Dear Senator Klobuchar and Senator Lee:

As President of Philadelphia's City Council, I write to you today in support of the proposed merger of US Airways, the most prominent carrier at Philadelphia International Airport (PHL), and American Airlines. If approved, the agreement would greatly benefit thousands of local workers, pave the way for further enhancements at PHL and strengthen our City's most significant economic driver.

Upon speaking with US Airways' representatives and learning about the pending merger, I understand the significant union support the agreement has received. Both US Airways' and American Airlines' pilot unions – as well as the latter's flight attendants and ground employees – agreed to improved collective bargaining agreements to take effect once the merger is finalized. US Airways' flight attendants have reached a tentative agreement of support for the merger.

I have no doubt that many of the 6,300 US Airways employees based at PHL played a significant role in crafting these agreements, and I believe the new company that would emerge would be in position to offer these local workers better pay, healthcare benefits and advancement opportunities moving forward.

This merger would also connect PHL to a significant number of new locations – and in turn would bring a new class of international travelers to the City of Philadelphia. I'm especially optimistic that travelers coming through and originating from Philadelphia would have access to places like Beijing and Tokyo.

The Honorable Amy Klobuchar The Honorable Michael S. Lee March 15, 2013 Page Two

Adding such diverse and desirable international destinations will help PHL gain a stronger foothold in the global market and open up significant business opportunities for our City and the companies located here.

At this important moment in our City's history, the stronger, more competitive airline this merger creates would help ensure that Philadelphia and our surrounding suburbs continue to flourish. Thank you for the opportunity to share my support for this merger, and please do not hesitate to contact me with any questions or thoughts.

Sincerely,

DARRELL L. CLARKE

DLC/dmc



# **GREATER PHILADELPHIA CHAMBER OF COMMERCE**

200 South Broad Street, Suite 700, Philadelphia, PA 19102-3896 | P: 215-545-1234 | F: 215-790-3600 | greaterphilachamber.com

March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

On behalf of the Greater Philadelphia Chamber of Commerce, I am writing to express my support for the pending merger of American Airlines and US Airways. I believe this arrangement will strengthen operations at Philadelphia International Airport (PHL), help connect the Greater Philadelphia region with new destinations and routes, and create new opportunities for thousands of local employees.

PHL is the Greater Philadelphia region's economic engine, and its long-term viability is essential to our ability to continue growing in the future. By satisfying Philadelphia's longstanding desire for more international travel opportunities, this merger would offer an unprecedented chance for the region to play a greater role in the global marketplace.

As a result of an approved merger, local travelers would have greater access to destinations in Asia, Europe, the Caribbean and South and Central America. At the same time, by becoming the oneworld alliance's first Northeastern hub, PHL would benefit from increased traffic from international travelers. An approved agreement would also provide the opportunity to access more than 60 new domestic locations in the Midwest alone which are not currently served by US Airways.

The pending merger would also provide opportunities for advancement to US Airways' 6,300-plus employees at PHL. The combined company's influx of resources and stronger financial footing would likely allow it to offer better pay and benefits to employees, while also creating many new, more secure jobs. And like the customers they serve, the new airline's local employees would also benefit from the company's expanded network of destinations.

In short, a completed merger would create a stronger dominant carrier here at PHL, which would only serve to fuel further growth. I appreciate your careful consideration of this merger and the positive impact it would have on the Greater Philadelphia region. Please feel free to contact me with any questions.

Sincerely,

Robert C. Wonderling President and CEO

Greater Philadelphia Chamber of Commerce



# CITY OF PHILADELPHIA

Office of the Mayor 215 City Hall Philadelphia, PA 19107 (215) 686-2181 FAX (215) 686-2180 MICHAEL A. NUTTER Mayor

March 18, 2013

The Honorable Amy Klobuchar
Chair
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee Ranking Member U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

Today, I am writing to offer my support for the US Airways/American Airlines merger. Over the last six years, my administration has consistently emphasized the importance of Philadelphia International Airport (PHL) – and thus US Airways, as PHL's primary carrier – to our city's success competing in the global marketplace. I believe the merger has the potential to strengthen one of Philadelphia's most important corporate partners, as well as our international gateway and the region as a whole. Competitive cities have great airports that are attractive to passengers, businesses, and airlines alike.

Among the most important considerations is the potential that this merger would create more international service to and from Philadelphia. The new American Airlines would present a major opportunity for travelers to access destinations in Asia, Europe and South America directly from PHL. This increased international activity would strengthen Philadelphia's standing in the global marketplace and make PHL more attractive to leisure and business travelers alike, which is central to maintaining a competitive airport and remaining relevant on the international stage. Additionally, the potential for new domestic service to cities not currently served directly from PHL would further strengthen both our airport and the new American Airlines.

The Honorable Amy Klobuchar The Honorable Michael S. Lee March 18, 2013 Page 2

This increased service would likely strengthen thousands of jobs at PHL and throughout the region, while also creating a significant number of new employment opportunities. Though our local economy continues to recover, the single most important issue our city faces is our ability to create high-caliber jobs for our residents. I believe this merger would greatly benefit the thousands of local families whose livelihoods already revolve around the strength of PHL and its airlines. By spurring additional economic activity in the region, the new company would also directly and indirectly create many new jobs and development opportunities.

Because Philadelphia international Airport is so vital to the future of Philadelphia and the Delaware Valley region, it is important for it to be anchored by a strong corporate partner capable of competing with the world's largest airlines. I am confident that this merger would ensure the presence of one such airline here in Philadelphia and help guarantee that PHL becomes even more dynamic moving forward. Thank you, I appreciate the opportunity to share my support for this merger with you.

Sincerely,

Michael A. Nutter

Lila Al

Mayor



## March 18, 2013

The Honorable Amy Klobuchar Chairwoman U.S. Senate Committee on the Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510-2305 The Honorable Michael S. Lee Ranking Member U.S. Senate Committee on the Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510-4404

Re: Anticompetitive Impacts of the Proposed Merger between US Airways and American Airlines at Ronald Reagan Washington National Airport

Dear Chairwoman Klobuchar and Ranking Member Lee:

JetBlue Airways Corporation ("JetBlue") appreciates the opportunity to submit these comments to the Subcommittee prior to its important hearing on the proposed merger between US Airways and American Airlines (the "Merger"). JetBlue believes that the Merger, absent meaningful action by the Department of Justice, will make an unbalanced competitive situation at Ronald Reagan Washington National Airport ("DCA") even worse. DCA is a unique airport. In addition to being the centrally located airport in our nation's capital, it is slot controlled, which limits new entry and free competition, and it is underutilized. Currently, the airport's dominant carrier, US Airways, controls 55 percent of the take-off/departure rights or "slots" at DCA, which severely limits the ability of competitive carriers to enter and expand at the airport.

US Airways' dominance at DCA was solidified by its 2011 transaction with Delta Air Lines (the "DL/US Slot Swap") in which Delta ultimately agreed to transfer to US Airways 42 slot pairs at DCA in return for 132 slot pairs at La Guardia. The United States Department of Justice Antitrust Division (the "DOJ") found that the DL/US Slot Swap, as initially proposed, created an unacceptable concentration level at DCA<sup>2</sup> and commented that *slot divestitures were necessary in order to protect consumers*. The FAA, heeding the DOJ's input, did in fact limit

<sup>&</sup>lt;sup>1</sup> U.S. Gov't Accountability Office, GAO-12-902, Slot-Controlled Airports: FAA's Rules Could be Improved to Enhance Competition and Use of Available Capacity 17-18 (2012) (finding that only approximately 79% of DCA slots were used per hour during peak hours and only approximately 69% were used per hour during nonpeak hours).

<sup>&</sup>lt;sup>2</sup> The Division has recognized the "extensive body of empirical work finding that airport concentration is associated with higher fares." Comments of the United States Department of Justice, Notice of Petition for Waiver of the Terms of the Order Limiting Scheduled Operations at LaGuardia Airport and Solicitation of Comments on Grant of Petition with Conditions, Docket FAA-2010-0109 (Mar. 24, 2010) at 7 (hereinafter, the "DOJ Slot Swap Comments").

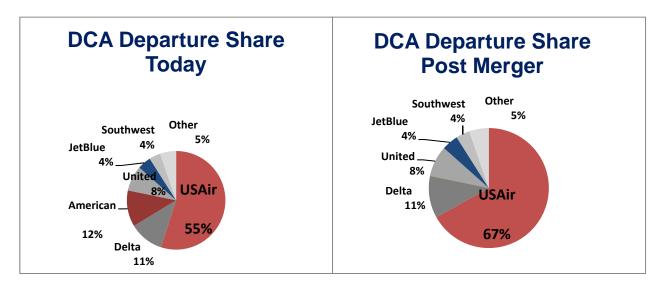
<sup>&</sup>lt;sup>3</sup> DOJ Slot Swap Comments at 3.

US Airways' growth at DCA to today's anticompetitive 55%, ordering a divestiture of 16 slots as a condition of approving the DL/US Slot Swap. The proposed Merger will further increase this slot concentration at DCA to levels far in excess of the presently anticompetitive situation and make slot concentration at DCA even worse, to the detriment of the traveling public.

# I. The Merger Will Increase Concentration at DCA and Harm Consumers.

The newly combined US Airways/American, left unchecked, will further consolidate its control of National Airport by amassing more than two-thirds (67%) of the DCA slots.

## THE MERGER WILL INCREASE CONCENTRATION AT DCA



The impact of the recent DL/US Slot Swap on competition at DCA demonstrates that the competitive situation is now and will likely only become more unbalanced. The DL/US Slot Swap gave rise to a number of monopoly routes for US Airways, where fares have increased and traffic has plummeted. As depicted in Exhibit A, on the eight new US Airways monopoly routes created by the DL/US Slot Swap, fares have increased an average of 15 percent.

More disturbingly, the increased concentration has resulted in US Airways' increasingly inefficient use of the already congested airspace by reducing capacity. As detailed in Exhibit B, US Airways has increased the use of small US Airways Express commuter aircraft with fewer than 76 seats. In fact, the average number of seats per US Airways departure has *decreased* since the DL/US Slot Swap. This underutilization of slots, a scarce public resource, inevitably leads to reduced capacity and higher prices.

# II. The Merger Will Make DCA Even Less Competitive.

By permitting the proposed increase in the combined airline's presence at DCA, the Merger will cause at least two anticompetitive effects. Because the legacy incumbent carriers at DCA largely avoid competing with one another head-to-head, the Merger will result in the

creation of relatively few monopoly routes. However, the Merger's actual impact on competition and the traveling public is likely to be far more significant.

First, the combined slot portfolio of US Airways and American may increase the incentive of the combined carrier to further underutilize slots to their maximum utility, ensuring that low cost carriers such as JetBlue and others cannot grow at the airport. The commercial viability of each one of the combined airline's dozens of monopoly markets would be threatened if a low cost carrier acquired additional slots with which to compete directly against the new American.

Second, the combined airline's dominant slot portfolio will enable it to aggressively discipline any carrier that even attempts to challenge one of its high-margin, noncompetitive routes, thus increasing barriers to entry and reducing the ability of other airlines to challenge its market dominance by increasing competition for the benefit of the traveling public. The new US Airways/American, especially with its pattern of underutilization of slots at DCA, will have the flexibility to add frequencies and capacity to combat the competitive entry of any carrier able to acquire slots and challenge the incumbent. US Airways has employed this strategy successfully in response to competitive entry by low cost carriers. In a recent example, US Airways vigorously defended its lucrative Boston-Philadelphia route. After driving out the competition, US Airways restored its anticompetitive fares. *See* Exhibit D.

The Merger, left unchecked, will give the new American the increased flexibility to undertake this same strategy at DCA. Indeed, US Airways actually *bragged* in a recent filing with the Department of Transportation that the introduction of just a single competitors frequency on its DCA-Jacksonville monopoly route will have a limited impact on the route's fare structure: "It is questionable that JetBlue could duplicate this fare reduction [that it achieved on the BOS-DCA route] for DCA-JAX by adding only one round-trip." Without access to a sufficient number of slots, brought about as a condition for approving this merger, low cost carriers simply face an insurmountable barrier to competing with an incumbent as dominant as the new American at DCA.

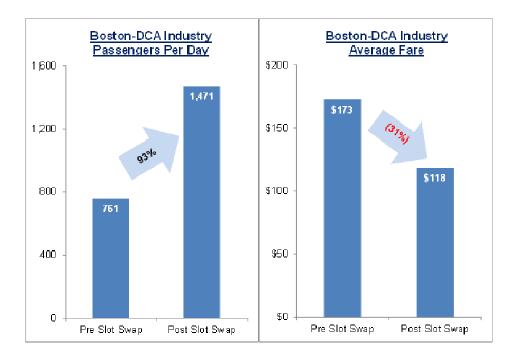
# III. Slot Divestitures to Low Cost Carriers Will Reduce the Anticompetitive Impact of the Merger.

JetBlue demonstrated its commitment to serving DCA by paying more than \$40 million with its winning bid to acquire the eight slot pairs ordered by the FAA to be divested in connection with the DL/US Slot Swap. JetBlue's resulting service at the airport, while small, has injected greatly needed competition and has provided demonstrable consumer benefits. Indeed, JetBlue's recent experience confirms that the divestiture of DCA slots to low cost carriers such as JetBlue will help ameliorate the anticompetitive effects of the combined airline's increased DCA slot concentration. JetBlue used the slots it acquired in the divestiture to compete directly against US Airways by increasing frequencies on routes that JetBlue already served (DCA-Boston, DCA-Orlando and DCA-Fort Lauderdale) and introducing new competitive service to Tampa. The result was a significant boon to consumers as fares decreased and traffic increased.

<sup>&</sup>lt;sup>4</sup> See Consolidated Answer of US Airways, DOT-OST-2000-7182 (Dec. 19, 2012), at 15.

The introduction of competitive, low-cost service on the robust Boston-Washington shuttle market has had a dramatic impact on fares and traffic, to the benefit of the travelling public, as depicted below.

## JETBLUE'S BOSTON-DCA SERVICE HAS BENEFITED CONSUMERS



## IV. JetBlue is Uniquely Committed to Competing With DCA's Dominant Carrier.

JetBlue has demonstrated a willingness to compete head-to-head against US Airways. Indeed, as shown in Exhibit C, JetBlue has devoted 34 of its 36 DCA slots to routes served by US Airways. Only JetBlue has proven its willingness to compete aggressively with DCA's dominant carrier. These facts suggest that a significant number of slots at DCA must be divested by the new American as a condition of any merger in order to inject much needed competition, limit further concentration and benefit the travelling public. JetBlue urges this Subcommittee to ensure that our government's antitrust regulators and aviation officials condition this merger's approval on a significant divestiture of slots at DCA so that opportunities for enhanced competition continue to grow.

Thank you for your consideration of the views of JetBlue Airways Corporation.

Respectfully submitted,

Robert C. Land

Senior Vice President Government Affairs

and Associate General Counsel

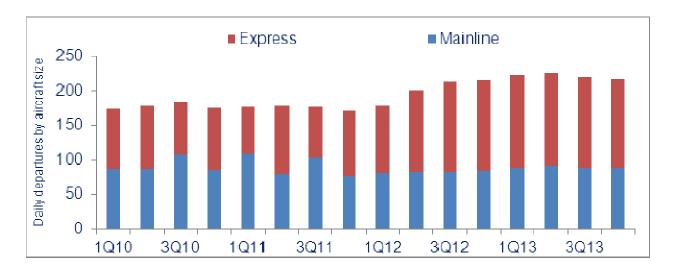
EXHIBIT A

NEW MONOPOLY ROUTES RESULT IN FARE INCREASES & CAPACITY CUTS

Remaining carrier	Market	YOY fare change	YOY capacity change
US Airways			
	DCA-PVD	32%	(34%)
	DCA-BDL	22%	(11%)
	DCA-CHS	21%	1%
	DCA-MSY	16%	(19%)
	DCA-IND	10%	(17%)
	DCA-JAX	10%	(37%)
	DCA-CMH	(5%)	(32%)
	average	15%	(21%)

EXHIBIT B

SINCE THE SLOT SWAP US AIRWAYS HAS INCREASED THE USE OF COMMUTER AIRCRAFT



# US AIRWAYS HAS DECREASED AVERAGE AIRCRAFT SIZE AT DCA

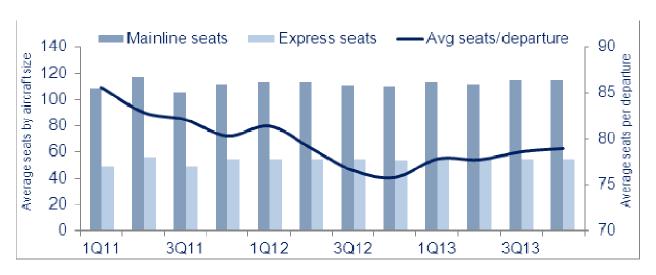


EXHIBIT C

JETBLUE USES ITS SLOT PORTFOLIO TO COMPETE AGGRESSIVELY AGAINST DCA'S DOMINANT CARRIER.

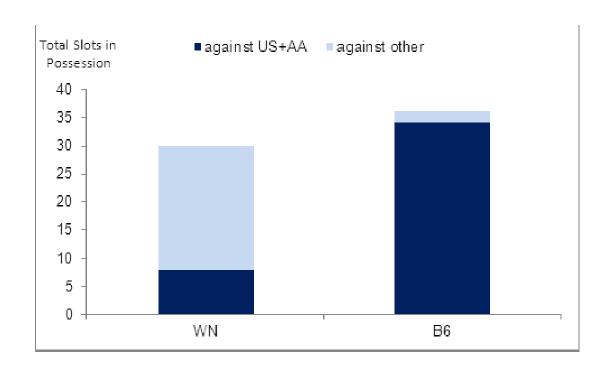
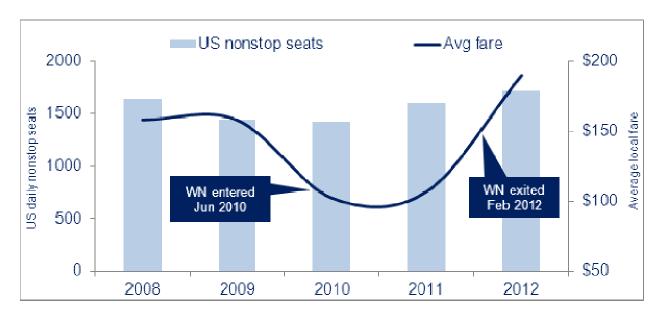


EXHIBIT D

US AIRWAYS AGGRESSIVELY DEFENDED ITS BOS-PHL MARKET ONLY TO RESTORE MONOPOLY PRICING



# Statement for the Hearing Record

Captain Robert Coffman, Chairman, Allied Pilots Association Government Affairs Committee

U.S. Senate Judiciary Committee, Subcommittee on Antitrust, Competition Policy and Consumer Rights

Hearing: "The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

March 19, 2013

On behalf of the 10,000 American Airlines pilots represented by the Allied Pilots Association (APA), we want to thank Chairman Klobuchar, Ranking Member Lee and the other members of the Subcommittee on Antitrust, Competition Policy and Consumer Rights for the opportunity to present written testimony on the proposed merger of American Airlines and US Airways.

APA strongly supports the proposed merger. Well before American Airlines declared Chapter 11 bankruptcy on Nov. 29, 2011, we understood that our airline needed to make significant changes to become more competitive. To protect our pilots' interests during the Chapter 11 process, we assembled a team of highly capable outside advisers, including financial and restructuring experts from Lazard and one of the nation's most experienced airline bankruptcy attorneys. APA then proceeded to negotiate a conditional labor agreement with US Airways, as did our fellow front-line employees represented by the Association of Professional Flight Attendants and Transport Workers Union. These conditional labor agreements mitigated concerns about "labor risk" and helped generate momentum for the proposed merger.

As one of nine members of the Unsecured Creditors' Committee, APA has remained closely involved throughout American Airlines' ongoing restructuring. We represent an educated and engaged membership that is passionate about helping to ensure American Airlines survives and thrives.

The past 10-plus years have been extremely challenging for our industry. The Sept. 11, 2001 terrorist attacks and other exogenous shocks triggered a series of bankruptcy reorganizations that were devastating for employees and other stakeholders. We now face the prospect of relative stability thanks to consolidation, with the combination of American Airlines and US Airways representing what industry analysts characterize as "the last big merger" that would complete the industry's restructuring. Among the beneficiaries of a more stable industry: the many employees, communities and businesses that depend on reliable air carrier service. According to Airlines for America, for every 100 airline jobs, another 360 additional jobs are supported. By approving the merger of American Airlines and US Airways, the United States Department of Justice would help to ensure that our country's commercial aviation system continues on its path to greater stability for the benefit of all concerned.

With the mergers of Delta-Northwest and United-Continental, American Airlines has been relegated to a distant third in terms of revenue generation and the breadth of our network. One of



the adverse consequences of this marginalization has been the defection of high-value corporate customers from American Airlines to our larger network-carrier competitors. For those consumers and companies needing an array of travel options, their choices have effectively been narrowed to Delta and United.

Some have suggested that thanks to bankruptcy restructuring, American Airlines is poised to be successful on its own and that US Airways' recent profits suggest that it, too, could thrive as a standalone carrier. This thesis fails to take into account a couple of key factors. First, the breadth and depth of the network matter to consumers, as cited previously. Delta recently announced an 8 percent increase in corporate revenue and a 7.3 point increase in the New York corporate traveler share. As the United States is a very mature aviation marketplace, this growth can be presumed to be at the expense of American Airlines and US Airways. Also, American Airlines and US Airways would require capital to grow to competitive size organically (absent a merger or acquisition), and Wall Street has signaled a clear preference for capacity discipline versus growth.

As reflected in the following commentary, industry analysts are virtually unanimous in the view that American Airlines must significantly improve its revenue generation and network:

- "AMR suffers a billion dollar plus revenue deficit to the industry." Dan McKenzie, Buckingham Research
- "Basically, Delta and United, in particular, appear to offer more to high-yielding corporate travelers." Jamie Baker, JP Morgan
- "The bigger issue for American is, by far, its inability to generate unit revenues, or revenues per available seat mile, equal to its competitors." Bob McAdoo, Imperial Capital

The most viable way to address American Airlines' revenue and network shortfalls is to merge with another carrier, and US Airways is the most logical merger partner. The two airlines overlap on only 12 city pairs that we respectively serve. By combining the two carriers, the new American Airlines would serve 336 destinations in 56 countries, giving the traveling public access to a third comprehensive global network comparable to what Delta and United already operate.

Critics of the proposed merger cite the potential for higher ticket prices. A December 2012 study by PricewaterhouseCoopers titled "Airline mega-merger impact on the U.S. domestic airline industry" illustrates that such concerns, while understandable, are unfounded. According to this study, average U.S. domestic airfares have not increased significantly in the past seven years despite industry consolidation. From 2008 through year-end 2011, fares increased by 1.7 percent annually—less than the inflation rate for that period, which spans the global financial crisis and subsequent recovery.

Conversely, if American Airlines and US Airways are prohibited from merging, APA is concerned about the ramifications for the many hard-working men and women across our nation whose livelihoods depend upon a stable, prosperous airline industry.



Chairman Klobuchar, Ranking Member Lee and members of the committee, thank you again for the opportunity to submit written testimony.
APA



Norm Archibald Mayor

March 11, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Bldg. Washington, DC 20510

## Dear Senator Lee:

The City of Abilene, Texas is served by American Airlines through its subsidiary American Eagle with daily service connecting Abilene Regional Airport to Dallas/Ft. Worth International Airport. Abilene and its market area have enjoyed stable and great flight frequency from American for many years and our community relies on this service for business, military and leisure travel to connect, literally, with the world. As American Airlines is our only airline at Abilene Regional Airport and has an American Eagle heavy maintenance facility here, we have watched the developments of the bankruptcy process and merger with US Airways with studied interest. It is our belief that the merger will create a stronger American Airlines with a wider route network that should benefit our community's air travelers.

A strong airline network and schedule is vital to a city's economic growth as well as quality of life and American Airlines has been a consistent partner with Abilene and our outlying communities addressing our air service needs. I am encouraged that this mutually beneficial partnership will continue under the new American Airlines. Therefore, I support the merger between American Airlines and US Airways and ask that you vote favorably as it comes before the Senate Judiciary Committee.

Sincerely,

Norm Archibald, Mayor

City of Abilene

Cc: The Honorable John Cornyn
The Honorable Ted Cruz

hom Welillet



Norm Archibald Mayor

March 11, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Bldg. Washington, DC 20510

#### Dear Senator Klobuchar:

The City of Abilene, Texas is served by American Airlines through its subsidiary American Eagle with daily service connecting Abilene Regional Airport to Dallas/Ft. Worth International Airport. Abilene and its market area have enjoyed stable and great flight frequency from American for many years and our community relies on this service for business, military and leisure travel to connect, literally, with the world. As American Airlines is our only airline at Abilene Regional Airport and has an American Eagle heavy maintenance facility here, we have watched the developments of the bankruptcy process and merger with US Airways with studied interest. It is our belief that the merger will create a stronger American Airlines with a wider route network that should benefit our community's air travelers.

A strong airline network and schedule is vital to a city's economic growth as well as quality of life and American Airlines has been a consistent partner with Abilene and our outlying communities addressing our air service needs. I am encouraged that this mutually beneficial partnership will continue under the new American Airlines. Therefore, I support the merger between American Airlines and US Airways and ask that you vote favorably as it comes before the Senate Judiciary Committee.

Sincerely,

Norm Archibald, Mayor

City of Abilene

Cc: The Honorable John Cornyn
The Honorable Ted Cruz

Worm archited



March 19, 2013

The Honorable Amy Klobuchar, Chair The Honorable Michael S. Lee, Ranking Member

U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights 224 Dirksen Senate Office Building Washington, DC 20510

## Statement of Public Support for the New American Airlines

The Cities of Texarkana, Texas and Texarkana, Arkansas jointly own and operate Texarkana Regional Airport which is served by American Eagle. Our partnership with American Airlines began in 1928 with American Airways and the Ford Tri-Motor. We value the airlines' long history of service to the four-state region and the important role it continues to play in the growth of our community.

The integration of American and US Airways will create a robust network of service to "Small Town America," with a more competitive and stable structure. We are pleased to endorse the merger of these two carriers and are confident the New American Airlines and American Eagle will bring the staying power to continue service to financially fragile markets. Even as American Airlines completes restructuring we are seeing significantly lower airfares. The New American Airlines' planned network expansion will increase competition in domestic and international regions of interest to this community.

American Airlines has always been America's airline—a flagship carrier that has worldwide recognition. With this merger, a visible and respected symbol of American economic strength and global presence will attain new heights. If the merger is disallowed, it would mean the potential demise of a national icon. Our detractors would draw regrettable parallels between the airlines' financial collapse and its de facto namesake—America.

We urge you, in the strongest possible terms, to approve the New American Airlines. From our perspective, there has never been a more compelling win-win outcome for the consumer, our community, or our country.

Respectfully

**Bob Bruggeman** 

Mayor

City of Texarkana, TX

N. Wayne Smith

Mayor

City of Texarkana, AR

John Jarvis

Chairman

- Wayre 8 mills JJARNE

Texarkana Airport Authority

cc: Sen Cornyn

3600 Presidential Blvd., Ste. 411, Austin, Texas 78719 512/530-ABIA(2242) Fax: 512/530-7686 www.abia.org

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As the Executive Director of Austin-Bergstrom International Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Austin has enjoyed a long and positive relationship with American and support from leaders like you is very important to ensure continued competitive air service.

The merger between American Airlines and U.S. Airways will provide a valuable contribution to our region and our economy over the years. The expanded AA/US network will improve the stability and competitiveness of the air service in Austin.

Success for American Airlines will mean success for all of us. The proposed merger will support continued economic development opportunities for our community and our region. I urge you to join us in supporting it.

Sincerely,

Jim Smith

Executive Director

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As the Executive Director of Austin-Bergstrom International Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Austin has enjoyed a long and positive relationship with American and support from leaders like you is very important to ensure continued competitive air service.

The merger between American Airlines and U.S. Airways will provide a valuable contribution to our region and our economy over the years. The expanded AA/US network will improve the stability and competitiveness of the air service in Austin.

Success for American Airlines will mean success for all of us. The proposed merger will support continued economic development opportunities for our community and our region. I urge you to join us in supporting it.

Sincerely,

Jim Smith

Executive Director

Mayor Lee Leffingwell · 301 Willie Nelson Boulevard, Austin, Texas 78701 · www.mayorleffingwell.com
Office (512) 974-2250 · Fax (512) 974-2337 · Lee.Leffingwell@austintexas.gov

March 15, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

As the Mayor of Austin I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Austin has enjoyed a long and positive relationship with American and support from leaders like you is very important to ensure continued competitive air service.

The merger between American Airlines and U.S. Airways will provide a valuable contribution to our region and our economy over the years. The expanded AA/US network will improve the stability and competitiveness of the air service in Austin.

Success for American Airlines will mean success for all of us. The proposed merger will support continued economic development opportunities for our community and our region. I urge you to join us in supporting it.

Sincerely,

Lee Leffingwell

Les liffymese

Mayor

Mayor Lee Leffingwell · 301 Willie Nelson Boulevard, Austin, Texas 78701 · www.mayorleffingwell.com
Office (512) 974-2250 · Fax (512) 974-2337 · Lee.Leffingwell@austintexas.gov

March 15, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As the Mayor of Austin I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Austin has enjoyed a long and positive relationship with American and support from leaders like you is very important to ensure continued competitive air service.

The merger between American Airlines and U.S. Airways will provide a valuable contribution to our region and our economy over the years. The expanded AA/US network will improve the stability and competitiveness of the air service in Austin.

Success for American Airlines will mean success for all of us. The proposed merger will support continued economic development opportunities for our community and our region. I urge you to join us in supporting it.

Sincerely,

Lee Leffingwell

Lee liffymer

Mayor



March 19, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As the Airport Director of Jack Brooks Regional Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our airport and surrounding community has enjoyed a recent return of much needed air service with American Airlines.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region, economy, and traveling public over the years. Currently our service with American Airlines connects passengers through Dallas/Fort Worth to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and east coast. This expansion in travel options with the merger is in the best interests of residents and businesses of Southeast Texas.

Success for American Airlines will mean a success for all of us. It will bring long-term opportunities through increased mobility for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Alex Rupp

Airport Director

Jack Brooks Regional Airport

cc: Senator Ted Cruz Senator John Cornyn



March 19, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As the Airport Director of Jack Brooks Regional Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our airport and surrounding community has enjoyed a recent return of much needed air service with American Airlines.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region, economy, and traveling public over the years. Currently our service with American Airlines connects passengers through Dallas/Fort Worth to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and east coast. This expansion in travel options with the merger is in the best interests of residents and businesses of Southeast Texas.

Success for American Airlines will mean a success for all of us. It will bring long-term opportunities through increased mobility for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Alex Rupp

Airport Director

Jack Brooks Regional Airport

cc: Senator Ted Cruz Senator John Cornyn





March 13, 2013

#### VIA REGULAR MAIL

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Kobuchar,

As Mayor of the City of Brownsville, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Tony Martinez, Mayor City of Brownsville

CC: Sen. John Cornyn Sen. Ted Cruz

City of Brownsville





March 13, 2013

#### VI A REGULAR MAIL

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Lee,

As Mayor of the City of Brownsville, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Tony Martinez, Mayor City of Brownsville

CC: Sen. John Cornyn Sen. Ted Cruz

City of Brownsville



#### CARLOS H. CASCOS, CPA COUNTY JUDGE

1100 E. Monroe Street Brownsville, Texas 78520 COUNTY COURTHOUSE (956) 544-0830 FAX: (956) 544-0801 1-866-544-0830

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As County Judge of Cameron County, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our county has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for the cities in Cameron County and our entire region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Carlos H. Cascos, CPA

Cull -

County Judge

cc: Senator John Cornyn Senator Ted Cruz



## CARLOS H. CASCOS, CPA COUNTY JUDGE

1100 E. MONROE STREET BROWNSVILLE, TEXAS 78520 COUNTY COURTHOUSE (956) 544-0830 FAX: (956) 544-0801 1-866-544-0830

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Senator Kobuchar:

As County Judge of Cameron County, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our county has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for the cities in Cameron County and our entire region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Carlos H. Cascos, CPA

County Judge

cc: Senator John Cornyn Senator Ted Cruz



# City of Corpus Christi

OFFICE OF THE MAYOR

Nelda Martinez
NeldaM@cctexas.com

Kristina Leal Chief of Staff KristinaL@cctexas.com

1201 Leopard St., 78401 PO Box 9277 Corpus Christi Texas 78469-9277 Phone 361-826-3100 Fax 361-826-3103

www.cctexas.com

Moving Corpus Christi Forward iAdelante! March 11, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As Mayor of the City of Corpus Christi, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. American Airlines has provided air service in the Coastal Bend region for many years. This long and prosperous partnership represents a vital piece of our local economy.

The citizens of Corpus Christi and the surrounding communities depend on the service that American Airlines provides for both business and leisure travel to points all across the nation and the world. Thanks to our beautiful beaches and warm climate year around, Corpus Christi is also a popular tourist and convention destination. American Airlines delivers travelers to us seven days a week, 365 days a year. Visitors to our region represent a huge segment of our local economy. The AA/US network would increase the number of flights and the number of cities that American currently offers customers. Expanding frequency and destinations is in the best interest of the residents and businesses of Corpus Christi.

Success for American Airlines will mean success for all of us who currently depend on the company for our air travel needs. On behalf of the citizens of Corpus Christi, I respectfully ask that you support this shared goal and join us in our effort to keep our communities strong and vibrant.

Sincerely,

Nelda Martinez

Mayor of Corpus Christi

CC: Hon. John Cornyn Hon. Ted Cruz



# City of Corpus Christi

OFFICE OF THE MAYOR

Nelda Martinez
NeldaM@cctexas.com

Kristina Leal Chief of Staff KristinaL@cctexas.com

1201 Leopard St., 78401 PO Box 9277 Corpus Christi Texas 78469-9277 Phone 361-826-3100 Fax 361-826-3103

www.cctexas.com

Moving
Corpus Christi
Forward
iAdelante!

March 11, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As Mayor of the City of Corpus Christi, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. American Airlines has provided air service in the Coastal Bend region for many years. This long and prosperous partnership represents a vital piece of our local economy.

The citizens of Corpus Christi and the surrounding communities depend on the service that American Airlines provides for both business and leisure travel to points all across the nation and the world. Thanks to our beautiful beaches and warm climate year around, Corpus Christi is also a popular tourist and convention destination. American Airlines delivers travelers to us seven days a week, 365 days a year. Visitors to our region represent a huge segment of our local economy. The AA/US network would increase the number of flights and the number of cities that American currently offers customers. Expanding frequency and destinations is in the best interest of the residents and businesses of Corpus Christi.

Success for American Airlines will mean success for all of us who currently depend on the company for our air travel needs. On behalf of the citizens of Corpus Christi, I respectfully ask that you support this shared goal and join us in our effort to keep our communities strong and vibrant.

Sincerely,

Nelda Martinez

Mayor of Corpus Christi

CC: Hon. John Cornyn Hon. Ted Cruz





March 12, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As Director of Aviation at the Corpus Christi International Airport (CCIA), I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our community has enjoyed a long and prosperous relationship with American Airlines; one that we hope will continue long into the future.

American Airlines has provided quality air service to this region for many years. Our partnership with American Airlines helps to sustain the economic health of our community. We consider American Airlines a sustaining partner in our efforts to assure access to air travel for the residents of the Coastal Bend Region. Currently, our service with American Airlines transports airport customers to DFW and then on to destinations all over the United States and the World. The merger of these two companies will be good for the residents and visitors of Corpus Christi and the South Texas region.

Success for American Airlines translates to success for all of us. It will bring long term opportunities for our community and our region. We respectfully ask that you lend your support to this merger and recognize the benefits that we all will enjoy as a result of the plan.

Sincerely,

Fernando (Fred) Segundo, A.A.E. Director-Department of Aviation

**CCIA** 

cc: Hon. John Cornyn Hon. Ted Cruz





March 12, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As Director of Aviation at the Corpus Christi International Airport (CCIA), I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our community has enjoyed a long and prosperous relationship with American Airlines; one that we hope will continue long into the future.

American Airlines has provided quality air service to this region for many years. Our partnership with American Airlines helps to sustain the economic health of our community. We consider American Airlines a sustaining partner in our efforts to assure access to air travel for the residents of the Coastal Bend Region. Currently, our service with American Airlines transports airport customers to DFW and then on to destinations all over the United States and the World. The merger of these two companies will be good for the residents and visitors of Corpus Christi and the South Texas region.

Success for American Airlines translates to success for all of us. It will bring long term opportunities for our community and our region. We respectfully ask that you lend your support to this merger and recognize the benefits that we all will enjoy as a result of the plan.

Sincerely,

Fernando (Fred) Segundo, A.A.E. Director-Department of Aviation

CCIA

cc: Hon. John Cornyn Hon. Ted Cruz

## DALLAS REGIONAL CHAMBER®

March 13, 2013

The Honorable Amy Klobuchar **United States Senate** 302 Hart Senate Office Building Washington, DC 20510

#### Dear Senator Klobuchar:

The Dallas Regional Chamber is the area's leading business organization, representing more than 2,500 businesses and 600,000 employees in the Dallas/Fort Worth region. Our mission is to lead the Dallas region to become a prosperous region - and a most desirable place to live and work. As such, the future of American Airlines and US Airways is of great importance to our organization and its members.

On February 14, 2013, American Airlines and US Airways announced that the two companies will combine to create the new American Airlines – a premier global carrier. We believe that this new American Airlines will not only be a more competitive airline, but will also be a stronger company that will benefit consumers, employees, and local communities alike.

The combined network for the new airline would serve 22 locations across Texas and offer improved service through 993 daily departures from our state, with access to more than 330 destinations around the world. Additionally, the new American Airlines would employ approximately 24,600 people in Texas.

In addition to the economic impact this merger could have on local communities and states, it's also important to consider how beneficial a highly competitive global carrier market is to consumers. The new American Airlines would offer more than 1,300 new routes worldwide, giving customers access to more destinations than ever before. The combined company expects to maintain the current hubs of both American Airlines and US Airways, resulting in more choices for customers. Additionally, the airlines plan to expand service from those hubs to offer increased service to existing markets and new cities.

It is also important to note the fact that union groups for both airlines are supportive of this merger. They understand that working for an airline that is better positioned to compete in today's industry provides greater job security and benefits for all workers. The airline will have a stronger financial footing, creating new opportunities for employee growth and advancement over the long term.

Furthermore, we support this merger because we believe the new American Airlines will strengthen communities nationwide through better service and travel opportunities to more destinations domestically and internationally. It will also enhance economic growth and job opportunities throughout the country for years to come. We know that the new American Airlines is committed to being a good community partner in its hubs across the country, including the Dallas/Fort Worth International Airport.

We hope that you will support this merger. The potential economic impact of this new airline could be hugely beneficial to not just Texas, but to communities and states throughout the country.

Sincerely,

Ambassador James C. Oberwetter (Ret.)
President and Chief Executive Officer

Dallas Regional Chamber

Cc: The Honorable John Cornyn

The Honorable Ted Cruz

#### DALLAS REGIONAL CHAMBER

March 13, 2013

The Honorable Michael S. Lee **United States Senate** 316 Hart Senate Office Building Washington, DC 20510

#### Dear Senator Lee:

The Dallas Regional Chamber is the area's leading business organization, representing more than 2,500 businesses and 600,000 employees in the Dallas/Fort Worth region. Our mission is to lead the Dallas region to become a prosperous region – and a most desirable place to live and work. As such, the future of American Airlines and US Airways is of great importance to our organization and its members.

On February 14, 2013, American Airlines and US Airways announced that the two companies will combine to create the new American Airlines – a premier global carrier. We believe that this new American Airlines will not only be a more competitive airline, but will also be a stronger company that will benefit consumers, employees, and local communities alike.

The combined network for the new airline would serve 22 locations across Texas and offer improved service through 993 daily departures from our state, with access to more than 330 destinations around the world. Additionally, the new American Airlines would employ approximately 24,600 people in Texas.

In addition to the economic impact this merger could have on local communities and states, it's also important to consider how beneficial a highly competitive global carrier market is to consumers. The new American Airlines would offer more than 1,300 new routes worldwide, giving customers access to more destinations than ever before. The combined company expects to maintain the current hubs of both American Airlines and US Airways, resulting in more choices for customers. Additionally, the airlines plan to expand service from those hubs to offer increased service to existing markets and new cities.

It is also important to note the fact that union groups for both airlines are supportive of this merger. They understand that working for an airline that is better positioned to compete in today's industry provides greater job security and benefits for all workers. The airline will have a stronger financial footing, creating new opportunities for employee growth and advancement over the long term.

Furthermore, we support this merger because we believe the new American Airlines will strengthen communities nationwide through better service and travel opportunities to more destinations domestically and internationally. It will also enhance economic growth and job opportunities throughout the country for years to come. We know that the new American Airlines is committed to being a good community partner in its hubs across the country, including the Dallas/Fort Worth International Airport.

We hope that you will support this merger. The potential economic impact of this new airline could be hugely beneficial to not just Texas, but to communities and states throughout the country.

Sincerely,

Ambassador James C. Oberwetter (Ret.)
President and Chief Executive Officer

Dallas Regional Chamber

Cc: The Honorable John Cornyn

The Honorable Ted Cruz



MICHAEL S. RAWLINGS

March 18, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights **United States Senate** 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

I reach out to you today on behalf of the city of Dallas and our residents in support of the proposed merger between American Airlines and US Airways.

In the greater Dallas/Fort Worth area, our billion-dollar economy is chiefly enabled by the worldwide access our airline partners and airport authorities provide to us as a gateway to global commerce. The state of Texas has witnessed considerable economic growth over the past decade while several other state economies have lagged throughout a recessionary period for our economy. It is not lost on us that a key driver for our economic gains has been a strong, competitive airline industry that benefits our business community.

This proposed merger will only increase economic opportunity for the greater Dallas area and Texas. The newly combined network, operating out of 22 locations across Texas, will result in over 900 daily departures from Texas, along with access to over 300 destinations around the world.

Finally, I am pleased that the new company will maintain its commitment to our city, the companies' respective labor unions, and the surrounding metro network by maintaining its hub location here in DFW and providing greater opportunities for its employees. The jobs generated from this strategic location are important for our community and our state, considering both companies combine to employ over 24,000 Texans.

I appreciate the opportunity to correspond with you on this important matter. Please do not hesitate to reach out to my office if we can further assist you in your review of this proposed merger.

Best regards,

Michael 8. Bawlings

## EAST TEXAS REGIONAL AIRPORT



269 TERMINAL CIRCLE LONGVIEW, TX. 75603

PHONE 903.643.3031

FAX 903.643.7371

March 7, 2013

Dear Senator,

As Director of the East Texas Regional Airport, I write to ask for your support of the planned merger between American Airlines and U. S. Airways. Gregg County has enjoyed a long and successful relationship with American. I feel your support is pivotal to this issue at this critical point.

Over the years, this merger could prove to be very beneficial to our region's economy. Currently, our service with American Airlines transports passengers through DFW to destinations all over the world. As a result of the merger, the network could increase the frequency of flights and expand the destination possibilities.

Success for American Airlines means success for all of us. Our community and this region would reap long-term benefits from this union. Please join us in enthusiastically promoting this merger.

Sincerely

Roy H. Miller, Jr., AAE

Airport Director



The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As the Subcommittee considers the proposed merger of American Airlines and U.S. Airways, the Fort Worth Chamber wants to emphasize our support for that merger and the New American Airline.

The Fort Worth Chamber of Commerce recognizes that in order for our city, our region and our country to be competitive in global trade, our businesses and organizations must have access to affordable, convenient air travel to major continental hubs.

Because the combined company will be stronger and a more competitive alternative to other global carriers, with more than 1,300 new routes, business and leisure travelers will enjoy better service and access to the world's largest loyalty program.

Furthermore, American Airlines plans to remain headquartered in Fort Worth and is our largest employer with more than 22,000 employees. Like many air carriers, American has seen some dark days since 9/11, yet has remained a good community partner and has survived by making some tough sacrifices.

We believe that this merger will improve the strength of the entire airline industry, which in the long-run will secure thousands of jobs that infuse both the Texas economy and that of other U.S. cities.

Thank you for your careful deliberation of this matter.

Sincerely,

Bill Thornton

President and CEO

Cc:

Senator John Cornyn

Senator Ted Cruz



The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As Ranking Member of the Subcommittee on Antitrust, Competition Policy and Consumer Rights that is considering the proposed merger of American Airlines and US Airways, the Fort Worth Chamber wants to urge your support of the merger and the New American Airlines.

The Fort Worth Chamber of Commerce recognizes that in order for our city, our region and our country to be competitive in global trade, our businesses and organizations must have access to affordable, convenient air travel to major continental hubs.

Because the combined company will be stronger and a more competitive alternative to other global carriers, with more than 1,300 new routes, business and leisure travelers will enjoy better service and access to the world's largest loyalty program.

Furthermore, American Airlines plans to remain headquartered in Fort Worth and is our largest employer with more than 22,000 employees. Like many air carriers, American has seen some dark days since 9/11, yet has remained a good community partner and has survived by making some tough sacrifices.

We believe that this merger will improve the strength of the entire airline industry, which in the long-run will secure thousands of jobs that infuse both the Texas economy and that of other U.S. cities.

Thank you for your careful deliberation of this matter.

Sincerely,

Bill Thornton

President and CEO

Cc:

Senator John Cornyn

Senator Ted Cruz



March 14, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Subject: Support for merger of American Airlines and US Airways

Dear Senators Klobuchar and Lee:

As Mayor of the 16<sup>th</sup> largest city in the United States—a city that benefits greatly from the jobs and economic impact of the international travel industry— I respectfully request the Anti-Trust Subcommittee of the Senate Judiciary Committee consider my support of the American Airlines and US Airways merger. The new American Airlines will create a stronger, more competitive airline that benefits consumers, employees and our local communities.

Fort Worth will continue to be one of the nation's fastest growing large cities in the country, and with this growth, the Dallas-Fort Worth International Airport will grow and act as a vital economic engine. Through the joining of these two iconic brands, American Airlines and US Airways, there will emerge a highly competitive global carrier that will provide up to 1,300 new routes. Hubs of both companies are expected to remain open, which will allow more travel choices to more destinations domestically and internationally. More travel choices will enhance economic and job opportunities over the long term to communities worldwide

Thank you for your consideration, and I am happy to answer any questions you may have.

Sincerely,

Betsy Price Mayor





March 14, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Subject: Support for merger of American Airlines and US Airways

Dear Senators Klobuchar and Lee:

As Mayor of the 16<sup>th</sup> largest city in the United States—a city that benefits greatly from the jobs and economic impact of the international travel industry— I respectfully request the Anti-Trust Subcommittee of the Senate Judiciary Committee consider my support of the American Airlines and US Airways merger. The new American Airlines will create a stronger, more competitive airline that benefits consumers, employees and our local communities.

Fort Worth will continue to be one of the nation's fastest growing large cities in the country, and with this growth, the Dallas-Fort Worth International Airport will grow and act as a vital economic engine. Through the joining of these two iconic brands, American Airlines and US Airways, there will emerge a highly competitive global carrier that will provide up to 1,300 new routes. Hubs of both companies are expected to remain open, which will allow more travel choices to more destinations domestically and internationally. More travel choices will enhance economic and job opportunities over the long term to communities worldwide

Thank you for your consideration, and I am happy to answer any questions you may have.

Sincerely,

Betsy Price Mayor





#### OFFICE OF THE GOVERNOR

RICK PERRY GOVERNOR

March 19, 2013

The Honorable Amy Klobuchar U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights U.S. Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee
U.S. Senate Subcommittee on Antitrust,
Competition Policy and Consumer Rights
U.S. Senate
316 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Klobuchar and Lee:

I am writing in support of the proposed merger between American Airlines and US Airways, creating a premier global carrier better positioned to compete in today's airline industry.

No matter which way you look at it, this is the right move for Texas and for our nation. In terms of cost and convenience, consumers will benefit from the addition of a more competitive international carrier to the market. And improvements in service will not come at the expense of airline employees. The unions for both airlines support this merger because they understand the importance of working for an efficient, robust company positioned for sustained success.

Most importantly, this merger makes sense as the Lone Star State continues to lead the nation in job growth. Here in Texas, more than 20,000 people are already employed by these two companies, and the *new* American Airlines will provide even more long-term job opportunities. Texans will have access to more than 900 daily departures from our state and nearly 350 destinations, ensuring that we can visit or do business with anyone anywhere in the world.

I appreciate your thoughtful consideration. Please let me know if I can be of assistance in the future.

Sincerely,

Rick Perry Governor



March 13, 2013

The Honorable Amy Klobuchar

302 Hart Senate Office Building

Washington, D.C. 20510

Dear Amy Klobuchar,

As director of Houston Executive Airport, I write to ask for your support of the planned merger between American Airlines and U.S Airways.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interest of the residents and businesses of West Houston and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Andrew D. Perry, A.A.E

**Executive Director** 



March 18, 2013

The Honorable Michael S. Lee

316 Hart Senate Office Building

Washington, D.C. 20510

Dear Michael Lee,

As director of Houston Executive Airport, I write to ask for your support of the planned merger between American Airlines and U.S Airways.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interest of the residents and businesses of West Houston and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Andrew D. Perry, A.A.E

**Executive Director** 



903/236-8420 903/237-2699 (Fax) 101 East Methvin, Suite 300 Longview, Texas 75601

March 7, 2013

The Honorable Ted Cruz United States Senate Dirksen Senate Office Building Suite SDB-40B Washington, D. C. 20510

Dear Senator Cruz:

As County Judge of Gregg County, Texas, I write to ask for your support of the planned merger between American Airlines and U. S. Airways. Our county has enjoyed a long and successful relationship with American; and, support from leaders like you at this critical point, is very important.

The merger between American Airlines and U. S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers from Dallas (DFW) to destinations worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and possibilities for the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Gregg County. This merger will be good for the residents and visitors of Gregg County and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely

Bill Stoudt

Gregg County Judge



903/236-8420 903/237-2699 (Fax) 101 East Methvin, Suite 300 Longview, Texas 75601

March 7, 2013

The Honorable John Cornyn United States Senate 517 Hart Senate Office Building Washington, D. C. 20510

Dear Senator Cornyn:

As County Judge of Gregg County, Texas, I write to ask for your support of the planned merger between American Airlines and U. S. Airways. Our county has enjoyed a long and successful relationship with American; and, support from leaders like you at this critical point, is very important.

The merger between American Airlines and U. S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers from Dallas (DFW) to destinations worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and possibilities for the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Gregg County. This merger will be good for the residents and visitors of Gregg County and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sinçëřely

Bill Stoudt

Gregg County Judge



# 903/236-8420 903/237-2699 (Fax)

101 East Methvin, Suite 300 Longview, Texas 75601

March 7, 2013

The Honorable Michael Lee United States Senate 316 Hart Senate Office Building Washington, D. C. 20510

Dear Senator Lee:

As County Judge of Gregg County, Texas, I write to ask for your support of the planned merger between American Airlines and U. S. Airways. Our county has enjoyed a long and successful relationship with American; and, support from leaders like you at this critical point, is very important.

The merger between American Airlines and U. S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers from Dallas (DFW) to destinations worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and possibilities for the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Gregg County. This merger will be good for the residents and visitors of Gregg County and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Bill Stoudt

Gregg County Judge

Two 8



903/236-8420 903/237-2699 (Fax) 101 East Methvin, Suite 300 Longview, Texas 75601

March 7, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D. C. 20510

Dear Senator Klobuchar:

As County Judge of Gregg County, Texas, I write to ask for your support of the planned merger between American Airlines and U. S. Airways. Our county has enjoyed a long and successful relationship with American; and, support from leaders like you at this critical point, is very important.

The merger between American Airlines and U. S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers from Dallas (DFW) to destinations worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and possibilities for the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Gregg County. This merger will be good for the residents and visitors of Gregg County and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Singerely,

Bill Stoudt

Gregg County Judge



March 8, 2013

The Honorable Senator Amy Klobuchar 135 Hart Senate Office Building Washington, DC 20510

Dear Senator Klobuchar:

As Mayor of the City of Killeen, Texas; I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through the Dallas/Fort Worth International Airport to destinations worldwide. American Airlines currently transports approximately 56% of our passenger load, of which, nearly half are soldiers and military families from Fort Hood.

An expanded AA/US Airways network could increase the frequency of flights and destinations to our passengers and would be in the best interests of the residents and businesses of the greater Killeen area. Because of this, we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely

Daniel A. Corbin

Mayor

Cc:

The Honorable Senator John Cornyn, R-TX

The Honorable Senator Ted Cruz, R-TX



March 8, 2013

The Honorable Senator Michael S. Lee **336** Hart Senate Office Building Washington, DC 20510

Dear Senator Lee:

As Mayor of the City of Killeen, Texas; I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through the Dallas/Fort Worth International Airport to destinations worldwide. American Airlines currently transports approximately 56% of our passenger load, of which, nearly half are soldiers and military families from Fort Hood.

An expanded AA/US Airways network could increase the frequency of flights and destinations to our passengers and would be in the best interests of the residents and businesses of the greater Killeen area. Because of this, we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely

Daniel A. Corbin

Mayor

Cc: The Honorable Senator John Cornyn, R-TX

The Honorable Senator Ted Cruz, R-TX



March 15, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Lee:

As Mayor of Laguna Vista, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Laguna Vista has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our most important business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Susie Houston

Mayor

Cc: Sen. John Cornyn Sen. Ted Cruz



March 15, 2013

The Honorable Amy Klobuchar U.S. Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Sen. Kobuchar:

As Mayor of Laguna Vista, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Laguna Vista has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our most important business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Susie Houston,

Mayor

# 

### **CITY OF LAREDO**

## LAREDO INTERNATIONAL AIRPORT 2009 FAA Southwest Region Safety Award

March 13, 2013

Honorable Amy Klobuchar United States Senator 302 Hart Senate Office Building Washington, DC. 20510

Dear Senator Klobuchar,

As Airport Manager of the City of Laredo, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports out passengers through Dallas/Fort Worth to destinations world-wide. This merger will be good for the residents and visitors of Laredo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you join us in doing so.

Sincerely,

Jose Luis Flores

Airport Manager

Cc: Honorable Ted Cruz

United States Senator

**B40B** Dirksen Senate Office Building

Washington, DC. 20510

# 

### **CITY OF LAREDO**

## LAREDO INTERNATIONAL AIRPORT 2009 FAA Southwest Region Safety Award

March 13, 2013

Honorable Mike Lee United States Senator 316 Hart Senate Office Building Washington, DC. 20510

Dear Senator Lee,

As Airport Manager of the City of Laredo, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports out passengers through Dallas/Fort Worth to destinations world-wide. This merger will be good for the residents and visitors of Laredo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you join us in doing so.

Sincerely,

Jose Luis Flores Airport Manager

Cc: Honorable Ted Cruz

**United States Senator** 

**B40B** Dirksen Senate Office Building

Washington, DC. 20510



#### **CITY OF LAREDO**

**RAUL G. SALINAS** Mayor

March 13, 2013

Honorable Amy Klobuchar United States Senator 302 Hart Senate Office Building Washington, DC. 20510

Dear Senator Klobuchar,

As Mayor of the City of Laredo, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports out passengers through Dallas/Fort Worth to destinations world-wide. This merger will be good for the residents and visitors of Laredo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you join us in doing so.

Sincerely,

Raul G. Salinas

Mayor

Cc: Honorable Ted Cruz

United States Senator

**B40B** Dirksen Senate Office Building

Washington, DC. 20510



#### **CITY OF LAREDO**

**RAUL G. SALINAS** Mayor

March 13, 2013

Honorable Mike Lee **United States Senator** 316 Hart Senate Office Building Washington, DC. 20510

Dear Senator Lee,

As Mayor of the City of Laredo, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports out passengers through Dallas/Fort Worth to destinations world-wide. This merger will be good for the residents and visitors of Laredo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you join us in doing so.

Sincerely,

Raul G. Salinas

Mayor

Cc: Honorable Ted Cruz

**United States Senator** 

**B40B** Dirksen Senate Office Building

Washington, DC. 20510



The Capitol Austin, Texas 78711-2068 512-463-0001

#### David Dewhurst

Lieutenant Governor of Texas
President of the Senate

1-800-441-0373 Fax: 512-936-6700 Dial 711 for Relay Calls

March 18, 2013

The Honorable Amy Klobuchar U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee,

I write you today in support of the recent announcement that American Airlines and US Airways seek to combine and create a leading global carrier in air travel.

Combining these two leading airlines will deliver enormous benefits to not only the airline industry and travelers, but also our state's economy here in Texas. Pending approval of the merger, Texans will continue to see robust opportunities to travel the world and conduct business with companies across the globe. The combined network of these two companies will provide over 900 daily departures from our state and access to nearly 350 destinations across the world. For Texas, the benefits of this merger are endless.

It is also important to note the combined airline will represent less than a quarter of the domestic airline capacity, providing additional evidence that the U.S. domestic airline industry is competitive, with several actors delivering value to customers.

Lastly, the new company will maintain its commitment to its workforce. Unions for each company have happily endorsed this merger, believing a stronger company will result for the employees and provide better long-term employment opportunities. With over 20,000 jobs here in Texas amongst these two companies, this support from the employees further convinces me that this transaction is the right thing to do.

I thank you for the opportunity to share my views with you as your subcommittee undergoes an important review of this pending merger, and please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

David Dewhurst Lieutenant Governor

Savid Durhurst



March 15, 2013

The Honorable Ted Cruz 517 Hart Senate Office Building Washington D.C. 20510

Dear Senator Cruz,

I am writing to ask for your support of the planned merger between American Airlines and U.S. Airways. Lubbock Preston Smith International Airport and the region it serves have had a long-standing and successful relationship with American Airlines. It is our hope that the merger between American Airlines and U.S. Airways will open opportunities for additional service to the west from Lubbock through the now U.S. Airways hub located in Phoenix.

Sincerely, ann N Soms

James W. Loomis, A.A.E.

**Executive Director** 

**Lubbock Preston Smith International Airport** 



March 15, 2013

The Honorable John Cornyn 517 Hart Senate Office Building Washington D.C. 20510

Dear Senator Cornyn,

I am writing to ask for your support of the planned merger between American Airlines and U.S. Airways. Lubbock Preston Smith International Airport and the region it serves have had a long-standing and successful relationship with American Airlines. It is our hope that the merger between American Airlines and U.S. Airways will open opportunities for additional service to the west from Lubbock through the now U.S. Airways hub located in Phoenix.

Sincerely, Jann W. Dooms.

lapres W. Loomis, A.A.E.

**Executive Director** 

**Lubbock Preston Smith International Airport** 



#### Office of the Mayor

March 13, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As Mayor of the City of South Padre Island, American's Best Family Beach, I write to ask your support of the planned merger between American Airlines and U.S. Airways. South Padre Island has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our only business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Mayor

Cc: Senator John Cornyn Senator Ted Cruz

"A Certified Retirement Community"



#### Office of the Mayor

March 13, 2013

The Honorable Amy Klobuchar U.S. Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Senator Klobuchar:

As Mayor of the City of South Padre Island, American's Best Family Beach, I write to ask your support of the planned merger between American Airlines and U.S. Airways. South Padre Island has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our only business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Robert N. Pinkerton, Jr.,

Mayor

Cc: Senator John Cornyn Senator Ted Cruz



The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

As the Director of Aviation for the McAllen International Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. McAllen International Airport has enjoyed a long successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through Dallas Fort Worth International Airport worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of McAllen. This merger will be good for the residents and visitors of McAllen and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

CC:

Philip K. Brown
Director of Aviation

The Honorable John Cornyn
The Honorable Ted Cruz



The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As the Director of Aviation for the McAllen International Airport, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. McAllen International Airport has enjoyed a long successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through Dallas Fort Worth International Airport worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of McAllen. This merger will be good for the residents and visitors of McAllen and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Philip K. Brown

Director of Aviation

CC: The Honorable John Cornyn

The Honorable Ted Cruz



RICHARD F. CORTEZ MAYOR

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

As Mayor of the City of McAllen, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. McAllen International Airport has enjoyed a long successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through Dallas Fort Worth International Airport worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of McAllen. This merger will be good for the residents and visitors of McAllen and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely, \*

Richard F. Cortez

Duhe 7 Enne

Mayor

CC:

The Honorable John Cornyn

The Honorable Ted Cruz



RICHARD F. CORTEZ MAYOR

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As Mayor of the City of McAllen, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. McAllen International Airport has enjoyed a long successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently our service with American Airlines transports passengers through Dallas Fort Worth International Airport worldwide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of McAllen. This merger will be good for the residents and visitors of McAllen and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Richard F. Cortez

Ruhy 7 Curs

Mayor

CC:

The Honorable John Cornyn
The Honorable Ted Cruz



432.560.2200 Fax 432.560.2237

www.flymaf.com

City of Midland Department of Airports 9506 LaForce Blvd. P. O. Box 60305 Midland. Texas 79711-0305

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510

Dear Senator Klobuchar:

As Director of Airports for Midland International Airport, City of Midland, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city and our airport have enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines transports out passengers through Houston and Dallas, Texas to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of the Midland area and the Permian Basin Region. This merger will be good for our residents and visitors and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term positive opportunities for our community and our region. It's a shared goal that we should all wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Mary Esterly

Director of Airports



432.560.2200

Fax 432.560.2237

www.flymaf.com

City of Midland
Department of Airports
9506 LaForce Blvd.
P. O. Box 60305
Midland, Texas 79711-0205

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Honorable Lee:

As Director of Airports at Midland International Airport, City of Midland, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines transports out passengers through Houston and Dallas, Texas to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of the Midland area and the Permian Basin Region. This merger will be good for our residents and visitors and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term positive opportunities for our community and our region. It's a shared goal that we should all wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Marv Esterly

**Director of Airports** 



W. WESLEY PERRY MAYOR P.O. Box 1152 Midland, Texas 79702

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510

Dear Senator Klobuchar:

As Mayor of the City of Midland, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines transports out passengers through Houston and Dallas, Texas to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Midland. This merger will be good for the residents and visitors of Midland and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

W. Wesley Perry

Mayor



W. Wesley Perry Mayor P.O. Box 1152 Midland, Texas 79702

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, DC 20510

Dear Honorable Lee:

As Mayor of the City of Midland, Texas, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines transports out passengers through Houston and Dallas, Texas to destinations world-wide. The expanded AA/US network would increase the frequency of flights to the southwest and the east coast. Expanding destinations and frequencies is in the best interests of the residents and businesses of Midland. This merger will be good for the residents and visitors of Midland and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

W. Wesley Perry

Mayor



Constitution (1989)

March 12, 2013

The Honorable John Cornyn United States Senate 517 Hart Senate Office Bldg. Washington, DC 20510

Dear Senator Cornyn:

As you are likely aware, the pending merger of American Airlines and U.S. Airways will soon be heard by the Senate Judiciary Committee. As the Mayor of the City of College Station, Texas, home of Texas A&M University and Easterwood Airport, I am asking for your support of the merger.

The merger between American Airlines and U.S. Airways will help ensure that College Station and Texas A&M will continue to be serviced by a flagship carrier with vital access to world-wide destinations. In addition, the new American Airlines may very well create opportunities for expanded direct flights to new destinations, such as Atlanta, Georgia, which are more necessary than ever now that Texas A&M has joined the Southeastern Conference.

American Airlines and Easterwood Airport are critical to the long-term economic viability for not only our city but for the entire region. As such, the City of College Station fully supports the merger and encourages you to as well.

Sincerely,

Nancy F. Berry

Mayor

College Station, Texas

P.O. BOX 9960 1101 TEXAS AVENUE COLLEGE STATION • TEXAS • 77842 979.764.3500

www.cstx.gov



March 12, 2013

THE PERSON NAMED IN

The Honorable Ted Cruz United States Senate Dirksen Senate Office Building Suite SDB-40B Washington, DC 20510

#### **Dear Senator Cruz:**

As you are likely aware, the pending merger of American Airlines and U.S. Airways will soon be heard by the Senate Judiciary Committee. As the Mayor of the City of College Station, Texas, home of Texas A&M University and Easterwood Airport, I am asking for your support of the merger.

The merger between American Airlines and U.S. Airways will help ensure that College Station and Texas A&M will continue to be serviced by a flagship carrier with vital access to world-wide destinations. In addition, the new American Airlines may very well create opportunities for expanded direct flights to new destinations, such as Atlanta, Georgia, which are more necessary than ever now that Texas A&M has joined the Southeastern Conference.

American Airlines and Easterwood Airport are critical to the long-term economic viability for not only our city but for the entire region. As such, the City of College Station fully supports the merger and encourages you to as well.

Sincerely,

Nancy F. Berry

Mayor

College Station, Texas

P.O. BOX 9960 1101 TEXAS AVENUE COLLEGE STATION • TEXAS • 77842 979.764.3500



D VS THE

March 12, 2013

The Honorable Patrick Leahy
United States Senate
437 Russell Senate Office Building
Washington, DC 20510

Dear Senator Leahy:

As you are likely aware, the pending merger of American Airlines and U.S. Airways will soon be heard by the Senate Judiciary Committee. As the Mayor of the City of College Station, Texas, home of Texas A&M University and Easterwood Airport, I am asking for your support of the merger.

The merger between American Airlines and U.S. Airways will help ensure that College Station and Texas A&M will continue to be serviced by a flagship carrier with vital access to world-wide destinations. In addition, the new American Airlines may very well create opportunities for expanded direct flights to new destinations, such as Atlanta, Georgia, which are more necessary than ever now that Texas A&M has joined the Southeastern Conference.

American Airlines and Easterwood Airport are critical to the long-term economic viability for not only our city but for the entire region. As such, the City of College Station fully supports the merger and encourages you to as well.

Sincerely,

Nancy F Re

Mavor

College Station, Texas

P.O. BOX 9960 1101 TEXAS AVENUE COLLEGE STATION • TEXAS • 77842 979.764.3500



SALE STATE OF THE SALES

March 12, 2013

COMPANIES SO

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, DC 20510

#### Dear Senator Klobuchar:

As you are likely aware, the pending merger of American Airlines and U.S. Airways will soon be heard by the Senate Judiciary Committee. As the Mayor of the City of College Station, Texas, home of Texas A&M University and Easterwood Airport, I am asking for your support of the merger.

The merger between American Airlines and U.S. Airways will help ensure that College Station and Texas A&M will continue to be serviced by a flagship carrier with vital access to world-wide destinations. In addition, the new American Airlines may very well create opportunities for expanded direct flights to new destinations, such as Atlanta, Georgia, which are more necessary than ever now that Texas A&M has joined the Southeastern Conference.

American Airlines and Easterwood Airport are critical to the long-term economic viability for not only our city but for the entire region. As such, the City of College Station fully supports the merger and encourages you to as well.

Sincerely,

Nancy F. Berh

Mayor

College Station, Texas

P.O. BOX 9960 1101 TEXAS AVENUE COLLEGE STATION • TEXAS • 77842 979.764.3500



March 6, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Chairman Klobuchar,

I am writing to you on behalf of the North Texas Commission Board of Directors and our wider membership base to express our support of the proposed merger of American Airlines and U.S. Airways.

In the Dallas-Fort Worth region, we are eagerly looking forward to the benefits this union will bring in terms of a stronger, more competitive airlines headquartered here, greater access to global markets and enhanced economic and job opportunities for the more than 6.5 million people who call North Texas home.

Recent major relocations have cited DFW International Airport and the ease of which their employees can reach customers in destinations in the U.S. and across the globe. A strong international airline with expanding routes will only support the growth that is already coming to our region by creating jobs.

The North Texas Commission and the North Texas community have long supported American Airlines' efforts to restructure and emerge as a stronger, more competitive airline both for the benefit of the customers and the employees. We truly believe that this merger will be good for both airlines, good for the employees and good for our community.

Thank you for your time and consideration. I am happy to answer any questions you or your staff may have about the opportunities on the horizon for American Airlines, U.S. Airways and North Texas.

Sincerely,

Mabrie Jackson

President and CEO

CC: Hon. Michael S. Lee

Hon. John Cornyn Hon. Ted Cruz



March 6, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

I am writing to you on behalf of the North Texas Commission Board of Directors and our wider membership base to express our support of the proposed merger of American Airlines and U.S. Airways.

In the Dallas-Fort Worth region, we are eagerly looking forward to the benefits this union will bring in terms of a stronger, more competitive airlines headquartered here, greater access to global markets and enhanced economic and job opportunities for the more than 6.5 million people who call North Texas home.

Recent major relocations have cited DFW International Airport and the ease of which their employees can reach customers in destinations in the U.S. and across the globe. A strong international airline with expanding routes will only support the growth that is already coming to our region by creating jobs.

The North Texas Commission and the North Texas community have long supported American Airlines' efforts to restructure and emerge as a stronger, more competitive airline both for the benefit of the customers and the employees. We truly believe that this merger will be good for both airlines, good for the employees and good for our community.

Thank you for your time and consideration. I am happy to answer any questions you or your staff may have about the opportunities on the horizon for American Airlines, U.S. Airways and North Texas.

Sincerely,

Mabrie Jackson

President and CEO

CC: Hon. Amy Klobuchar

Hon. John Cornyn Hon. Ted Cruz



#### CITY OF PORT ISABEL

"An Equal Opportunity Provider and Employer"
305 East Maxan
Port Isabel, Texas 78578
(956) 943-2682
(956) 943-2029 Facsimile

March 15, 2013

The Honorable Amy Klobuchar U.S. Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Sen. Kobuchar:

As Mayor of the City of Port Isabel, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Port Isabel has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our most important business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Joe É. Vega

Mayor



#### CITY OF PORT ISABEL

"An Equal Opportunity Provider and Employer" 305 East Maxan Port Isabel, Texas 78578 (956) 943-2682 (956) 943-2029 Facsimile

March 15, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Lee:

As Mayor of the City of Isabel, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Port Isabel has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our most important business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Joe E. Vega

Mayor



March 15, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Lee:

As President and CEO of the Rio Grande Valley Partnership, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our city was once served by American we would like to welcome AA back to Harlingen. Support of the merger from leaders such as you could help make this happen.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to neighboring Brownsville last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for Harlingen and our entire region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Julian Alvarez President & CEO



March 15, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Sen. Kobuchar:

As President and CEO of the Rio Grande Valley Partnership, I write to ask your support of the planned merger between American Airlines and U.S. Airways. Our city was once served by American we would like to welcome AA back to Harlingen. Support of the merger from leaders such as you could help make this happen.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to neighboring Brownsville last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for Harlingen and our entire region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Julian Alvarez
President & CEO



8618 Terminal Circle, Suite 101 • San Angelo, Texas 76904 • 325-659-6409 • Fax 657-0050

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

I am writing to ask you for your support of the planned merger between American Airlines and U.S. Airways. The merger between American Airlines and U.S. Airways could provide a valuable contribution to the West Central Texas area and our economy over the years. Currently, American Airlines connects our passengers through Dallas/Fort Worth International Airport to destinations worldwide.

The expanded network would increase the frequency of flights to the west and the east coasts. Expanding destinations and frequencies is in the best interests of the residents and businesses of San Angelo. This merger will be good for the clients and residents of San Angelo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

If you have any questions of me, please contact 325-659-6409 ext-3.

Respectfully,

Luis E. Elguezabal, A.A.E.



8618 Terminal Circle, Suite 101 • San Angelo, Texas 76904 • 325-659-6409 • Fax 657-0050

March 18, 2013

The Honorable Ted Cruz United States Senate Dirksen Senate Office Building Suite SDB-40B Washington, DC 20510

Dear Senator Cruz,

I am writing to ask you for your support of the planned merger between American Airlines and U.S. Airways. The merger between American Airlines and U.S. Airways could provide a valuable contribution to the West Central Texas area and our economy over the years. Currently, American Airlines connects our passengers through Dallas/Fort Worth International Airport to destinations worldwide.

The expanded network would increase the frequency of flights to the west and the east coasts. Expanding destinations and frequencies is in the best interests of the residents and businesses of San Angelo. This merger will be good for the clients and residents of San Angelo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

If you have any questions of me, please contact 325-659-6409 ext-3.

Respectfully,

Luis E. Elguezabal, A.A.E.



8618 Terminal Circle, Suite 101 • San Angelo, Texas 76904 • 325-659-6409 • Fax 657-0050

March 18, 2013

The Honorable John Cornyn United States Senate 517 Hart Senate Office Bldg. Washington, DC 20510

Dear Senator Cornyn,

I am writing to ask you for your support of the planned merger between American Airlines and U.S. Airways. The merger between American Airlines and U.S. Airways could provide a valuable contribution to the West Central Texas area and our economy over the years. Currently, American Airlines connects our passengers through Dallas/Fort Worth International Airport to destinations worldwide.

The expanded network would increase the frequency of flights to the west and the east coasts. Expanding destinations and frequencies is in the best interests of the residents and businesses of San Angelo. This merger will be good for the clients and residents of San Angelo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

If you have any questions of me, please contact 325-659-6409 ext-3.

Respectfully,

Luis E ∉lguezabal, A.A.E.



8618 Terminal Circle, Suite 101 • San Angelo, Texas 76904 • 325-659-6409 • Fax 657-0050

March 18, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

I am writing to ask you for your support of the planned merger between American Airlines and U.S. Airways. The merger between American Airlines and U.S. Airways could provide a valuable contribution to the West Central Texas area and our economy over the years. Currently, American Airlines connects our passengers through Dallas/Fort Worth International Airport to destinations worldwide.

The expanded network would increase the frequency of flights to the west and the east coasts. Expanding destinations and frequencies is in the best interests of the residents and businesses of San Angelo. This merger will be good for the clients and residents of San Angelo and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

If you have any questions of me, please contact 325-659-6409 ext-3.

Respectfully,

Luis E. Elguezabal, A.A.E.



The Honorable Ted Cruz United States Senate Dirksen Senate Office Building Suite SDB-40B Washington, D.C. 20510

Dear Senator Cruz,

As Mayor of the City of San Antonio, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and U.S. Airways, and we are confident the merger will only enhance services to our customers. With support from leaders like you, we feel that the airline industry will be stronger and more able to meet the challenges of a global airline industry.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our growing economy in the coming years. Currently, American Airlines transports our passengers directly to Chicago O'Hare and Dallas and offers connecting flights to a whole host of domestic and global destinations. U.S. Airways flies nonstop from San Antonio to Phoenix, Charlotte and Philadelphia and from these hubs offers connections to a multitude of domestic and international cities. A merged airline will serve the San Antonio market from a stronger competitive basis and thus provide our passengers with more choices for air travel.

A successful merger of American Airlines and U.S. Airways will bring long-term opportunities for our community and our region. Thank you for your support and consideration of this important issue.

Sincerely,



The Honorable Michael S. Lee Ranking Member of the Judiciary Subcommittee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As Mayor of the City of San Antonio, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and U.S. Airways, and we are confident the merger will only enhance services to our customers. With support from leaders like you, we feel that the airline industry will be stronger and more able to meet the challenges of a global airline industry.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our growing economy in the coming years. Currently, American Airlines transports our passengers directly to Chicago O'Hare and Dallas and offers connecting flights to a whole host of domestic and global destinations. U.S. Airways flies nonstop from San Antonio to Phoenix, Charlotte and Philadelphia and from these hubs offers connections to a multitude of domestic and international cities. A merged airline will serve the San Antonio market from a stronger competitive basis and thus provide our passengers with more choices for air travel.

A successful merger of American Airlines and U.S. Airways will bring long-term opportunities for our community and our region. Thank you for your support and consideration of this important issue.

Sincerely,



The Honorable Amy Klobuchar Chairman of the Judiciary Subcommittee United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As Mayor of the City of San Antonio, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and U.S. Airways, and we are confident the merger will only enhance services to our customers. With support from leaders like you, we feel that the airline industry will be stronger and more able to meet the challenges of a global airline industry.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our growing economy in the coming years. Currently, American Airlines transports our passengers directly to Chicago O'Hare and Dallas and offers connecting flights to a whole host of domestic and global destinations. U.S. Airways flies nonstop from San Antonio to Phoenix, Charlotte and Philadelphia and from these hubs offers connections to a multitude of domestic and international cities. A merged airline will serve the San Antonio market from a stronger competitive basis and thus provide our passengers with more choices for air travel.

A successful merger of American Airlines and U.S. Airways will bring long-term opportunities for our community and our region. Thank you for your support and consideration of this important issue.

Sincerely,



The Honorable John Cornyn United States Senate 517 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Cornyn,

As Mayor of the City of San Antonio, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a long and successful relationship with American and U.S. Airways, and we are confident the merger will only enhance services to our customers. With support from leaders like you, we feel that the airline industry will be stronger and more able to meet the challenges of a global airline industry.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our growing economy in the coming years. Currently, American Airlines transports our passengers directly to Chicago O'Hare and Dallas and offers connecting flights to a whole host of domestic and global destinations. U.S. Airways flies nonstop from San Antonio to Phoenix, Charlotte and Philadelphia and from these hubs offers connections to a multitude of domestic and international cities. A merged airline will serve the San Antonio market from a stronger competitive basis and thus provide our passengers with more choices for air travel.

A successful merger of American Airlines and U.S. Airways will bring long-term opportunities for our community and our region. Thank you for your support and consideration of this important issue.

Sincerely,



600 padre boulevard south padre island, TX 78597 p (956) 761-4412 f (956) 761-2739 info@spichamber.com spichamber.com

March 18, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Sen. Lee:

As President & CEO of the South Padre Island Chamber of Commerce, I write to ask your support of the planned merger between American Airlines and U.S. Airways. South Padre Island has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our only business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,
Rixanne Guengel

Roxanne Guenzel President & CEO

Cc: Sen. John Cornyn Sen. Ted Cruz



600 padre boulevard south padre island, TX 78597 p (956) 761-4412 f (956) 761-2739 info@spichamber.com spichamber.com

March 18, 2013

The Honorable Amy Klobuchar U.S. Senate 302 Hart Senate Office Building Washington, D.C., 20510

Dear Sen. Klobuchar:

As President & CEO of the South Padre Island Chamber of Commerce, I write to ask your support of the planned merger between American Airlines and U.S. Airways. South Padre Island has enjoyed a very successful relationship with American and support from leaders such as you is very important.

The merger between American Airlines and U.S. Airways would provide a valuable contribution to our region and economy. American just added two flights to our daily schedule last month which takes passengers to Dallas Fort Worth International where they can connect to more than 250 destinations in 50 countries. The expanded AA/US destination map would give our passengers even more choices and it would bring new business and tourists from cities and countries that would have ruled out our area because of the lack of air service. Tourism is our only business and getting here is priority one.

All of the airports in our region are underserved. More air service translates into more jobs, more economic development and more tax revenue. The AA/US merger would bring long-term opportunities for our community and our region. It is a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Roxanne Guenzel President & CEO

Cc: Sen. John Cornyn Sen. Ted Cruz

Rexaune Guergel



# HOUSE OF REPRESENTATIVES JOE STRAUS SPEAKER

March 13, 2013

The Honorable Amy Klobuchar
Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

As you consider the pending merger between American Airlines and US Airways, I hope your review will take into account the communities across the country that stand to benefit from this potential partnership. I strongly support the merger of these two companies, believing the benefits to Texas and the U.S. airline industry as a whole are numerous.

Our steady economic growth in Texas is due in no small part to our access to airports with departure routes to cities across the country and around the world. This reach enables Texas businesses to engage in worldwide commerce, and we are interested in maintaining this opportunity for years to come.

This merger is a step in that direction. The combined American Airlines-US Airways network will serve 22 locations across Texas, and hub operations and maintenance will be located at Dallas/Fort Worth International Airport. This new company also will offer over 900 daily departures from Texas and the ability for consumers in our state to access over 300 destinations worldwide. The opportunity for Texas – our businesses and individuals – is endless.

Finally, both airlines employ over 20,000 people in our state. With union support from both companies, I am encouraged to learn that opportunities for Texas employees will only grow after this merger is approved. The new company, on sound financial footing and competing everyday in the competitive airline marketplace, will offer far greater opportunities for employee growth in the long-term, and that is critical for the large workforce here in our state.

In sum, I urge your favorable review of this pending merger, and if you have any questions regarding this correspondence, please do not hesitate to contact me.

Sincerely,

Joe Straus

Speaker of the House



# HOUSE OF REPRESENTATIVES JOE STRAUS SPEAKER

March 13, 2013

The Honorable Michael S. Lee
Ranking Member
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lee:

As you consider the pending merger between American Airlines and US Airways, I hope your review will take into account the communities across the country that stand to benefit from this potential partnership. I strongly support the merger of these two companies, believing the benefits to Texas and the U.S. airline industry as a whole are numerous.

Our steady economic growth in Texas is due in no small part to our access to airports with departure routes to cities across the country and around the world. This reach enables Texas businesses to engage in worldwide commerce, and we are interested in maintaining this opportunity for years to come.

This merger is a step in that direction. The combined American Airlines-US Airways network will serve 22 locations across Texas, and hub operations and maintenance will be located at Dallas/Fort Worth International Airport. This new company also will offer over 900 daily departures from Texas and the ability for consumers in our state to access over 300 destinations worldwide. The opportunity for Texas – our businesses and individual— is endless.

Finally, both airlines employ over 20,000 people in our state. With union support from both companies, I am encouraged to learn that opportunities for Texas employees will only grow after this merger is approved. The new company, on sound financial footing and competing everyday in the competitive airline marketplace, will offer far greater opportunities for employee growth in the long-term, and that is critical for the large workforce here in our state.

In sum, I urge your favorable review of this pending merger, and if you have any questions regarding this correspondence, please do not hesitate to contact me.

Sincerely,

Joe Straus

Speaker of the House

Barbara R. Bass Mayor



The City of Tyler Office of the Mayor P.O. Box 2039 Tyler, Texas 75710-2039

Phone: (903) 531-1250 Fax: (903) 531-1166 www.cityoftyler.org

March 8, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar:

As Mayor of the City of Tyler, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a longstanding, successful relationship with American. Support from leaders like you is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines routes Passengers through Dallas/Fort Worth Airport (DFW) to destinations worldwide.

The merger would expand the network of flights and is expected to offer increased service to existing markets and service to new cities. Expanding destinations and flight availability is in the best interests of the residents and businesses of Tyler and the surrounding East Texas region. This will be beneficial for the residents and visitors of Tyler and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Barbara R. Bass

Mayor

City of Tyler

Barbara R. Bass Mayor



The City of Tyler Office of the Mayor P.O. Box 2039 Tyler, Texas 75710-2039

Phone: (903) 531-1250 Fax: (903) 531-1166 www.cityoftyler.org

March 8, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee:

As Mayor of the City of Tyler, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our city has enjoyed a longstanding, successful relationship with American. Support from leaders like you is very important.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region and our economy over the years. Currently, our service with American Airlines routes Passengers through Dallas/Fort Worth Airport (DFW) to destinations worldwide.

The merger would expand the network of flights and is expected to offer increased service to existing markets and service to new cities. Expanding destinations and flight availability is in the best interests of the residents and businesses of Tyler and the surrounding East Texas region. This will be beneficial for the residents and visitors of Tyler and we ask for your support.

Success for American Airlines will mean success for all of us. It will bring long-term opportunities for our community and our region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Barbara R. Bass

Mayor

### City of Tyler



Office of the Mayor

Malcolm Duncan, Jr. P.O. Box 8052 Waco, Texas 76714 (254) 548-4846

wacomayor@waco-texas.com

March 8, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar,

As Mayor of the City of Waco, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our City has enjoyed a long and successful relationship with American Airlines and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S Airways has the potential to provide a valuable contribution to our regional economy over the next several years. Currently, our service with American Airlines transports passengers through Dallas-Fort Worth to destinations worldwide. The expanded AA/US network would increase the frequency of flights throughout the country. Expanding destinations and frequencies is in the best interests of the residents and businesses of Waco and the Heart of Texas. This merger will benefit both residents and visitors locally and ultimately for the entire State of Texas and we ask for your support.

Success for American Airlines will mean success for us all. It will bring long-term opportunities for Waco and the Heart of Texas Region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Malcolm Duncan, Jr., Mayor

City of Waco

CC: Senator John Cornyn and Senator Ted Cruz



Office of the Mayor

Malcolm Duncan, Jr. P.O. Box 8052 Waco, Texas 76714 (254) 548-4846 wacomayor@waco-texas.com

March 8, 2013

The Honorable Michael S. Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Lee,

As Mayor of the City of Waco, I write to ask for your support of the planned merger between American Airlines and U.S. Airways. Our City has enjoyed a long and successful relationship with American Airlines and support from leaders like you, which at this critical point, is very important.

The merger between American Airlines and U.S Airways has the potential to provide a valuable contribution to our regional economy over the next several years. Currently, our service with American Airlines transports passengers through Dallas-Fort Worth to destinations worldwide. The expanded AA/US network would increase the frequency of flights throughout the country. Expanding destinations and frequencies is in the best interests of the residents and businesses of Waco and the Heart of Texas. This merger will benefit both residents and visitors locally and ultimately for the entire State of Texas and we ask for your support.

Success for American Airlines will mean success for us all. It will bring long-term opportunities for Waco and the Heart of Texas Region. It's a shared goal that all of us should wholeheartedly support, and I urge you to join us in doing so.

Sincerely,

Malcolm Duncan, Jr., Mayor

City of Waco

CC: Senator John Cornyn and Senator Ted Cruz



March 12, 2013

The Honorable Amy Klobuchar United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

Re: Request for Letter of Support for AA/USAir merger.

Dear Senator Klobuchar,

As the Mayor for the City of Wichita Falls, I would like to express my support for the American Airlines and U.S. Airways premier global merger. I have been involved with the Wichita Falls Municipal Airport for many years and have witnessed an increase in the number of travelers passing through our area.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region. Currently, the City of Wichita Falls Municipal Airport connects passengers from Wichita Falls to Dallas/Fort Worth and then on to other cities around the world. The expanded AA/USAir network could increase flights and provide more options for these travelers. Our passengers expect more options and more choices for an enhanced travel experience. I applaud the AMR Corporation and U.S. Airways Group in their efforts to increase efficiency and connectivity with service to and from the Wichita Falls Municipal Airport. With construction of our new airport terminal, passengers will enjoy a more favorable traveling experience because of the seamless transition between American Airlines and U.S. Airways.

I ask that you sincerely consider approval of the American Airlines and US Airways merger because of the economic development opportunity it represents.

Best Regards

Mayor Glenn Barham City of Wichita Falls



March 12, 2013

The Honorable Michael Lee United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Re: Request for Letter of Support for AA/USAir merger.

Dear Senator Lee,

As the Mayor for the City of Wichita Falls, I would like to express my support for the American Airlines and U.S. Airways premier global merger. I have been involved with the Wichita Falls Municipal Airport for many years and have witnessed an increase in the number of travelers passing through our area.

The merger between American Airlines and U.S. Airways could provide a valuable contribution to our region. Currently, the City of Wichita Falls Municipal Airport connects passengers from Wichita Falls to Dallas/Fort Worth and then on to other cities around the world. The expanded AA/USAir network could increase flights and provide more options for these travelers. Our passengers expect more options and more choices for an enhanced travel experience. I applaud the AMR Corporation and U.S. Airways Group in their efforts to increase efficiency and connectivity with service to and from the Wichita Falls Municipal Airport. With construction of our new airport terminal, passengers will enjoy a more favorable traveling experience because of the seamless transition between American Airlines and U.S. Airways.

I ask that you sincerely consider approval of the American Airlines and US Airways merger because of the economic development opportunity it represents.

Best Regards

Mayor Glenn Barham City of Wichita Falls



**US AIRLINE PILOTS ASSOCIATION** 

#### Statement for the Hearing Record

#### U.S. Senate Committee on the Judiciary Subcommittee on Antitrust, Competition and Consumer Rights

#### Hearing on

"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

March 19, 2013

Respectfully submitted by:
Gary Hummel, President
US Airline Pilots Association

Chairman Klobuchar, Ranking Member Lee and distinguished members of the Subcommittee, on behalf of the 5,000 US Airways pilots represented by the US Airline Pilots Association (USAPA), I would like to thank you for the opportunity to present written testimony on the proposed merger of American Airlines and US Airways.

USAPA supports the proposed merger. Long before US Airways management approached the American Airlines labor unions in March 2012, USAPA understood that US Airways management needed to make significant changes to bring its employees' wages and working conditions up to industry standards. Moreover, we had long studied the consolidating airline industry and recognized immediately that the synergies of this merger could provide significant benefits to the employees and customers of the new American Airlines.

Since deregulation in 1978, there have been over 100 bankruptcies of US airlines. As pilots, we have seen it all – record profits of the 1990s, tremendous losses ten years later and the most recent wave of post- 9/11 consolidations and bankruptcies. Over this difficult period, the legacy carriers responded to their low-cost counterparts by trimming unit cost per available seat-mile with repeated furloughs as well as massive reductions in wages, pensions and mainline airframe capacity. Needless to say, the past ten years have been extremely difficult and tragic for the airline industry, which has struggled back to profitability and improved choices for customers.

This has been an especially difficult journey for pilots and other employees of US Airways. Since 2002, US Airways has reorganized itself *two times* in the bankruptcy courts. In these bankruptcies, the professional airline pilots and other union workers saw their wages cut by 40%, and lost pensions accumulated through many years of working at the carrier.

While the pilots of US Airways experienced many difficult years of contract negotiations, the situation dramatically improved after USAPA was included as an equal party in the joint labor negotiations that took place before the merger of the two airlines was completed. In addition to USAPA, those negotiations also included the pilots of American Airlines (the Allied Pilots Association (APA)), US Airways' and American Airlines' management and the American Airlines Unsecured Creditors Committee (UCC).

During those historic negotiations, the pilots of US Airways worked closely with pilots of American Airlines to create a tentative labor agreement that will provide pilots with equal wages, benefits, working conditions and a clear path forward for seniority integration. If this merger is approved, the era of bankruptcy-era working conditions and wages is over.

While there is often natural tension between management and labor, we are now able to find consensus on many issues with the management representatives of US Airways and American that will benefit the new American Airlines. Although final joint labor agreements remain unfinished, we are more optimistic about the future of the airline and the employees today than we have been at any time since 2002.

One important reason, USAPA supports this merger, is that it is the most expedient way for American to address its revenue and network shortfalls. In this regard, US Airways is the most logical merger partner. The two airlines overlap on only 12 city pairs that they serve. By combining the two networks, the new American Airlines would serve 336 destinations in 56 countries, giving the traveling public access to a third comprehensive global network, while allowing for low cost carriers such as Southwest Airlines to maintain a strong competitive position

USAPA recognizes the public concern about ticket pricing following this merger. However, we believe that industry competition is healthy -- and that it will drive superior service and value for the passengers as well as fair wages and working conditions for the employees. Improved networks, right sizing of our fleets, and working together for better productivity will provide our customers with better service, choice and competitive ticket prices. Therefore, we ask for Federal regulators to allow the merger of American Airlines and US Airways to proceed.

On the other hand, if this proposed merger is rejected, the dedicated employees of both airlines would suffer as their livelihoods depend upon a stable and prosperous airline industry. Allowing Delta-Northwest and United-Continental to merge, and not a third, would have negative consequences on the future of healthy competition.

Approval of "the last big merger" will end a painful recovery period and usher in new chapter in airline history. USAPA supports the merger for a New American Airlines that will provide for industry standard wages and working conditions for our pilots, a healthier stable industry with clear opportunity for business, labor and most importantly the flying public.

Chairman Klobuchar, Ranking Member Lee, and members of the Subcommittee, thank you again for accepting my testimony. I am happy to respond to any questions which the subcommittee may have.

Respectfully submitted,

/s/ Captain Gary Hummel President

### Mike Zuhl 1063 Douglas Street Salt Lake City, Utah 84105

Senator Mike Lee 316 Hart Senate Office Building Washington, D.C. 20510

Sent via facsimile: 202-228-1168

Dear Senator Lee:

As a member of the Salt Lake Airport Authority Board, I am writing in support of the proposed American Airlines merger with U.S. Air that will be heard in your antitrust subcommittee this month.

The Salt Lake City Department of Airports supports the proposed merger because, in the past, airline consolidation has been a positive for the aviation industry. A combined airline will result in a healthier financial environment for the two major airlines that operate in Salt Lake City.

It's my understanding the new entity's offerings in the Salt Lake market will hold steady or improve. We have a robust low cost carrier component in Utah, and we see growth ahead in our regional offerings. American and U.S. have few overlapping routes, so overall competition should remain strong. Given that investors and employee unions for the two carriers are in accord with the union, we see no reason to stand in the way.

As always, we thank you for your service to Utah.

Mike Zuhl

#### Central West Virginia Regional Airport Authority

100 Airport Road, Suite 175 • Charleston, WV 25311-1080 Phone: 304-344-8033 Fax: 304-344-8034

E-Mail: fly@yeagerairport.com www.yeagerairport.com



March 15, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

On behalf of the Central West Virginia Regional Airport Authority, I am writing you today to highlight the important benefits and opportunities the pending American Airlines and US Airways merger will have on, Yeager Airport, Charleston, West Virginia and our entire service region of central WV.

This transaction will result in a formidable and financially strong airline that will instantly become a worldwide leader in service and destinations across the world. Most importantly, this combined company will continue to support hundreds of thousands of jobs across the U.S., deliver a broader route network for millions of Americans, and continue to compete in the global carrier market.

As we examined this transaction to the fullest degree, we are encouraged to learn that the combined company will remain committed to our community by maintaining their current hubs and expanding services from those hubs to existing markets in new cities. Also, we believe it is important to keep in mind that, while this merger creates the largest single US-based airline, it will usher in a reliable third major carrier poised to compete with United/Continental and Delta/Northwest.

Lastly, we are pleased to learn that employees of each company will be granted additional opportunities to grow and build their careers with this new combined company. As this merger permits a stronger, more financially stable company in an unpredictable and competitive industry, employees will now have stability and confidence to pursue their careers with American Airlines with competitive compensation and benefit packages.

We strongly support this pending union of two great partners in the airline industry, and we respectfully request your support as you review this important merger.

Sincerely,

R. Edison Hill, Chairman

Central West Virginia Regional Airport Authority

cc: The Honorable Jay Rockefeller, US Senator The Honorable Joe Manchin, US Senator



# STATE OF WEST VIRGINIA OFFICE OF THE GOVERNOR

1900 Kanawha Boulevard, East Charleston, WV 25305 (304) 558-2000

EARL RAY TOMBLIN
GOVERNOR

March 22, 2013

The Honorable Amy Klobuchar Chair, U.S. Senate Subcommittee on Antitrust Competition Policy and Consumer Rights United States Senate 302 Hart Senate Office Building Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senators Klobuchar and Lee:

As Governor of the State of West Virginia, I am writing you today to highlight the important benefits and opportunities the pending American Airlines and US Airways merger and how it will positively impact West Virginia.

This transaction will result in a formidable and financially strong airline that will instantly become a worldwide leader in service and destinations across the world. Most importantly, this combined company will continue to support hundreds of thousands of jobs across the U.S., deliver a broader route network for millions of Americans, and continue to compete in the global carrier market. It is vital to the economic health of any region to have quality access to both domestic and international destinations and we believe that the combined American – US Airways merged airline will enhance those opportunities and choices for the air traveler.

Senator Klobuchar and Lee March 22, 2013 Page Two

As we examined this transaction to the fullest degree, we are encouraged to learn that the combined company will remain committed to our state by maintaining their current hubs and expanding services from those hubs to existing markets in new cities. Also, we believe it is important to keep in mind that, while this merger creates the largest single US-based airline, it will usher in a reliable third major carrier poised to compete with United/Continental and Delta/Northwest.

Lastly, we are pleased to learn that employees of each company will be granted additional opportunities to grow and build their careers with this new combined company. As this merger permits a stronger, more financially stable company in an unpredictable and competitive industry, employees will now have stability and confidence to pursue their careers with American Airlines with competitive compensation and benefit packages.

We strongly support the merger of American and US Airways, and we respectfully request your support as you review this important merger.

Sincerely,

Earl Ray Tomblin

Jomhlen.

Governor

## KANAWHA COUNTY COMMISSION

Post Office Box 3627 Charleston, West Virginia 25336



Telephone (304) 357-0101 Fax (304) 357-0788 www.kanawha.us

Henry C. Shores Commissioner W. Kent Carper Commissioner Dave Hardy Commissioner

March 15, 2013

The Honorable Amy Klobuchar
Chair, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Michael S. Lee Rkg Mbr, U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights United States Senate 316 Hart Senate Office Building Washington, D.C. 20510

Dear Senator Klobuchar and Senator Lee:

On behalf of the Kanawha County Commission, I am writing you today to highlight the important benefits and opportunities the pending American Airlines and US Airways merger will have on, Yeager Airport, Charleston, West Virginia and our entire service region of central WV.

This transaction will result in a formidable and financially strong airline that will instantly become a worldwide leader in service and destinations across the world. Most importantly, this combined company will continue to support hundreds of thousands of jobs across the U.S., deliver a broader route network for millions of Americans, and continue to compete in the global carrier market.

As we examined this transaction to the fullest degree, we are encouraged to learn that the combined company will remain committed to our community by maintaining their current hubs and expanding services from those hubs to existing markets in new cities. Also, we believe it is important to keep in mind that, while this merger creates the largest single US-based airline, it will usher in a reliable third major carrier poised to compete with United/Continental and Delta/Northwest.

Lastly, we are pleased to learn that employees of each company will be granted additional opportunities to grow and build their careers with this new combined company. As this merger permits a stronger, more financially stable company in an unpredictable and competitive industry, employees will now have stability and confidence to pursue their careers with American Airlines with competitive compensation and benefit packages.

We strongly support this pending union of two great partners in the airline industry, and we respectfully request your support as you review this important merger.

Sincerely,

W. Kent Carper, President

Kanawha County Commission

ce: The Honorable Jay Rockefeller, US Senator The Honorable Joe Manchin, US Senator