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17 July 2015

Dr Richard Chadwick
General Manager - Adjudication Branch
Australian Competition & Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

By Email: adjudication@accc.gov.au

Dear Sir

Hawaiian Airlines, Inc. re Qantas Airways Limited and American Airlines Application for Revocation of and Substitution Authorisations (QF-AA Application) – Consultation

As you are aware, we act for Hawaiian Airlines, Inc. (**Hawaiian**) in relation to the above application to the Australian Competition & Consumer Commission (**ACCC**). On 3 July, 2015 we made a preliminary submission on behalf of Hawaiian with the ACCC. On July 7, 2015, the ACCC granted Hawaiian additional time to submit detailed comments regarding the competitive impact of the new authorization sought by Qantas Airways Limited (**Qantas**) and American Airlines, Inc. (**American**). Hawaiian accordingly submits these comments in support of its position that the ACCC should condition the grant of authorisation and follow past practice of limiting its duration to five years.

In this proceeding, Hawaiian offers the perspective of an independent carrier competing with much larger airlines on international routes. This role is increasingly important to consumers as the industry consolidates worldwide and former competitors, through the grant of antitrust immunity, cease competing in international markets. Hawaiian has served the market between Australia and the United States since initiating service from its base of operations in Honolulu, Hawaii to Sydney in 2004. In 2012, Hawaiian expanded its network to include Honolulu-Brisbane service. Indeed, the QF-AA Application repeatedly cites the competition provided by Hawaiian, including as a competitor for indirect service from Sydney to Los Angeles[1] and noting that Hawaii is "an increasingly popular stopover destination" for travelers between Australia and the U.S.[2] In Hawaiian's view, the proposed authorisation will further limit Hawaiian's ability to offer a competitive constraint to the combined power of the Qantas-American immunized alliance and harm the public.

[1] Quantas and Amerian Airlines – Application for revocation and substitution of aurhorisations A91265 and A91266 at 20, 25(June 10, 2015), hereinafter "QF-AA Application."

[2] *Id.* at 19.

Hawaiian reaches this conclusion for two reasons. First, Hawaiian has observed that joint ventures between major national carriers become dominant on the international routes they serve, limiting competition from independent carriers and increasing prices for consumers. This phenomenon is observable in the trans-Atlantic market between the U.S. and Europe where the expansion of alliances has been associated with an increase in average fares – a phenomenon that will be repeated in the U.S.-Australia market if the Qantas-American alliance is permitted to proceed unconditionally.

Second, through the operation of either express or implied exclusivity agreements, Hawaiian has observed that alliance partners become unwilling to engage in arm's-length, procompetitive agreements that allow independent carriers to aggregate traffic from behind their respective gateways to fly their international services. By reducing or eliminating cooperation with independent carriers, the joint venture can prevent behind-gateway passengers from exercising a competitive choice, which further insulates the immunized joint venture from competition. It's the consumer who suffers when travel options are denied and competition is restrained.

Hawaiian submits that the question before the ACCC is one of fundamental aviation policy. Should the Australian market be served by dominant alliances or should it foster competition from independent carriers? Hawaiian believes that a policy fostering independent competition offers the greatest consumer benefits, including meaningful price competition.

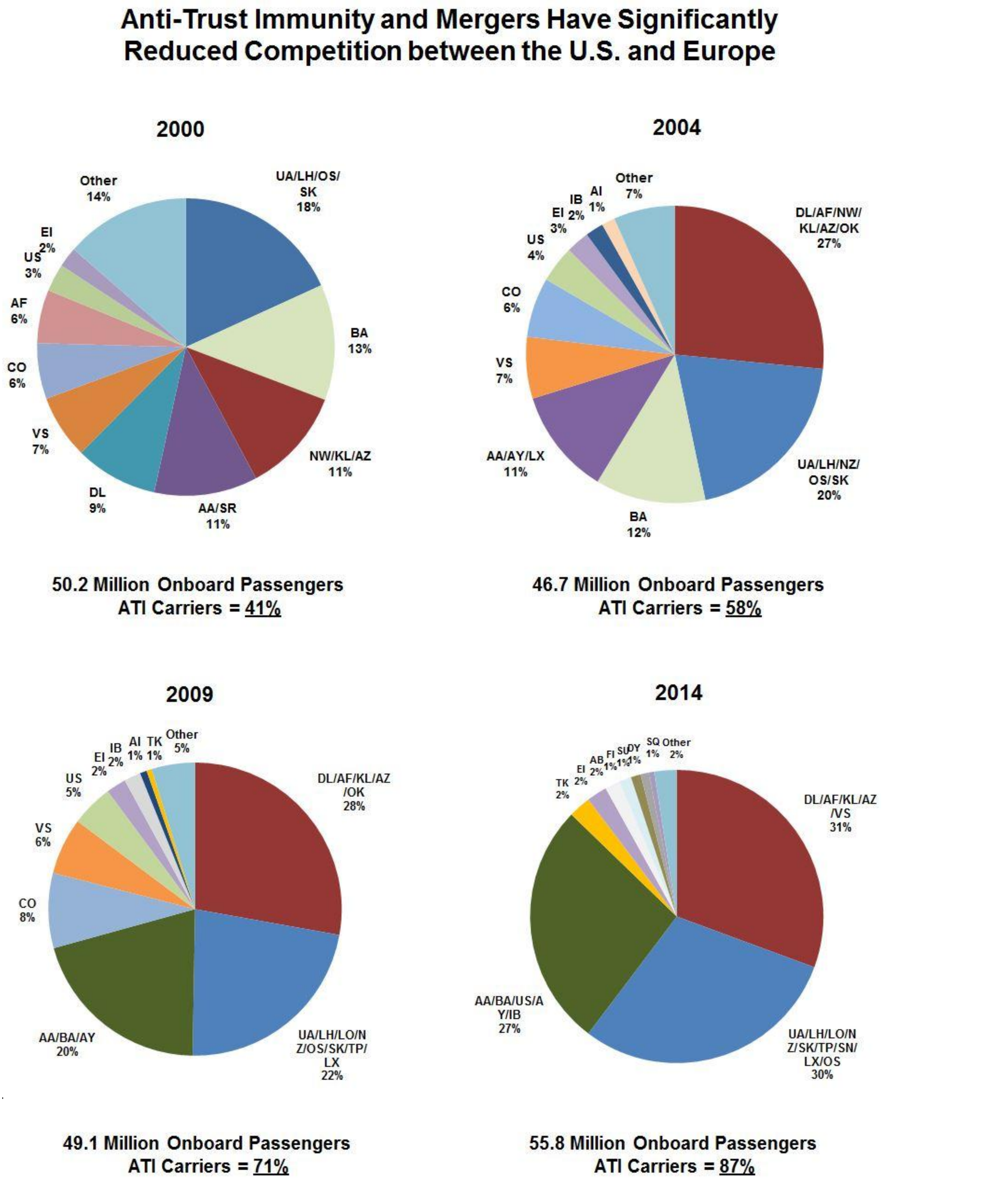
Finally, the ACCC should ensure that the proposed conduct remains in the public interest by following past precedent and limiting whatever authorisation it is inclined to grant to a period of five years rather than the ten requested by the applicants. Because of the potential for immunized alliances to cause consumer harm, regulatory authorities should periodically review whether the joint ventures have delivered the promised benefits.

I. If the ACCC Authorizes the Proposed Conduct, Empirical Evidence Demonstrates that Fares Will Increase.

The applicants in this proceeding have asked the ACCC to approve an alliance that will allow American and Qantas to coordinate on prices, schedule and capacity. Approval would alter the structure of the U.S.-Australia market. The two most significant Australian carriers, Qantas and Virgin Australia, each would be members of an immunized alliance with two major U.S. carriers, American and Delta respectively. By definition, these alliances eliminate the competition between the Australian carriers and their respective U.S. joint venture partners. Indeed, authorisation of the proposed conduct will prospectively eliminate any competition that might have resulted from the reintroduction of American's own-metal service and Australia's leading carrier. Experience demonstrates that consumers will be forced to pay higher fares in the long run. In approving a market structure dominated by immunized joint ventures, Australia would be following the same path that the U.S. followed in approving alliances serving the trans-Atlantic market between the U.S. and Europe. As consolidation has increased so have average fares. The ACCC should expect similar results in the U.S.-Australia market.

A. As the Prevalence of Immunized Alliances Increases in Long-Haul International Markets, So Does the Amount the Public Pays for Air Travel.

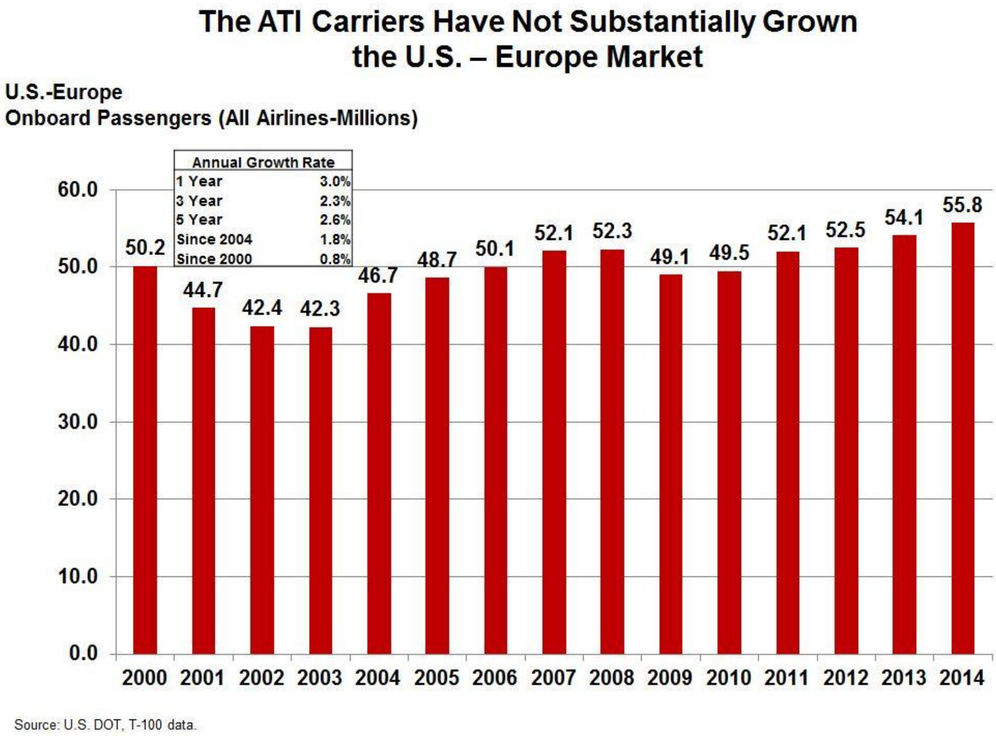
Hawaiian submits that the experience in the U.S. should inform the ACCC's decision-making in this proceeding. From 2000 to 2014, the proportion of trans-Atlantic capacity served by immunized alliances increased significantly. Instead of increasing capacity and lowering fares, the result has been unfavorable for consumers. Capacity has remained flat while fares have increased. Despite rising fuel prices over the 15-year period between 2000 and 2014, airline costs have increased at a slower rate than fares, leading to record airline yields and profits. As the chart below demonstrates,[3] the last fifteen years have seen a steady stream of increasing concentration as airlines have merged and more alliances have received antitrust immunity (**ATI**). In 2000, 41 percent of trans-Atlantic capacity was provided by ATI alliances. That figure had swelled to 87 percent by 2014.



[3] *See* Chart 2. The charts supporting each of the graphics contained in these comments are attached in Appendix A.

Despite promises of increased capacity facilitated through the joint ventures and new entry competition through a liberalizing aviation regime, the increasing concentration has not been accompanied by meaningful increases in capacity. In the last 15 years, as depicted in Chart 3, capacity has increased at only a 0.8 percent annual rate and only a 1.8 percent rate since 2004.

Despite promises of increased capacity facilitated through the joint ventures and new entry competition through a liberalizing aviation regime, the increasing concentration has not been accompanied by increases in capacity. For example, American and its oneworld alliance partners promised the U.S. Department of Transportation ("DOT") in the proceeding requesting ATI that "the expected outcome of the [joint venture agreement] is to create a strong incentive to expand capacity on hub-to-hub routes, and the added capacity will naturally put downward pressure on fares."[4] The other major global alliances made similar promises.[5] Taken altogether, these promises have not been fulfilled. In the last 15 years, as depicted in Chart 3, capacity has increased at only a 0.8 percent annual rate and only a 1.8 percent rate since 2004.

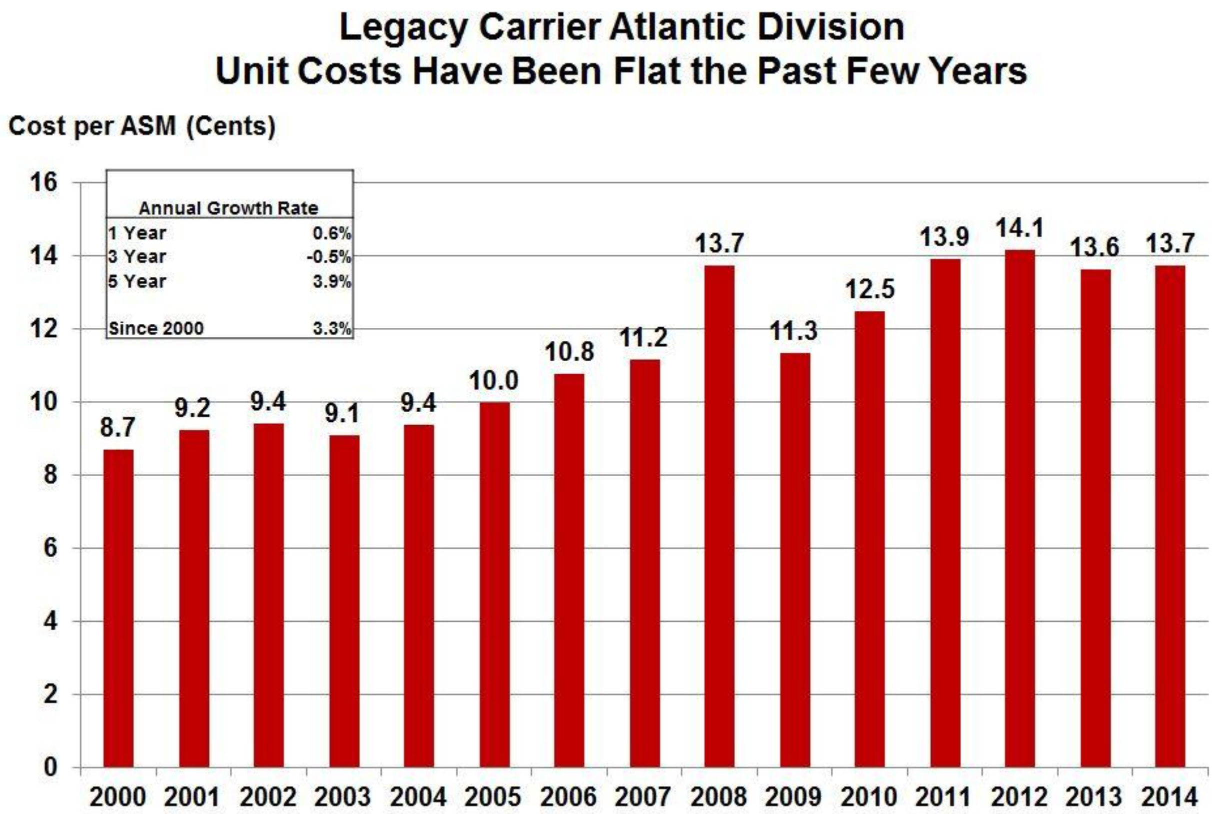


[4] Joint Application of: American Airlines, Inc.; British Airways, PLC; Finnair OYJ; Iberia Lineas Aereas De Espana, S.A.; and Royal Jordanian Airlines, [Public] Joint Applicants' Motion for Leave to File and Supplemental Comments, DOT-OST-2008-0252 (Sep. 8, 2009), at 7.

[5] Joint Application of Alitalia, Czech Airlines, Delta Air Lines, KLM, Northwest Airlines, and Air France(Sky Team), Conslidated Reply of the Joint Applicants, DOT-OST-2007-28644 (Nov. 27, 2007), at 7 ("Having a common bottom line will enable the proposed Alliance to benefit consumers significantly through greater service options, the introduction of new flights, expanded availability of discount seats, lower fares from the elimination of incentives for each carrier to build in separate profit markups on codeshare flights, reduced costs, improved elapsed times, increased flight routings, and joint fare initiatives."); In re: Joint Application of Air Canada, Austrian, bmi, LOT, Lufthansa, SAS, Swiss, TAP, and United (Star Alliance), Order to Show Cause, Order 2009-4-5, DOT-OST-2008-0234 (Apr. 7, 2009), at 18 ("The applicants contend that [their alliance] will provide for integrated and structured coordination of capacity, pricing and inventory management that will produce the most significant benefits as well as serve as a model for the applicants to launch more joint ventures in other regions of the world.") (citing the Joint Application at 13-19).

The ACCC should accordingly be skeptical of the applicants' claims that the proposed conduct will "increase capacity and consumer choice".[6] Such promises have not been fulfilled in other markets.

The purported benefits of ATI alliances have been realized by the airlines – not consumers. Costs have increased only modestly over the 15-year period even with the escalating cost of fuel. Indeed, trans-Atlantic unit costs have increased only 3.3 percent annually since 2000 and have actually gone down over the most-recent three-year period.[7]



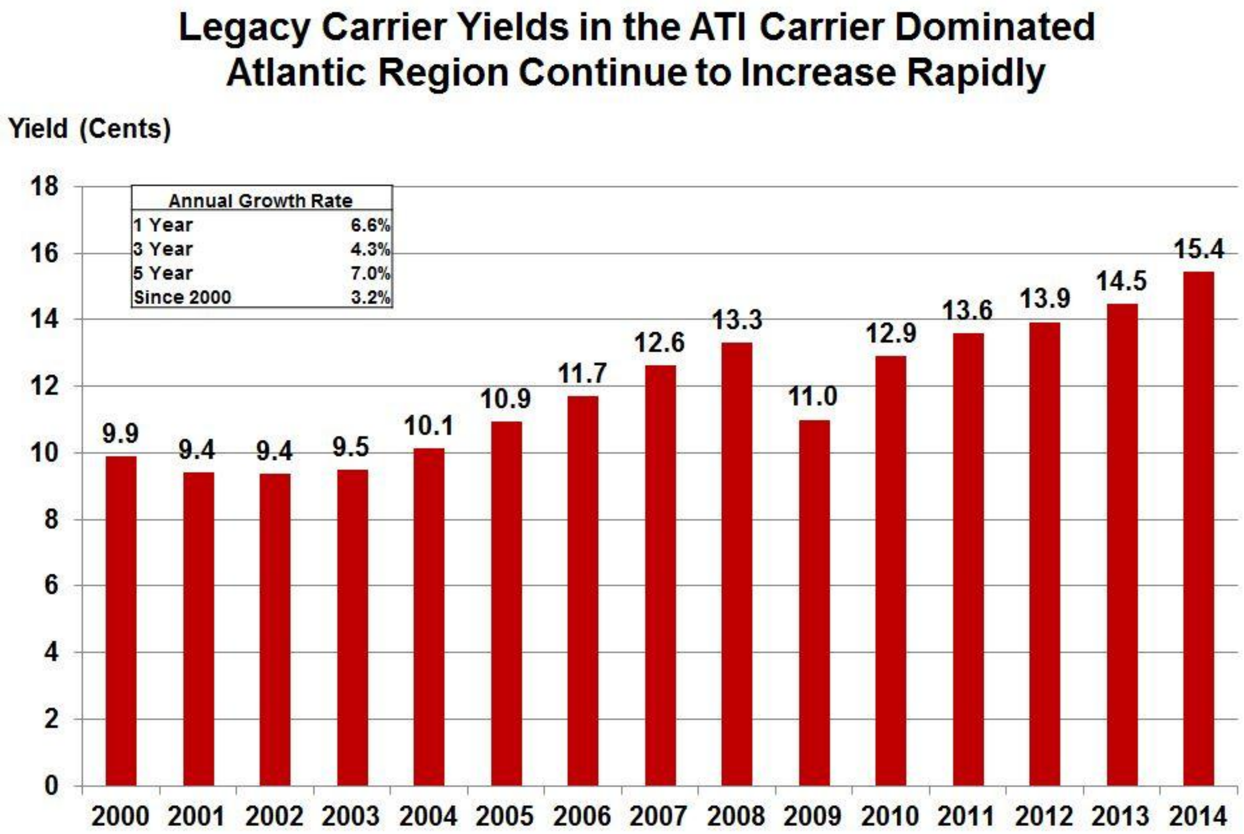
With industry capacity and costs relatively flat, the major alliances have taken advantage and pushed both yields and profits higher. Indeed, airline operating profits and margins on trans-Atlantic routes are now at peak levels,[8] which is the result of yields that have grown at a rate much higher than costs in recent years.[9]

[6] QF-AA Application at 4.

[7] *See* Chart 6.

[8] *See* Chart 7, Chart 8.

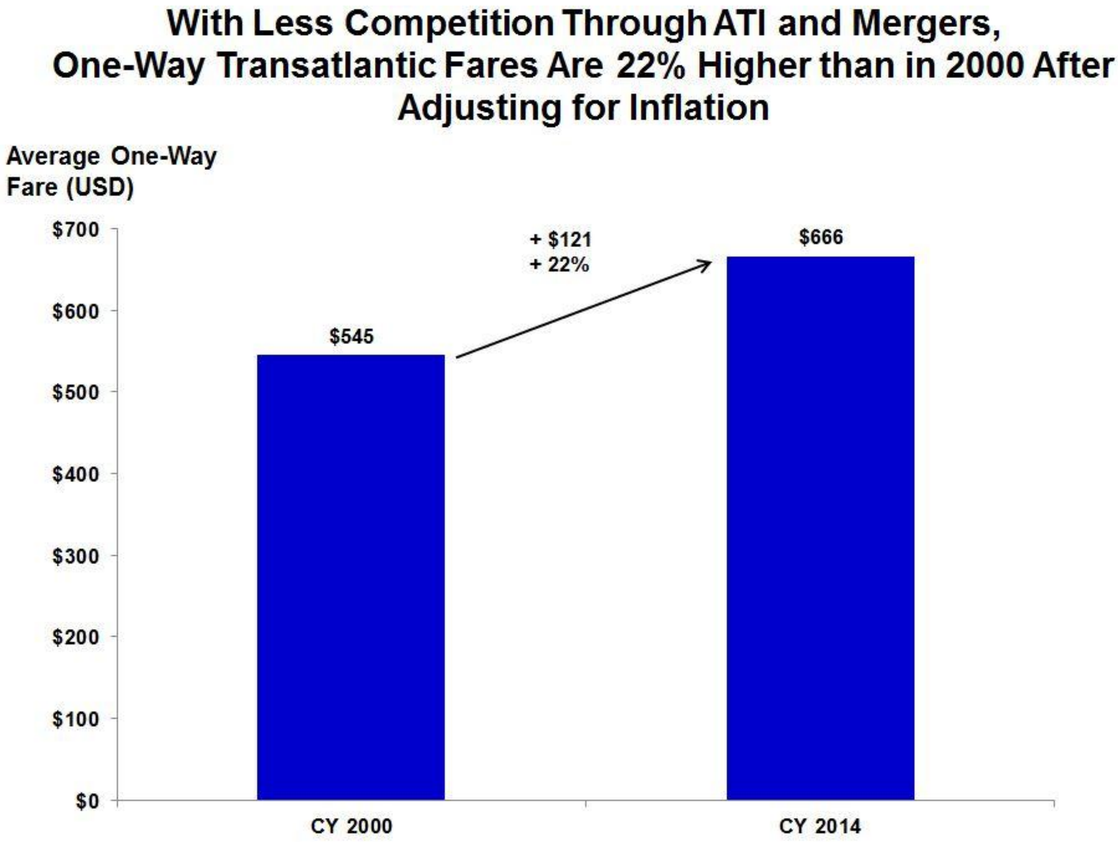
[9] *See* Chart 5.



These increasing yields cannot be explained by higher load factors, which have remained relatively steady as concentration has increased.[10] The evidence demonstrates that the loser in all these trends has been the consumer. Even after adjusting for inflation, data from the U.S. DOT shows that the average fare on trans-Atlantic routes has increased from $545 USD to $666 USD, reflecting an increase of 22 percent and an estimated $7.8 billion USD annual increase in the total cost of trans-Atlantic travel since 2000.[11]

[10] *See* Chart 9.

[11] *See* Charts 10, 11.



In the absence of evidence of significantly increasing costs, the increase in prices appears to be due to the loss of competition in this sector.

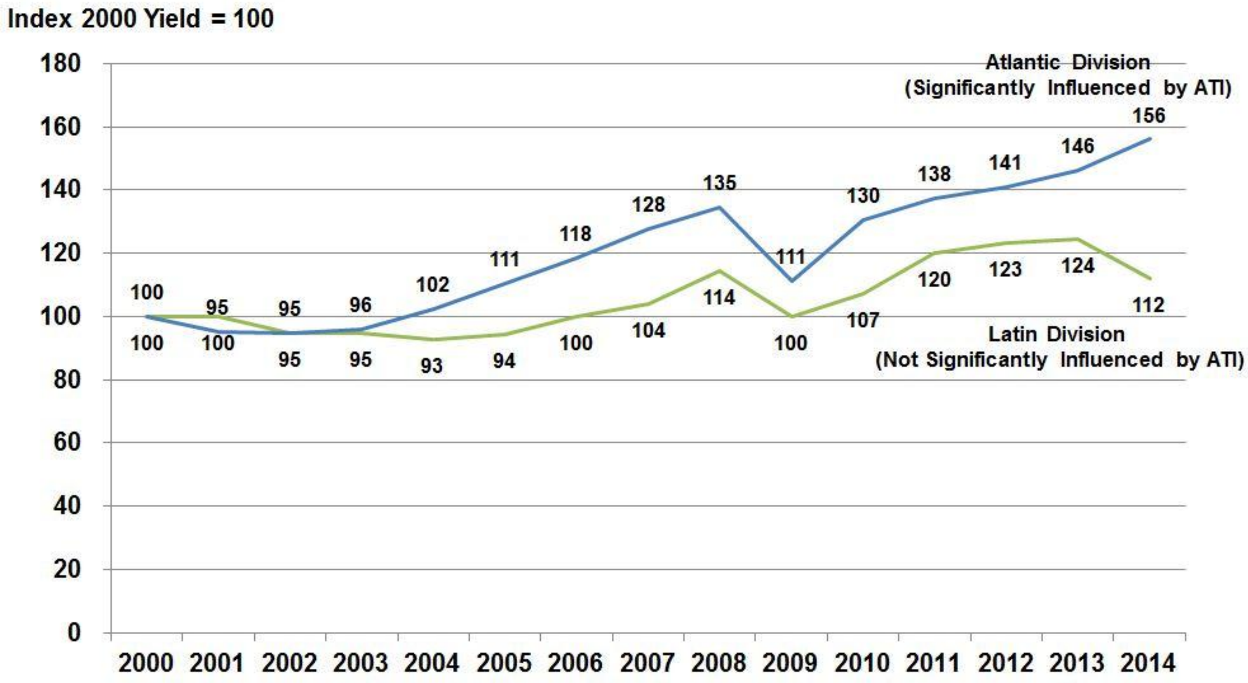
Alternative explanations for the increase in prices are not plausible. As an initial matter, the average fare does not include the increase in amount consumers pay in ancillary fees, which would exacerbate the difference. Moreover, although increases in prices could be explained by increases in the quality of service, that also seems implausible. In an era where space in the coach cabin has become increasingly compressed and service amenities have been trimmed, Hawaiian respectfully submits that increases in service quality do not explain a 22 percent increase in the average fare. Indeed, Hawaiian's business strategy of providing a higher-quality experience for passengers has been designed to target the shortcomings in legacy carrier services.

The fact that consolidation and antitrust immunity is behind this trend is confirmed by comparisons to another international market, between the U.S. and Latin America, which is not significantly impacted by ATI. While the Latin American market has expanded at a higher rate than both U.S.-Europe and U.S.-Pacific,[12] yields in the U.S.-Latin American market have remained flat and significantly lagged steadily increasing trans-Atlantic yields impacted by ATI.[13]

[12] *See* Chart 4.

[13] *See* Chart 12.

With the Significant Influence of ATI, the Legacy Carrier Atlantic Yields Have Increased at a Much Faster Rate than the Latin America Yields that Are Not Significantly Influenced by ATI



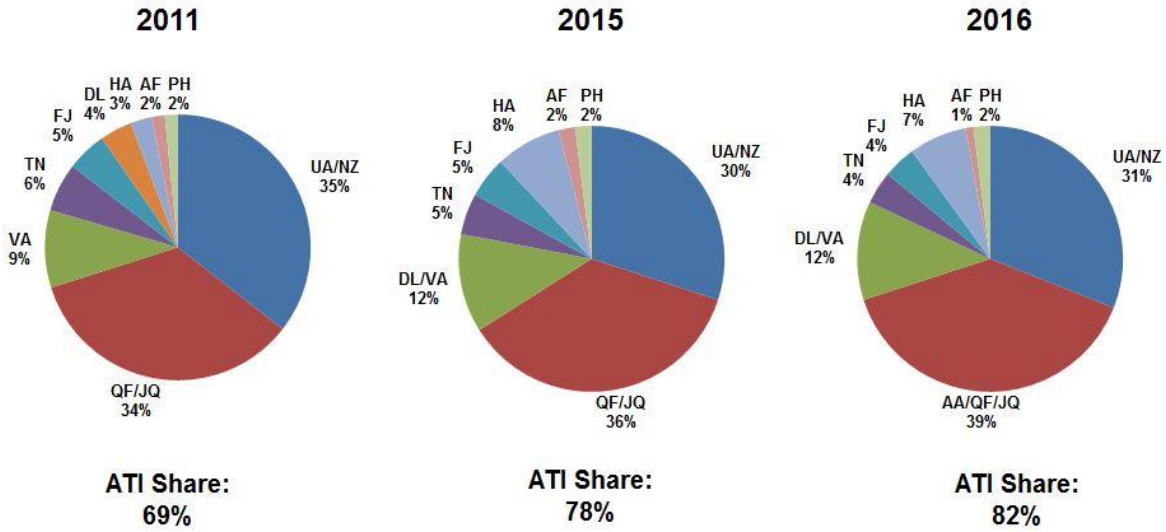
B. Authorising the Proposed Conduct Will Put Pressure on Fares between the U.S. and Australia.

Unconditional approval of the proposed conduct by the ACCC will send the U.S.-Australia market down the same path as the U.S.-Europe trans-Atlantic market. Over the last decade, the Australian market has experienced some of the same increasing concentration observable in the trans-Atlantic market. Before 2009, there were no immunized joint ventures. In 2009, however, the ACCC approved Delta's alliance with the airline group now known as Virgin Australia. Now, the applicants seek authorisation for proposed conduct that would increase the percentage of capacity offered through immunized alliances. While American currently does not serve Australia with its own aircraft, it has offered service previously. Approval of the proposed conduct, however, will ensure that the reentry to the Australian market of the largest airline in the world will not increase competition. Instead, American will be free to coordinate with the most dominant carrier in the U.S.-Australia market. The QF-AA Application itself demonstrates that Qantas' 2014 market share (45.9%) is nearly three times that of the Virgin Australia/Delta alliance (17.6%).[14] Combining the capacity that American plans to add to the market with Qantas' formidable market share will result in a very concentrated market between the U.S. and Australasia.[15]

[14] QF-AA Application at Annexure G, Table 2.

[15] *See* Chart 13.

If the American/Qantas Application is Approved, Immunized Partners will Account for 82% of the Seats between the U.S. and Australasia as of January 2016



At these levels of concentration and without conditioning the proposed conduct on procompetitive commercial agreements between the applicants and independent carriers, Hawaiian submits that the ACCC risks a repeat of the unfavorable trends observed in the trans-Atlantic market over the last 15 years.

II. Immunized Joint Ventures Reduce the Competitive Benefits that Independent Carriers Provide.

Hawaiian has found that when a government has authorised coordination between major U.S. carriers and their international joint venture partners, it is more difficult for independent carriers to reach arm's-length, procompetitive codeshare or other cooperative agreements with the international carrier. Such agreements have long been standard industry practice. They both enable passengers to purchase a ticket where different legs of the journey are flown by different airlines and govern the terms upon which revenue is allocated between the airlines provding the transportation. Such cooperative agreements can deliver significant benefits to consumers, allowing passengers to purchase travel between two points otherwise not served by a single airline, increasing competitive choices for consumers and therefore increasing competition between carriers.

Once airlines enter an immunized alliance, however, Hawaiian has found that the alliance partners are constrained by exclusivity clauses, either express or implied, that prevent the independent carrier from reaching a codeshare agreement. With ATI approval the incentive to enter into such agreements is dampened. If there is an existing agreement, the alliance partner simply slows the cooperation and stops making sales on independent carrier-operated flights, while limiting inventory available for the independent carrier to sell. The competitive consequence is that the immunized joint venture has access to behind-gateway domestic traffic flows at both ends of the network, while smaller competitive carriers are locked out. Indeed the applicants themselves expressly acknowledge the need for commercial agreements between international and domestic carriers: "international airlines depend on commercial arrangements with domestic carriers to effectively serve domestic destinations beyond international gateways."[16] Therefore, joint venture partners can prevent potential customers from having a competitive choice that might otherwise exist for behind-gateway passengers. This reduction of competition directly contradicts the QF-AA Application's claims that independent carriers like Air Canada, Hawaiian, Cathay Pacific and Fiji Airways offer a competitive constraint and that entry barriers are low.[17] Indeed, the lack of access to behind gateway traffic flows represents a new, separate entry barrier that should be ameliorated by the ACCC.

[CONFIDENTIAL]

Based on its experience in similar markets, Hawaiian's concern is that unconditional approval of the proposed conduct will result in a market structure that puts independent carriers at a disadvantage. With approval, both major Australian carriers will be members of an immunized alliance, and Hawaiian expects that any cooperation with independent carriers will be strictly controlled if not eliminated by the joint venture. The only interest this serves is that of the dominant carriers and certainly not the consumer. Consumers will be denied competitive travel choices as well as the benefit of the competition that independent carriers might otherwise provide.

This competition manifests itself not only with respect to pricing but service competition as well. For example, Hawaiian offers a different service from its competitors. Hawaiian limits premium seating while offering more seating room to coach passengers. The result is a seating configuration that allows Hawaiian to control costs while offering a higher-value service to more customers. The immunized alliances would prefer to limit this competition from Hawaiian or other innovative carriers.

As a result, Hawaiian believes that any authorisation of the proposed conduct should be conditioned on Qantas entering into commercial relationships with competitive carriers like Hawaiian that enable sales to behind gateway destinations in Australia including assurances of inventory availability. Without such a condition, the consumer will not be protected. Such a condition is appropriate given the parties' statements in the QF-AA Application, which argued that there would be no competitive detriment because carriers, including Hawaiian, "are likely to respond swiftly and aggressively to the Proposed Conduct".[18] To respond as aggressively as the applicants suggest, Hawaiian and other independent carriers require credible access to an important input for international air travel: behind gateway feed that increases the scope of their competitive services. Indeed, other jurisdictions have required similar relief as a condition of approving merger transactions. Just this week, the European Commission approved the acquisition of Aer Lingus by the International Consolidated Airlines Group (IAG) on the condition, among other things, that: "IAG made a commitment to enter into agreements with competing airlines which operate long-haul flights out of London Heathrow, London Gatwick, Manchester, Amsterdam, Shannon and Dublin so that Aer Lingus will continue to provide these airlines with connecting passengers. Passengers will therefore continue to have a choice to use other airlines than IAG when connecting at these airports. . ."[19] That is the relief needed here.

[16] QF-AA Application at 14.

[17] QF-AA Application at 24-26.

[18] QF-AA Application at 16.

The ACCC should facilitate continuing competition by requiring Qantas to reach commercial relationships with competitive carriers that enable sales to behind gateway destinations as a condition of the approval of the proposed conduct.

III. The ACCC Should Follow Past Precedent and Limit Any Authorisation of the Proposed Conduct to Five Years.

The ACCC's consistent practice has been to limit reauthorisation to a period of 5 years. This recognises the dynamic and unpredictable nature of the aviation industry and the increased risk of anti-competitive coordination between market competitors.

For example:

(a) The ACCC's determination on 31 March 2010 in relation to reauthorisations A91195 and A91196 for Qantas Airways and British Airways was limited to a 5 year period.

(b) The ACCC's determination on 29 September 2011 in relation to authorisations A91265 and A91266 for Qantas Airways and American Airlines limited initial authorisation to a five year period.

(c) The ACCC's determination on 10 December 2009 in relation to authorisations A91151, A91152, A91172 and A91173 for Virgin Australia and Delta Air limited initial authorisation to five and a half years, taking into account the time required to receive antitrust immunity from the US DOT (this would not be required for a reauthorisation as in the case of Qantas/American Airlines).

(d) The ACCC's draft determination on 24 June 2015 in relation to reauthorisations A91475, A91476, A91477 and A91478 for Virgin Australia and Delta Air deemed a 10 year reauthorisation period inappropriate, and instead proposed a 5 year reauthorisation period.

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[19] European Commission, Press Release, Mergers: Commission approves acquisition of Aer Lingus by IAG, subject to conditions (Jul. 14, 2015). At the time of this writing, the European Commission had not yet released the text of the specific commitments made by IAG and Aer Lingus.

As we have pointed out above, the competitive situation in the aviation industry changes rapidly and certainly over a five year period. For this reason, we submit that the ACCC should proceed in accordance with past practice and limit any authorisation to a five year period, so the ACCC has the opportunity to review what has occurred over the period of the authorisation and to consult with interested parties before extending any authorisation.

Yours faithfully
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Appendix A

- **Chart 1: Anti-Trust Immunity Has Allowed U.S. Legacy Carriers to Rapidly Increase Fares to U.S. Consumers**
- **Chart 2: Anti-Trust Immunity and Mergers Have Significantly Reduced Competition between the U.S. and Europe**
- **Chart 3: The ATI Carriers Have Not Substantially Grown the U.S. – Europe Market**
- **Chart 4: The U.S.- Europe Market Has Grown at a Slower Pace than the U.S. – Latin Market and the U.S. – Pacific Market**
- **Chart 5: Legacy Carrier Yields in the ATI Carrier Dominated Atlantic Region Continue to Increase Rapidly**
- **Chart 6: Legacy Carrier Atlantic Division Unit Costs Have Been Flat the Past Few Years**
- **Chart 7: With ATI Protection, Legacy Carrier Atlantic Operating Profits Are at Peak Levels**
- **Chart 8: With ATI Protection, Legacy Carrier Atlantic Operating Profit Margins Are at Peak Levels**
- **Chart 9: Through Capacity Restraint, the Legacy Carriers Have Maintained High Load Factors While Increasing Yields**
- **Chart 10: With Less Competition Through ATI and Mergers, Transatlantic Passengers Are Paying Over $7 Billion More per Year than in 2000 After Adjusting for Inflation**
- **Chart 11: With Less Competition Through ATI and Mergers, One-Way Transatlantic Fares Are 22% Higher than in 2000 After Adjusting for Inflation**
- **Chart 12: With the Significant Influence of ATI, the Legacy Carrier Atlantic Yields Have Increased at a Much Faster Rate than the Latin America Yields that Are Not Significantly Influenced by ATI**
- **Chart 13: If the American/Qantas Application is Approved, Immunized Partners will Account for 82% of the Seats between the U.S. and Australasia as of January 2016**

Anti-Trust Immunity Has Allowed U.S. Legacy Carriers to Rapidly Increase Fares to U.S. Consumers

- **Anti-trust immunity and mergers have significantly reduced competition between the U.S. and Europe**
  - **The U.S. – Europe passenger share by ATI airlines has increased to 87% in 2014 from 41% in 2000**

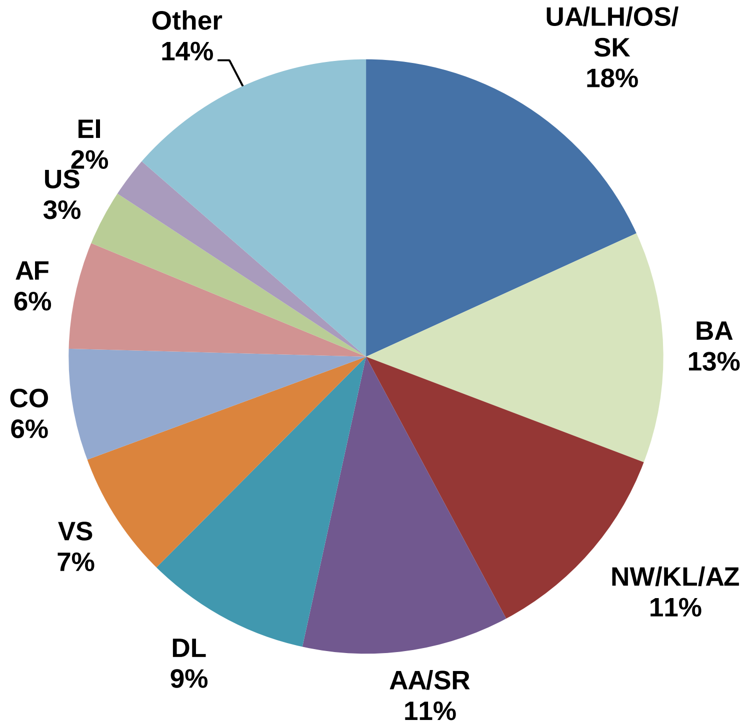
- **With ATI protection, U.S. legacy airlines have been able to:**
  - **Increase their U.S. – Europe yields rapidly while maintaining cost levels**
  - **Obtain record Atlantic operating profits and operating profit margins in 2014 of $3.1 Billion and 15%, respectively**
  - **Maintain high load factors (over 80%) through capacity restraint while increasing yields**

- **With increasing ATI protection, Atlantic fares have increased by $121 per one-way passenger since 2000 adding $3.0 Billion more in fares per year for passengers on U.S. airlines and $7.8 Billion on all airlines**

- **Further evidence of the effect of ATI protection is legacy carrier Atlantic yields have increased by over two times the amount of the increase for the Latin division since 2000. The Latin division is not significantly influenced by ATI.**

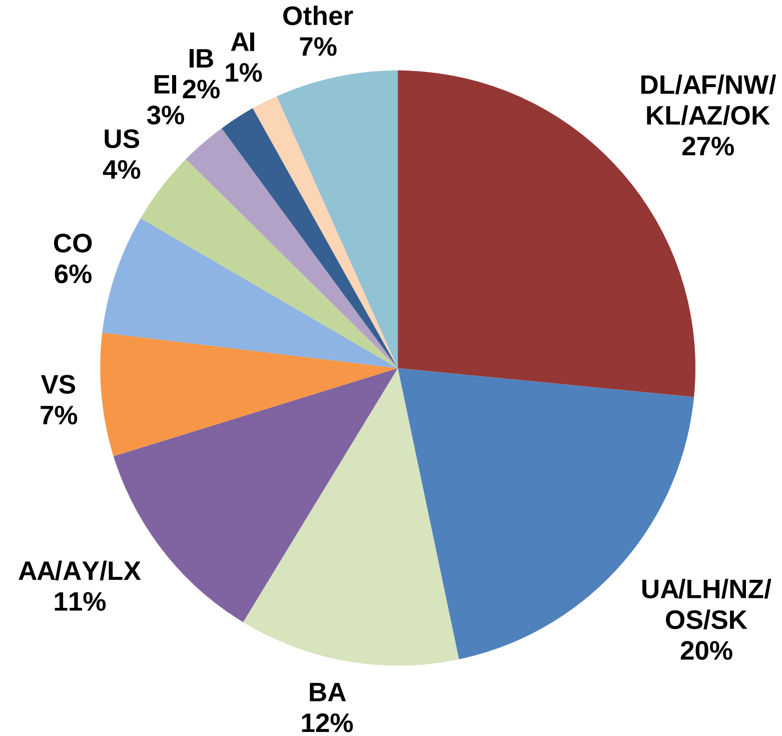
Anti-Trust Immunity and Mergers Have Significantly Reduced Competition between the U.S. and Europe

2000



50.2 Million Onboard Passengers
ATI Carriers = 41%

2004

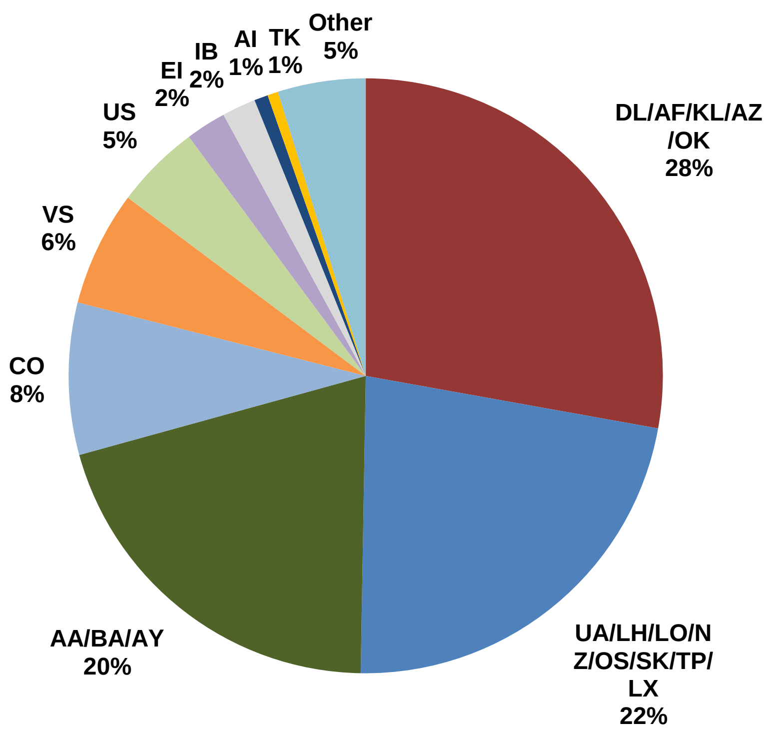


46.7 Million Onboard Passengers
ATI Carriers = 58%

Source: US DOT T-100 Report, one-way passengers between the U.S. and Europe. ATI years from the DOT at:
http://www.transportation.gov/office-policy/aviation-policy/airline-alliances-operating-active-antitrust-immunity

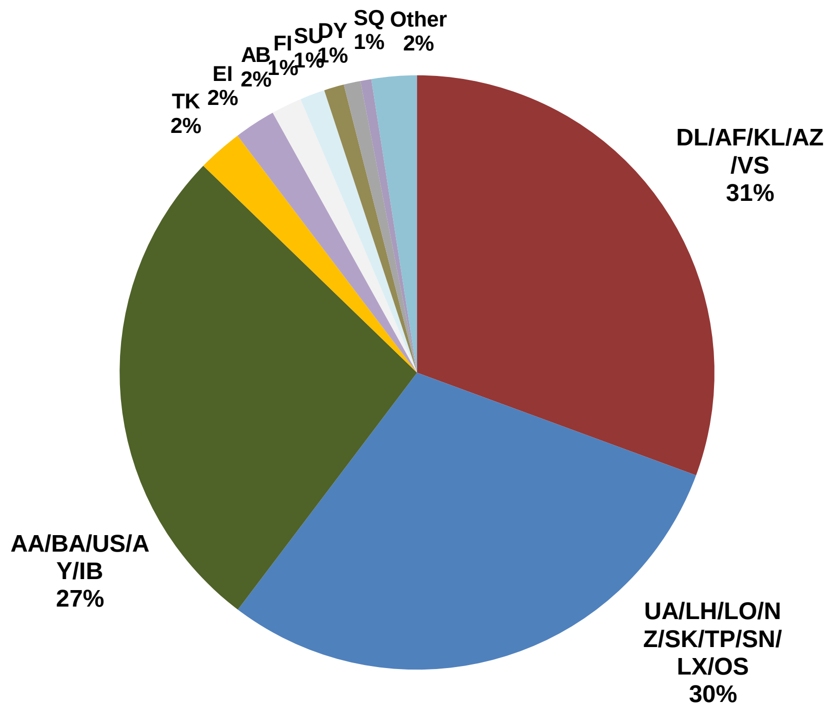
Anti-Trust Immunity and Mergers Have Significantly Reduced Competition between the U.S. and Europe

2009



49.1 Million Onboard Passengers
ATI Carriers = 71%

2014

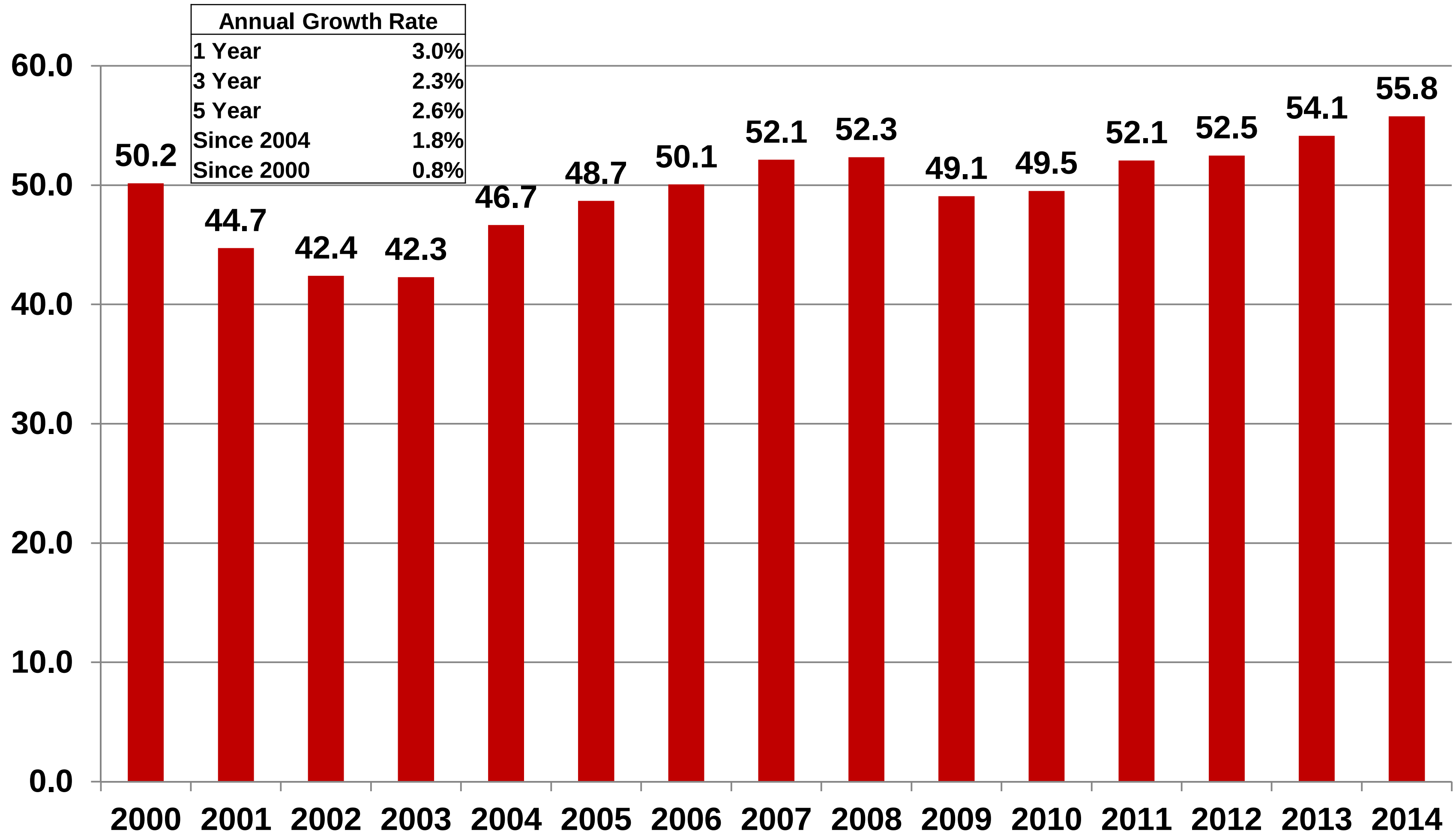


55.8 Million Onboard Passengers
ATI Carriers = 87%

Source: US DOT T-100 Report, one-way passengers between the U.S. and Europe. ATI years from the DOT at:
http://www.transportation.gov/office-policy/aviation-policy/airline-alliances-operating-active-antitrust-immunity

The ATI Carriers Have Not Substantially Grown the U.S. – Europe Market

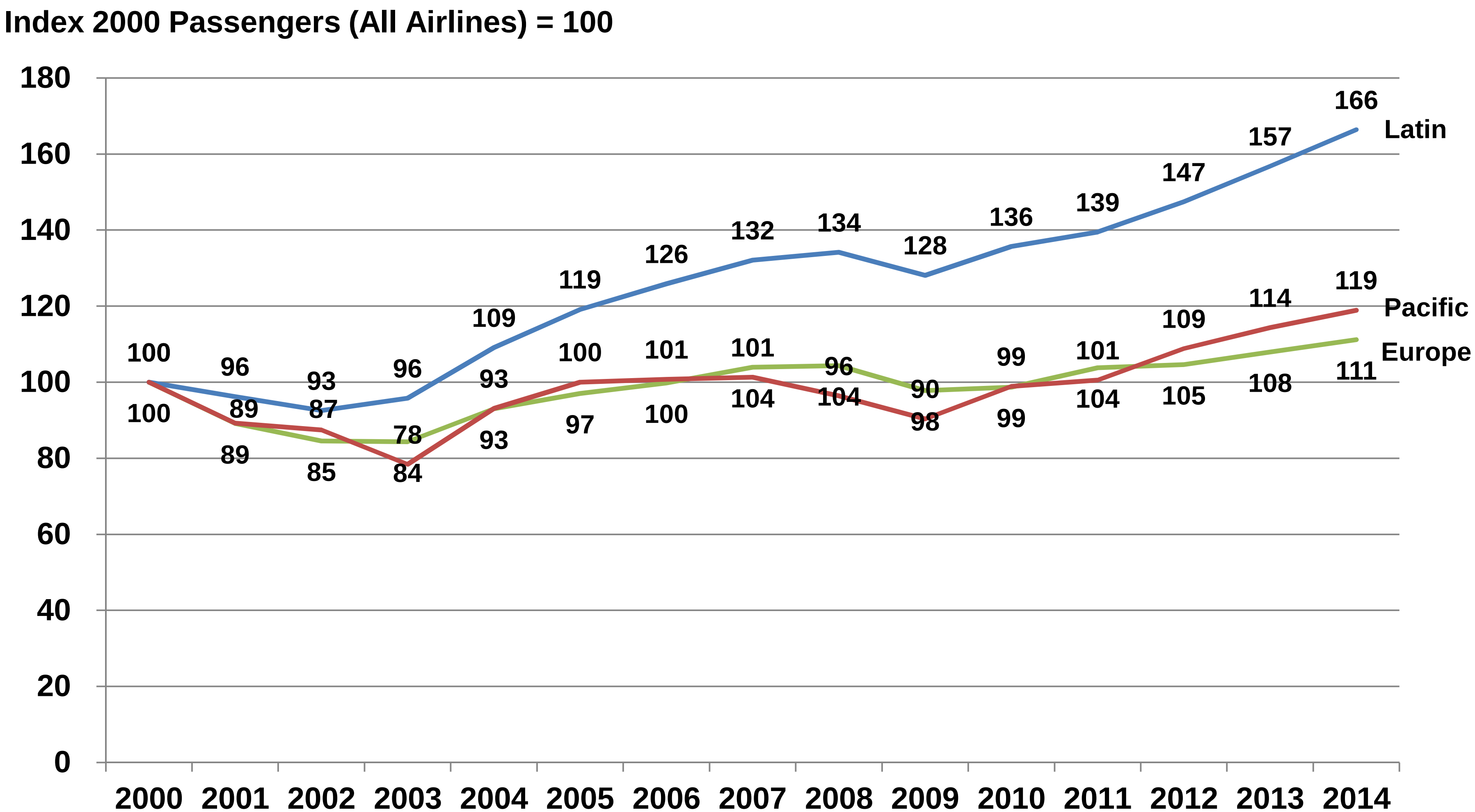
U.S.-Europe
Onboard Passengers (All Airlines-Millions)



Source: U.S. DOT, T-100 data.

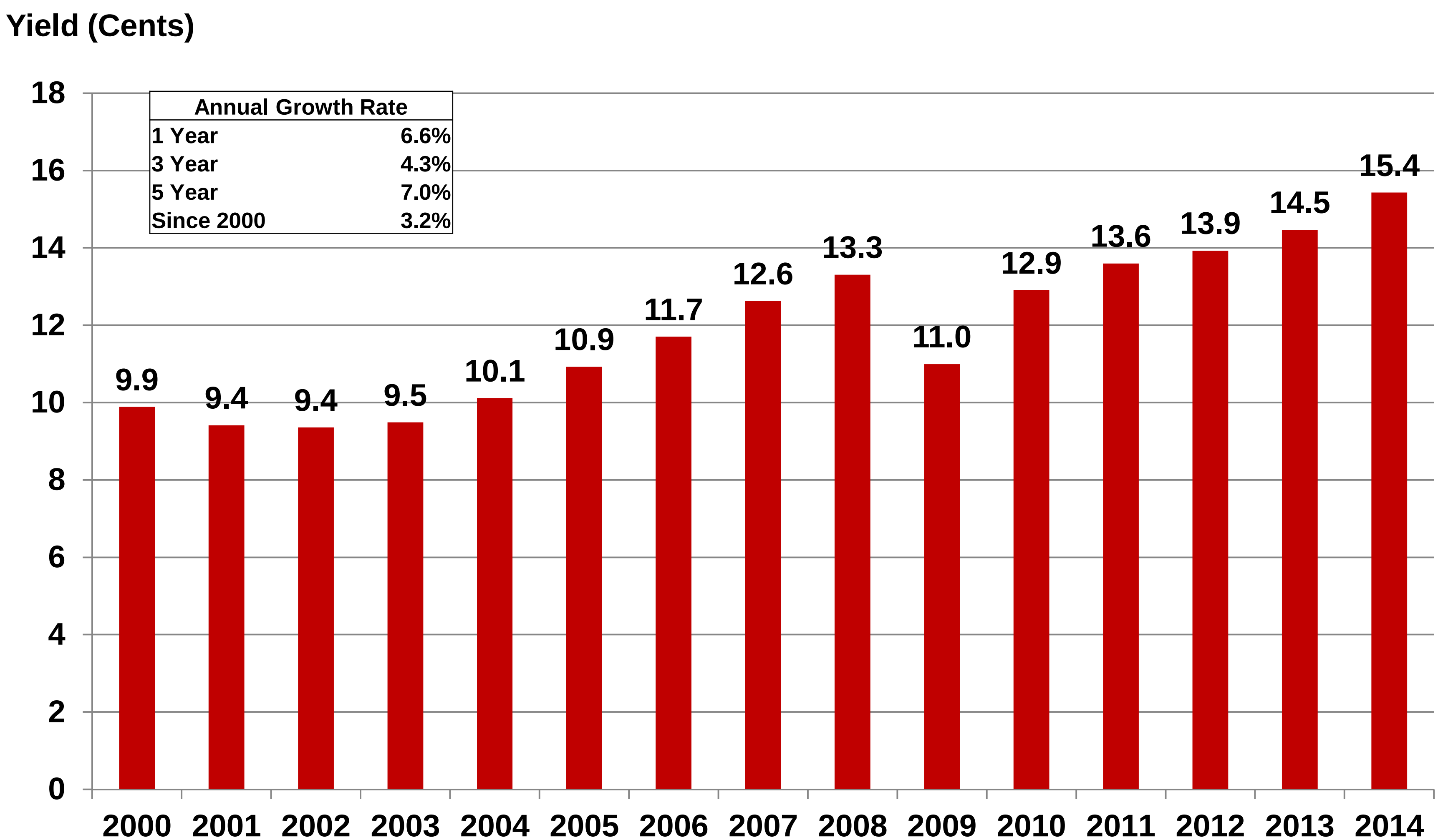
Chart 4

The U.S.- Europe Market Has Grown at a Slower Pace than the U.S. – Latin Market and the U.S. – Pacific Market



Source: U.S. DOT, T-100 data.

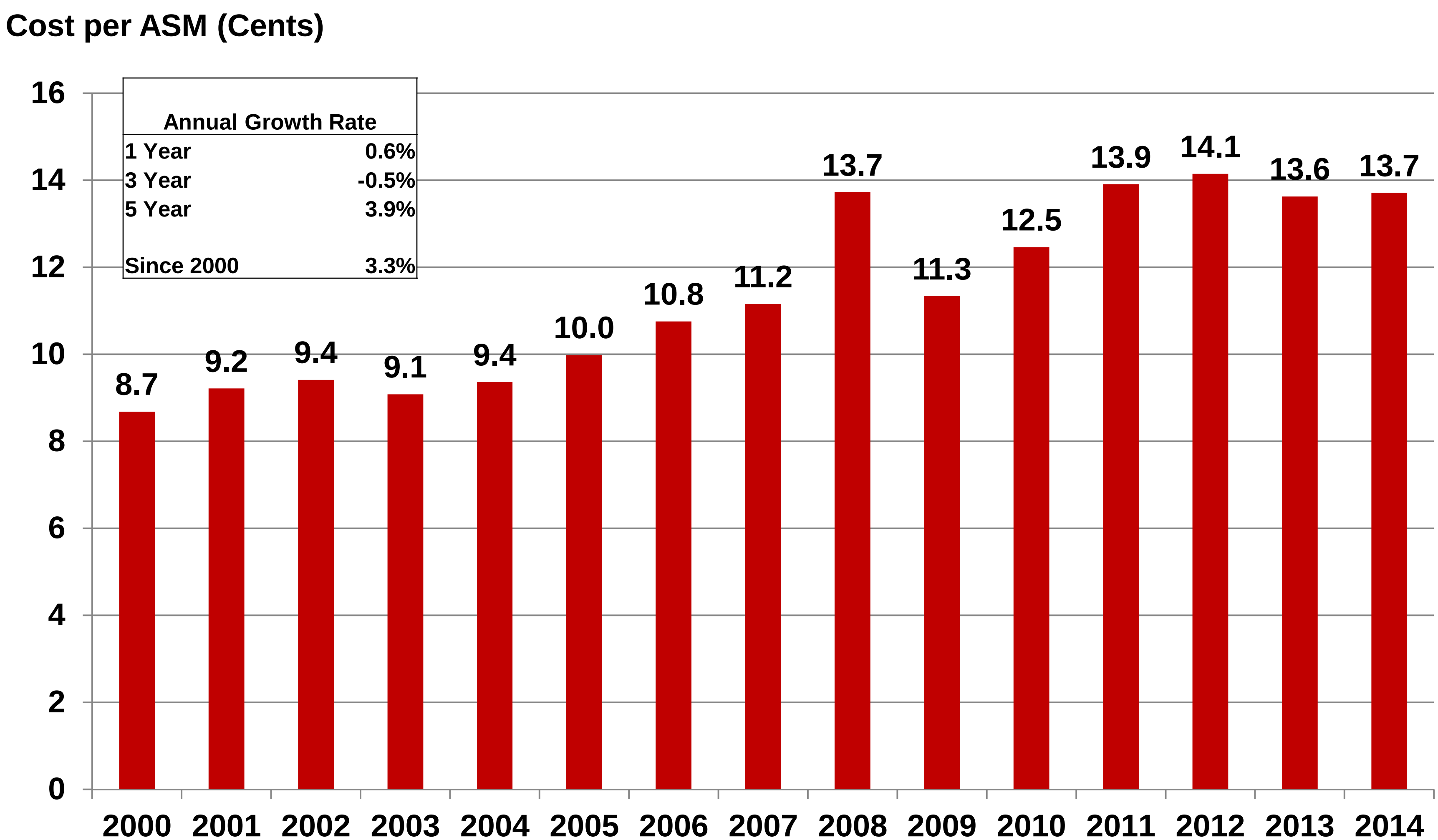
Legacy Carrier Yields in the ATI Carrier Dominated Atlantic Region Continue to Increase Rapidly



Annual Growth Rate	
1 Year	6.6%
3 Year	4.3%
5 Year	7.0%
Since 2000	3.2%

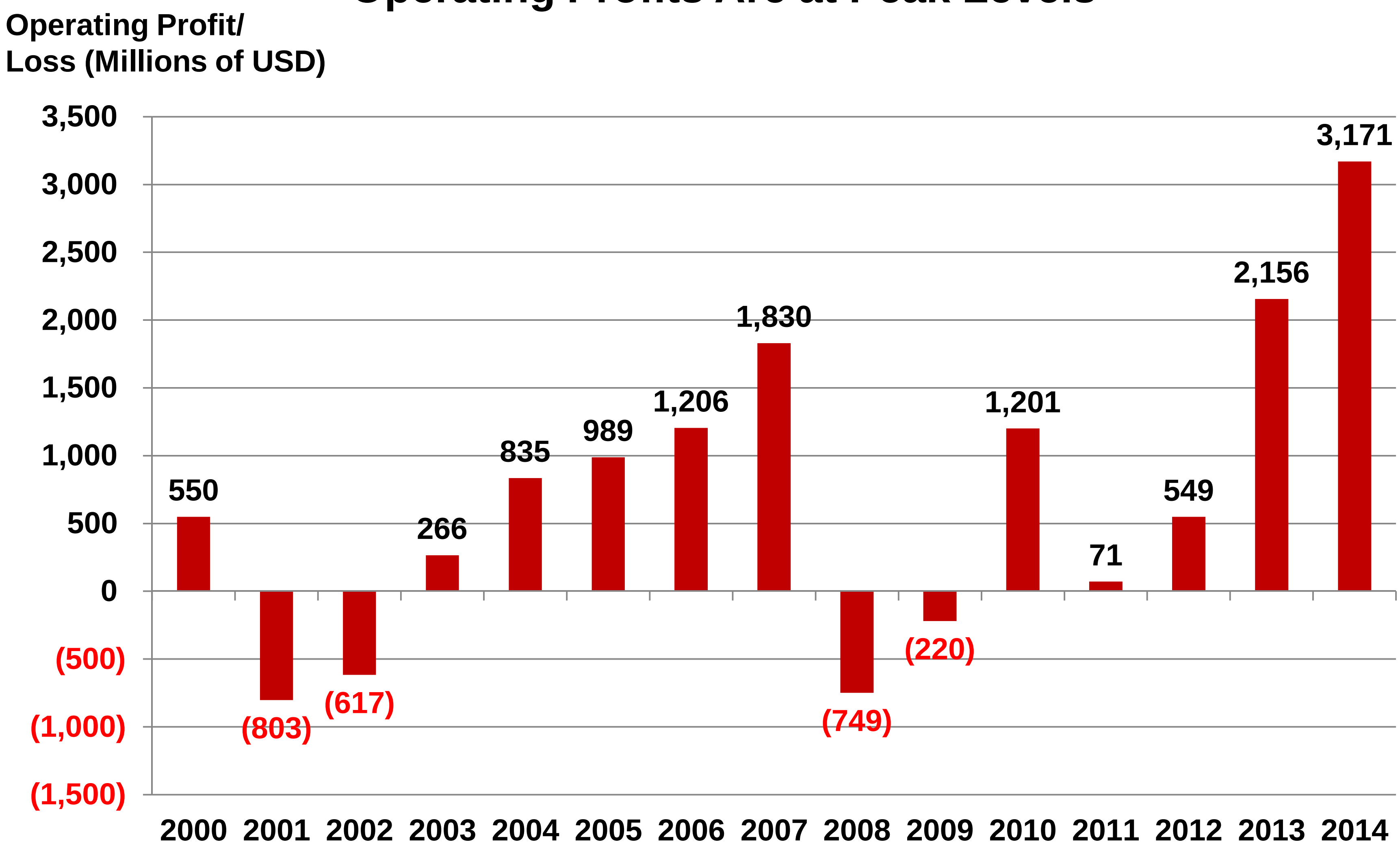
Source: U.S. DOT, Form 41 data.

Legacy Carrier Atlantic Division
Unit Costs Have Been Flat the Past Few Years



Source: U.S. DOT, Form 41 data.

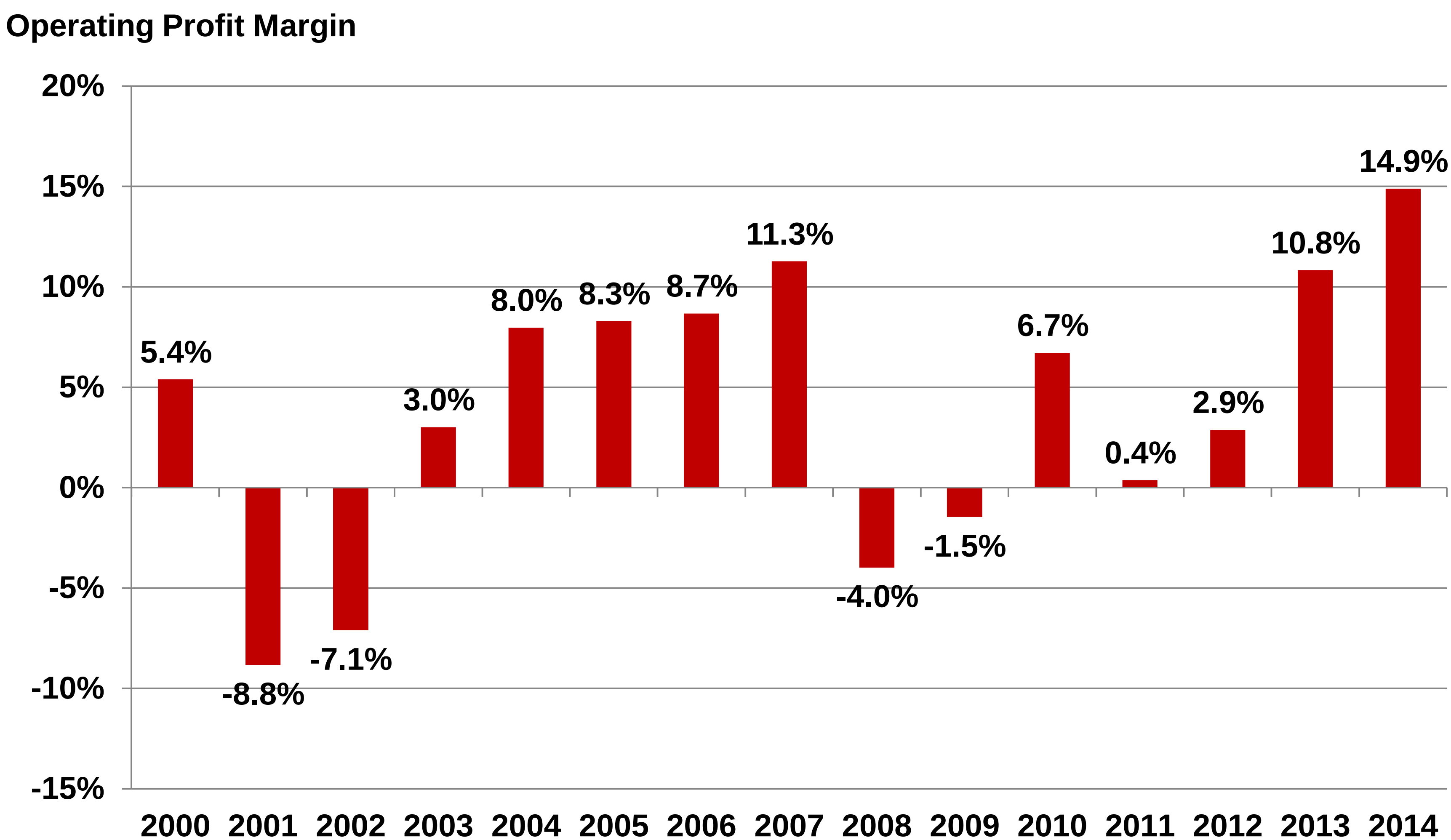
With ATI Protection, Legacy Carrier Atlantic Operating Profits Are at Peak Levels



Source: U.S. DOT, Form 41 data.

Chart 8

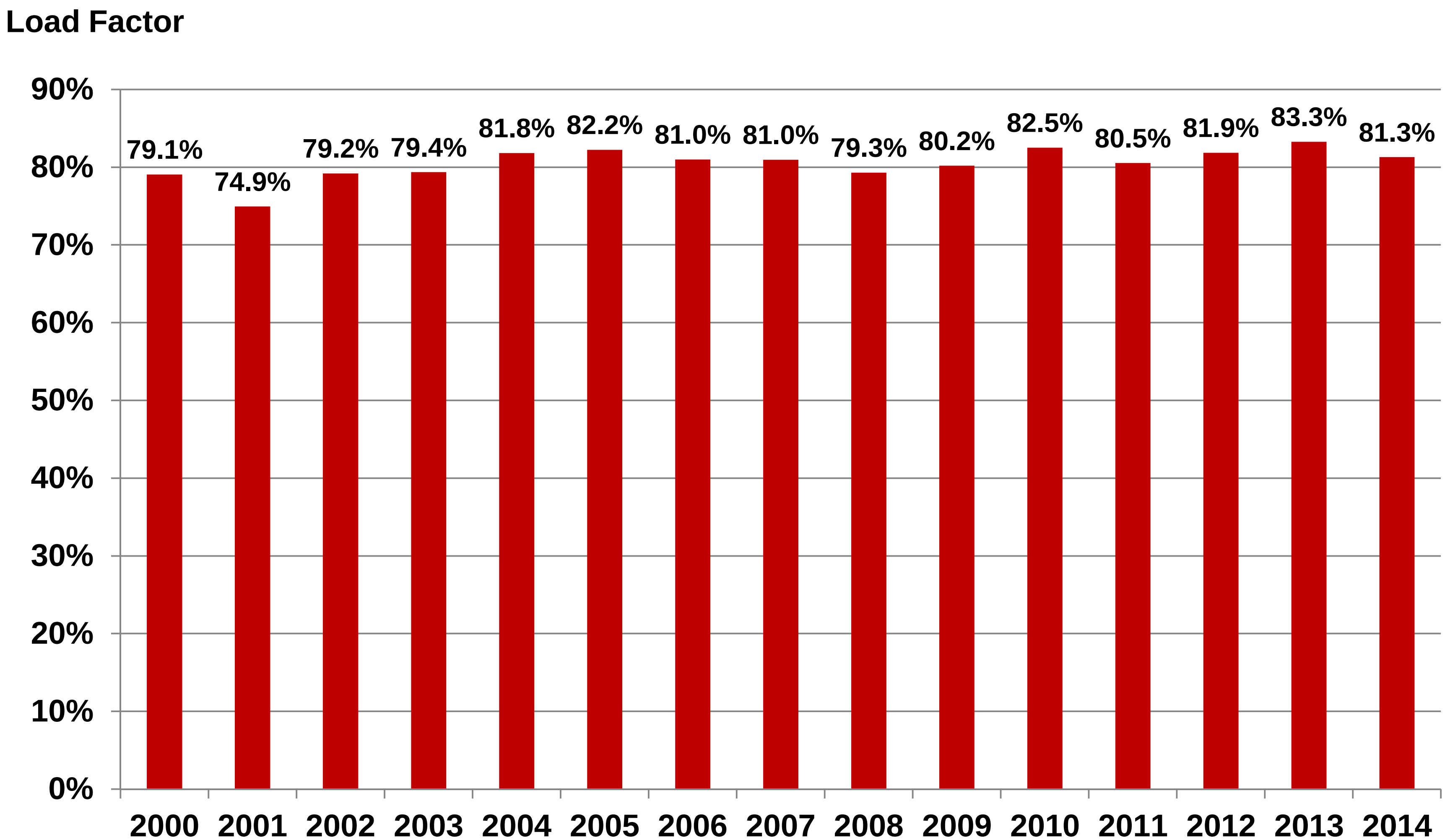
With ATI Protection, Legacy Carrier Atlantic Operating Profit Margins Are at Peak Levels



Source: U.S. DOT, Form 41 data.

Chart 9

Through Capacity Restraint, the Legacy Carriers Have Maintained High Load Factors While Increasing Yields

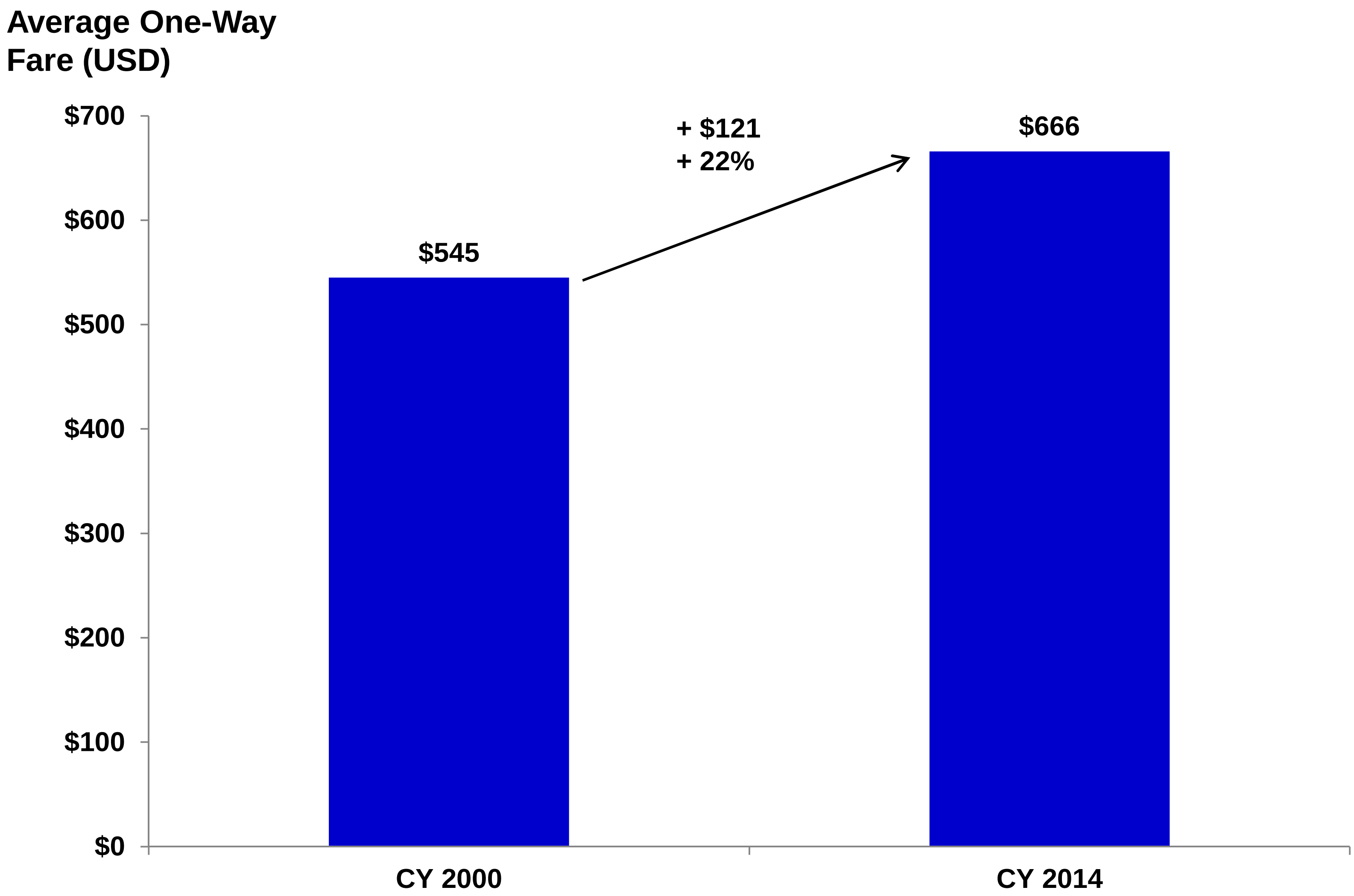


Source: US DOT T-100 Report

With Less Competition Through ATI and Mergers, Transatlantic Passengers Are Paying Over $7 Billion More per Year than in 2000 After Adjusting for Inflation

			Source/ Notes
1	Atlantic Enplaned Passengers on U.S. Airlines	24.9 Million	U.S. DOT Form 41
2	CY 2014 Average One-Way Fare	$666	U.S. DOT Form 41
3	CY 2000 Average One-Way Fare (2014 in dollars)	$545	U.S. DOT Form 41. Uses CPI for inflation adjustment.
4	Difference	$121	Line 2 - Line 3
5	Additional Amount Atlantic Passengers Paid in 2014 on U.S. Airlines	$3.0 Billion	Line 4 x Line 1
6	Total Transatlantic Passengers (all airlines)	64.6 Million	U.S. DOT, T-100 Data
7	Total Additional Amount Paid by All Atlantic Passengers	$7.8 Billion	Line 4 x Line 6. Assumes Passengers on Foreign Carriers Pay the Same Additional Amount as Passengers on U.S. Carriers

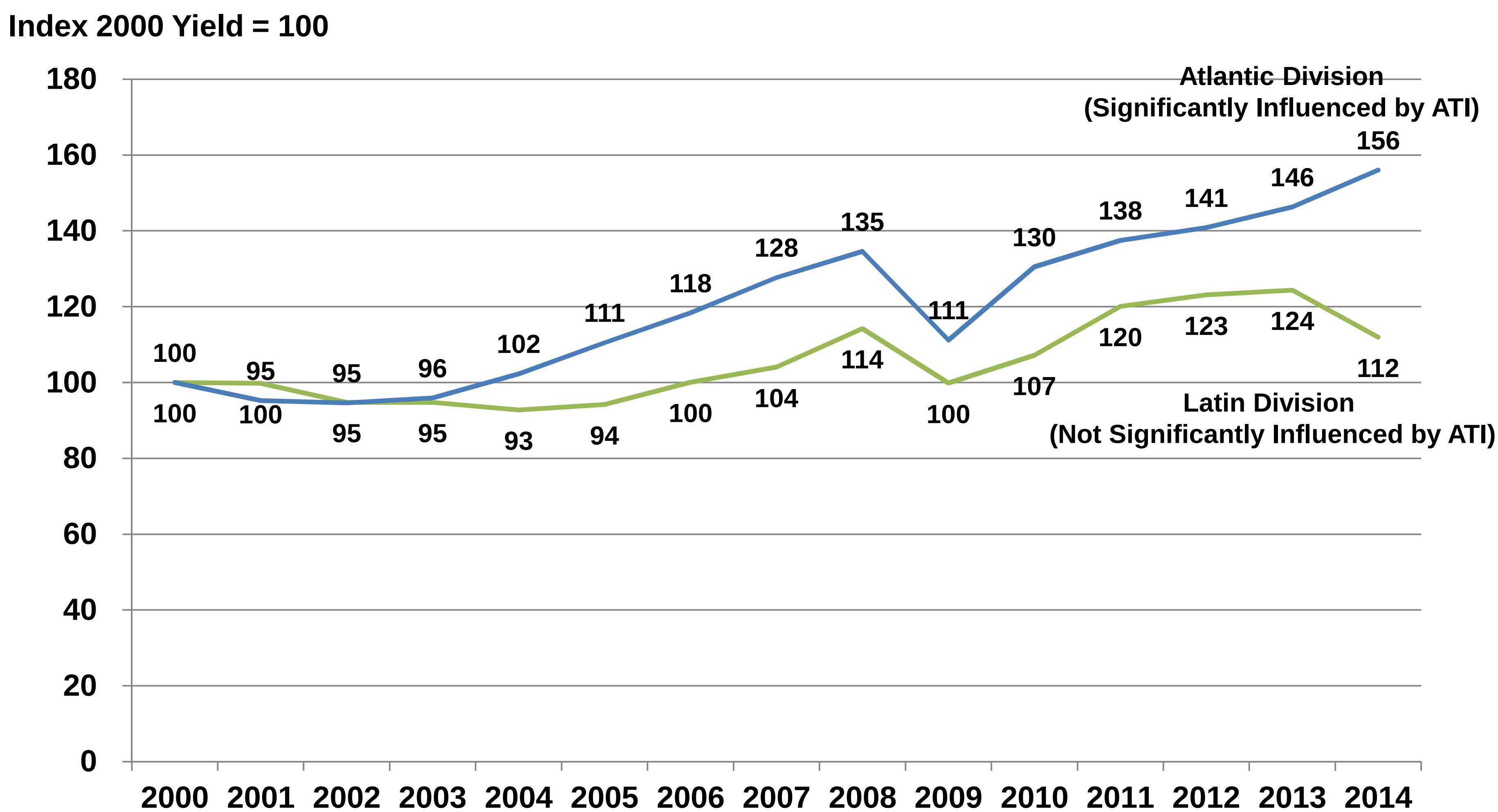
With Less Competition Through ATI and Mergers, One-Way Transatlantic Fares Are 22% Higher than in 2000 After Adjusting for Inflation



Source: U.S. DOT, Form 41 data. CY 2000 fare is expressed in 2014 dollars (uses CPI for inflation adjustment).

Chart 12

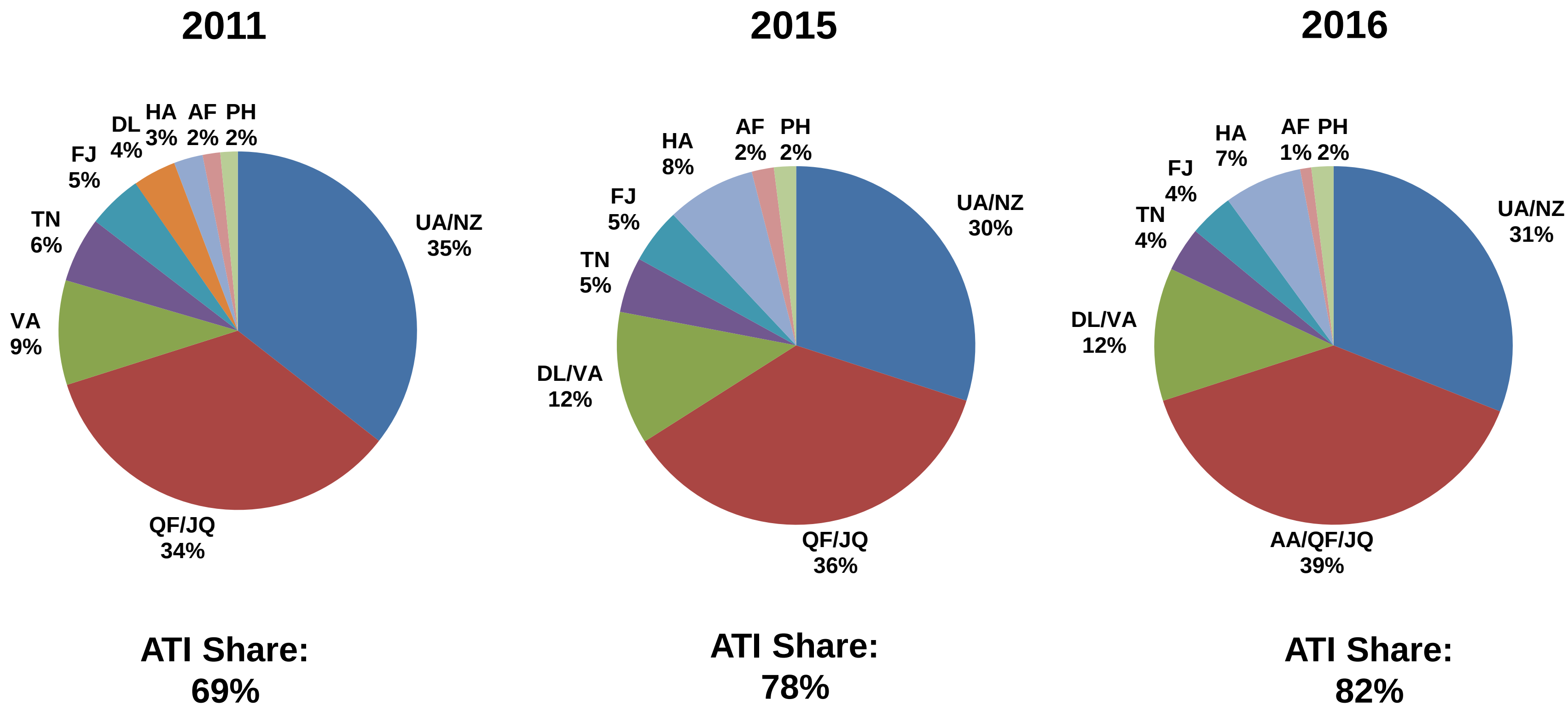
With the Significant Influence of ATI, the Legacy Carrier Atlantic Yields Have Increased at a Much Faster Rate than the Latin America Yields that Are Not Significantly Influenced by ATI



Source: U.S. DOT, Form 41 data.

Chart 13

If the American/Qantas Application is Approved, Immunized Partners will Account for 82% of the Seats between the U.S. and Australasia as of January 2016



1/ 2016 data has been adjusted to include AA's announced new service on Los Angeles-Sydney effective December 17, 2015.
Note: Jetstar Airways (JQ) is a wholly owned subsidiary of Qantas and is included in AA/QF's Joint Application for Antitrust Immunity.
Source: Innovata Schedule data, sample week for January of each year, via Diio.