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S. HRG. 113–826

THE AMERICAN AIRLINES/US AIRWAYS MERGER: CONSOLIDATION, COMPETITION, AND CONSUMERS

HEARING

BEFORE THE

SUBCOMMITTEE ON ANTITRUST, COMPETITION POLICY AND CONSUMER RIGHTS

OF THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

MARCH 19, 2013

Serial No. J–113–9

Printed for the use of the Committee on the Judiciary

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THE AMERICAN AIRLINES/US AIRWAYS MERGER: CONSOLIDATION, COMPETITION, AND CONSUMERS

TUESDAY, MARCH 19, 2013

UNITED STATES SENATE,
SUBCOMMITTEE ON ANTITRUST, COMPETITION POLICY
AND CONSUMER RIGHTS,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:03 a.m., in Room SD–226, Dirksen Senate Office Building, Hon. Amy Klobuchar, Chairman of the Subcommittee, presiding.

Present: Senators Klobuchar, Schumer, Blumenthal, Lee, Graham, and Flake.

Also present: Senator Cruz.

OPENING STATEMENT OF HON. AMY KLOBUCHAR, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Chairman KLOBUCHAR. Okay. We will call the hearing to order today for the Antitrust Subcommittee. I want to thank everyone for being here today for my first Subcommittee hearing as the Chairman of this Subcommittee, and Senator Lee, who is the Ranking Member, is an old hand at this, but we thank all of you for coming today.

I have long been concerned about the consolidation in the airline industry. For me it was highlighted in 2008 when my hometown airline, Northwest Airlines, merged with Delta. At that time, it was widely predicted that that merger would usher in a wave of consolidation, and several mergers later, here we are with a large deal that would combine two of the Nation's largest network carriers. Five years ago, we had six major carriers, and should this merger be approved, we will be down to three.

On February 14th, Valentine's Day, American Airlines and US Airways announced their proposal to merge. If the merger goes through, the new American Airlines would be the Nation's largest carrier and result in the four top airlines controlling approximately 80 percent of the domestic airline market, and that includes Southwest.

I approach this hearing with an understanding of the enormous challenges that the airlines industry has faced over the years. The attacks on September 11th, ever-increasing fuel costs in a volatile market, and the economic downturn have all put airlines to the test. There is also significant global competition which creates in-

centives to merge. I get that. But I also know that a strong and vibrant airline industry is critical to our country. Safe, reliable, and affordable air travel is essential to communities large and small. Strong air service attracts businesses and tourists, and that results in economic growth and jobs.

But given how critical the airline industry is to the U.S. commerce and to public safety, we need to be vigilant in examining any potential challenges this merger might create, particularly in the context of affordability and accessibility of air service.

With this merger coming on the heels of major airline consolidation—that would be Delta/Northwest, United/Continental, Frontier/Republic, and Southwest/AirTran—this Subcommittee and the Justice Department must review the concentration in the industry and what that means for services and prices, as well as airport accessibility in less popular but just as important destinations, particularly in rural areas.

Baggage fees, change fees, and seating fees are pervasive and increasing in the industry. Last year, legacy carriers took in more than $10 billion in fees. With fewer competing airlines, can we expect even more of these extra charges? Are the few low-cost carriers that remain enough to keep what would be the three legacy carriers in Southwest in check? And we need to know that fewer airlines will not mean fewer flights and diminished services for the airports that are not the major hubs.

There will always be ample competition between major cities like New York, Chicago, and Los Angeles. We all know that. But what about cities like Minneapolis or cities like Cincinnati, Memphis, Milwaukee, and Pittsburgh? What about a city like Rochester, Minnesota, home of the Mayo Clinic, that is currently served by American Airlines? Service to all metropolitan areas and mid-size and small cities is more important than ever. Yet we have seen reduced service to certain mid-sized cities.

We appreciate the goals here, the stated promise of complementary flight networks, increased efficiency, and offering more options for customers. But consumers have a right to be skeptical. When we have one fewer choice on that matrix of flight options while searching for fares on the Internet, consumers cannot help but wonder: Would an added competitor be fighting a little harder to get my business at a lower price? Or would an added competitor be able to offer me more convenient flight times connecting through a different hub?

More important than the convenience issues is the potential impact on jobs. It is no small feat that the major unions here have supported the merger. Still, what we have seen with past airline mergers gives us reason for caution. I will say my home State of Minnesota was fortunate in that we retained most, but not all, of the jobs in Minnesota following the Delta/Northwest merger. Delta is a major employer in our State, and we are proud of that. But in the wake of similar mergers, not every State has been so lucky.

Mr. Parker and Mr. Horton, we understand and appreciate your reasons for advancing this merger. It is good for your bottom lines, and at the end of the day, you have to answer to your shareholders, and you are competing in a global marketplace. But on this Subcommittee, we have to get answers for the people of this country.

Whether it is the American family looking for an affordable trip to Disneyland or looking to visit their grandma in Pittsburgh, or whether it is a small business owner looking for the best frequent flyer program, they want as many possible choices, and they want choices at affordable prices. And they want to know that no airline or no small group of airlines gains a stranglehold on the market. That is the reason we are here today, and I look forward to hearing your thoughts and the thoughts of our other two witnesses, and we thank you for being here.

I now turn it over to the Ranking Member, Senator Lee.

OPENING STATEMENT OF HON. MICHAEL S. LEE, A U.S. SENATOR FROM THE STATE OF UTAH

Senator LEE. Thank you, Madam Chair. Thanks to all of you for joining us today.

The U.S. airline industry touches the lives of almost every American in some way or another. These airlines allow us to travel for business and for leisure, to meet new people and to reunite with loved ones.

Air travel is also an important element of our national infrastructure, and it is critical to our economy. One in eight American jobs depends in one way or another on travel and tourism, and analysts estimate that U.S. travel expenditures will total more than $850 billion in 2013.

For all these reasons, Congress must take seriously any activity that will seriously and materially affect the airline industry.

Our country has benefited greatly from airline deregulation ever since that began in 1978. Government control of this industry, like Government management of any private enterprise, had unfortunate results. In the years since deregulation, airfares have dropped substantially, and options for travelers have simultaneously expanded. These benefits are the result of free market competition and will continue as long as the industry remains robustly competitive.

Despite the positive benefits of deregulation, the story of our Nation's airlines in recent decades is not one of unbroken, unmitigated success. Uneven earnings, volatile fuel costs, and structural changes have led to a long succession of airline bankruptcies. As Federal agencies have provided assistance and assumed responsibility for many pension plans, as a result of those airline bankruptcies, the financial stability of the airline industry is one of special concern.

To help cope with changing circumstances, airlines have turned to consolidation. In the last decade alone, we have seen no fewer than six significant airline mergers in this country, and today we consider the seventh major merger, which would be an $11 billion transaction.

The combined American and US Airways would employ nearly 120,000 people, would have 2012 revenues of almost $40 billion, and fly 950 jets to approximately 900 locations. The merger would leave only four airlines with significant national networks, and those carriers would control over 80 percent of the domestic market.

As a result, our Subcommittee, which is tasked with oversight in competition policy and consumers rights, must conduct a thorough examination of this transaction.

The Department of Justice will, of course, review the proposed merger under the Hart-Scott-Rodino Act, applying an analytical framework set forth in the horizontal merger guidelines to assess the anticompetitive effects of reduced competition in relevant markets, identify any increased barriers for entry on future competitors, and consider efficiencies and benefits that may flow from this consolidation.

As I have noted in previous hearings on this Subcommittee, several principles guide my approach to antitrust law. Most importantly, we must remember the late Robert Bork's insight that the purpose of our antitrust laws is to maximize consumer welfare. We seek, therefore, to protect competition rather than to protect competitors.

Government may sometimes have a proper role in ensuring that a company does not obtain undue market power, but it is important for Federal agencies to—it is improper, rather, for Federal agencies to pick winners and losers in the marketplace, and absent evidence that a transaction will substantially reduce competition and thereby harm consumers, I believe Government intervention is usually unwarranted.

Mergers are an essential element of our rapidly changing economy, often creating significant efficiencies and helping to ensure that resources are put to their most productive possible use. I believe this merger holds the promise of cost savings through combining complementary assets, reducing duplicative operating expenses, and integrating computer systems as well as airline fleets. In a competitive market, consumers benefit from such efficiencies in the form of higher-quality services, like an expanded route network at lower prices.

Likewise, some industry experts suggest that the domestic market will benefit if comprised of a few large but economically stable and competitive airlines.

Others, however, have expressed concern that a post-merger American, the largest domestic carrier, could exercise undue market power, leading to higher prices and even reduced services to certain communities in America. They argue that past airline mergers have created capacity reductions and price increases on some routes from the combined airlines' hubs.

Many of my constituents in Utah complain about high fares flying into and out of Salt Lake City. Critics fear that this merger will likewise allow American to raise prices on certain of its routes and that, despite barriers to entry, will provide other—and that increased barriers on entry will prevent other carriers from providing competitive discipline.

As one example, they note that just a few miles down the road from here at Reagan National Airport, a combined American and US Airways would control nearly 70 percent of all passenger gate slots, making effective competition from rivals very difficult to achieve.

These are important issues, and I thank Senator Klobuchar, the Chair of this Subcommittee, for holding this hearing. By carefully

weighing the evidence and engaging in rigorous analysis, we help ensure a competitive marketplace that maximizes consumer welfare and in the end allows our economy to thrive. I look forward to hearing the testimony from each of you today, and I thank you for being here.

Chairman KLOBUCHAR. Well, thank you very much, Senator Lee.

I first want to note that we have received written testimony as well as numerous submissions for the record, including letters from local communities, a joint letter from several labor unions involved in the merger that support it—that is, the Association of Professional Flight Attendants, the Transport Workers Union, the Allied Pilots Association, US Airlines Pilots Association, and Association of Flight Attendants.

We also have testimony from the Business Travel Coalition, and we also have testimony from the TWA flight attendants who have some concerns, and many other submissions. All materials will be included in the record, and the record will remain open for 1 week following the hearing for any additional submissions.

[The information referred to appears as submissions for the record.]

Chairman KLOBUCHAR. Now I would like to introduce our panel of witnesses.

Our first witness to testify will be Mr. Douglas Parker. Mr. Parker has been chairman and chief executive officer of US Airways since 2005. Before joining US Airways, Mr. Parker served as president and CEO of American West Airlines. Actually, he will be the second witness to testify even though he is first in the line.

Our first witness to testify will be Mr. Thomas Horton, who is the chairman and chief executive officer of AMR Corporation and American Airlines. He is also the current chairman of the oneworld Global Airline Alliance. Prior to becoming CEO in 2011, Mr. Horton served as president of AMR and American and also held a number of positions with the airline. Before that, he served as chief financial officer and vice chairman of AT&T.

Our third witness testifying today is Dr. Diana Moss, the director and vice president of the American Antitrust Institute, as well as adjunct faculty in the Department of Economics and Interdisciplinary Telecommunications Program at the University of Colorado at Boulder. Prior to joining AAI in 2001, Dr. Moss was a senior staff economist at the Federal Energy Regulatory Commission.

Finally, we have with us Mr. William McGee. Mr. McGee is a journalist, writer, and consumer advocate who serves as a consultant on aviation and travel issues for Consumers Union. He is a former editor-in-chief of Consumer Reports' travel letter. He is also a member of the Department of Transportation Future of Aviation Advisory Committee.

Thank you for appearing before our Subcommittee today. I now ask all of our witnesses to rise and raise their right hand as I administer the oath.

Do you affirm that the testimony you are about to give before the Committee will be the whole truth, the truth, and nothing but the truth, so help you God?

Mr. HORTON. I do.

Mr. PARKER. I do.

Ms. MOSS. I do.
Mr. MCGEE. I do.
Chairman KLOBUCHAR. Thank you.
Now we will begin our testimony with Mr. Thomas Horton.

STATEMENT OF THOMAS HORTON, CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER, AMERICAN AIRLINES AND AMR CORPORATION, FORT WORTH, TEXAS

Mr. HORTON. Good morning, Chairman Klobuchar, Senator Lee, and Members of the Subcommittee. I appreciate the invitation to testify and would like to explain why this merger will have such a positive outcome for our customers, our people, and our financial stakeholders.

Thanks to the extraordinary efforts of our people, many of whom are with us here today, American is on the verge of completing one of the most successful corporate restructurings ever. We have renegotiated debt and leases, optimized our fleet and facilities, and have achieved certainty and stability with labor contracts in place with each of our labor unions. We have also strengthened our network and our oneworld Alliance partnerships and invested in leading products and services and a new and modern fleet to better deliver for our customers.

We expect our bond holders to receive a full recovery and the former AMR shareholders to own a share in the combined company, with additional upside if the stock appreciates in value.

This is quite an unusual outcome. We are proud of this result, and now that we have put our own house in order, our merger with US Airways will create a new American Airlines, a global competitor worthy of our name as America's flag carrier. Flying under the iconic American Airlines brand, it will be positioned to compete not just against other domestic carriers but against the best the world has to offer.

Our journey to this day has been challenging, to say the least. Over the past decade, our industry has experienced extraordinary economic headwinds. While almost every other legacy carrier used the bankruptcy process early on to lower their costs, American fought valiantly to avoid doing so.

In 2003, American and our unions reached consensual agreements to reduce costs without having to file for restructuring. However, our major competitors subsequently went down the restructuring path, surpassing the savings we achieved, which gave them a singular—a significant advantage.

We also experienced a new wave of powerful competition from the growth of low-cost carriers, and importantly, Delta, Northwest, United, Continental, Southwest, and AirTran further strengthened their positions through mergers.

In the face of this competitive challenge, we made great progress in expanding our international alliances, finally securing antitrust immunity for our own joint ventures with oneworld Partners, British Airways, Iberia, Japan Airlines, and LAN Airlines. We signed the largest ever aircraft order, and we now have 500 new aircraft on order and options for 500 more, which will dramatically improve fuel efficiency, reduce emissions, and offer state-of-the-art comfort for our customers.

Despite these efforts, however, our costs remained uncompetitive, and after a decade of losses that reached $12 billion, in November 2011 our board concluded that the way forward was to restructure as most of our competitors had done.

As difficult as restructuring has been, it was the right decision. We began with the explicit philosophy that the restructuring would be fair and equitable within the company. We started by shrinking senior management by a third. While we achieved substantial cost savings through long-term agreements with our labor unions, we were still able to grant pay increases and provide retirement incentives to reduce the involuntary job losses.

We also worked with our Creditors' Committee, including the PBGC, to assure that the accrued pension benefits to our people will be paid rather than handed over to the PBGC, as others have done.

The hard work developing our network, our products, and our customer experience helped us achieve record revenue, topping our U.S. peers in year-over-year revenue growth for 6 straight months is 2012.

Once we had a line of sight on how strong the restructured American could be, we concluded it was the right time to consider a merger. Hence, last summer, in collaboration with our board and our Creditors' Committee, American began to look at merger alternatives using a fact-based, disciplined process. Everyone involved, including labor unions at both companies, and our Ad Hoc Committee of bond holders agreed that a merged American and US Airways would deliver a range of benefits and improve stability in our industry that greatly needs it.

Last month, we announced a deal that would give American's financial stakeholders 72 percent and US Airways' shareholders 28 percent of the combined company. The new American will take flight in what continues to be one of the most intensive—intensely competitive industries in the world, and there is nothing the people of American want more than to put American back on top as a fierce competitor and set a new standard of excellence, and that is exactly what this merger will do.

I am optimistic about our future and pleased to partner with my long-time friend Doug Parker to make that vision a reality.

Thank you again for this opportunity to address the Subcommittee, and I stand ready to answer your questions.

[The prepared statement of Thomas Horton appears as a submission for the record.]

Chairman KLOBUCHAR. Thank you, Mr. Horton.

Mr. Parker.

STATEMENT OF DOUGLAS PARKER, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, US AIRWAYS GROUP, TEMPE, ARIZONA

Mr. PARKER. Good morning, Chairman Klobuchar, Ranking Member Lee, Members of the Subcommittee. Thank you for the opportunity to testify today about the merger of US Airways and American Airlines, creating the world's best airline through a combination that will be good for competition, consumers, and choice.

My name is Doug Parker. I am chairman and chief executive officer of US Airways. Our team operates over 3,000 flights per day,

connecting some 80 million passengers per year to more than 200 communities large and small, primarily through our hubs in Charlotte, Philadelphia, Phoenix, and here in Washington, DC. I want to begin by thanking all of our employees who are here today to support this merger, including pilots and flight attendants in uniform from American and US Airways, who know that this transaction represents a brighter future for our 100,000 employees. I am proud to be here representing them and extremely grateful for their support, so thank you all very much.

This merger will benefit our customers, our employees, our shareholders, and the communities we serve by integrating the complementary networks of American Airlines and US Airways into something better than either airline can offer on its own. It will enhance competition in what is already a vigorously competitive marketplace. Passengers and communities will benefit from more and better service. Employees will receive improved pay, benefits, and job security. And our shareholders will benefit from the improved financial stability of the combined company. Because of these benefits, the combination has attracted unprecedented support from the employees and labor unions of both companies, the financial markets, and the communities we serve.

Consumer demand is the driver for this combination, airline passengers want broader networks capable of getting them to more places more efficiently. In response to that demand, Delta merged with Northwest and United merged with Continental. Southwest responded to the same consumer demand when it acquired AirTran. All three transactions were cleared by the Justice Department because those combinations created substantial passenger benefits with minimal competitive overlap. By combining American and US Airways, the new American Airlines will build the network that passengers have told us they want, one that will compete more effectively with the other networked airlines as well as low-cost carriers.

The benefits of the new American Airlines stem from the complementary nature of our operations. Out of over 900 domestic nonstop routes, American Airlines and US Airways have only 12 nonstop overlaps. By combining these networks, we will provide thousands of passengers better alternatives by creating over 1,300 new connecting opportunities and the potential to access numerous cities worldwide served by one carrier but not the other.

Domestic airline markets will become even more competitive. Although it will be the largest airline in the United States, the new American Airlines will have less than 25 percent of domestic available seat miles and will compete against the nationwide networks of Delta, with 21 percent share; United, with 19 percent; and Southwest, with 19 percent. The new American Airlines will also compete against Southwest's significant lower cost structure and a host of actual smaller but fast-growing, lower-cost airlines, including Jet Blue, Spirit, Allegiant, and Virgin America.

US Airways has historically provided extensive air service to small and medium-sized communities, and the new American Airlines will continue that commitment as service for smaller communities that was not economical becomes possible thanks to the traffic flows across the broader network.

The best example of our commitment to smaller communities is the hub we have built here at Reagan National Airport where we use a large majority of our slots to serve small and medium-sized communities to ensure the benefits of our network extend beyond connecting large cities to the Nation's capital.

The new American Airlines will also be a stronger financial company. We expect to generate over $1 billion in net synergies, primarily due to increased revenues from new passengers, taking advantage of the broader network and the improved service. That improved financial performance will provide American's bankruptcy creditors an enhanced opportunity for full recovery. That financial stability will also provide very significant benefits to our employees, including better pay and benefits, more jobs, and greatly improved job security, and better opportunities for advancement.

Antitrust review of these issues is important, and we have been and will continue to work with the Justice Department to demonstrate the competitive benefits of this proposed merger. We appreciate the opportunity to address these issues with the Subcommittee today and commit to working with you in your oversight capacity.

I will be happy to answer any questions at the right time. Thank you very much.

[The prepared statement of Douglas Parker appears as a submission for the record.]

Chairman KLOBUCHAR. Thank you very much.

Dr. Moss.

STATEMENT OF DIANA L. MOSS, PH.D., DIRECTOR AND VICE PRESIDENT, AMERICAN ANTITRUST INSTITUTE, WASHINGTON, DC

Ms. MOSS. Thank you. I would like to thank Madam Chairwoman, Senator Klobuchar, Ranking Member Senator Lee, and the Members of the Subcommittee for holding this hearing on the proposed merger of US Airways and American.

Chairman KLOBUCHAR. Is your mic on?

Ms. MOSS. My mic is on now. I apologize.

Chairman KLOBUCHAR. Excellent. Thank you. You do not have to address us again.

Ms. MOSS. It is an honor to appear here today. My testimony is based on a white paper that was jointly produced by the American Antitrust Institute and the Business Travel Coalition. We conclude, based on analysis using publicly available information, that the proposed deal raises significant competitive issues that could result in harm to consumers.

I would like to make briefly just a number of major points.

First, by way of overview, the merger comes in the wake of six major mergers in recent years. It will speed the transformation of the industry from one in which hubs were designed to accommodate multiple airlines to just a few large systems, one of which includes the legacy-like Southwest, which may not longer exert much significant competitive discipline. In this environment, low-cost carriers and regionals would have difficulty thriving. The merger will increase concentration at the national or systems level, enhancing

the ease with which the big four carriers can tacitly coordinate on systemwide capacity tightening in order to maintain fares.

Combining the two networks would also create functional strongholds throughout the U.S., including major airports on the eastern seaboard, in the Midwest, and West that are important for providing connecting service to eastern and western destinations.

My second point is the importance of considering the effects of previous legacy mergers. The similarities between USAir and Delta/Northwest and United/Continental make a very strong case for why a postmortem analysis should inform this merger. Several routes affected by those deals are among the largest city pair markets in the U.S. Both mergers substantially eliminated competition on key hub-to-hub routes, many of which experienced the exit of low-cost carriers and regionals and also pre- to post-merger fare increases. Such post-merger effects have come under strong public scrutiny, and similarities between these and the USAir deal make a strong case for why the merger deserves a careful look.

A third issue is that the combination is likely to affect a number of important route-level markets. Over one-half of the overlap routes potentially affected by the merger would be entirely or nearly monopolized. Similar to previous mergers, USAir would create a dominant firm that could raise fares and restrict service, particularly since the carriers are likely each other's closest competitors. The merger could also increase the risk that the remaining few legacies on affected routes could coordinate on fares or capacity, and low-cost carriers would no longer have as strong an incentive to maintain aggressive pricing.

Fourth, low-cost carriers can no longer be relied upon to save the day for legacy mergers. The dwindling stock of LCCs make them increasingly unreliable as a source of competitive discipline in the industry. They may find it more difficult to enter and discipline legacy-dominated hubs. And in cities affected by the proposed merger where LCCs have a presence at secondary airports, that service may not provide good substitutes for consumers.

Fifth, many mid-sized communities have seen flight frequencies reduced as a result of previous mergers. Evidence from previous deals indicates that carriers have driven traffic to large hubs, probably to feed global operations. That has the potential side effect of starving routes involving smaller cities.

Choice and availability are very important variables in the antitrust analysis of transportation networks. Mergers that force consumers in smaller communities to use less convenient connecting service or travel longer distances to other airports are legally cognizable effects of a merger.

Sixth, there is an ongoing debate over efficiencies in airline mergers. This includes economic analysis showing that cost savings dwindle as networks get larger and the effects of increased "hubbing" on congestion and costs. Post-merger system integration problems should also be considered since they impose costs on the merged company that may be passed on to customers.

In network industries, it is tempting to sell a merger on the basis of "out of market" efficiencies or savings that may occur in a part of the system that is far removed from where competitive harm is inflicted. Given the magnitude of harm that could flow from this

combination, efficiencies should be tied directly to adversely affected markets.

Finally, the latest round of airline industry consolidation has been accompanied by carriers aggressively unbundling their prices—their products. However, price transparency for ancillary services is currently lacking. That means ancillary fees go largely undisciplined by market forces and prevent consumers from efficient comparison shopping for air travel offerings.

The proposed merger would further reduce the rivalry that creates incentives for sellers to engage in price transparency, instead enhancing the ease with which airlines can tacitly agree on ancillary fees.

In sum, the merging parties bear a heavy burden in demonstrating that their merger would not be harmful to competition and consumers.

Thank you for this opportunity to testify, and I stand ready to answer your questions.

[The prepared statement of Diana L. Moss appears as a submission for the record.]

Chairman KLOBUCHAR. Thank you very much, Dr. Moss.

Mr. McGee.

STATEMENT OF WILLIAM J. MCGEE, CONSULTANT, CONSUMERS UNION, NEW YORK, NEW YORK

Mr. MCGEE. Thank you, Chairwoman Klobuchar, Ranking Member Lee, and Members of the Subcommittee.

This is not the first time in recent years that this Subcommittee is examining a merger between two major domestic network airlines and hearing the fears and frustrations of passengers as our Nation's commercial aviation industry becomes ever more concentrated. No doubt today's hearing is invoking déjà vu for many of us here. Indeed, such hearings have become almost a biennial or triennial event over the past decade as we have watched the eight major network airlines of 2001 dwindle down to four in 2010. And if this merger goes through, there will be three. The US Airways brand will be retired, joining Continental, Northwest, America West, TWA, Pan-Am, Eastern, and the many others that have disappeared in the deregulated era.

Once again we are being told that this merger is the key to saving the airline industry, that if only American and US Airways be allowed to join forces, order will be restored to a chaotic business, that an unprofitable industry will operate in the black, that consumers will be better served, and that somehow with fewer, rather than more, major airlines competition will be miraculously enhanced. Frankly, we are not so sure.

We are concerned that allowing American and US Airways to combine could bring great harm to millions of airline passengers and numerous communities. We are concerned that there could be reduced service with fewer flights on some routes, elimination of nonstop service, and replacement of mainline jets with outsourced regional carriers, as has happened with past airline mergers.

We are concerned that entire cities and even regions could lose the vital transportation links provided by hub operations. Analysts

already are speculating about the future of US Airways hubs in Philadelphia, Charlotte, and Phoenix.

Civic leaders can attest to how recent mergers have harmed communities that used to be served by TWA's former hub in St. Louis, America West's former hub in Las Vegas, Delta's shrinking hub in Cincinnati, and Continental's former hub in Cleveland.

We are concerned that higher fares could result on routes where healthy competition is lost as fewer airlines mean less reason to resist fair hikes. Again, we have seen it happen with other airline mergers.

We are concerned that service quality could fall as less competition means less incentive to innovate and improve. Compound that with the difficulties of uniting two work forces, two fleets, two operational systems, and two business cultures. Meanwhile, two frequent-flier programs would become one with a much larger pool of passengers fending for fewer available seats and upgrades.

We are concerned that as the few remaining major airlines hunker down around their fortress hubs, it could become increasingly difficult for startup carriers to enter the market and provide effective new competition. And we are concerned that as the major airlines become bigger and fewer, they increasingly will be regarded as "too big to fail."

We have witnessed an incredibly shrinking airline industry in the years since the Federal Government gave the airlines a $5 billion bailout in 2001, and each successive merger just raises the stakes. Could the President or Congress stand idly by if a bankruptcy filing, a labor action, a safety violation, or some other event threatens to disrupt up to 25 percent of our Nation's commercial airlift?

We are also concerned about where this is all heading. Will consolidation stop at the water's edge, or will the laws prohibiting foreign ownership of U.S. airlines be repealed so that soon we are discussing proposed mega mergers between U.S. carriers and British Airways or Lufthansa or Air France/KLM?

We are pleased that the Justice Department's Antitrust Division is investigating, and we hope this Subcommittee will encourage and support a thorough investigation. We do not prejudge the legality of this merger. The airlines should have a full opportunity to make their case to the Justice Department. But as we explain in greater detail in our written statement, assurances from the airlines should be regarded with skepticism if they run counter to the airlines' profit-making business incentives. There is no substitute for competition to keep an airline from raising fares and reducing service if doing so will increase its profits.

A merger of this magnitude can dramatically change the structure of the market and fundamentally alter profit-making incentives in ways that take them further away from keeping fares low and improving service.

At the conclusion of its investigation, we hope the Justice Department will fully explain its reasons for whatever actions it concludes is called for so there will be no room for doubt that we are being fully protected under the law.

Our commercial airlines are as vital to America's economy and security as our telecommunications networks and our interstate

highways. The stakes could not be higher for airline passengers facing fewer and fewer choices in a market that has become ever more concentrated.

Thank you. I will be happy to answer any questions you may have.

[The prepared statement of William J. McGee appears as a submission for the record.]

Chairman KLOBUCHAR. Thank you, all of you, for your thoughtful testimony.

I want to start with you, Mr. Parker and Mr. Horton. The most basic concept of antitrust law is that when there are fewer competitors to get customers' business, what happens is that prices tend to rise, services tend to decline.

As you know and as pointed out by Dr. Moss and Mr. McGee, we have a great wave of consolidation in the airline industry over the past 5 years. With this merger we would be down to only three network carriers.

In your view, what is the minimum number of network carriers necessary for a competitive market? Would two be enough? What is the tipping point? And how would you argue that your merger in any way defies the basic concept that we see prices go up and services decline?

Mr. HORTON. I will maybe start. We think that this enhances competition and that it creates another global airline on par with Delta and United. So it creates a competitive counterweight to those two big airlines.

And, indeed, you know, the new American will compete in a global marketplace, so we do not just compete with Delta, United, Southwest, Jet Blue, the low-cost carriers here at home; but we also compete with the likes of Lufthansa and Emirates and Singapore around the world. So we think this is about creating a more competitive industry.

Chairman KLOBUCHAR. But it is true that since 2000, there has only been one new carrier, I think, in our country—Virgin America—that has entered. And when you mention these other carriers, I think the concern is—we have Sun Country in Minnesota. We are proud of them. But there really has not been a new carrier that has been viable since the year 2000. Don't you think there are many barriers to entry that make it hard for new airlines to get in to compete?

Mr. HORTON. I think if you look over the last many years, there have been new entrants into the industry. Jet Blue is, of course, a great example of a company that sprang up the early part of the last decade and has been very successful and grown nationwide. So I think there are ample opportunities and capital available for new airlines to enter the market.

Chairman KLOBUCHAR. I note that Jet Blue is only 5 percent of the market, though, and we have now these three major carriers.

Mr. Parker, do you want to respond?

Mr. PARKER. I would just add to Tom's comments and say, first off, again, noting how complementary our two networks are, so by putting our two airlines together we create a third competitor to—actually, a fourth competitor to what are now three airlines larger than ours—United, Delta, and Southwest. And it allows more com-

petition, not less, only 12 routes overlapping out of 900. By putting these two networks together, we will be able to provide better service, more efficient service to consumers.

I would also note that in the $1 billion of synergies that I noted in our analysis, there is not one assumed fare increase in there. The synergies are not built upon assumed fare increases, rather on what I just said, putting two networks together that allow us to attract more customers and to attract customers in a more efficient way.

And then the only other note I would make on the barriers to entry, the reality is that, you know, there are no barriers to entry today in this industry that are new in the past. I think capital is a barrier to entry. This is a very tough business where the legacy airlines have struggled for many years to actually return—to make a return on capital. Those that have have been more low-cost carriers. And I would note that those that exist today are growing much faster than the legacy airlines are, than the network carriers are, the Allegiants, the Alaskas, Hawaiian, Spirit, Virgin America, Frontier, Jet Blue, Sun Country. That is where all the growth is. And while there may not be any new ones added of late, there are plenty out there. It is an intensely competitive business, and this just allows us to compete better against those airlines.

Chairman KLOBUCHAR. Okay. And as we know, a lot of that competition tends to be between these major metropolitan areas, and that is a concern I think Dr. Moss did a good job of raising, and that is this idea that for these mid-sized major metropolitan areas, they are not seeing as much of that competition, and just hear me out on this recent study.

A research engineer from MIT's International Center for Air Transportation found that between 2007 and 2012, nearly 1.7 million yearly departures were removed from the U.S. domestic system, and that a disproportionate share of cutbacks happened in non-large hub airports. We are talking about the non-L.A., non-New York. Only 40 percent of U.S. departures last year were flown in non-large hub markets compared with 44 percent in 2007. Network carrier flights were cut on average by 27 percent in smaller U.S. airports. Pittsburgh, which I mentioned before, is a good example of that. They are adding headquarters and their economy is actually picking up, but they have seen a number of these flights go down and the loss of service after the US Airways/American West merger.

So in your testimony, you make a renewed commitment to serve small and medium-sized communities, where appropriate, increase service and additional destinations. Can you please explain the qualifying language and get at this issue of while there is competition in these major cities, in many of our mid-sized cities we are seeing less?

Mr. PARKER. Yes. Let me go first, Tom.

I was happy to hear your comments that you believe that service to mid-cities is more important than ever. We agree. And what I would like to point out is the way that those cities are served is through hub-and-spoke carriers. The way that mid-sized and smaller communities receive air service is by having hub-and-spoke airlines like US Airways, like American, that fly into those cities and

then connect people on to other markets. There is not enough demand in many of those cities for nonstop point-to-point service. It needs to fly through hub-and-spoke carriers.

So in order for us to better serve small and mid-sized communities, we need strong and vibrant hub-and-spoke carriers, and that is what this merger does. It takes two strong hub-and-spoke carriers, but builds one that is even stronger and provides even more connections. It allows, for example, for the people of Rochester, Minnesota, to now connect on the new American Airlines to Hilton Head, South Carolina. US Airways does not fly to Rochester. American does not fly to Hilton Head. But together we will. And it provides more connections for people in communities like that, and there are 1,300 such examples like that in this merger, people that do not have the ability to connect between two cities that now will in 1,300 different examples.

Chairman KLOBUCHAR. Okay. I am going to ask just one more question, mostly because I am afraid Senator Schumer will ask this question if I do not when he comes, because we both have worked a lot on these fee issues. And I think that it was brought up by our witnesses here on the right side of the table that there are issues with transparency with these fees. In fact, I cited in my opening statement that we have seen $10 billion in 2012 alone for things like baggage fees, change fees, seating fees. And while we look at how these mergers in the airline industry have affected prices and there can be arguments that some ticket prices have gone down but the fees have been going up. And I think Dr. Moss was arguing that these mergers might make it even more difficult to make it transparent and how do you respond to that. And then I will turn it over to Senator Lee.

Mr. HORTON. Maybe I will kick it off, Doug. We think that the unbundling of fares that you cite has actually been constructive and good for customers because it allows them to select the services they want and pay for what they want, and those who do not want to have to pay for bags or other things do not have to pay for that and can just buy the base fare. In fact, one of the most successful low-cost carriers, Spirit, has taken that approach to a whole new level.

I would say about fares in particular, you know, fares have been—fare increases, including fees, have been very restrained. So if you go back to the early part of the last decade, go back to 2000, airfares, including fees, are up about 20 percent. Fuel prices are up 3 times, almost 3 times. And that 20 percent is less than the actual rate of inflation. So we think the airline industry has done a pretty good job of providing value even in the face of sharp increases in input costs.

Chairman KLOBUCHAR. And on my next round, I will let you guys respond to that, but I will turn it over to Senator Lee. Thank you.

Senator LEE. A number of commentators have expressed concerns about the impacts that the proposed merger could have on certain so-called hub airports. For example, the new merged combined American Airlines would have nearly 70 percent of the available slots at Reagan National Airport. Critics suggest that this combined power could allow the new American Airlines to raise prices because competitors would not be able to compete effectively

in those airports. So I have got a couple of questions for Mr. Horton and for Mr. Parker on this point, and I will ask you to answer these in that order on each of these.

Given that Reagan National Airport is known as a closed airport, one in which the number of slots is fixed and it is unlikely to change, at least anytime in the immediate foreseeable future, would American's dominant share of available slots give it, in your opinion, an undue advantage in the marketplace that could lead to increased prices as a result of that undue influence on the market?

Mr. HORTON. Well, we do not think so, and that is because the Washington area, of course, is served by three airports, and if you look at the market as a whole, taking into account all three airports, the new American would have something on the order of 25 percent of the capacity. So we think it is a robust and competitive marketplace.

Senator LEE. Mr. Parker.

Mr. PARKER. I agree completely. I would point out, even in Reagan the number of slots I do not think is the right measure to look at for capacity. It is actually the number of seats. Because we serve so many small and mid-sized communities out of Reagan versus our competitors, the number—while we have about two-thirds of the slots at Reagan, we have about 50 percent of the seats. And as Tom notes, this is a market that is intensely competitive, not just because of Reagan but because of Baltimore—because of BWI and Dulles. And when you add those together, the new American would be smaller than United, about the exact same size as Southwest Airlines in this market.

Senator LEE. You are not suggesting the slot question is irrelevant, though? You are just suggesting it is perhaps mitigated by the number of seats?

Mr. PARKER. Oh, absolutely not, I am not suggesting it is irrelevant. It is an issue that should be addressed, and we are happy to have it addressed. I believe that as the Committee and the Justice Department look at the slot issue, they will come to the same conclusion we have, which is the slots that are utilized by—that will be utilized by the new American are used to provide service to smaller communities, that if other airlines were given those slots, they would not go to similar size communities, they would be flown to larger markets. I think that would be bad for consumers.

Senator LEE. Okay. The second part of my question on this slot issue relates to what happened last year when USAir and Delta executed a swap agreement for a number of slots at LaGuardia and at Reagan National. I believe USAir, in connection with that agreement, had to give up 16 slots at Reagan, capping USAir's market concentration at 55 percent. So that leads to the question in my mind: How many slots is the merged entity prepared to divest? And would you support having another FAA blind auction for those slots?

Mr. PARKER. We do not believe it would be good for consumers for us to divest any slots. Again, if US Airways or the new American were asked to divest slots, we would, by definition, divest those that are the least lucrative to the airline. Those would tend to be service to smaller communities, to mid-sized communities—that we enjoy serving, that we want to continue to serve, but we

would be precluded from serving it. Those slots would go to another carrier that—the slots that you mentioned, by the way, that were auctioned off, Jet Blue acquired those. They now serve with those Tampa, Florida, Orlando, San Juan—very large communities. That is where additional slots divested from us would likely go to, very large communities, and small communities would be disserviced.

Senator LEE. With flights to airports that are already getting a lot of service, in other words?

Mr. PARKER. Pardon me?

Senator LEE. With flights to airports that are already getting a lot of——

Mr. PARKER. Already intensely competitive, already have a lot of service, yes, sir.

Senator LEE. Mr. Horton, do you have anything to add to that point?

Mr. HORTON. I think the trading of slots is representative of a dynamic, competitive marketplace. And, in fact, American leases some DC slots to Jet Blue, and Jet Blue leases some slots at JFK to American. So I think it is reflective of a dynamic and competitive marketplace.

Senator LEE. The 2010 Horizontal Merger Guidelines state: "A primary benefit of mergers to the economy is their potential to generate significant efficiencies and, thus, enhance the merged firm's ability and incentive to compete, which may result in lower prices, improved quality, enhanced service, or new products."

At the same time, the guidelines also make clear that antitrust officials should credit merger-specific efficiencies, that is to say, those efficiencies likely to be accomplished, with the proposed merger and unlikely to be accomplished in the absence of either the proposed merger or another means of having comparable anticompetitive effects, only in those circumstances.

So what merger-specific efficiencies would you anticipate from this transaction?

Mr. HORTON. Well, Senator, as I described earlier, American Airlines has embarked on a very successful restructuring here to reduce our costs, reduce our debt, and indeed, create a vibrant and competitive airline.

Our restructuring has been unique in that it has really all been about renewal and growth built on our new order for aircraft or 500 airplanes on order. So it has really been about building and growing creating a new global competitor.

We view the merger with US Airways very much as an extension of that, and so as a consequence, we see a much more efficient airline going forward. And there will be efficiencies to be had in the combination of the two airlines as we think about putting together the headquarters staff, the IT systems, and those sorts of things.

Senator LEE. The guidelines also make clear that the efficiencies that have resulted that have been proven from past mergers are those that are most likely to be credited. Can you point to any efficiencies that have been obtained as a result of past mergers, for example, from the American/TWA merger of 2001 that can support your argument there?

Mr. HORTON. Sure. Really the most obvious and clearest is that you do not need two headquarters functions, so you can largely eliminate that redundant staffing.

Senator LEE. Anything to add to that, Mr. Parker?

Mr. PARKER. Yes, well, I think we have efficiencies both for consumers in the ability to connect to more markets much more efficiently—as I noted, you know, markets such as Rochester to Hilton Head, markets such as Dubuque to Yuma—that customers cannot get to on either American or US Airways today that they would now be able to connect efficiently on. Those are real efficiencies that drive the majority of the synergies.

On the cost side, as Tom noted, we receive other efficiencies, things like management reductions, IT systems that we are able to consolidate; you know, two systems become one; facilities in certain airports where, you know, we happen to be in different parts of the airport, we consolidate. Those are the largest cost efficiencies. But it is primarily revenue driven by getting more customers onto the combined airlines than either of us can generate independently by being more efficient.

Senator LEE. Thank you.

Mr. PARKER. Thank you.

Chairman KLOBUCHAR. Thank you. I just have one followup question to Senator Lee's good round of questions about the slots at Reagan.

Mr. PARKER. Yes.

Chairman KLOBUCHAR. And he has rightly pointed out, the combined airline would have up to 67 percent or 70 percent of the slots. He asked you some questions about divesting, and you rightly pointed out that sometimes these slots go to airlines that then fly to major metropolitan areas as opposed to serving some of the hubs that I voiced my concern about.

Well, what if all this happened, what if the DOJ required the purchaser of the divested slots to serve unspecified small or medium-sized markets? Wouldn't that be a way of getting around it?

Mr. PARKER. Well, they would probably have to be subsidized, because the fact of the matter is we at US Airways could not serve those markets if we did not have a hub to connect passengers over. There is not enough demand in those small communities for point to point traffic alone. We would not be able to serve the smaller-community markets without the connections that we have across the DC hub. So without those connections, I cannot imagine how an airline would be profitable serving those routes.

Chairman KLOBUCHAR. How about if it was medium-sized markets? It might be a little different?

[Laughter.]

Mr. PARKER. Okay, look. We would have to look at it market——

Chairman KLOBUCHAR. No, seriously——

Mr. PARKER. We would have to look at it market by market, Senator——

Chairman KLOBUCHAR [continuing]. Small towns, but not every flight going to L.A.

Mr. PARKER. Again, we are happy to discuss this and work through it. I just will tell you my concern, is that any airline that is promising they will fly to those routes will not be able to be prof-

itable and will not be there long because they do not have the connections that we have at US Airways that makes it profitable. So, therefore, any mandate that someone serve those routes I would suggest would be very difficult for them to honor over time because they would not have the connections that the new American will have over DC.

Chairman KLOBUCHAR. Okay. Dr. Moss, do you want to respond to that?

Ms. MOSS. Yes, I think a couple of points are worth making.

First of all, any slot divestitures that would be sought by DOJ, potentially sought by DOJ as a remedy for competitive concerns and issues, if they are small and non-lucrative-related divestitures or relate to small and non-lucrative markets, then they are not, according to the Horizontal Merger Guidelines, as Senator Lee points out or has referenced, those are not particularly good candidates for divestiture.

The whole purpose of divestiture in a merger is to identify assets that are viable assets, that are viable, robust assets that, if they were spun off to a different party in the market, whether it is an incumbent or a new entrant, would be able to maintain robust competition in the market. Divesting assets that feed small communities I think is—those are not particularly viable assets, as we have just heard, and thus do not make particularly good divestitures to cure competitive problems at these hubs where we see increased levels of dominance.

Chairman KLOBUCHAR. Okay. Thank you.

Mr. McGee.

Mr. MCGEE. Yes, thank you. I think there is another point to be made when we are discussing slots, particularly at slot-constrained airports like Washington National, LaGuardia, O'Hare, Kennedy, and that is, how are the network carriers using those slots? A Department of Transportation Inspector General report a few months ago pointed out that 61 percent of all domestic departures for the four largest network airlines in the United States—that is American, United, Delta, and US Airways—61 percent are now outsourced to regional carriers. So that is a staggering statistic when you put that in perspective, that six out of every ten departures are regionals operating on behalf of the four largest, not mainline service.

So, you know, the Regional Airline Association boasts that most of the departures between Washington and New York every morning—obviously no one could call those underdeveloped markets or rural markets—are operated, in fact, by regionals. And so the question is: Are we using these slots, you know, to their full maximum? And, you know, obviously the increased reliance on regional carriers raises all kinds of issues, not just about service and safety but about the best use of public resources and, of course, environmental effects as well.

Chairman KLOBUCHAR. Okay. Thank you.

Senator GRASSLEY. Yes, I am going to use part of my 7 minutes to make a little statement before I ask questions.

Currently, there are two airlines serving five airports in Iowa. There will be some benefits to the proposed US Airways/American Airlines merger. However, the merger needs to be evaluated to de-

termine that the transaction will not consolidate airlines so as to inhibit fair competition.

A question, rhetorical: What is the effect on air travelers in small cities and rural communities both in terms of costs and services? That is a big issue for me.

Iowans ask me about the availability of flights, about more options in terms of air carriers that serve Iowa and about reasonable and competitive airfares. Specifically, I am concerned that this merger could potentially lead to key route eliminations to Iowa, and there are some of these key routes that I am really interested in.

Competitive air service is directly related to the economic prosperity of our smaller and rural communities. Now that we have a weakened economy, even the threat of route elimination and cutbacks in services or higher airfares can be harmful to these communities and their economic development.

The U.S. trustee in American Airlines' bankruptcy has objected to the terms of management compensation. I have had concerns with multi-million-dollar payouts to executives in previous bankruptcies while they were going through that process. The trustee should see that these types of payments are being scrutinized so that they meet the Bankruptcy Code's standard.

Now to my questions, and it is all about travel and competition. Tell me about the impact—and these will be to both Mr. Horton and to Mr. Parker. Tell me about the impact of the proposed merger on services to my State of Iowa. How will the merger impact specific routes? And are you envisioning any reduction or elimination of flights to any of the Iowa cities currently serviced by your airways? We will start with you, Mr. Parker.

Mr. PARKER. Thank you, Senator. No, we are not—again, because these two networks are so complementary, as we put these two airlines together our intent is to keep all the airplanes, keep all the people, retain service to all the markets we serve today independently, and just do—and because of that, that is where the value is created, actually, is by putting the two networks together that exist today and being able to connect more people to more places.

Senator GRASSLEY. Mr. Horton, have you got anything to add?

Mr. HORTON. I would just add, Senator, that we have been proud to serve Iowa for decades, as I think you know, and we would plan to serve Iowa for many decades to come.

I do think it is important to point out for small communities having American and US Airways come together as the new American is actually helpful. And the reason I say that is, you know, American Airlines today has some 240 destinations around the world. Combined, the new American will have some 340 destinations. Those are just more points that we can serve out of small communities, and that just creates more traffic flow and, therefore, makes those markets more durable in the long run.

Senator GRASSLEY. Okay. What are the opportunities, if you have gone this far in your thinking about the merger, under the combined airline for any increased services to Iowa communities?

Mr. PARKER. Well, as Tom stated, again as we put the two networks together, it provides opportunities because we now have more hubs for more service to differing cities. Nothing as of yet

that we have planned, Senator, but as you optimize networks, it certainly creates more opportunities than American had independently because you now have the US Airways network to combine with, there is already service to that city. So it certainly provides more opportunities for growth.

Senator GRASSLEY. Okay. Mr. Horton, I will ask you the next question because, obviously, if you folks are talking mergers, you probably have got the same idea about what it will have on the questions I am asking. So what is the impact on airfares for Iowa travelers? And that question could be asked for a lot of rural communities not only in my State but a lot of other States?

Mr. HORTON. Well, Senator, I think that is an important question. It is the right question. In our view, this is creating enhanced competition in the U.S. because today you have two really big global airlines—United and Delta—and this creates a third as a competitive counterbalance to that. And, of course, we have Southwest who today is a very large carrier in the U.S. So there is a lot of competition, but we think this creates competition on a global scale that did not exist before.

With respect to airfares, as I mentioned earlier, I do think it is important to look at the record, and the record over the past decade or so since these mergers have taken place is one where airfares, including fees, have actually grown less rapidly than the rate of inflation. At the same time, you know, oil prices have risen dramatically.

So I think the industry has done a pretty good job of keeping a cap on fares.

Senator GRASSLEY. Beyond the questions I have already asked you and the answers you have given, could you tell me, as you study your merger, what other specific benefits my Iowa constituents will see on the proposed merger if it goes through?

Mr. HORTON. I will give you one simple example, which I think everybody here can appreciate. Most of us are probably members of frequent flier programs. The new American/US Airways combined frequent flier program will have 100 million members, so that is 100 million people who are now going to have more utility, more ability to earn and burn those frequent flier miles across a much broader network, 300 destinations worldwide, 6,700 flights a day. So that is an improvement for 100 million people.

Senator GRASSLEY. Do you have anything to add?

Mr. PARKER. Yes, just connecting markets, Senator. You know, as you have noted, American today serves a number of cities that are not served by US Airways: Dubuque, Sioux City, Cedar Rapids, Waterloo, all served by American, not served by US Airways. However, American does not serve Yuma or Flagstaff, which US Airways does. So you cannot get from Dubuque or Sioux City to Yuma or Flagstaff. You will be able to now. You will be able to get to Burlington, Vermont. Those citizens of Iowa will be able to get to places they could not get to before because the US Airways network has markets that American did not have, and US Airways now will be able to—will have markets that American did not have.

Senator GRASSLEY. Thank you, Madam Chairman.

Chairman KLOBUCHAR. Thank you, Senator Grassley.

Senator Schumer.

Senator SCHUMER. Thank you. First, I want to compliment our Chair on her first hearing since assuming leadership of this extremely important Committee. It is shaping up to be a good one.

Second, I want to tell her, no, I am not going to ask about baggage fees. I trust——

[Laughter.]

Senator SCHUMER. I trust my colleagues in the airline industry will continue to keep the promises they have made to me and others, and that is good. So I am going to ask much more about New York concerns today.

US Airways and American are both very important airlines to the State of New York. Both companies service not only our downstate hubs but also the somewhat smaller though equally important regional airports throughout the State.

I have two priorities with respect to this merger.

First, it is critically important to me that New Yorkers continue to have access to a wide breadth of options for services to and from our airports, like Buffalo, Rochester, Syracuse, and Islip; and then the smaller—and Albany. And then our smaller airports, like Binghamton, Ithaca, Newburgh, Watertown, Elmira, as well as, of course, the metropolitan airports of Islip, Westchester, JFK, and LGA. So we have a lot of issues out there.

Second, it is equally important that service is competitive in terms of both the cost and quantity of the flights. In any situation where the number of players in a market is reduced due to consolidation, we need to look very carefully at the consequences that consolidation will have on competition, jobs, and service to consumers, and this merger is no different. The consolidation should only be cleared for take-off if we can be sure it would not mean higher fares or poorer service or a reduction in New York jobs. And I am sure many of my colleagues feel the same way about the issues in their States.

So I would like to ask you, Mr. Parker, a few questions about what New Yorkers can expect from a combined US Airways/American Airlines. I would ask you to keep the answers brief, and I do want to say you have always been accessible and open to the concerns that we have had, which I very much appreciate.

American, when you left New York, it was sad.

[Laughter.]

Mr. HORTON. We left New York, Senator.

Senator SCHUMER. Yes. But you have a large commitment to New York, and we very much appreciate that.

So, first, to Mr. Parker, will you commit to maintaining New York jobs of both US Airways and American Airlines? You have a huge presence, both airlines, in our State.

Mr. PARKER. Right. Yes, thank you, Senator, and thanks for the recognition of our commitment. We love flying in and out of New York. We love working with you, and we will continue to do so. As we have said, this merger is about putting together two networks that are highly complementary and not reducing service. We have commitments to that to our employees through no-furlough contracts—through no-furlough commitments. We are happy to make those commitments because we have no intention of reducing service.

Senator SCHUMER. That is super. Okay. Well, you answered the second one. Will you commit to maintaining service at the locations across New York State which are currently serviced by your two airlines?

Mr. PARKER. Yes, sir.

Senator SCHUMER. Great. Will you commit to maintaining JFK as a hub for American?

Mr. PARKER. Yes, sir.

Senator SCHUMER. Great. Okay. So that is great, and you have told me—both of you have told me those answers face to face. I am glad to get them on the record and very much appreciate it. Companies are good when they are efficient. We just want to make sure there is enough competition still out there and that there is enough service.

The second question relates to National Airport, because the other aspect of the merger that has garnered a lot of attention is National Airport here in DC. Currently, US Airways provides service between DCA and several regional New York airports: Buffalo, Rochester, Syracuse, and Islip. As I understand it, a combined US Airways/American would control more than 60 percent of the slots at National. And I have heard serious concerns expressed by one of your competitors, a New York company, Jet Blue, about the market dominance of a combined USAir/American, so I would like to enter a letter they sent to me on the topic with some specific New York information into the record, Madam Chair.

Chairman KLOBUCHAR. Without objection, so included.

[The letter appears as a submission for the record.]

Senator SCHUMER. And now I have a few questions about DCA specifically.

Last year, when US Airways and Delta executed a slot swap agreement for slots at LaGuardia and National, the FAA required US Airways to give up 16 slots at Washington National, which captured a market, I think, at 55 percent. Given that a combined US Airways and American would control significantly more, it would seem that you would need to divest slots in order to ensure competition. And I understand the Ranking Member and the Chair asked about slots, but I would just like to hear it again. What is your position on slot divestiture? How many slots does US Airways propose to divest? And would you support an FAA blind auction?

Mr. PARKER. Yes, Senator, we would not propose divesting any. We believe that would not be good for competition. But we understand it is of interest, that DCA is of interest, and we will continue to work with this Committee and with the Department of Justice to make our case and listen to other views.

Senator SCHUMER. Okay. Well, one of my concerns is—and I think you mentioned it—that you might give up the slots to serve the regional airports, an airport like Islip where you have pretty good service right now. You did not mention Islip, but regional airports.

Mr. PARKER. I did not.

Senator SCHUMER. So I want to make sure that your obligation to allow competition of DCA and your obligation to serve regional markets, you do not feel they are mutually exclusive.

Mr. PARKER. Well, we absolutely do need slots to fly in and out of DC, and absent slots, it will certainly result in a reduction in service somewhere, Senator. But, again, we are happy to work through this and talk to others. We were happy to work with you to start the Islip successful. We are happy to have that service. We do well in those markets. We would like to continue flying all the places we fly out of DC. We obviously would not be able to do that if we did not have all the slots we have today.

Senator SCHUMER. Great. Okay. One final question. Much of the service USAir operates is utilizing small regional aircraft, but not only for what we agree is important service to small communities, where small aircraft are necessary; these large aircraft slots are often being used to fly smaller aircraft to larger airports. So if you could elaborate on this. What is the breakdown—and you can submit this in writing if you do not have it at your fingertips—of small aircraft versus large jets running service from DCA to larger airports? And what can you say to assure us that with a combined airline you will not use small aircraft in large aircraft slots in a way that would further reduce capacity and competition by reducing the number of available seats, driving up prices paid by consumers?

Mr. PARKER. Okay. We will submit that in writing. I will just note in addition to Mr. McGee's comments that the smaller aircraft allow us to serve smaller communities.

Senator SCHUMER. Yes. That is good.

Mr. PARKER. And any effort to reduce the number of small aircraft flying around is going to be inconsistent with the Committee's desire to seek service to small communities. But we will submit to you in writing——

Senator SCHUMER. You just do not want to see the small planes go into the large cities and neglecting the smaller cities.

Mr. PARKER. Understood.

Senator SCHUMER. That is all. Does that make sense to you?

Mr. PARKER. Yes, sir. We will submit it to you in writing. Yes, sir.

Senator SCHUMER. Thank you, Mr. Parker and Mr. Horton, and I thank the other witnesses for their being here and their testimony as well.

Mr. PARKER. Thank you, Senator.

Mr. HORTON. Thank you, Senator.

Chairman KLOBUCHAR. Thank you, Senator Schumer.

Senator Flake.

Senator FLAKE. Thank you. I want to just say what a pleasure it has been to have US Airways headquartered—first America West and now US Airways in Phoenix, in Arizona. We have benefited tremendously from it. You have been great corporate citizens. Great to see you here, Mr. Parker, and Mr. Johnson behind you, and other pilots that I have flown a lot with, and flight attendants and others.

All of us have experienced in elementary school when your best friend moves away, this time to Dallas, and with all these promises that they will write or that they will visit and everything else——

Mr. PARKER. I am going to write you, Senator.

[Laughter.]

Senator FLAKE. But, you know, the thing I was never able to do at that time was put our friends under oath.

[Laughter.]

Senator FLAKE. And we have managed to do that here.

Mr. PARKER. Noted.

Senator FLAKE. But I know that promises are promises, and you have to—you know, the reason mergers happen, there are economies of scale that have to be taken into account. But certainly in Arizona we are concerned, obviously, about the level of commitment that has been there and that it will be maintained. Particularly, it is a little concerning when you have as major hubs Dallas, Los Angeles, and Phoenix. How will you manage that? It seems that the proximity of those hubs is close enough that it is going to be difficult to maintain the same level of service.

Mr. PARKER. Okay. Well, thank you, Senator, and thank you for the remarks. I love Arizona like you do, and what I am happy to report to you is this merger is good for Arizona, much like when we merged America West and US Airways, and the people of Arizona at the time were a little worried about what it was going to mean to America West Airlines and the service they had there. It just made it better. Because of the merger of America West and US Airways, we gave the people of Arizona more opportunities to fly more places. This merger is going to do that yet again.

The Phoenix hub is a critical piece of US Airways' profitability. It will be a critical piece of American Airlines' profitability. We will just be able to provide more service to the people of Arizona, and I feel really very, very good about that.

The headquarters issue is one that is always difficult in situations like this, not one that we took lightly, of course, but one that we had—you know, we did what we needed to do to make sure that this was—you know, we have to pick one. And the reality is American Airlines has been headquartered in Dallas-Fort Worth for quite some time, and we thought that was the right place to keep the American Airlines headquartered. But, again, not done lightly. We expect to retain a large corporate presence in Tempe as well. We have just renewed our lease on our headquarters, and we expect to maintain that facility and have it fully staffed with management personnel, because we are committed to Arizona. We are committed to the community. We will still be a huge partner in the community. I assure you I will still be coming to visit you and your colleagues because we love Arizona and it is important to us.

But it is also the right business decision. The Phoenix hub is extremely important. Dallas, by the way, as you know, is 900 miles away. And the L.A. situation is just a very different type of flying. American uses Los Angeles largely as a gateway to Asia. It is about half the size of the connecting hub, the connecting facility that we have in Phoenix. So they are completely complementary, and we do not see any reason that anyone in Arizona should be concerned about the merger. Indeed, I think it is very good for Arizona.

Senator FLAKE. In Phoenix, the taxpayers of Phoenix have spent considerable money upgrading facilities at Sky Harbor with the Sky Train and other things, and I know there is concern with this merger, that that will continue. You have talked some about it, but

can you talk about any growth opportunities that exist out of the Phoenix hub with this merger?

Mr. PARKER. Well, again, what I can tell you right now is the plan is to put the two airlines together as they currently exist, and we are—you know, growth is obviously something in the future that is harder to predict. What I can tell you is whatever growth opportunities exist today in Phoenix, they are greater with this merger because there are so many more markets that American serves that we do not. There are international possibilities that I know are very important to the State that we have not been able to accomplish at US Airways on a stand-alone basis that become more viable now with the combination with American. Again, no promises on that, but they are much more viable than they were with US Airways stand-alone.

So I think there is a lot—the potential for growth is much greater. I am certain of that.

Mr. HORTON. Senator, I would just add to that, you know, American is a founding member of the oneworld Alliance. I am the chairman of oneworld. And one of the things we have found over the years is that we tend to flow oneworld international connections into our big hubs in North America. So I think down the road those are the sort of opportunities we would want to have a look at as to whether, you know, companies like BA and Japan Air Lines and others would have opportunities to put flights into US Airways' hubs that are now part of the new American.

Senator FLAKE. There has been a lot of talk about the DCA slots here. How will that relate with this merger in terms of slots—or flights between Phoenix and DCA?

Mr. PARKER. I do not believe it will have any impact. Those, as you are well aware, Senator——

Senator FLAKE. That was self-interested question.

[Laughter.]

Mr. PARKER. I have seen you on the flight several times. But you have also helped the people of Arizona get those flights, which we appreciate. Those are exemptions, beyond-the-perimeter rule, and, again, I do not believe—although I guess it is up to the Justice Department to decide—that those are at risk.

Senator FLAKE. Right. Well, thank you. I am out of time.

Thank you, Madam Chair.

Chairman KLOBUCHAR. Thank you very much, Senator.

Senator Blumenthal of Connecticut.

Senator BLUMENTHAL. Thank you, Madam Chairman, and my congratulations and thanks to you for your first Subcommittee hearing, and thank you to all of the witnesses for being here today and for your cooperation, both Mr. Horton and Mr. Parker, in providing information leading to this hearing.

I think the concern here really is with the impact on consumers and passengers, not only from our States but others around the United States, and obviously the picture is bigger than just the industry insofar as it is here today. It really is a global issue where we confront competition in the United States against airlines that are, in effect, creatures of their governments. They are subsidized by their governments. They compete unfairly. And I use that term advisedly, not in a legal sense, but in the sense of their ability to

use the vast resources of their governments to, in effect, buy new airplanes and set prices that are unfair to our airlines, which I think is one of the reasons why we have seen consolidation and increasing concentration in the industry and the creep of consolidation that threatens consumers in our country.

So I very much understand the economics of this merger and the reasons that it makes sense on paper, on the ground, and in the air. At the same time, I think that the Department of Justice has to be vigilant about the industry not only for the sake of your passengers but also other airlines where the threat of consolidation may be on the horizon.

So let me begin my questions in terms of the outlook and interests of our passengers by asking about Connecticut's passengers and consumers. I would like a commitment, Mr. Parker, that service will be maintained at its current levels or increased at both Bradley and Tweed airports.

Mr. PARKER. Yes, sir. Again, that is our intention. That is what we would commit to do at the time of the merger. I do want to be cognizant in all these cases that, you know, part of the reason there is skepticism about the airline's ability to do this is that others that came before us and made commitments, that people feel like they were not—feel as though they were not kept. What I can tell you is what I have continued to say here, which is the value of this merger is putting these two airlines together, flying everywhere we fly today. So I am happy to commit that once we put the airlines together, we will continue to fly the places we continue to fly today, in Connecticut as well, with just one caveat: that conditions change, of course, and there may be something that allows us—that requires us because of market conditions to change. But that is always the case. That is certainly the case in the standalone. There is nothing in this merger in any of the markets we serve that would lead us to discontinue service, and that is certainly the case in Connecticut.

Senator BLUMENTHAL. What you are saying, in effect, is if passengers or consumers decide they do not want to go to Washington from Bradley anymore, you will not continue to fly airplanes——

Mr. PARKER. Precisely—or if the cost of fuel gets so high it is too expensive to carry passengers that far, absolutely. But precisely what I——

Senator BLUMENTHAL. But your present expectation and your commitment is to continue to fly at the present levels of service to both Tweed and Bradley?

Mr. PARKER. Yes, sir.

Senator BLUMENTHAL. And one of the proposals I have seen—and probably you have considered—is to increase the service, as a matter of fact, into Tweed insofar as a flight to Washington, DC, may be plausible or feasible. Could you comment on that possible route?

Mr. PARKER. I do not have that date in front of me, Senator, to know exactly. I would like to get back to—I will get back to you on that and see what indeed might make sense there.

What I know is the airline does well flying to Tweed, and we are happy with the service we have there today. I am not certain about growth opportunities, but we will get back to you.

Senator BLUMENTHAL. What I would suggest is that the increasing economic activity in the New Haven area, particularly involving bioscience and biotech, may justify that kind of flight from Washington to Tweed, and I would appreciate your getting back to me about it.

Mr. PARKER. Yes, sir, we will. We would like to fly anywhere that we can do so profitably and enjoy the service we already have to Tweed. Thank you.

Senator BLUMENTHAL. Maybe then I can ask both of you whether you see yourselves as competitors on any particular routes. In other words, generally you have said you are not flying the same routes; therefore, you are not competing with each other. Are there any routes where you are presently competitors?

Mr. HORTON. Well, as Doug maybe mentioned earlier, it is a unique merger in that it is very complementary and there is very little overlap in the network. So today the combined company operates some 900 routes, and on only 12 of them do we directly overlap. So that is, I think, unique distinct from prior mergers in the industry.

Senator BLUMENTHAL. Where among those 12 routes do you see yourselves as really going head to head?

Mr. HORTON. Well, we are competitive on all of them, but, you know, airlines are a network business, as you know, so even where we do not have a direct overlap, of course, we are competing via connections over hubs. And that is why the industry is so dynamic and so competitive, and that is why fares have been, you know, so restrained over the years. There is just so much competitive activity in the industry.

Senator BLUMENTHAL. Do you agree, Mr. Parker?

Mr. PARKER. Yes, sir. We absolutely are competitors today. We compete vigorously against each other. But we have two route networks that are not—that independent are not as capable of competing against the larger carriers as we will be together. So I think by putting this together, we create a stronger competitor to the rest of the industry.

Senator BLUMENTHAL. In the past, Mr. Parker, I believe USAir has resisted raising fares when other airlines have done so, and I guess one of the concerns that we may have is that the merger might lessen the downward pricing pressure that that past conduct has created. Do you foresee a change in that pricing behavior or conduct?

Mr. PARKER. I do not see anything in the merger that would change pricing behavior at all. Indeed, all it will do is allow the put the prices on more markets across the United States.

Senator BLUMENTHAL. And, Ms. Moss, maybe I could ask you your perspective on fair prices as a result of consolidation. Do you see an impact on the prices of these two airlines generally, and in particular, on any particular routes?

Ms. MOSS. Thank you. I think that these two airlines are, in fact, head-to-head competitors. They are each other's closest competitors on a number of routes. In our white paper, we have a table that presents the results of the overlap analysis. So, yes, there are definitely routes that will be—where competition will be significantly eliminated, several mergers to near monopolies, several mergers to

monopoly, and antitrust analysis, you know, is very good at sort of predicting what the effects of eliminating head-to-head American are. That is sort of a direct effect. And so the statistics show that.

I think the important point also is that, based on the Delta/Northwest analysis and United/Continental where we saw elimination of competition, substantial elimination of competition on some very important routes in the United States, we did see some fare increases, and some pretty significant ones. We also saw very few fare decreases, but in addition, we saw the carriers driving traffic to large hubs. And it is a very similar fact pattern, here and in comparison to the last two mergers. And I think that we really, for the good of aviation policy, competition policy, public policy, and American consumers, we have to inform what goes on in this case from what has happened in the past. And certainly at a route-specific level, that is what we see. And at a national systems level, you know, with very few large systems, you certainly increase the probability that the airlines will simply follow each other on capacity decisions, keeping capacity tight to maintain fares, and as part of sort of a tacit agreement, and there is a lot of that already. There are quotes all over the press from other airlines indicating that they want capacity discipline to maintain fares. So there is quite a bit of evidence out there already and empirical economic analysis that shows this.

I think, finally—I do not want to run over my time, but, finally, I think the broader perspective here is really, really important. The airlines want to compete in the global system, and I understand that. That is where the business is going, and that is where the dollars are. We are really stuck, though, we a very fundamental tension over expanding globally without sacrificing domestic consumers. And that is what is happening here. We are expanding globally to compete in the global arena, fair enough, but we have to find a way not to sacrifice U.S. consumers on the altar of global competition. And this all sort of comes out of the driving traffic to big hubs, cutting service to small communities. You know, not everybody travels internationally. I was just in Vermillion, South Dakota, where a bunch of little farmers came to a conference, some of whom had never been on an airplane before. Those are the kinds of consumers I think that we have to——

Senator BLUMENTHAL. Farmers are not so little.

[Laughter.]

Ms. MOSS. I think we have to——

Chairman KLOBUCHAR. Speak for your own farmers, Senator.

[Laughter.]

Chairman KLOBUCHAR. Sorry, but continue, Dr. Moss. I could not resist. He was making fun of farmers.

Senator BLUMENTHAL. I meant in importance, not in size.

Chairman KLOBUCHAR. All right. Okay.

Dr. Moss.

Ms. MOSS. So I think global competition does not equal domestic competition, and we have to make sure that we maintain competition in the U.S. and for U.S. consumers. And essentially what I hear here are concessions and promises to maintain service in New York and in Connecticut and in Arizona. Basically what you are getting here are up-front commitments to condition the merger.

And if that is what is going to happen, then we have to ask ourselves, well, then—that is sort of a regulatory approach to approving the merger. Why not just have good antitrust policy in place that looks hard at the merger and determines whether it is going to eliminate competition and harm consumers?

Senator BLUMENTHAL. Well, my time has expired, but I really appreciate that very thoughtful answer and very much appreciate the testimony of Mr. Parker and Mr. Horton. Thank you very much, Mr. McGee, as well.

Thank you.

Chairman KLOBUCHAR. Thank you.

Senator Cruz is a Member of the Judiciary Committee, but visiting our Subcommittee since his State has been mentioned a few times here. Senator Cruz.

Senator CRUZ. Well, thank you Madam Chairman, and thank you to each of the witnesses for being here. And if I may express my apologies to my friend from Arizona, and at the same time express to Mr. Parker that I am looking forward very much to welcoming you and your colleagues to be new Texans.

Mr. PARKER. Thank you very much.

Senator CRUZ. And I think you will find the State quite welcoming and an environment that celebrates your coming to our State and joining us.

My focus for a long time has been and I think the focus of all of us should be on economic growth and on ensuring that the economic growth in our country returns to historic levels and remains strong going forward. And so the question that I would like to pose to both Mr. Horton and Mr. Parker focuses on the impact of this merger on growth, both from the perspective of the great many employees that both companies currently have, and then, second, from the perspective of consumers. And so I would like to start, Mr. Horton, by asking—obviously, American, headquartered in Texas, has a great many jobs in Texas, which we are grateful for, but American has had challenging financial circumstances in recent years. And I would like to get your views both on the negative impacts that would flow to American if this merger were not approved. I think it is widely expected to be approved, but I would like your views on the negative repercussions if it were not, and on the flip side, on the positive benefits to the many thousands of men and women who work at American right now if this merger is approved.

Mr. HORTON. Thank you, Senator, and I would also like to welcome my good friend Doug Parker to the great State of Texas. I can affirm that he does own cowboy boots. I have seen him wear them.

Senator CRUZ. That is the best news I have heard today.

[Laughter.]

Mr. HORTON. I do think the merger is good for American Airlines in every way. American has embarked on a very difficult restructuring here, but it has been a very successful restructuring, and what has set it apart from other restructurings, in addition to the creditors getting full recovery, is that it has been about renewal and growth—it was built upon the largest aircraft order in the history of the industry—and about reinvesting in our products and services, and our customers have certainly taken note of that. So it has been about growth. And I think what is great about the

USAir combination is it is really about extending that strategy and extending to—and creating a new global leader in the aviation industry and one that will be headquartered in Dallas-Fort Worth. So we are very excited about that.

I do think the new American will be strong and vibrant, and I said that independent of a merger, I think we would have been strong and vibrant, but I think we will be that much stronger and that much more forceful of a global competitor combined with US Airways. So I think it is nothing but good for American, and I think it is good for the State of Texas. I think it is good for the Dallas-Fort Worth area.

Senator CRUZ. A followup question that I would ask of both of you. In my view, the surest protection of consumers is vigorous competition, and the question I would ask both Mr. Parker and Mr. Horton is: Post-merger, in your judgment, what would make the new American a more effective competitor and able to compete more vigorously with other airlines in terms of prices, in terms of service, in terms of ultimately providing consumers with a better product?

Mr. HORTON. Well, I will start. I think, you know, aviation is a very important industry. It is a vital industry for the U.S., and it is an industry where we have not in the U.S. been—I think it is fair to say we have not been a global leader because of the turmoil over the last decade. And, you know, the U.S. invented aviation, so I think we should have the very best airlines in the world.

So that is what this is really about, is creating an airline that is not only the largest but can be the best in the world, and will have the financial capacity and the financial wherewithal to invest. And that is what we are going to go do.

Mr. PARKER. Thanks, and if I can, I will start actually with a comment on your first question to Tom, which was on the economic growth. I happen to believe this is one of the great economic growth stories in business today. We are taking two companies and putting them together and creating so much economic value that it is shared virtually everywhere. You know, as Tom mentioned in his opening comments, the creditors of American Airlines, American Airlines is going to come out of bankruptcy, and people are going to be paid in full. That is absolutely unheard of in airline bankruptcies. It is happening because of this merger, that those creditors are going to get paid back 100 cents on the dollar.

The employees of American and US Airways are going to work for a stronger, more vibrant company that can pay them more and provide them, you know, better benefits and more security, which is why they are so supportive.

And then to segue to your second question, as to consumers, we are creating a competitor to two other airlines, which is where the value comes from, is by attracting more consumers to our airline combined than we could independently. And because of that, that value is then what is shared with the creditors of American, the shareholders of US Airways, the employees of both companies.

So, again, it is, in terms of economic growth, I think a very good success story, and as it relates to consumers, a great story as well.

Senator CRUZ. Very good.

Thank you, Madam Chair.

Mr. PARKER. Thank you, Senator.

Mr. HORTON. Thank you, Senator.

Chairman KLOBUCHAR. Thank you very much, Senator Cruz.

I have a few more questions. I promised to go back to you, Dr. Moss, and Mr. McGee on this ticket price issue. And, of course, as we all know, it is not just ticket prices; it is also the fees. There seems to be some disagreement. This is not just about USAir and American about where we are with ticket prices, and I do not want to put words in your mouth, Dr. Moss, but I think you argued that, depending on the route, depending on the city, that some prices have increased significantly depending on how much competition there is. And then also, I would like you to respond to Mr. Horton's point about the fact that fuel costs have gone up even more than the ticket prices have gone up in these areas and how we get a grasp on where we really are for the cost to the American consumer during this time of great consolidation. Dr. Moss.

Ms. MOSS. Yes, fare prices are probably one of the most controversial topics you can find when it comes to pricing.

Certainly fuel costs are a huge part of what an airline incurs to do business, and fuel price volatility is a big factor. But airlines have become very good at hedging that risk and managing their fuel portfolios.

There are other inputs costs, obviously, that factor into fair prices, and we are not talking about ancillary fees. Those are all unbundled and separate at this point and very non-transparent as far as consumers are concerned.

The analysis that we have done does account for fuel costs and does show that, above and beyond fuel cost increases, there are fare increases that are above average at some of these origin and destination airports on these large hub-to-hub routes.

On a lot of these very large routes, there is very, very limited competition, in some cases just two carriers. After the merger of these guys and of United/Continental and Delta/Southwest, some routes were monopolized. There is very little incentive for firms in a duopoly, where there are just two firms, or a monopoly——

Chairman KLOBUCHAR. Just for the record, you are not just talking about tiny towns; you are talking about major——

Ms. MOSS. Oh, no. We are talking about major hub-to-hub routes where there is limited, very limited competition. And if you eliminate a competitor in a small market, meaning very few competitors, the chances are you are going to get price increases. And we have seen that. Our analysis has shown that.

So the fact pattern is there, and there are a lot of similarities, and I think those similarities really need to be duly noted and investigated by the DOJ when they look into this merger.

Chairman KLOBUCHAR. Thank you.

Mr. McGee.

Mr. MCGEE. Yes, thank you Senator. I think in many ways what we really have is two different domestic industries, because you have to look at routes on whether or not they are served by low-fare carriers. As 20 years ago the Department of Transportation pointed out with a famous report on this—"The Southwest Effect," as it was dubbed. In reference to what Senator Blumenthal was speaking about earlier, I am a resident of Connecticut as well, and

Connecticut sort of crystallizes this issue, because on routes where there is low-fare competition with Southwest, there is pressure to keep fares down. On routes where major network carriers compete head to head without low-fare competition across the country, what we see is that, in fact, prices have increased, and they continue to increase. And this is borne out every quarter by the Department of Transportation quarterly airfare reports.

And so, you know, added to that there is increasing evidence that Southwest itself, which is, you know, often pointed out as the low-cost leader, and fairly so, that Southwest's fares have increased as well over time.

There has been a lot of discussion about, you know, over time fares going down, and, you know, there is evidence for that, there certainly is. What has not been discussed are the fuel surcharges, and, of course, as you point out, the ancillary fees on top of that. So we are very much comparing apples and oranges in many cases.

But you really have to dig down to look route by route almost to see where consumers are benefiting, and, again, where there is no low-fare competition, consumers do not benefit.

Chairman KLOBUCHAR. Okay. Any response?

Mr. PARKER. We welcome the analysis. We understand, as we said at the beginning, that the scrutiny of this is important, and we welcome it, and we believe that the result of that analysis will be a recognition of what we described here, which is that this is a merger that is good for competition, that should be approved, and that is good for the United States.

I would also just mention, as it relates to our customers, what we are trying to do here is provide more to our customers. We do not have the ability to connect people or to get people to as many places as some of our larger competitors. By combining we do. We cannot be in business if we do not provide good service to our customers, and this will allow us to provide better service to customers than either of us can independently.

Chairman KLOBUCHAR. Okay. I wanted to followup a little bit on that as you were talking about the nine routes and that there is not significant overlap between the airlines, but one of the things that we looked at is how you do compete right now, and that would be how US Airways and American compete, and I will just give you one example. A lot of the general public who may not get businesses playing for their flights, they look for lower-cost flights by going through hubs because they found out that if they maybe make a stop somewhere, they get a cheaper rate. And so an example, USAir charged $549 for connecting service between Dallas and Washington National, which is far less than the $1,500 for American's nonstop service, just an average we saw right now. It is nearly $1,000 cheaper.

So do you believe there still will be these kinds of competitive rates when you see this merger where regular people choose to take some kind of ridiculous route sometimes or go through a hub instead of going direct just to save money? How is that going to affect that part of the competitive market in the merger?

Mr. HORTON. Well, certainly direct routing is of more value to a customer than one where you have to stop at a hub, so it stands to reason that it would be priced differently. But I think there

are—there will be any number of connecting opportunities to compete against any nonstop flight. So you take an example like that, and somebody could also connect over Atlanta on Delta or Chicago on United. There are just other ways to do it, and there are literally thousands of those competing alternatives in the marketplace, which is why, you know, fares in the industry have not grown as fast as inflation. It is just a very, very competitive marketplace.

Chairman KLOBUCHAR. A response from Dr. Moss or Mr. McGee.

Ms. MOSS. Yes, I think you have to be careful when you sort out nonstop service, which is typically a distinct market, for connecting service. There are different ways to get places, but I think to pull in something that Bill said earlier, we really cannot underemphasize the critical role of the low-cost carrier here. Low-cost carriers in the past have provided a really important source of discipline, and that includes, you know, on nonstop routes and also connecting routes. I mean, a lot of people will take connecting routes on a low-cost carrier to get from Point A to Point B. Others will fly a legacy airline to get from Point A to Point B. It depends on you as a consumer.

But low-cost carriers in an environment where there is increasing legacy consolidation are really going to have a tough time providing that discipline. You know, they are going to behave less like little mavericks, like AirTran and Jet Blue and others in the industry in the past, and they are going to face this critical decision about whether to continue to be aggressive and take share from the legacies or whether to just follow what the legacies are doing in terms of their pricing policies. And that is really the critical juncture I think that we are at, and that is what we risk losing by increasing the solidification of most of the market with the legacies and leaving the low-cost carriers with less than 10 percent of the national market. I do not think we can rely on them to sort of save us all from higher prices.

Chairman KLOBUCHAR. And I think that the numbers are now that the Big Four would each have about 20 percent market share, including Southwest in that, and then the next largest would be Jet Blue with 5 percent, Alaska with 3.9 percent, and the remaining airlines with less than 2 percent. Is that right?

Ms. MOSS. I think that—yes, that is——

Chairman KLOBUCHAR. And that is one of the reasons that Senator Lee and I are asking for the GAO to do a study of the entire industry beyond just this merger in terms of the effect all of this consolidation is having on pricing, is having on competition and service to consumers, which I hope will be helpful.

Just two more followups, and then I will turn it over to Senator Lee. First of all, the integration if the merger were to occur. I know that, Mr. Parker, US Airways had a long transition in merging with America West, and there were some glitches. We will not go into all of it right now, but if the merger is approved, what are you going to do to ensure that these problems do not occur again for consumers?

Mr. PARKER. Well, putting together two airlines we recognize is not an easy task, but the good news is both of us have done it once before and have learned a lot through that. More importantly, the

fact that we have agreement with all of our employees, our labor unions, on how they will integrate makes this dramatically easier. It is one of the more difficult parts of integration, which, thanks to hard work on their part and working with us, we already have largely resolved. So that will help tremendously.

But then as it relates—so now you are left really with kind of systems integration, which certainly is difficult as well. But like I say, we have learned a lot through our experience at America West/US Airways, and I will let Tom speak for himself, but I know that they at American have done the same. We have a great team we are going to put together between the two airlines, and it is our primary focus going forward making sure that we integrate in a way that is done efficiently and without disruption.

Chairman KLOBUCHAR. Mr. Horton.

Mr. HORTON. Well, we have learned a lot not only from our own experience but also from what we have seen with Delta/Northwest, United/Continental, and Southwest/AirTran. And so we will seek to take the best of those practices and put them in place as we pursue the integration.

We already have integration planning underway. Doug and I lead up a transition team, and so we are working hard to make sure that when the deal is closed later this year, we can hit the ground running. And our focus is 100 percent on getting this right for our customers.

Chairman KLOBUCHAR. Thank you.

To end on a positive note here for everyone, tomorrow we are holding a hearing in the Commerce Committee about airline safety, and since the last FAA reauthorization, the airlines have been participating with the FAA, as you know, and Secretary LaHood on improving safety. I would like to say that I just saw that 2012 was the best in safety history, according to the International Air Transport Association. And we always know anything can happen. As I was sitting on my USAir flight yesterday in a bad storm to a bad storm, everything went well. But we all think of that every time we get on a plane. And just to end with how you see these mergers as affecting airline safety.

Mr. PARKER. Well, first, thank you for the comments. We are extremely proud of our people and what they have accomplished over time. It is by far the most safe form of travel and will continue to be so. This merger, of course, will have all the benefits that I stated, but first and foremost, we will be ensuring safety. We will work closely with the FAA to move to one operating certificate. We will take our time and make sure we do that well. The FAA will ensure we do as well. We work extremely well with the regulator because we share a view on how critically important it is for the safety of our customers and consumers. So we will work through that. It will take something on the order of a year and a half actually before we get to one certificate because it is so important and most consumers will not see that. You will see more of one airline flying. But it will be two separate airlines until we are all certain and the FAA is certain that we have our procedures and policies coordinated well enough that we can move to one FAA operating certificate.

Chairman KLOBUCHAR. Thank you.

Mr. Horton.

Mr. HORTON. Yes, I would just second Doug's comments. We are very proud of our safety record. It is our highest calling in the airline business, and we are very proud of our people who deliver that every day.

Chairman KLOBUCHAR. Okay. Anything more, before I turn it over to Senator Lee, on any of my questions I had of the airline executives? Dr. Moss, Mr. McGee.

Ms. MOSS. I just have one quick point on efficiencies, and I think it is the system integration stuff that really has been the skeleton in the closet for previous mergers. We have seen in United/Continental, in Delta/Northwest, and the America West/USAir merger. You know, when DOJ looks at efficiencies, they want to see stuff on the table. They want to see merger-specific efficiencies, and they want to see that they are cognizable, meaning that they are really going to be realized. And a lot of these system integration problems kind of pop out of the bushes after the merger has been consummated, and we have now seen enough of this and have enough of a track record to be able to say, okay, that is probably something we should be expecting to happen. And I think it is important then to balance or account for those very probable system integration problems at the time the merger is reviewed, because they cut significantly into the efficiencies that are promised by the airlines. And if they cut significantly into them and those costs are passed on to consumers, then the efficiencies are not as great as they were originally forecasted to be.

So I think this is something new that we are going to have to—or, you know, that antitrust analysis should be accounting for.

Chairman KLOBUCHAR. Thank you very much.

Mr. McGee.

Mr. MCGEE. Yes, thank you. One other thing that we wanted to point out is we are concerned at Consumers Union not just about the micro effects of this specific merger, which we have detailed today, but also the macro effects. Even on the pricing issue as we talked about, you know, the fact is when you have three network carriers as opposed to six or seven or eight, you know, we have seen in the past with fare increases, for example, that one or two airlines would match a fare increase and others would not, and the fare increase would be rescinded. We have seen it with new innovations.

So the effects of this merger would have been very different 7 or 8 years ago had we not had all of these other mergers. And so we just do not want that to be lost in all of this.

You know, the argument has been made, well, you did it for the others, why not do it for us? But with each successive merger and with this rapid consolidation of the industry, the industry continues to change and, in our view, it just raises a lot of disturbing questions for consumers.

Chairman KLOBUCHAR. Thank you very much to all of you.

Senator Lee.

Senator LEE. Thank you.

Dr. Moss, first of all, I would like to commend you on your opening statement being exactly 5 minutes, no more.

[Laughter.]

Chairman KLOBUCHAR. He actually turned to me during it and said that is amazing.

Senator LEE. A military-like precision there.

So in conducting antitrust analysis, our Subcommittee often looks to whether and to what extent there may be barriers to entry in a particular marketplace, barriers that might prevent a competitor from coming into the marketplace and providing some market discipline.

When the barriers to entry are minimal, then new competitors or existing rivals find it, you know, relatively easy to get into the market, and they have more of an ability to emerge and to compensate for any concentration of market power. On the other hand, where there are significant barriers to entry, that becomes less possible.

So what do you see as the greatest barriers to entry into the airline industry?

Ms. MOSS. That is a really good question, and entry can be a very powerful thing, just like efficiencies can be. You know, if mergers create anticompetitive effects and potential harm, then the first thing we look to, obviously, is, well, will entry discipline price increases post-merger? And will efficiencies, for example, have countervailing effects to the adverse effects of higher prices, reduced service, lack of choice, et cetera, et cetera.

I think the biggest barrier to entry, as this industry further consolidates, is concentration itself, concentration meaning, you know, just a couple of airlines dominating large hubs. It really is a big wall to scale for a small potential entrant to get into a market where they are going to have to scrabble and scrape to get slots, to get gates, to get ticketing space, baggage handling, all this kind of stuff—all the pieces of the puzzle that need to be in place for an airline to offer service.

I think as concentration increases at hubs, it becomes less inviting, less easier for smaller carriers to get in. And that is exactly what we have seen. We used to have hubs that really were very friendly and conducive to multiple airlines serving them. And as consolidation has occurred, those hubs have shut down and—not shut down in a literal sense, but shut out potential competitors.

Now, with that said, airlines are in the unique position of having very fungible assets where they can move aircraft around and go to profit centers, go to markets that are very lucrative and very profitable. That is what you want to see. You would ideally like to see that in the wake of a merger that creates price increases. The question is: Is that harder to do today than it was 6 years ago before six mergers went through? Probably yes. And that we need to, I think, look very carefully at.

And as the fringe of competitors shrinks down with the low-cost carriers and the regionals, they are really facing much, much higher barriers to entry, which could potentially help consumers.

Senator LEE. Okay. So the barriers to entry that you would see that might be attributable to this merger, should it go through, are you saying that would be felt most acutely in these hubs?

Ms. MOSS. I think if the hubs become more consolidated—and we have shown that to be the case in many major airports—then, yes, I think it will be harder.

Senator LEE. Any other barriers to entry that you can point to that would flow naturally from this merger if it were to proceed?

Ms. MOSS. Well, I think that is the major one. And that is at sort of the route-specific level. If you look nationally, I think you are also looking at potential barriers to entry, because low-cost carriers do not really operate as large national footprint-type systems, and it will be difficult for them to expand their operations to try and horn in on that market, to try and get a foothold in that market to compete on a broader level.

Senator LEE. I understand that you have testified in the past with regard to a number of other mergers in the airline industry, and you have recommended against them and, nonetheless, the Department of Justice, under Republican administrations and Democratic administrations, has approved those that you have testified against. Is it your opinion that the Department got it wrong in those cases?

Ms. MOSS. I do not want to say that the Department of Justice got it wrong. I think the DOJ does very, very good, solid, exhaustive analysis in these airline merger cases.

I think what has happened is perhaps beyond the ability of antitrust to sort of address on a really comprehensive basis. We have had a series of mergers that have sort of put this ball into motion to allow the carriers to compete globally, which we discussed just a few minutes ago, and that is fine. I mean, again, those are lucrative markets, and they want to compete and expand globally.

The question is: What does that do for the domestic markets? And we do see some very negative tradeoff effects between expanding globally and serving American consumers in the form of more competition.

I am not sure that the Department of Justice has the ability to even, you know, take that larger view of how consolidation is changing sort of a moving target in the industry. It is a bigger sort of policy issue, aviation policy issue, I think that we need to keep our eye on very carefully.

Senator LEE. Okay. Thank you.

Let me shift to Mr. McGee. That leads into my next question for you. The Department of Justice has in the past focused much of its attention on the routes, on what a particular merger might do to routes, the concern being that if an airline through consolidation is able to achieve dominance over a flight between City A and City B, that there will be too much market concentration, they will be able to dominate the price, increase prices there, and competition will not be able to step in and effectively keep prices under control and thereby protect consumer welfare.

In the case of this merger, as I understand it, of approximately 900 routes that would be covered by the combined airline, only about a dozen or so overlap between the two partners in this proposed merger. So does that suggest that at least that part of the antitrust analysis suggests that this is mostly okay?

Mr. MCGEE. No, I think, you know, Consumers Union has some concerns about the analysis being a little narrow in that sense. Certainly it is important to look at head-to-head, nonstop competition, and that is certainly probably the first thing you would look at. But, you know, as Mr. Horton pointed out——

Senator LEE. But that aspect of it you would concede is not a red flag, I mean, 900 routes, 12 overlap?

Mr. MCGEE. Relatively. I mean, obviously, if you live in those cities or you do business in those cities, it is certainly a big concern. But I was going to say, as Mr. Horton pointed out earlier, we are talking about network carriers here. So, you know, you can basically pick any two points on the domestic map and say that, you know, these two carriers have a fair shot at competing over their hubs because of, you know, the geographic penetration.

So, in other words, in order to get, you know, from Savannah to, you know, Milwaukee, you may choose to do it through Charlotte, or you may choose to do it through, you know, Atlanta with Delta, or you may—I am not even sure if, you know, American would serve that through Miami. But, clearly, you know, there are a whole plethora of options.

So when you are looking at network carriers, you really are looking at a much, much bigger scope, and I guess the question is, you know, how closely is the DOJ looking at that?

Senator LEE. Okay. Thank you.

We have talked a lot today about consumer welfare, and we have acknowledged the fact that the best way to protect consumer welfare is through robust competition, making sure that within the marketplace and within the market that we are examining that there is effective, strong competition. You know, in response to questions about competition, proponents of the merger have suggested that this transaction, if approved, if it proceeds, will have important pro-competitive effects.

I would like to just sort of close by giving Mr. Horton and Mr. Parker a chance to respond to some of the statements that have been made on the other side of this and sum up by providing in brief form what you think are the benefits to competition and consequently to consumer welfare that could be achieved through this merger.

Mr. HORTON. Well, maybe I will start. I think a strong U.S. airline industry is important to the U.S. economy and is important to all Americans. And I do think that consolidation has been part of creating a healthier U.S. industry more able to invest on behalf of our customers. You certainly see that at American. I think you will see it at the new American.

It is about choice. You know, this merger will create more choice for customers, more ability to fly to more places, to connect more dots on the map and create a third, truly global competitor to the big U.S. airlines we compete with, but also the global airlines that we compete with. This is a globally competitive industry now.

So I think it is about creating more choice, more opportunities for customers, and we think that is good for American, we think it is good for US Airways, we think it is good for America.

Senator LEE. Mr. Parker.

Mr. PARKER. Well, that was well said by Tom. I would just like to also follow on thanking you for your comments about the importance of our business. Some do not understand how important the airline business is to the U.S. economy. As you noted, one in eight jobs is in some way tied to the airline business. It is a vitally important business that needs the ability to compete, and we need to

have strong and vibrant competitors. Either of our airlines could compete independently. No one is here suggesting that we could not. What we are saying is we can compete better together. We can provide better competition, we can provide better service to consumers once merged. And I think that is good, as Tom noted, for the country, for consumers, and that is why we are here.

I do want to come back a little bit, if I can, to the question that you asked Dr. Moss about barriers to entry. The reality is there are no barriers to entry in this business. Because we have worked so hard to modernize our fleets at the larger airlines, there is a large amount—there are large and inexpensive aircraft for any entrepreneur that wants to go buy a fleet of airplanes cheaply, the airplanes are out there. If you just go ask your favorite entrepreneur why they do not go do that, you know, they will not tell you, "Oh, because I cannot find airplanes." They will not tell you, "Oh, because I cannot fly the routes I want to fly." They will tell you, "Because I cannot make any money doing it." It is too intensely competitive, and you cannot cover your costs of capital by starting up a new airline, not because of barriers to entry but because it is so competitive you cannot make any money.

Senator LEE. I assume some would add to that, though, the regulatory burden is so——

Mr. PARKER. That is part of it. It is expense as well, yes, sir. It is expenses——

Senator LEE. Lawyers are not cheap, as it turns out.

[Laughter.]

Mr. PARKER. Yes. But, no, honestly I would encourage you to go ask any entrepreneur why it is, and that is what you will hear. You will hear that it is expensive, it is highly regulated. But mostly they will tell you, "Why would I want to invest now in that business? It is too competitive."

So, anyway, with that said, I will just come back to where Tom ended up, which is we think this is great for—we know it is great for our two airlines, for the employees of both airlines, and we know it is great for consumers, because we are going to create a stronger airline that provides customers more choice.

Senator LEE. Okay. Thank you.

Thank you, Madam Chairman.

Chairman KLOBUCHAR. Thank you, Senator Lee.

Thank you to all our witnesses. This concludes the hearing. I wanted to thank my staff, Caroline Holland, who previously worked with Senator Kohl, who is our staff director; Craig Helcott, my counsel; and also Maria Lavadeer for their work on this. And I know Senator Lee has staff working diligently on this as well. I want to thank them for their work. And I want to thank the witnesses for appearing today. You have provided meaningful insight into this merger and the challenges that are faced by the companies in an ever-competitive international market, but also as has been pointed out, the challenges that are faced by consumers as we try to look at these things not only in terms of the airlines' ability to compete in a global market and the reason that would create incentives for merging, but also what is going to happen then to people not just in the smaller markets but also actually in some major metropolitan markets and to make sure that they get the service

they need, that fares are kept at an affordable level, and that our airline industry, which is, as we have pointed out, so important to our country that it benefits everyone in this country.

So that was one of the reasons we wanted to see this GAO study because we think it will be important to look at it not just in the context, as Dr. Moss pointed out, in one merger, but also in the context of the entire industry.

I want to thank everyone for attending. As I said, the record will remain open for a week for any remaining submissions or testimony. Thank you very much. The hearing is adjourned.

[Whereupon, at 12:07 p.m., the Subcommittee was adjourned.]

[Additional material submitted for the record follows.]

APPENDIX

Additional Material Submitted for the Record

Witness List

Hearing before the
Senate Committee on the Judiciary
Subcommittee on Antitrust, Competition Policy and Consumer Rights

On

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

Tuesday, March 19, 2013
Dirksen Senate Office Building, Room 226
10:00 a.m.

Douglas Parker
Chairman and Chief Executive Officer
US Airways Group
Tempe, AZ

Thomas Horton
Chairman, President and Chief Executive Officer
American Airlines and AMR Corporation
Fort Worth, TX

Dr. Diana L. Moss
Director and Vice President
American Antitrust Institute
Washington, DC

William McGee
Consultant
Consumers Union
New York, NY

PREPARED JOINT STATEMENT OF DOUGLAS PARKER AND THOMAS HORTON

Joint Statement of

Doug Parker, CEO of US Airways, and Tom Horton, CEO of American Airlines

Senate Judiciary Committee Subcommittee on Antitrust, Competition Policy, and Consumer Rights

Hearing on

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

March 19, 2013

Chairman Klobuchar, Ranking Member Lee, and Members of the Subcommittee, American Airlines and US Airways have jointly prepared this statement for the Subcommittee to outline the benefits of our proposed merger.

The merger of American Airlines and US Airways and the creation of the New American Airlines will be good for competition, consumers and choice. Expanding our network is the motivation for bringing these airlines together. The integration of the complementary networks of American and US Airways will enhance competition in a highly competitive marketplace and will deliver significant benefits to our customers, our employees, our shareholders and creditors, and the communities we serve:

- Customers: more flights to more destinations, domestic and international, supported by a stronger **one**world alliance that builds on our global larger network
- Communities: renewed commitment to serve small and medium sized communities including, where appropriate, increased service and additional destinations
- Employees: significantly improved job security and better opportunities for our employees and a near term path to compensation comparable to their counterparts at the other large airlines
- Shareholders and Creditors: a solid financial foundation that will allow us to compete effectively and profitably in the global aviation marketplace.

Our customers support the merger. They have told us, loudly and clearly, that both the American and US Airways networks need to be improved in ways we cannot accomplish on our own. By combining our complementary systems, we will create the network our customers want, one that can compete with the larger networks of Delta and United and with the cost advantage of Southwest Airlines and a host of fast growing low cost airlines.

Our communities endorse the merger. Those communities understand the benefits of a larger network and more choices for travelers and local economies and the benefits of better pay, job security and compensation for our employees. Indeed, the Committee has received letters and statements of support from elected officials and leaders of the communities we serve.

Our employees enthusiastically support the merger. An airline is only as good as the people who work for it. We believe that the merger will result in a highly productive team, dedicated to providing consistent high-quality, safe, and efficient service. Our employees see the merger as an opportunity to return to competitive wages, with an end to the cycle of furloughs and the uncertainty of the last decade, and they are dedicated to the common goal of becoming the most successful airline in the world. The strong support of all of our employees and their unions is powerful evidence of the cooperation that led to this merger. Indeed, the unions that represent our employees have provided letters of support and statements to the Committee.

Our shareholders and creditors support the merger. The American Airlines restructuring will be one of the most successful in history, with an enhanced opportunity for a full recovery to creditors and a distribution to equity holders.

American Airlines' Challenge

Our path to this merger was the product of more than ten years spent in the most challenging environment ever faced by our industry. Every single element of our operations has been stressed in the last decade. The tragic events of September 11, 2001, which most directly affected American Airlines and its employees, the 2000-03 economic recession, the spike in fuel prices in the summer of 2008, and the subsequent collapse of the financial markets that began in September of 2008, all had a profound impact on the airline industry. For those who don't think that the airlines operate in an incredibly complex and highly competitive environment, consider that since September 11, nineteen airlines with operations in the United States have declared bankruptcy. Six of those airlines were liquidated. While the airline business has always faced unique challenges, the past decade has been the most daunting period ever faced by the industry.

The airlines that survived that trauma are those which best delivered what the customers want to buy and did so in the most cost-effective manner possible. We each recognized that our customers wanted broader networks that expanded their travel options. The need to respond to this consumer demand led US Airways to merge with America West and also motivated the combinations of Delta and Northwest, United and Continental, and most recently Southwest and AirTran.

American Airlines faced bankruptcy in 2003 but avoided it due to major cost reductions offered by its employees, many of whom are members of organized labor groups. The reprieve was short-lived, however. Competitors were able to shed costs through their bankruptcies, enhance their networks through complementary mergers, and expand their international offerings through successful global alliances. All the while, American Airlines struggled as we were forced to compete with carriers that had emerged from bankruptcy leaner, but with greater muscle created by broader networks.

While not the desired path, American saw this bankruptcy as a chance to completely reorganize the airline. American reduced its senior management ranks by 35 percent and its overall management team by 15 percent. At the same time, American entered into arduous, but ultimately productive, negotiations with each of its unions leading to new labor contracts. American renegotiated major supply contracts and leases and canceled others. American sought and obtained concessions and reduced costs across every business line of the airline. This was all designed to return American Airlines, as it emerged from bankruptcy, as a more agile, tougher competitor with a stronger leadership team. The tireless effort to return to profitability yielded improved results.

Bankruptcy, however, did not address the fundamental network issue that was enabling competitors to win away important business. Thus, it was not long, before American was approached by US Airways with a proposal that would enable the two airlines together to build a better network through a merger. While American Airlines initially had intended to emerge from bankruptcy first, and then examine potential partners, it quickly became clear that the potential cost savings and improved network offered by the unsolicited proposal from US Airways warranted careful examination. We accomplished this by allowing all of the parties including our two airlines, the Creditors' Committee, the Ad Hoc Committee that included major unsecured creditors, and the Pension Benefit Guarantee Corporation (PBGC), to closely scrutinize the proposed merger and analyze its benefits. Ultimately, our two Boards of Directors and the Creditors' Committee voted to approve the merger and it was announced on February 14, 2013.

The New American Airlines

The combination of American and US Airways will create a new more competitive global airline, the New American Airlines. When combined, the New American Airlines will be the largest airline in the United States. It was not size, however, that led us to merge. It is the unparalleled benefits from integrating our two networks. We will be highly competitive in the domestic market we serve, but far from dominant. The merged airline will have less than 25 percent of domestic available seat miles (an industry measure of capacity). We will compete against the nationwide networks of Delta with 21 percent, United with 19 percent, and

Southwest with 19 percent. All of these carriers are years ahead of us in the integration of their merged assets. In the case of Delta and United, they also have the benefit of very strong international alliances that feed substantial passenger traffic to them.

The combined company will operate under the American Airlines brand and will maintain its headquarters in the Dallas-Fort Worth area and a significant presence in Phoenix. The ownership with be split 72%/28% between current American stakeholders and US Airways shareholders. Our company will be led by Tom Horton, as chairman through the first annual shareholders meeting, and Doug Parker will serve as the chief executive officer and as a member of the Board of Directors. We will draw the remainder of the management team from the best of our two teams. We have conservatively estimated over $1 billion in net synergies from increased revenues delivered by our combined, enhanced network and cost reductions from scale and elimination of duplicative systems.

The Competitive Environment

We have no illusions -- this will not be easy. Built around three other large network airlines and six fast growing low cost regional airlines, the U.S. domestic airline industry is and will remain extremely competitive. Internationally, the marketplace is equally competitive with two global alliances, both larger than ours, and a host of other airlines competing globally, some with the support of governments. The combination of American and US Airways, and the enhancement of the **one**world alliance will allow us to compete more successfully in both domestic and international markets.

The New American Airlines will Benefit Consumers

More than ever, consumers want the ability to reach a broad range of destinations, whenever they want, on one airline system. Because of the limited size and scope of our respective networks, neither American nor US Airways is able to respond fully to that demand and both operate at a competitive disadvantage to the larger networks of Delta and United. The merger will join two highly complementary networks across the globe, filling critical competitive service gaps for each airline, and create a better and more competitive alternative for consumers.

A broader airline network is better for passengers because it gives them more choices, a wider variety of services, and more competition on more routes. The network is able to provide these choices and services because it aggregates demand that independently cannot support profitable service but collectively can do so. Adding more origins and destinations to hubs has an exponential effect on the number of possible routings served by a network, the number of passengers that can be served, and the ways that they can be served. It is these benefits which we seek to provide to passengers by combining the complementary networks

and nine hubs of American and US Airways. And by providing those benefits, the New American will enhance competition.

Consumers will benefit from this enhanced competition. The New American, a better airline with a significantly expanded network, on a sound financial footing, will challenge our competitors and offer the flying public more and better travel choices including service to 336 destinations in 56 countries. Also, we expect to compete fiercely for traveler's loyalty with the first and best mileage rewards program, AAdvantage. When we merge programs we will provide our customers the opportunity to earn and redeem rewards across more destinations in a much larger network, especially in desirable international locations. Importantly, we will keep the iconic American Airlines brand.

New Aircraft Deliveries Will Enhance Efficient Flight Operations and Satisfy Consumers

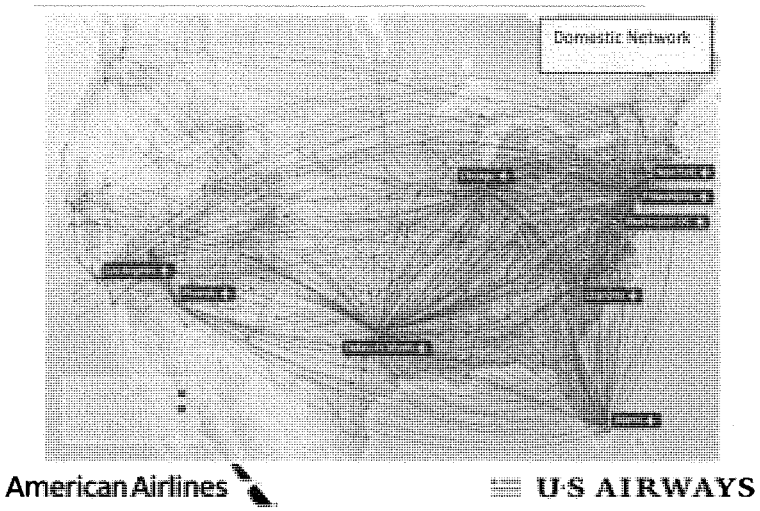
As we integrate our fleet of existing aircraft and improve our flight operations, our competitive posture will improve. In the near future, we will receive over 600 new aircraft from combined purchases that we have made. Those will be the latest, most fuel efficient Boeing and Airbus aircraft. In addition, we have options to take delivery of another 500 plus airplanes. Older aircraft will be retired and we will reduce fuel costs as well as New American's carbon footprint.

When those aircraft are delivered we will have one of the youngest fleets in the United States. The new aircraft will allow us to adopt the latest aviation technology to fly efficiently and safely to destinations through our network. And we will equip our airplanes with new equipment that will make them attractive to today's very demanding passengers and provide features that those passengers prefer.

Our Expanded Network means better Service for Small and Medium-Sized Communities

We will remain committed to extensive service to small and medium-sized communities throughout our merged network and, where appropriate, we expect to increase service and add destinations. US Airways has historically provided extensive service to smaller communities and the merger will allow us to continue to extend that focus building on complementary service offered by American Eagle. The broader network created by the merger will give us the ability to bring heightened levels of service to those communities that neither airline could afford to provide on its own, and the number of passengers benefitting from the existing combination of service will grow as communities receive new online connecting service. To illustrate the effect of the superior combined network, the merger will create over 1,300 new connecting routes benefitting millions of passengers, many in small and medium-sized communities.

Figure 1: The Domestic Networks of American Airlines and US Airways are Highly Complementary, Resulting in Improved Coverage throughout the U.S.



Nationally, the merger will join two highly complementary networks filling critical gaps for each carrier. Domestically, American currently serves 48 cities not served by US Airways and US Airways serves 64 cities not served by American, almost all small and medium-sized communities, many of which over time will be candidates for service to the other airline's hubs. In particular, US Airways will fill American's and **one**world's critical network gaps in the Northeastern and Southeastern United States allowing passengers access to American's and **one**world's systems and American's and **one**world's passengers more convenient access to those populous regions. Likewise, American will fill US Airways' network gaps in the Central United States with the unique cities served from its Chicago and Dallas hubs and provide US Airways' passengers expanded international travel opportunities. The New American Airlines will give passengers -- especially those in small and medium-sized communities -- improved connecting options with service when they want it to go to more places than ever before.

Some of the new connecting opportunities involve cities familiar to this Subcommittee. For example, American Airlines serves Dubuque, Sioux City and Waterloo, Iowa, three cities not served by US Airways. But American Airlines does not serve a number of cities in New York such as Albany, Binghamton, Elmira, Ithaca, Long Island-McArthur and Newburgh. The New American Airlines creates new online connections between Iowa and New York. Similarly, US Airways serves Flagstaff and Yuma, AZ, two cities not served by American Airlines. But US

Airways does not serve cities like Rochester, MN. The merger of American Airlines and US Airways creates new online connections between Minnesota and Arizona.

The best example of our commitment to smaller communities is our service to and from the Nation's Capital. US Airways currently serves 40 small and medium-sized communities from Reagan National Airport. No other airline at Reagan provides any significant service to smaller communities. Indeed, because they do not operate hubs there, other carriers at Reagan National cannot economically serve smaller cities. Of course we have heard calls for the combined carrier to divest slots at Reagan. But slot divestitures at Reagan National would only create private benefit for carriers picking up the slots to serve larger cities with existing service at the expense of the small communities that would suffer from decreased service.

The Merger Will Not Adversely Affect Competition

The merger will lead to more than 6,700 flights daily to more than 330 destinations in over 50 countries, but result in overlaps on only 12 of the over 900 non-stop airport to airport routes the New American will serve. Most of the overlap routes connect our existing hubs, where there is significant competition. With the expiration in the fall of 2014 of the Wright Amendment, which limits flights out of Dallas's Love Field, non-stop competition will be present or added on nearly all airport pair overlaps. This limited number of overlaps compares favorably with the most recent large airline mergers of Delta/Northwest, United/Continental and Southwest/AirTran, all of which received Justice Department clearance because the combination of those carriers created substantial consumer benefits with minimal competitive overlap.

Figure 2: Comparison of Domestic Overlaps in Recent Airline Mergers

Measure	Delta/Northwest (2008)	United/Continental (2010)	Southwest/ AirTran (2011)	US Airways / American Airlines (2013)
Non-Stop Airport-to- Airport Overlapping Routes	11	13	23	12
Non-Stop City-to-City Overlapping Routes	13	14	24	17

Overlaps are based on 5+ roundtrips per week.
Source: OAG data.

Low Cost Carriers Will Continue to Offer Strong Competition

Competition in the airline industry will not be limited to Delta, United and New American. The low cost carriers will continue to offer strong competition to the New American Airlines and the other legacy carriers. In addition to Southwest/AirTran, Alaska, Jet Blue, Spirit, Allegiant, Frontier, and Virgin America will continue to grow and provide competitive offerings that are attractive to consumers. The six low cost airlines are tough, agile competitors providing attractive service, and innovative product offerings in the most competitive markets in the United States. They can and will add new service, challenge our fare offerings, and move quickly to address whatever we offer in the market.

When considering the competitive advantage of lower costs, it also is important to recognize the evolution of Southwest Airlines. Southwest is no longer the small upstart, but instead is now the third largest airline in the U.S., a vigorous competitor with a nationwide network offering service to almost all major communities across the country. It has grown rapidly and employs 46,000 employees and operates 3,500 flights daily on a fleet of nearly 700 aircraft. Through its acquisition of AirTran, it now offers international service to many Latin American and Caribbean countries.

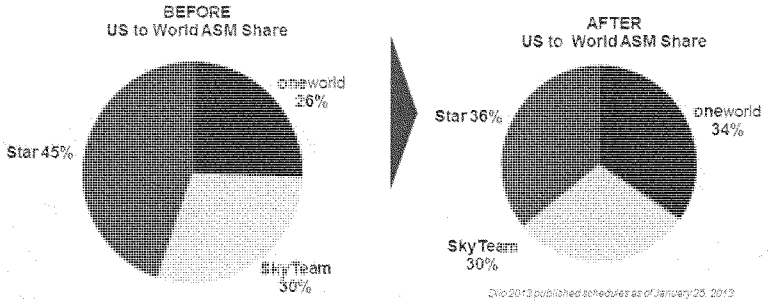
The Merger Will Boost International Competition and Passenger Choice

This merger will increase competition internationally by combining and expanding the two airlines' networks (which have zero overlapping routes) and creating a stronger **one**world global partnership, one better able to compete with the larger STAR and SkyTeam alliances.

Combining the American and US Airways Atlantic operations and moving US Airways from the STAR Alliance to **one**world will increase competition across the Atlantic with three alliances offering a comparable number of airline seat miles. See Figure 4 below. By adding US Airways hubs in Philadelphia and Charlotte to **one**world, the alliance will have for the first time connecting hubs in the Northeastern and Southeastern United States, and East Coast passengers served by US Airways will have greater opportunities for transatlantic travel. By combining our networks, US Airways passengers will enjoy access to the many markets in Latin and South America served by American's extensive network. Also, the combination of American and US Airways will provide the foundation for increased Transpacific service, create a more effective and competitive partnership with the Pacific region **one**world airlines, and leave the New American and **one**world better positioned to compete for new routes from the United States to Asian destinations, especially to China.

As a result, consumers will benefit with greater choices of direct service to international locations at competitive prices, with improved service through the introduction of more new aircraft with modern, attractive seat configurations and innovative on board products.

Figure 3: The Combined Airlines, especially due to improved east coast service, will makes oneworld more attractive to consumers and therefore more competitive.



Conclusion

We are proud to be working together as partners to create the New American Airlines, which will be good for competition, consumers and choice, and is supported by our customers, employees, the communities we serve and our shareholders. We started our careers together, and we are glad to be working together again. Over the last 25 plus years we have learned a lot in this business. Nothing remains the same. We have managed in the aftermath of airline deregulation, competed with new entrants, and worked through mergers and bankruptcies and the most challenging financial environment ever faced by our industry. We have seen many airlines disappear, including legendary airlines like TWA and Pan Am. We know that adaptability and responsiveness to consumers will be the keystones to our success as we merge our two airlines. The New American will be capable of competing with all and ceding to none.

PREPARED STATEMENT OF DIANA L. MOSS

Before the Senate Judiciary Committee
Subcommittee on Antitrust, Competition Policy and Consumer Rights

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

Testimony of Diana L. Moss
Vice President, American Antitrust Institute

March 19, 2013
Washington, D.C.

I. Introduction

I would like to thank the Chair, Senator Klobuchar, Ranking Member Senator Lee, and the members of Subcommittee for holding this hearing on the proposed merger of USAirways and American Airlines (USAir-AA). I appreciate the opportunity to appear here today. The American Antitrust Institute (AAI) is a non-profit education, research, and advocacy organization. Our mission is to increase the role of competition in the economy, assure that competition works in the interests of consumers, and sustain the vitality of the antitrust laws.[1]

My testimony today is based largely on a White Paper issued on August 8, 2012 by the AAI and Business Travel Coalition (BTC): "The Proposed Merger of US Airways and American Airlines." The White Paper is available on the AAI website.[2] The analysis

[1] Diana Moss is Vice President and Director, American Antitrust Institute (AAI). 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 testimony has been approved for publication by the AAI Board of Directors.

[2] Diana L. Moss and Kevin Mitchell, "The Proposed Merger of US Airways and American Airlines," American Antitrust Institute (August 8, 2012). Available http://www.antitrustinstitute.org/~antitrust/sites/default/files/AAI_BTC_USAir-AA_White%20Paper_8-7.pdf.

takes up a number of questions regarding the competitive issues raised by the proposed merger of USAir and AA. My testimony concludes that based on analysis using publicly-available information, the proposed deal raises significant competitive issues that could result in harm to consumers.[3]

II. Overview

A USAir-AA merger would combine the fourth (AA) and fifth (USAir) largest airlines nationally, making USAir-AA the largest U.S. carrier with a combined share of over 20 percent, followed by Southwest with 18 percent, United-Continental with 17 percent, and Delta with 16 percent.[4] The "Big 4" would therefore control over 70 percent of the national market. The dwindling stock of LCCs collectively account for less than 10 percent of the market, with only modest growth in share since 2007. The proposed deal, which comes in the wake of six major mergers in recent years, will hasten a metamorphosis of the domestic airline industry from one in which hub airports were designed to accommodate multiple competing airlines to a few large systems that will be largely impermeable to competition. In this environment, LCCs and regional airlines would have difficulty thriving and expanding.

The merger of USAir-AA will contribute to increased concentration at the national or systems level, increasing the ease with which the airlines can tacitly coordinate on system-wide capacity tightening – a key mechanism for maintaining fares.

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[3] An antitrust investigation will rely also on non-public information that will bear on conclusions regarding the competitive effects of the proposed transaction.

[4] 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 passenger-miles.

Moreover, it is questionable whether "legacy-like" Southwest, after its acquisition of AirTran, still exerts any reliable significant competitive discipline in the market. The proposed merger of USAir-AA also shares much in common with previous legacy mergers such as Delta-Northwest and United-Continental. Several route-level markets would be dominated by the merged carrier, while others would feature tight oligopolies with few carriers that may well find it in their economic interest to agree on strategic variables such as fares and capacity. Post-merger effects such as fares, availability, and choice have come under strong public scrutiny in the wake of the Delta-Northwest and United-Continental mergers. Similarities between these and USAir-AA support the case for why the merger deserves careful scrutiny.

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

The similarities between USAir-AA and the Delta-Northwest and United-Continental mergers make a strong case for why a *post-mortem* analysis of those mergers should inform decision-making in the present case. The results of a brief analysis of Delta-Northwest and United-Continental are included in the AAI/BTC White Paper. Several of the 21 routes affected by those deals are among the largest city-pair markets in the U.S. Both mergers substantially eliminated competition on hub-to-hub routes, more than doubling the number of routes on which there was limited competition (e.g., two or fewer carriers) before the merger. Moreover, several routes experienced the exit of LCCs and regional airlines after the mergers while entry occurred on a very limited scale. This lends some support to the notion that merged carriers' dominance at a hub also dissuades incumbent carriers from remaining in the market.

The White Paper analysis also shows substantial pre-to post-merger fare increases on some hub-to-hub overlap routes affected by Delta-Northwest and United-Continental. Fare increases are above average at the origin airport on 70 percent of routes affected by Delta-Northwest and on over 90 percent of routes affected by United-Continental. Pre- to post-merger fare increases of up to 30 percent and up to 20 percent are evident on routes affected by United-Continental and Delta-Northwest, respectively. These results highlight the general importance, as expressed in the (DOJ)/Federal Trade Commission (FTC) HORIZONTAL MERGER GUIDELINES), of considering such "direct evidence" from previous mergers in evaluating the USAir-AA merger.

IV. Probable Effects of a USAir-AA Merger on Route-Level Markets and Hubs

Similar to Delta-Northwest and United-Continental, a USAir-AA combination is likely to adversely affect a number of important route-level markets. Over one-half of the 22 overlap routes potentially affected by the proposed merger would thus be monopolized or nearly monopolized.[5] In all cases, changes in market concentration and post-merger concentration are presumed (under the HORIZONTAL MERGER GUIDELINES) to lead to

[5] In four markets involving hub-to-hub routes, the transaction would result in a monopoly. In seven additional airport-pair markets, post-merger concentration (as measured by the HHI index) is in excess of 9,000 HHI, with large pre- to post-merger changes in HHI. There are 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. The DOJ/FTC Horizontal Merger Guidelines identify three tiers of post-merger market concentration and pre- to post-merger changes in concentration. The first is an "unconcentrated," market with an HHI below 1,500, in which a merger is unlikely to have adverse competitive effects. The second is a "moderately concentrated" market with an HHI between 1,500 and 2,500, in which an increase in HHI of more than 100 points potentially raises significant competitive concerns and often warrants scrutiny. The third is a "highly concentrated" market with an HHI above 2,500, in which an increase in HHI of 100-200 points potentially raises significant competitive concerns and often warrants scrutiny and an HHI of more than 200 points is presumed to be likely to enhance market power. See U.S. Department of Justice/Federal Trade Commission HORIZONTAL MERGER GUIDELINES (August 2010), at 19. Available http://www.justice.gov/atr/public/guidelines/hmg-2010.html.

adverse competitive effects, including increases in fares, reduction in service, and loss of choice.

In light of our earlier observations regarding fares and service in the aftermath of the Delta-Northwest and United-Continental mergers, the effect of USAir-AA on overlap routes should garner serious attention. Similar to previous legacy mergers, USAir-AA would substantially eliminate competition on important routes, creating a dominant firm that – acting unilaterally post-merger – could raise fares, degrade service, and eliminate consumer choice. This is particularly a concern since pricing data show that the carriers are likely each other's closest competitors, thus making a post-merger price increase more likely and profitable.

The merger could also increase the risk of anticompetitive coordination. Shares on USAir-AA overlap routes are concentrated largely among a few legacy carriers. Legacies in highly concentrated markets are unlikely to discipline post-merger increases. Moreover, LCCs face the key decision in an increasingly concentrated market of whether to price aggressively or to follow the pricing and capacity strategies of the dominant legacy carriers at the hub. Southwest can operate effectively by pricing its services just barely below the oligopoly "umbrella," without providing the type of sharp maverick's spur that it needed in earlier years as it entered new markets.

The proposed merger has important implications for control over both connecting service and intra-regional service in the U.S. The networks of USAir and AA do not appear to be particularly complementary, as indicated by 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 would have a strong presence at a number of major airports on the eastern seaboard –Philadelphia (PHL), Reagan National (DCA), Charlotte (CLT), and Miami (MIA). The merging carriers would also have a presence at key Midwestern and western airports – Phoenix (PHX), Dallas Fort-Worth (DFW) and Chicago O'Hare (ORD) – that are important for providing connecting service to eastern and western destinations. Indeed, there is a resemblance to the proposed United-USAir merger of 2001, which was challenged by the DOJ on the basis of solidifying control over hubs.

V. LCCs Cannot be Relied Upon to "Save the Day" for Legacy Mergers

The dwindling stock of LCCs makes them increasingly unreliable as a source of competitive discipline in the industry. LCCs may find it more difficult to enter and discipline prices in markets anchored by increasingly concentrated, legacy-dominated hubs. Based on the AAI/BTC's White paper analysis of routes affected by the Delta-Northwest and United-Continental mergers, LCCs may not be abundantly available as substitutes for legacy carriers that serve hub-to-hub routes. We could expect the same rationales to apply in the USAir-AA merger.

For example, several hub airports that could be affected by the proposed merger (DFW, DCA, ORD, MIA, and LGA) are located in cities with alternative airports where LCCs often have a larger presence. Whether secondary airports are good substitutes for consumers seeking to avoid post-merger price increases at major hubs is a function of consumer costs associated with traveling to more remote airports and the availability, frequency, and type (e.g., nonstop or connecting) of service. Indeed, not all routes

affected by the USAir-AA merger are replicated by other carriers at alternative airports in major hub cities. For example, JetBlue has continued to focus on the leisure market in Florida and the Caribbean and may not provide a good substitute for business travelers. Southwest has a substantial presence at secondary airports such as Chicago Midway (MDW), Baltimore-Washington (BWI), and Dallas Love Field (DAL) but there is accumulating economic evidence that fare discipline wanes as LCCs (e.g., Southwest) gain market share at such airports.[6] Trading one route that might be adversely affected by a USAir-AA merger for another that uses an alternative airport dominated by Southwest is unlikely to rescue consumers from adverse competitive effects.

VI. Potential Loss of Service to Smaller Communities

Many mid-size communities have seen flight frequencies reduced, equipment downgraded or service lost altogether as the result of previous legacy mergers. Smaller 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.[7] For example, a major outcome of the Delta-Northwest merger was the elimination of Cincinnati as a Delta hub. The state of Ohio's effort to prevent a similar outcome at Cleveland in the United-Continental merger was likely a response to this effect. Between 2001 and 2009, American cut flights at TWA's former

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[6] *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).

[7] *See, e.g.*, Boyd Group International, *Air Service Challenges & Opportunities For US Airports* (2012), *available at* 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.

hub Lambert-St. Louis airport by 85 percent.[8] And between 2005 and 2009, the merged US Airways-America West reduced flights at Las Vegas by 50 percent.[9] Once enough data are available, it will be important to understand how Southwest is adjusting capacity after their 2011 merger with AirTran.

Evidence from the Delta-Northwest and United-Continental mergers indicates that merged carriers have adjusted capacities on overlap routes where they are dominant. One explanation for capacity increases is the strategy of driving traffic to large hubs, such as Delta's ATL and MSP and United's IAH. An increasingly symbiotic relationship between domestic U.S. consolidation and global antitrust immunized alliances drives this effect. Similar fact patterns across these mergers and USAir-AA raise the possibility that the merged carrier would also drive traffic to large hubs, with the potential side effect of starving routes involving smaller cities.

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. Loss of choice that forces consumers in smaller communities to use less convenient connecting service or travel longer distances to other airports represent legally cognizable adverse effects of a merger. As air service evacuates a city and surrounding region, we not only lose the competition that once existed at the airport, but we lose competition that existed between airports. More important, if not

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[8] 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.

[9] 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.

recognized in antitrust analysis, we lose competition in the regional market that depended substantially on being linked into the national transportation network.

VII. Efficiencies

The economic literature has hosted an ongoing debate over efficiencies in airline mergers, including empirical work showing that efficiencies dwindle as networks increase in size and the effects of increased "hubbing" on congestion and costs. An increasingly important factor in the efficiencies debate is post-merger integration. 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, ranging from integrating computer systems, combining frequent flier programs, meshing work forces (particularly unionized employees), to problems with "cockpit standardization."

The AAI/BTC White Paper analysis of Delta-Northwest and United-Continental highlights the fact that 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. Moreover, in network industries, it is tempting to sell a merger on the basis of "out of market" efficiencies, or savings that may occur in a part of the system that is far removed from where competitive harm is inflicted. Given the magnitude of harm that could flow from a USAir-AA combination

and the importance of protecting smaller communities from merger-related cutbacks, efficiencies should be tied directly to aversely affected markets.

VIII. Other Potential Competitive Problems

The proposed merger raises a number of additional issues that should be carefully scrutinized. The first involves ancillary fees and price transparency. For example, 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 accompanying price transparency. This is currently lacking in the domestic industry. Ancillary fees thus go largely undisciplined by market forces and prevent consumers from efficient comparison-shopping for air travel offerings across multiple airlines. Since rivalry creates incentives for sellers to fully inform consumers about the pricing, quality, and availability of their products, further consolidation (and the USAir-AA merger in particular) could dampen the merged carriers' incentive to disclose ancillary fee information. Moreover, the existence of fewer carriers in the market enhances the ease with which the airlines can tacitly agree on ancillary fees. Curbing or preventing such behavior is one of the major purposes of the antitrust laws, particularly merger control.

In sum, the merging parties bear a heavy burden in demonstrating that their merger would not be harmful to competition and consumers. Thank you for this

opportunity to testify. I again refer you to the AAI/BTC White Paper for a more detailed discussion of the competitive issues raised by the proposed transaction.

PREPARED STATEMENT OF WILLIAM J. MCGEE

ConsumersUnion
POLICY & ACTION FROM CONSUMER REPORTS

STATEMENT OF

WILLIAM J. McGEE
CONSUMERS UNION

BEFORE THE

SUBCOMMITTEE ON ANTITRUST,
COMPETITION POLICY, AND CONSUMER RIGHTS
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

ON

THE AMERICAN AIRLINES/ US AIRWAYS MERGER:
CONSOLIDATION, COMPETITION, AND CONSUMERS

MARCH 19, 2013

Introduction

Chairwoman Klobuchar, Ranking Member Lee, and Members of the Subcommittee: Consumers Union, the policy and advocacy arm of Consumer Reports, commends the Subcommittee for holding this important hearing, and we appreciate the opportunity to present our views.

We are well aware that the airline industry has been under considerable financial stress in recent years, leading to a number of reorganizations under the bankruptcy laws. And we know that the urge to merge can be powerfully seductive even under the best of circumstances.

But we have seen growing consolidation in the airline industry in recent years bring substantial harm to consumers, communities, and the economy. We are concerned that the proposed merger between American Airlines and US Airways has the potential to further deprive air travelers of healthy, robust competition, and to further deprive communities of being part of a vibrant air transportation network. We believe the proposed merger warrants a careful and thorough investigation by the Justice Department's Antitrust Division.

This merger was formally announced just a month ago, on Valentine's Day, and a full review of its implications is still underway. But the potential harms to the public that could result from allowing this corporate courtship to be consummated are clear enough already.

These two airlines are singing a song we've heard sung many times before. For the fifth time in the past decade, executives from one legacy network airline are attempting to acquire the assets of a second. Each time, the airlines promise that air travelers will benefit from a stronger airline with a wider reach, more determined and able than ever to compete vigorously.

That's what American and US Airways are saying now. And that's what we heard from United and Continental when they merged, from Delta and Northwest when they merged, from US Airways and America West when they merged, and from American and TWA when they merged – or technically, when American acquired TWA's assets in bankruptcy.

That's what we always hear. But what we have found, once the merger goes through and the dust settles, is not greater choice and better value for consumers. Instead we find fewer flights and routes, and hubs downgraded or abandoned, as the new combined airline sees less need to provide those greater choices in flights and routes once they have less competition to worry about. Similarly, we find that airfares rise on routes where the merged airlines previously competed head-to-head.

The bottom line changes for the merged airline, and not necessarily in ways that translate into good news for the rest of us. Consumers lose choices, workers lose jobs, and communities lose business activity and the associated tax base and job opportunities. The interests of consumers and communities get overlooked in favor of the interests of the senior executives and major investors of the two airlines.

Two decades ago, there were 11 legacy network airlines in the United States. If this pending merger is approved, the country will be served by only three full-service airlines – four if you add in Southwest – along with Alaska Airlines, and a handful of smaller low-cost and regional airlines who have themselves been merging.

One industry analyst estimates that American, United, and Delta, plus Southwest, would comprise 87% of the domestic market,[1] a concentration never before seen in the modern era of U.S. commercial aviation. The dramatic consolidation that has occurred over the last 25 years is best illustrated by another analyst who notes that in 1985 ten separate airlines controlled the same amount of market share that soon could be controlled by just American, Delta, and United.[2]

Moreover, as the legacy network airlines continue to consolidate, they are abandoning domestic routes, or outsourcing them to regional code-sharing partners. We are concerned that they are looking at the domestic market as a "mature market" that is not worth the effort trying to expand, and are focusing their energies on the more lucrative long-haul coast-to-coast routes and the international routes.

And so we must ask what the end game truly is for U.S. commercial aviation. With each mega-merger we've been told that profitability will return, competition will be enhanced, and consumers will be served, and each time this has not happened. Will domestic airline consolidation now

[1] USAToday.com, Feb. 14, 2013: (www.usatoday.com/story/travel/flights/2013/02/13/american-usairways-merge/1916961).

end with the merger of American and US Airways? Or will we be told in short order that the Big Three must become the Big Two, or the Big One? Will the industry double down on its efforts to get Congress to amend foreign ownership rules, so that the next round of domestic acquisitions comes from Lufthansa, British Airways, and Air France-KLM?

Competition is the Key

Merging corporations always say their merger will make them more "competitive." But they mean something quite different than what the antitrust laws mean by preserving competition in the marketplace.

The corporations mean something akin to "strong." They mean the merger will enable them to profitably expand operations they can charge for, and maybe to also charge more, and to profitably cut costs by trimming overhead and redundancies in service. It is certainly understandable that corporations would pursue those goals, and that merging with another firm in the same line of business might seem an attractive route for pursuing them.

An airline naturally wants to maximize its profits, and the way to do that, simply stated, is to sell as many tickets as possible at as high a fare as possible. There is, of course, a trade-off – at some point, higher fares charged eventually means fewer tickets sold.

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[2] The Travel Insider, March 1, 2013: (blog.thetravelinsider.info/2013/03/the-collapse-of-airline-competition-a-visual-analysis.html).

One way that trade-off can take hold is that as airfares rise, more consumers will decide they cannot afford to fly, and will simply have to give up flying to see family, or to take a vacation, or to expand their business. They will drive instead, if that is practical. They will give up the special vacation and stay closer to home. They will make do with phone calls instead of personal visits.

But in any event, it won't be the same – it won't be as convenient, or as satisfying. Consumers will suffer as fares increase and service decreases. Those who are not forced to give up flying will pay more for it.

Up to a point, an airline focused on its bottom line may not care so much about the reduced ticket sales, as long as its higher fares on the tickets it does sell net higher overall profits. This is not to suggest that the airlines have ill will against consumers; it is because their first goal is to increase profits. It's in their corporate DNA.

When there is competition, we never get to that unfortunate point. When there is competition, consumers have a choice, and if one airline raises its fares too high, consumers will look to other airlines for lower fares. And as long as another airline can sell that ticket at a lower fare and still make a profit, that's what it will want to do. So when there is competition, the airlines will have a healthy incentive to reduce their fares to increase ticket sales until the point is reached where no additional profit can be made by reducing fares further.

Of course, airline ticketing strategy is more complex than this. But the underlying motivation is the same, to increase profits. Pricing and service decisions are all made with this goal in mind.

This basic insight of economics is at the heart of what the Justice Department's investigation of this merger is and should be all about. Competition makes sure that our free market system brings good deals to consumers, by aligning the profit-making incentive with providing maximum value to consumers. And the purpose of the investigation is to make sure that competition is preserved and consumers are protected.

Specific Risks of Harm

The following are some of the specific kinds of harmful effects that we are concerned could flow from this merger.

1. Fewer Flights, Fewer Choices

Historically, we have not seen a merger among major carriers that has not led to reductions in service. In fact, the primary business motivation driving an airline merger, aside from the prospect of increased profits from reduced competitive pressure, would seem to be the elimination of what become unprofitable redundancies after the merger, but are competitive niches before the merger, when the two carriers are still competing against each other.

After American acquired TWA's assets in 2001, for example, the merged airline's daily departures out of TWA's former hub in St. Louis plunged from nearly 500 down to just 36 – undoubtedly helping add to the merged airline's profits, but at the expense of a drastic reduction in flying choices for consumers, and a diminished convenience as a business home or destination of the city once celebrated as the Gateway to the West. This pattern has been repeated at other former hubs downsized by mergers: America West's former hub in Las Vegas, Delta's former hub in Cincinnati, and Continental's former hub in Cleveland.

Similarly, with this merger we could see fewer flights and fewer non-stop routes, as well as more mainline jet service replaced by outsourced regional jets. Comparing the route maps of American and US Airways raises obvious questions: Would the merged carrier sustain present levels of service at the US Airways hub in Phoenix, so close to American's hubs in Dallas and Los Angeles? How can the US Airways hub in Philadelphia co-exist at current service levels adjacent to American's hub at New York's JFK? Will it ultimately make business sense to downsize the US Airways hub in Charlotte, when there is an American hub in Miami? Consolidating hubs and routes and flights may make perfect sense from the merged airline's perspective, but it comes at a high cost to consumers and communities.

2. Higher Fares

We could also expect the merger, where it reduces competition, to result in higher fares, with fewer promotional fare sales, and fewer rebellions

against fare increses and new fees. As the Government Accountability Office put it in a July 2008 report on airline mergers, "Mergers and acquisitions can also be used to generate greater revenues through increased market share and fares on some routes."[3] Again, good for airline profits, but not so good for airline consumers.

3. Lower Quality of Service

The more concentrated the airline industry becomes, the less incentive the airlines have to compete in areas such as comfort, on-time flight performance, baggage handling, and conflict resolution. Compounding this reduced incentive, the synergies that the merging airlines so confidently predict often fail to fully materialize. Merging firms are prone to underestimate the difficulty of merging two workforces that have been operating under two distinct corporate cultures. Here, blending these two workforces, who are still adjusting to previous mergers their respective employers undertook not so long ago, could be especially challenging.

Indeed, American Airlines's parent company, AMR Corporation, in a filing with the U.S. Securities and Exchange Commission last month, cautioned that it "may be unable to integrate AMR's and US Airways' businesses successfully and realize the anticipated benefits of the Merger."[4]

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[3] "Potential Mergers and Acquisitions Driven by Financial and Competitive Pressures," GAO-08-845, July 31, 2008.

[4] American Airlines Inc. Form 10-K, File Number 1-2691, Feb. 20, 2013: (phx.corporate-ir.net/phoenix.zhtml?c=117098&p=irol-secText&TEXT=aHR0cDovL2FwaS50ZW5rd2l6YXJkLmNvbS9maWxpbmcueG1sP2lwYWdlPTg3NDA1ODYmRFNFUT0xJlNFUT0mU1FERVNDPVNFQ1RJT05fQk9EWSZleHA9).

4. Devalued Frequent Flyer Benefits

Among the places where we could expect quality of service to suffer is in the frequent flyer programs. The airlines originally referred to these as "loyalty programs." But as competition among airlines decreases, so does the need for them to worry about customer loyalty. In the midst of the growing consolidation in recent years, airlines have rewritten their frequent flyer program rules to lower the currency value of miles traveled, to put expiration dates on accumulated miles, and to add redemption fees.

For members of American's AAdvantage and US Airways's Dividend Miles programs, the merger will not only mean less competition; it will also mean an increased pool of frequent flyers with fewer open seats and upgrades to go around.

5. More Formidable Barriers to Entry

As the DOT has noted, in what it has termed the "Southwest Effect," Southwest and other low-cost carriers have provided a vital service to consumers by entering the market in dozens of American cities, increasing competition and reducing fares. But an industry comprising only a "Big Three" oligopoly operating out of fortress hubs will make it much more difficult for new low-cost airlines to get a foothold to compete effectively.

6. A "Too Big to Fail" Industry

As the airline industry becomes ever more concentrated, the failure of any of the major carriers becomes ever more unthinkable, a threat to the economy and security of the country, heightening the prospect of full-scale government intervention in the event of a bankruptcy filing, labor action, or Federal Aviation Administration grounding that might disrupt the carrier.

Needed: A Careful and Thorough Antitrust Investigation

In light of the potential for this merger to do significant harm to consumers, workers, communities, and the economy, Consumers Union urges the Justice Department's Antitrust Division to conduct a most careful and thorough investigation, and we urge this Subcommittee to encourage and support such an investigation.

The two airlines are undoubtedly looking at this merger in terms of opportunities to increase profits. That is only natural, and to be expected.

But this merger needs to be investigated in terms of how it would change the competitive structure of the market, and how that might change the incentives for how airlines look to increase profits. Will those profit-making incentives naturally coincide with more flights, more convenient routes, lower fares, and better service, all hallmarks of a healthy marketplace where competition reigns? Or will those incentives begin to coincide with fewer flights, consolidated routes, higher fares, and reductions in service

quality, symptoms of an unhealthy marketplace where there is a shortage of competition?

Solemn promises by merging airlines that they will maintain routes or flights or service, or will keep fares low, need to be greeted with some skepticism. For one thing, you can look at what has happened in the wake of previous airline mergers. But even aside from the lessons of history, it is simply not realistic to expect an airline, or any business, to maintain service that does not add to its profits.

And that is why a proper merger evaluation under the antitrust laws needs to examine what would happen to the structure of the market – to examine where the healthy incentives for competition would be supported by the new market structure, and where those healthy incentives could be undermined by the new market structure. That examination involves not only looking at which airlines compete on which routes now, and who will be competing where on the day after the merger, but also looking at what the merger does to the options for these two airlines, and all the others, to increase profits by adjusting where and how much they compete.

We are depending on the Justice Department to undertake this kind of thorough evaluation of how this proposed merger will affect the market structure and the incentives to compete. Furthermore, the merger needs to be examined against the backdrop of the cumulative consolidation that has already occurred and the harm left in its wake, and with due regard for the important dynamic and macro effects of adding yet one more mega-merger into the mix.

Certainly, the Department's customary market-by-market scrutiny is critical to identifying specific city-to-city routes that are likely to suffer an immediate reduction in competitive choice for travelers. But isolated market-by-market divestitures, even assuming they can succeed in the short term in keeping viable competition in the specific routes, which is by no means a given, do not in our view adequately take into account the larger anticompetitive dynamics that come into play as the number of competing airline networks is reduced below a critical threshold, and choices for consumers are squeezed out of the market in the name of corporate efficiency.

The individual trees are important, but they cannot thrive in the absence of a healthy forest.

An appropriately thorough investigation will go far beyond just a snapshot look at the hubs, routes, and flights directly in play. It will also consider whether this level of consolidation is changing the structure of the market in broader, more fundamental, perhaps more subtle and insidious ways that undermine the prospects for a competition-based future for the airline industry.

The Need for Public Accountability

The stakes are so high, and the indicators of possible harm to consumers, communities, and the economy so unmistakable, that the Justice Department needs to be clear at the end of its investigation, not only in its

conclusions regarding this merger, but in its justification for whatever conclusions it reaches. We do not here prejudge the Department's investigation. We do ask that, when the investigation is completed, the Department explain its conclusions in a way that gives confidence to all Americans – consumers as well as antitrust experts – that those conclusions are based soundly on a thorough review of all the ways the merger could impact competition.

That could come in the form of the documents and evidence filed in a case challenging the merger, in the competitive impact statement filed with a consent decree, or in a detailed closing statement that explains why the Department has seen fit to close the investigation without the need for an enforcement action.

Again, we do not pre-judge the Justice Department's ongoing investigation, but we hope we have made clear why we are concerned. This merger has many signs of potential for substantial harm to competition and consumers. At the completion of the Department's investigation, whatever the result, we want there to be no room for doubt that we are being fully protected under the law.

Conclusion

Thank you for calling this hearing on an issue of great importance to consumers. I would be happy to answer any of your questions.

QUESTIONS SUBMITTED TO DOUGLAS PARKER BY SENATOR KLOBUCHAR

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Doug Parker

1. At the hearing, you said that US Airways does not fly to Rochester, Minnesota, but that "together you will." What do you mean by that? American currently flies from Rochester to Chicago. Do you expect that the "New American" will expand service in Rochester? For example, will you begin to serve new destinations that are currently only in the US Airways network?

2. According to a USA Today report on February 22, 2013, there were seven major price increases in 2012. More recently, 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.

    a. If this merger is approved, can we expect more rate increases like that where each airline follows in short order? If not, why not?
    b. In your merger negotiations, did you discuss fare increases, reduction of service, or the elimination or cut back of routes or hubs?

3. You have said that you have no plans to close any hubs as a result of this merger. Similar promises have been made in the context of airline mergers and those have been broken. For example, American dropped TWA's St. Louis hub, costing hundreds of high-quality jobs and hundreds of flights. Similarly, formerly strong hubs such as Cincinnati have faced declining service since the Delta/Northwest merger and Houston following the United/Continental merger. Currently, the combined airline would have five hubs on the eastern seaboard. At the hearing, you reiterated your commitment to keep all of your hubs open. How long do you commit to keep all of your existing hubs open? What portion of estimated cost savings do you expect to come from rationalization of your network, including reductions in hub operations and service?

4. In your testimony, you emphasized the fierce competition you face from low cost carriers (LCCs). In which hub to hub markets between the legacy carriers might you anticipate entry by LCCs? How about excluding Southwest?

5. The DOJ and GAO have both noted that "slot hoarding" and "babysitting" at slot controlled airports is a problem and a barrier to entry for new entrant airlines. If the merger is approved, would the new American plan to change the way it operated slots at

slot controlled airports to be more efficient? For example, replacing multiple regional jets flights per day to a single destination with fewer large jet flights?

6. Mr. Parker, in January, US Airways reported strong quarterly numbers today, and marked its 7th consecutive profitable quarter. Topping not only Wall Street expectations, but the profits of United and Southwest. You say you need this merger to be a competitive airline. Do you believe that your company can compete on a standalone basis?

QUESTIONS SUBMITTED TO THOMAS HORTON BY SENATOR KLOBUCHAR

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Horton

1. Mr. Horton, you have long insisted that American would emerge from bankruptcy as a stronger, independent carrier. What changed your mind from competing on a standalone basis to a merger with US Airways?

2. In July 2012, you wrote a letter to your employees that said, "...last year, I approached my counterparts at other airlines about the merits of possible combinations." What other possible combinations were you considering and why did you choose to merge with US Airways?

3. Three years ago, when United and Continental merged, they made similar arguments in favor of their merger as you are today. They also said the merger would create an airline that could offer good-paying careers. So it was surprising when in January, the CEO announced another 600 job cuts, on top of several hundred made following the merger, citing a fourth quarter net loss of $620 million. You have a bright outlook on the future, as you should, but we cannot help but question whether the benefits will be realized or whether job cuts and more financial trouble – perhaps another merger – might be on the way. Especially, given the fact that the new American would have nearly 20,000 more employees than United. What's your response?

4. The latest American Customer Satisfaction Index gives American a score of 63 out of 100 for service and US Airways one point higher at 64. And, according to government statistics, both companies also receive a higher-than-average number of customer complaints. Often, the bigger a company gets, the more difficult it is to improve service. Can consumers expect these numbers to improve? And if so, how will you do that?

5. What are American's plans for American Eagle if the merger is approved and how could that affect regional service?

QUESTIONS SUBMITTED TO DIANA L. MOSS BY SENATOR KLOBUCHAR

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Dr. Diana Moss

1. According to a USA Today report on February 22, 2013, there were seven major price increases in 2012. More recently, 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. Will increased consolidation make it easier for airlines to tacitly coordinate price increases like that?

2. At the hearing, Mr. Parker said that barriers to entry into the airline industry are low, but that entrepreneurs weren't entering the market because it is so fiercely competitive. What's your response? How would the DOJ interpret that in its antitrust analysis?

3. Do you believe that the DOJ should look beyond simply overlapping non-stop routes as part of their antitrust analysis?

QUESTIONS SUBMITTED TO WILLIAM J. MCGEE BY SENATOR KLOBUCHAR

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For William McGee

1. In Mr. Parker and Mr. Horton's testimony, they talk about the strong competition you get from low cost carriers. However, Topaz International, a consulting company, did a study on low cost carriers that examined 100 major domestic city pairs. Topaz found that QUOTE "competing airlines were lower than Southwest Airlines over 60 percent of the time." What do you make of that study? Is Southwest still able to discipline the large network carriers to keep prices low?

2. Competition forces companies to take new steps to attract customers. In the airline industry, some airlines offer more leg room, Southwest offers first-come first-served seating and free checked bags, and Jet Blue provides each passenger with a personal television that receives DirecTV. However, as the industry becomes more concentrated, what incentive will there be for airlines to take steps to set themselves apart from the competition, if any competition exists at all. What affect will this merger in particular have on innovation in the airline industry?

3. Some critics of airline consolidation argue that mergers between the large legacy carriers make it very hard for smaller carriers to compete, especially for business customers. What is your view?

QUESTIONS SUBMITTED TO DOUGLAS PARKER BY SENATOR LEE

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Questions for Douglas Parker, CEO, USAirways

1. Critics have expressed concerns about US Airways operations out of Reagan National Airport. They allege that your airline, which controls a large share of the available slots, often uses smaller regional aircraft to constraining output and raise prices. Some worry that this merger would make things even worse at Reagan National.

    a. How do you respond to this concern and what are you prepared to do to ensure that your dominant position at Reagan will not serve to artificially constrain output?

2. In your written testimony, you assert that the merger will result in a renewed commitment to serve small and medium sized communities. Some critics contend that past mergers have led to decreases in service from certain hubs. For example, after the merger between American and TWA, the hub in St. Louis apparently experienced a reduction in service. It would seem natural that a transaction of this size and nature would lead to changes in route structure and the emphasis the combined company places on certain geographies.

    a. Do you anticipate this merger affecting service from any of your hub cities?

    b. What would you say to those who are concerned that the merger will adversely affect service in their region due to changes brought about by the merger?

3. In past airline mergers, the Department of Justice has focused attention on how the transaction would affect individual routes, seeking to ensure that a single airline does not have monopoly power over specific city-to-city routes, able to raise prices without competitive constraints. But increased concentration may also pose more general barriers to entry. For example, some worry that a few larger airlines with extensive route networks exercise dominance in the market for high-volume corporate contracts. The market for such contracts is already dominated by only a few carriers, and some worry that this merger will exacerbate that situation.

    a. How do you think this merger will affect the market for business contracts?

4. In analyzing a proposed transaction's effect on consumer welfare, we sometimes look to see if the market includes a maverick—whether one or more companies serve to discipline the market by offering low prices or providing innovative services to consumers. Within the airline industry, low-cost carriers have often served the role of mavericks. For example, Southwest has

traditionally been considered a maverick. But some contend that the airline industry is no longer served by any significant mavericks and that it is instead mostly characterized by large businesses with similar offerings.

a. In your view, does USAirways function in some ways as a maverick?

b. After this merger, will there be any remaining mavericks in the airline industry?

5. In response to concerns about competition, proponents of the merger have suggested that the transaction will have important pro-competitive effects. They argue that the combination of the routes currently held by American and USAir will create a strong domestic carrier able to compete with Delta, United, and Southwest. They also point to pro-competitive effects with respect to international flights.

   a. How specifically do you believe this merger benefits competition—both domestically and internationally?

6. Past mergers have resulted in inconveniences for travelers as the merging airlines had difficultly combining technologies, resulting in disruptions to ticketing and other electronic operations. The same is often true of challenges in combining workforces and reconciling divergent corporate cultures. Merging firms generally are confident they can combine without undue hardship, but often underestimate these disruptions. Some have expressed concern that the costs associated with this merger will offset and interfere with many of the claimed efficiencies.

   a. How can we be assured that this merger is different from past consolidations that encountered difficulty in integrating operations?

   b. What safeguards are in place to ensure that this merger does not share the fate of other recent mergers and impose costs and inconveniences on consumers?

7. A number of my constituents have highlighted the injustice that occurred in 2001 when the Association of Professional Flight Attendants (APFA) stripped 4,100 former TWA flight attendants of their earned date-of-hire seniority from TWA after an airline merger.

   a. What will you do in your capacity as CEO of the post-merger American Airlines to help ensure that all flight attendants who have lost such seniority as a result of airline consolidation are restored to a seniority status on a basis no less favorable than the USAirways and American Airlines flight attendants will receive?

QUESTIONS SUBMITTED TO THOMAS HORTON BY SENATOR LEE

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Questions for Thomas Horton, CEO, American Airlines

1. We heard testimony at the hearing expressing concerns about coordinated conduct. The theory of coordinated conduct holds that tacit collusion occurs in industries where a few dominant players control a large portion of the market. In such situations, these few competitors know what their counterparts are doing with respect to prices and service and, without ever explicitly colluding, they are able to raise prices or cut back on services in tandem.

    a. Some analysts allege that U.S. carriers already engage in coordinated conduct and that it is commonplace for all airlines in a market to raise prices soon after a competitor does so. They point to the example of baggage fees, noting that after one airline began charging such fees, most others followed suit. Some see this as evidence that the airlines tacitly collude to raise prices and harm consumers. What is your response to these allegations?

    b. How might this merger affect the likelihood of coordinated conduct in the airline industry and the potential for resulting increased prices?

2. Some critics contend that airline prices have risen significantly over the last decade and they worry that this merger will result in additional fare increases for consumers. I understand that ancillary revenue from charges like baggage fees were as high as $12 billion in 2011 for the top five US carriers alone.

    a. How do you respond to those who worry over increased ticked prices and additional fees and who fear that this merger will only contribute to the problem?

3. In the last decade, the airline industry has experienced a great deal of consolidation. If this merger is consummated, the number of legacy carriers will have decreased from six to three. This deal would also leave this country's domestic airline industry with only four carriers comprising more than 80 percent of the market. Some analysts fear that this merger is one step too far and will leave the airline industry too concentrated.

    a. In your view, how much consolidation is too much? Is there a point when antitrust officials should worry about additional airline mergers given the high level of industry concentration?

4. Some proponents of this deal have suggested that without this merger, American Airlines would not be a viable company for more than a few more years.

    a. As I understand it, the parties to this transaction are not claiming the so-called "failing firm" defense as a matter of antitrust law. Do you believe it is important for this Subcommittee to consider whether American is a viable competitor absent this merger?

5. In response to concerns about competition, proponents of the merger have suggested that the transaction will have important pro-competitive effects. They argue that the combination of the routes currently held by American and USAir will create a strong domestic carrier able to compete with Delta, United, and Southwest. They also point to pro-competitive effects with respect to international flights.

    a. How specifically do you believe this merger benefits competition—both domestically and internationally?

QUESTIONS SUBMITTED TO DIANA L. MOSS BY SENATOR LEE

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Diana L. Moss (Director and Vice President, American Antitrust Institute)

1. In analyzing a proposed transaction's effect on consumer welfare, we sometimes look to see if the market includes a maverick—whether one or more companies serve to discipline the market by offering low prices or providing innovative services to consumers. Within the airline industry, low-cost carriers have often served the role of mavericks. For example, Southwest has traditionally been considered a maverick. But some contend that the airline industry is no longer served by any significant mavericks and that it is instead mostly characterized by large businesses with similar offerings.

    a. In your view, does USAirways function in some ways as a maverick?

    b. After this merger, will there be any remaining mavericks in the airline industry?

2. Based on our discussion of this proposed merger at the hearing, are there factors beyond the usual route-to-route analysis that you believe are particularly important for DOJ to consider in its review of this transaction?

QUESTIONS SUBMITTED TO WILLIAM J. MCGEE BY SENATOR LEE

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

William McGee (Consultant, Consumers Union (New York, NY))

1. Mr. McGee, in your testimony you note a number of harmful effects that could occur if the airline industry lacked robust competition. You note that lack of competition might result in fewer options for travelers, higher prices, and lower quality service. But it seems to me that all of these concerns assume that this merger is anticompetitive.

    a. Would you concede that the issues you have raised will not materialize if this transaction is in actuality not anticompetitive or turns out to be procompetitive in nature?

    b. Have you done a rigorous economic analysis of this transaction and do you have any data to suggest that this transaction will violate our antitrust laws?

    c. Without such analysis of this transaction, do you remain confident criticizing it as harmful to consumers?

2. In December of last year, consultants at PWC published an empirical study in which they concluded that criticism of past airline mergers may be unwarranted. Their study found that nationwide fares have risen only very modestly in recent years. The authors write: it "seem[s] clear that the four mega-mergers over the last seven years have not caused US domestic passengers to experience dramatically higher airfares or drastically reduced competition on most routes."[1]

    a. In your testimony, you argue that recent airline mergers have in fact resulted in higher prices and less service. What data or evidence do you have to support this assertion?

3. Some have expressed concern about the dominant position that the merged entity would have at Reagan National Airport. As I understand it, there are several airports throughout the country in which a single airline has a significant share of the market.

    a. Do you have concerns about the effect of this merger on any specific airports, and if so, which ones?

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[1] Aviation Perspectives, PWC, at 6 (Dec. 2012).

b. Do your concerns apply to all airports in which a single airline holds a significant share of the market, and if not, what is different about the airports in which the merged entity would have a dominant position?

QUESTIONS SUBMITTED TO THOMAS HORTON BY SENATOR BLUMENTHAL

Questions for the Record: The American Airlines / US Airways Merger

For Mr. Horton from Senator Blumenthal

Fares

As the witnesses noted, the overlap in exact routes is not large, but competition for direct flights between several major cities would decrease in the wake of the merger.

Mr Horton, as you noted in the hearing, "...airlines are a network business, as you know. So even where we don't have a direct overlap, of course we're competing via connections over hubs."

Mr Parker you similarly noted, "We absolutely are competitors today. We compete vigorously against each other. But we have two route networks that independently aren't as capable of competing against the larger carriers as we will be together. So I think by putting us together we create a stronger competitor to the rest of the industry."

After this merger four major airlines would control 70 percent of the US market.

- **Mr Horton, what assurances to travelers have that the prices for direct flights won't significantly increase as a result of the decreased competition after this merger?**

Pensions

I have heard from retired American Airlines employees in Connecticut who are concerned their pensions and benefits will be cut as a result of American's bankruptcy. Some of these retirees are in their 70's and 80's, and the health benefits package is their only medical coverage. I feel strongly that retirees should not be exposed to undue financial hardship.

- **Mr Horton, what is American Airlines doing to address the concerns of employees that retired prior to November 2012?**
- **Mr Horton, how does this merger impact the ability of American Airlines to fulfill its obligations to its retired workers?**

QUESTIONS SUBMITTED TO DIANA L. MOSS BY SENATOR BLUMENTHAL

Questions for the Record: The American Airlines / US Airways Merger

For Dr. Moss from Senator Blumenthal

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After this merger four major airlines would control 70 percent of the US market.

- **Dr Moss, can you please report what AAI has found with regard to the city-pairs that will be most impacted by this merger? What has your analysis of price comparisons of high and low fares on the top routes found? Can low-cost carriers provide the necessary competitive discipline to keep prices in check?**

QUESTIONS SUBMITTED TO DOUGLAS PARKER BY SENATOR BLUMENTHAL

Questions for the Record: The American Airlines / US Airways Merger

For Mr. Parker from Senator Blumenthal

Fares

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- **Mr Parker, how does this merger impact the ability of American Airlines to fulfill its obligations to its retired workers?**
- **Mr Parker, what commitments have you made to current American Airlines retirees through your merger negotiations? What can retired American Airline employees expect from the New American Airlines should this merger be granted?**

RESPONSES OF THOMAS HORTON TO QUESTIONS SUBMITTED
BY SENATORS BLUMENTHAL, KLOBUCHAR, AND LEE

Questions for the Record: The American Airlines / US Airways Merger

For Mr. Horton from Senator Blumenthal

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After this merger four major airlines would control 70 percent of the US market

- Mr. Horton, what assurances to travelers have that the prices for direct flights won't significantly increase as a result of the decreased competition after this merger?

Response of Mr. Horton:

This merger will enhance, not decrease, competition. It will provide American and its customers with a domestic network comparable in size to United, Delta, and Southwest, all of which have used mergers to become better competitors. We are able to achieve this broader, more competitive network, with minimal loss of competition, because, as your question notes, this is a merger of highly complementary networks, with minimal overlap. With no carrier having more than 25% of the national domestic market, competition between these four largest carriers will remain intense. Moreover, low cost carriers, such as Spirit, Virgin America, and JetBlue, remain the fastest growing segment of the industry. History has proven that well managed low-cost-carriers (LCCs) can emerge and prosper in this industry. They are always looking for opportunities to provide better service where other carriers are reducing capacity or charging high fares. And, of course, we also are competing on global routes against powerful, aggressive, and well financed foreign carriers, such as Lufthansa, Singapore, And Emirates.

Pensions

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- Mr. Horton, what is American Airlines doing to address the concerns of employees that retired prior to November 2012?
- Mr. Horton, how does this merger impact the ability of American Airlines to fulfill its obligations to its retired workers?

Response of Mr. Horton:

We are cognizant of the contributions of our retired employees to the American Airlines brand. In that regard, I am especially proud of the fact that we have not walked away from any of our pension obligations, as others carriers did before us. These obligations are in the billions of dollars and will have to be funded from future operations. The synergies from this merger, which we estimate will be $1 billion annually by 2015, will enable us to be a more profitable airline, thereby improving our ability to meet these future obligations. It is worth noting that most of these synergies are the result of capturing more revenue and business from our competitors rather than through cost reductions. Thus, retirees are clearly among our constituencies that will benefit from this transaction.

We have filed a motion seeking to make some adjustments to retiree health care benefits, and that motion remains pending before the court. American's philosophy throughout the bankruptcy has been to work toward a common program for health and retirement benefits across all work groups, and to align the benefits available to current employees when they retire (and to those who have already retired) with those offered by other airlines and large corporations. We are in ongoing, good-faith negotiations with the official retiree committee established by the court, and we are attempting to reach an agreeable outcome for all stakeholders. Health care benefits have been a significant issue for all parties and our efforts will continue with the bankruptcy court.

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Horton

1. Mr. Horton, you have long insisted that American would emerge from bankruptcy as a stronger, independent carrier. What changed your mind from competing on a standalone basis to a merger with US Airways?

   Response of Mr. Horton:

   I am very proud of what the American team accomplished in the restructuring process to create a strong and viable independent plan, and indeed it was that plan that gave us the ability to negotiate the merger agreement with US Airways that promises to bring so many benefits to American's creditors, customers, employees, and even shareholders. That independent plan was, and remains, a viable path for American. However, the question is not whether American could emerge from its bankruptcy on its own, the question is what is the best outcome for American and its constituencies. As I explained in my comments before the committee, we went through a rigorous and disciplined process to answer the question of whether American should remain independent or merge with US Airways. The results of that review were compelling for our financial stakeholders, people and our customers. We are convinced that a merger creates a better American, one that is better positioned to serve our customers, to expand our business, and to provide our employees with more rewarding careers.

2. In July 2012, you wrote a letter to your employees that said, "...last year, I approached my counterparts at other airlines about the merits of possible combinations." What other possible combinations were you considering and why did you choose to merge with US Airways?

   Response of Mr. Horton:

   As I've stated, our analysis was rigorous, and we thought about other potential opportunities. However, none of those opportunities came close to replicating the benefits we saw from a combination with US Airways, and none resulted in any serious discussions or negotiations.

3. Three years ago, when United and Continental merged, they made similar arguments in favor of their merger as you are today. They also said the merger would create an airline that could offer good-paying careers. So it was surprising when in January, the CEO announced another 600 job cuts, on top of several hundred made following the merger,

citing a fourth quarter net loss of $620 million. You have a bright outlook on the future, as you should, but we cannot help but question whether the benefits will be realized or whether job cuts and more financial trouble – perhaps another merger – might be on the way. Especially, given the fact that the new American would have nearly 20,000 more employees than United. What's your response?

Response of Mr. Horton:

I am not in a position to comment on what United and Continental might have represented, whether the recently announced reductions at United are consistent with those representations, or whether they are related to the merger or other factors. We operate in a highly competitive industry that is exposed to many factors outside our control, so I don't think you can easily draw straight lines of causation. With regard to our planned merger, I can offer the following few points. First, we do expect employee reductions in our respective headquarters and management ranks. While we are mindful of the impact on the people of both airlines, these reductions are part of the cost synergies that we have identified and intend to capture. We would expect that those reductions would occur over time, as the integration progresses over the next several years. However, the size of the remainder of our workforce will be determined by the size of the network we plan to operate. As both Doug and I have stated, we don't expect to close hubs or stop serving the communities we serve to today. If anything, we hope and expect that the larger network will provide a broader platform for growth, should economic conditions and demand warrant it. We have affirmed American's record breaking aircraft order, and we'll need the employees to fly and service those aircraft.

4. The latest American Customer Satisfaction Index gives American a score of 63 out of 100 for service and US Airways one point higher at 64. And, according to government statistics, both companies also receive a higher-than-average number of customer complaints. Often, the bigger a company gets, the more difficult it is to improve service. Can consumers expect these numbers to improve? And if so, how will you do that?

Response of Mr. Horton:

Let me start by saying that American is not satisfied with these results, and we have been working very hard to improve them. The fact is, we have improved on many of our customer service metrics, even while we have been operating under the overhang of our restructuring process. Our on-time operating performance in the first quarter of this year was the second best quarterly performance we have had since 2003, but we know we have more work to do. The relevant question is not whether room for improvement remains, but rather what is the best path to accomplish those improvements. Our cost structure, and lack of profitability over a decade, had an impact on our ability to invest in our products and services, and the numbers you have cited reflect that fact. Our restructuring and the merger give us the best chance to achieve the financial success and security that we need to invest in customer service. If you have any doubts about our commitment to an improved customer experience, I encourage you to view one of our

new Boeing 777-300ERs. That aircraft is just one of many steps we are taking to put American back on top in customer service.

5. What are American's plans for American Eagle if the merger is approved and how could that affect regional service?

Response of Mr. Horton:

American Eagle will emerge from bankruptcy as part of the American Airlines group, and will be part of the merger with US Airways. It is well known that we have looked at other options for American Eagle, and looking at the longer term, we do not know whether American Eagle will remain part of the American Airlines Group, or will be separated to operate independently. That decision will have to be made by the newly appointed board of the merged carrier together with management. What I can say is that regional aircraft service is extremely important to our network, and that will not change. Regional aircraft and regional aircraft operators allow us to provide small and medium sized markets with access to our broader, global network. Both carriers in the merger have a long history in serving these markets through regional carriers. American Eagle, either as an affiliated company or as an independent company, will remain an important part of our regional network.

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Questions for Thomas Horton, CEO, American Airlines

1. We heard testimony at the hearing expressing concerns about coordinated conduct. The theory of coordinated conduct holds that tacit collusion occurs in industries where a few dominant players control a large portion of the market. In such situations, these few competitors know what their counterparts are doing with respect to prices and service and, without ever explicitly colluding, they are able to raise prices or cut back on services in tandem.

    a. Some analysts allege that U.S. carriers already engage in coordinated conduct and that it is commonplace for all airlines in a market to raise prices soon after a competitor does so. They point to the example of baggage fees, noting that after one airline began charging such fees, most others followed suit. Some see this as evidence that the airlines tacitly collude to raise prices and harm consumers. What is your response to these allegations?
    b. How might this merger affect the likelihood of coordinated conduct in the airline industry and the potential for resulting increased prices?

Response of Mr. Horton:

Fees are only one element of price, and competition will ensure that prices, of all types, remain competitive. Bag fees are an interesting example. Some airlines, like American and US Airways, have decided to offer customers more options by unbundling services. By unbundling bag fees, we are able to offer lower prices to those customers willing to travel without checked bags. Other customers are deciding to consume these optional services. The fact that bag and other ancillary fees are growing only means that airlines are offering more choices, not that overall prices are increasing. Indeed, I think the evidence is strongly to the contrary. Air fares, even with fees included, are a remarkable value, and air fares in real dollars have decreased over time. According to statistics published by Airlines For America, air fares, including ancillary fees, have increased by 20% from 2000 to 3Q 2012. During that same period, the Consumer Price Index rose 33%. Thus, adjusting for inflation, fares, inclusive of fees, have declined by over 10%. Even more remarkably, during that same period the spot price for fuel – which is our single largest component of costs – rose 260%.

As illustrative of a highly competitive market, other carriers are making different choices from those made by American. Southwest, the nation's largest domestic carrier, does not

charge for bags and has made this a major point of differentiation in virtually all of its marketing. Spirit, the other hand, is a low cost airline, which now charges even for carry-on bags. By charging these and other fees, Spirit is able to offer ultra-low fares, and it has proven to be a strong and fast growing competitor, often at the hubs of some of the largest carriers. Even among network carriers, like Delta, American, and United, there are differences in fees charged in various markets, different approaches to exempting customers from paying such fees, and, most recently, in new pricing models pioneered by American that re-bundle pricing by packaging different services together. These different models and customer options provide evidence of a strong and dynamic market for consumers.

While it is true that carriers tend to match each other's prices, that matching only shows that the airline industry is highly competitive and that no carrier can afford to be at a consistent competitive disadvantage by charging uncompetitive high prices. For reasons I explained at the hearing, the airline industry will remain highly competitive, both among the four largest carriers, as well as with the strong and growing group of well managed smaller carriers, such as Alaska, JetBlue, Virgin America, Spirit, and Allegiant. We do not believe this merger will lead to coordinated activity or higher prices. Indeed, all of our analyses of this merger have assumed no price increases. We expect to win by capturing higher share and creating more travel options, not by charging customers more.

2. Some critics contend that airline prices have risen significantly over the last decade and they worry that this merger will result in additional fare increases for consumers. I understand that ancillary revenue from charges like baggage fees were as high as $12 billion in 2011 for the top five US carriers alone.

    a. How do you respond to those who worry over increased ticked prices and additional fees and who fear that this merger will only contribute to the problem?

    See response to question 1.

3. In the last decade, the airline industry has experienced a great deal of consolidation. If this merger is consummated, the number of legacy carriers will have decreased from six to three. This deal would also leave this country's domestic airline industry with only four carriers comprising more than 80 percent of the market. Some analysts fear that this merger is one step too far and will leave the airline industry too concentrated.

a. In your view, how much consolidation is too much? Is there a point when antitrust officials should worry about additional airline mergers given the high level of industry concentration?

Response of Mr. Horton:

I would expect that each merger would be evaluated on its own merits, and as airlines become larger through mergers or otherwise, it will become more difficult to put together complementary networks, like we have here. This merger creates all the benefits of a significantly expanded network, with minimal loss of competition.

4. Some proponents of this deal have suggested that without this merger, American Airlines would not be a viable company for more than a few more years.

a. As I understand it, the parties to this transaction are not claiming the so-called "failing firm" defense as a matter of antitrust law. Do you believe it is important for this Subcommittee to consider whether American is a viable competitor absent this merger?

Response of Mr. Horton:

We are not claiming that American is a failing firm for purposes of merger analysis. In fact, the new American is emerging as a strong, profitable, and vibrant competitor.

5. In response to concerns about competition, proponents of the merger have suggested that the transaction will have important pro-competitive effects. They argue that the combination of the routes currently held by American and USAir will create a strong domestic carrier able to compete with Delta, United, and Southwest. They also point to pro-competitive effects with respect to international flights.

a. How specifically do you believe this merger benefits competition -both domestically and internationally?

Response of Mr. Horton:

The merger has many procompetitive benefits including: (1) creating a larger network of online services that will connect more people to more places, and at the times they want to travel; (2) allowing American and US Airways to identify and capture cost synergies, leading to more affordable prices; (3) increasing the size and the scope of the **one**world alliance, resulting in three roughly comparably sized and highly competitive global alliances; (4) creating more options for frequent flyers to earn and use miles; (5) placing American on a stronger financial footing, thereby increasing its ability to grow and invest in the type of service and product exemplified by our new 777-300s; and (6) adding US

Airways' European and Middle Eastern services to the scope of American's international services, and giving our alliance partner customers access to an expanded network on which to fly, earn, and redeem frequent flyer miles. For more details concerning the potential consumer benefits, I would reiterate Doug Parker's and my comments before the Committee, in which we described the opportunities to create better travel options, as well as our vision of creating an airline that is both more profitable and better able to serve its customers.

RESPONSES OF WILLIAM J. MCGEE TO QUESTIONS SUBMITTED BY SENATORS KLOBUCHAR AND LEE

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For William McGee

1. **In Mr. Parker and Mr. Horton's testimony, they talk about the strong competition you get from low cost carriers. However, Topaz International, a consulting company, did a study on low cost carriers that examined 100 major domestic city pairs. Topaz found that QUOTE "competing airlines were lower than Southwest Airlines over 60 percent of the time." What do you make of that study? Is Southwest still able to discipline the large network carriers to keep prices low?**

   RESPONSE: Topaz International is not alone in noting that the presence of the domestic airline industry's largest low-cost carrier – Southwest – in any given market is no longer an automatic guarantee of lower fares. Several analysts have noted that as Southwest's pricing structure has become more complex – particularly after the introduction of Business Select fares in 2007 – its prices have risen as well. The American Antitrust Institute has also noted that the "Southwest Effect" (first so named by the U.S. Department of Transportation in 1993) has not been as strong in recent years.

   It remains true, as reflected in the quarterly DOT Domestic Airline Consumer Airfare Reports, that fares typically drop on routes also served by low-cost carriers, and typically rise on routes served only by legacy airlines such as American and US Airways. But unfortunately, that effect has been diminishing as concentration has increased.

2. **Competition forces companies to take new steps to attract customers. In the airline industry, some airlines offer more leg room, Southwest offers first-come first-served seating and free checked bags, and Jet Blue provides each passenger with a personal television that receives DirecTV. However, as the industry becomes more concentrated, what incentive will there be for airlines to take steps to set themselves apart from the competition, if any competition exists at all. What affect will this merger in particular have on innovation in the airline industry?**

   RESPONSE: Consumers Union believes that growing concentration in the airline industry has indeed reduced incentives to innovate, and is concerned that another merger, further increasing concentration, will further reduce those incentives. The innovations you mention – and others introduced over the years such as premium classes, airport lounges, frequent flyer programs, and in-flight entertainment and technological products – have generally been created and introduced by one carrier initially, in an environment of spirited competition, and then adopted by others. Our concern is not just that we will now have one less innovator; it's also that we will see less of that spirited competition.

3. **Some critics of airline consolidation argue that mergers between the large legacy carriers make it very hard for smaller carriers to compete, especially for business customers. What is your view?**

RESPONSE: Business travelers are like other travelers in most respects. One important respect in which they are different is that a business of any significant size may do enough traveling to make it worthwhile to negotiate for lower bulk-rate fares. The more airlines that the business can negotiate with, the more incentive the airlines have to offer better bulk-rate deals. It is generally the major airlines who have flights on enough routes to make bulk-deal offers attractive. But if there are smaller airlines whose route maps are a good fit for the business seeking to get a bulk discount, those airlines could be a factor, too.

The principal way the merger could make it harder for business travelers to get the benefits of competition from smaller airlines is the same way that it could make it harder for travelers in general to do so. The major legacy network carriers aggressively protect their fortress hubs. One industry analyst has likened them to "badgers in their lairs." They have shrewdly employed such tools as biased reservations systems, proprietary travel agency agreements, frequent flyer promotions, corporate discounts, and many other methods to capture and retain passenger traffic at their hubs.

When there is robust competition among major carriers at a hub – harder to find these days – it is more difficult for any of them to effectively attack a low-cost carrier. For one thing, in that situation the low-cost carrier is just an additional source of competitive pressure the majors are already bringing. For another, for an attack to have the desired result, it would have to be coordinated among the majors, which would likely violate the antitrust laws. In contrast, when there is less competition among the majors, and especially in markets where there are only one or two majors, the low-cost airline is an easier target, the payoff for attacking is greater, and there is less need for coordinated conduct.

As the airline industry becomes more concentrated, it becomes easier for the remaining majors to limit the competitive effectiveness of smaller airlines and new entrants. That in turn makes it more difficult for smaller airlines to obtain the financing they need to expand into new markets. And the result is less choice for business and recreational travelers alike.

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger:
Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

William McGee (Consultant, Consumers Union (New York, NY))

1. Mr. McGee, in your testimony you note a number of harmful effects that could occur if the airline industry lacked robust competition. You note that lack of competition might result in fewer options for travelers, higher prices, and lower quality service. But it seems to me that all of these concerns assume that this merger is anticompetitive.

> **a. Would you concede that the issues you have raised will not materialize if this transaction is in actuality not anticompetitive or turns out to be procompetitive in nature?**
>
> **b. Have you done a rigorous economic analysis of this transaction and do you have any data to suggest that this transaction will violate our antitrust laws?**
>
> **c. Without such analysis of this transaction, do you remain confident criticizing it as harmful to consumers?**

RESPONSE: We were careful in our testimony to make clear that we were not presuming to prejudge the merger's effects on competition or its legality under the antitrust laws. The Justice Department's Antitrust Division will be in the best position to assess the merger, once it has completed a thorough investigation.

Nonetheless, this merger has many hallmarks that give us concern that it could significantly harm competition and consumers. Our concerns are informed by having examined the publicly-available analyses of this merger prepared by the American Antitrust Institute and by the merging airlines, as well as by having examined the route footprints of these two airlines and other airlines ourselves. Moreover, we have been following developments in the airline industry for many, many years, both as consumer advocates and as publishers of Consumer Reports. Over the years, our readers have shared with us their the frustrations they have experienced first-hand with choice reductions, fare increases, and service degradations that have come in the aftermath of previous mergers among the major airlines. And this merger, as it comes on top of a series of mega-mergers in the domestic airline industry since 2001, could be particularly harmful.

What Consumers Union is asking for is not necessarily that the Antitrust Division challenge the merger in court, but that they undertake a thorough and rigorous investigation, and that this Subcommittee fully encourage and support such an investigation. We would hope the investigation would be more than just a piecemeal look at specific routes directly affected. We would hope that it would also include a close look at the broader macro effects on competition

that could result from further concentrating the market – going from four major national network airlines down to three, for the first time in aviation history, since national airline passenger service first became fully established in the 1920s. We believe it is important to look at all the effects the merger could have on healthy market incentives to keep fares low and service quality high. The Antitrust Division's lawyers and economists are well-equipped to undertake this kind of rigorous investigation.

The airlines should have a full opportunity to present their side of things to the Division's investigators – as should everyone else. The airlines' incentives for merging are to gain greater strength in the marketplace. That may or may not be good for competition and consumers. In a marketplace as concentrated as this one, gaining that greater strength often comes at the expense of competition.

Once the investigation is concluded, and all the facts are in, and the rigorous analysis is completed, we would hope the Antitrust Division would take whatever enforcement action is warranted, which could mean challenging the merger, if their analysis shows that it will harm competition and consumers, and if the airlines are unwilling or unable to change the merger so that it won't cause that harm.

Finally, whatever action the Division takes, we ask for a full public accounting that would satisfy the public that our interests in keeping competition alive and well in the airline industry have been fully protected.

2. In December of last year, consultants at PWC published an empirical study in which they concluded that criticism of past airline mergers may be unwarranted. Their study found that nationwide fares have risen only very modestly in recent years. The authors write: it "seem[s] clear that the four mega-mergers over the last seven years have not caused US domestic passengers to experience dramatically higher airfares or drastically reduced competition on most routes." [Aviation Perspectives, PWC, at 6 (Dec. 2012).]

> **a. In your testimony, you argue that recent airline mergers have in fact resulted in higher prices and less service. What data or evidence do you have to support this assertion?**

RESPONSE: The Price Waterhouse paper to which you refer looks back at average changes in fares, and average changes in market concentration. We believe it is important to look back at fare changes on routes where the two merging airlines used to compete with each other before the merger, and perhaps to compare those fare changes to a baseline of average changes in fares over that same period.

For example, the American Antitrust Institute's August 2012 white paper, http://www.antitrustinstitute.org/~antitrust/sites/default/files/AA1_BTC_USAir-AA_White%20Paper_8-7.pdf, made this kind of comparison regarding hub-to-hub routes affected by the Delta-Northwest and United-Continental mergers. An article I wrote for USA Today in February, www.usatoday.com/story/travel/columnist/mcgee/2013/02/27/american-us-airways-merger-fares-rise-bill-mcgee/1949625, made this kind of comparison for routes affected

by those two mergers as well as the America West-US Airways merger. Both examinations found significant increases in fare levels. This is the kind of focus the Antitrust Division is likely to take, as a starting point.

As the airline industry becomes more concentrated, there is also greater potential for anticompetitive effects that go beyond this route-by-route focus, as market structure changes on a nationwide scope. We are concerned we may be reaching that critical tipping point with this merger. So we do urge the Antitrust Division to look beyond just the pinpointed route-by-route effects, to also assess the larger macro picture.

3. Some have expressed concern about the dominant position that the merged entity would have at Reagan National Airport. As I understand it, there are several airports throughout the country in which a single airline has a significant share of the market.

> **a. Do you have concerns about the effect of this merger on any specific airports, and if so, which ones?**
>
> **b. Do your concerns apply to all airports in which a single airline holds a significant share of the market, and if not, what is different about the airports in which the merged entity would have a dominant position?**

RESPONSE: We have two distinct kinds of concerns regarding the merger's potential harmful effects on particular airports.

The first kind of concern is the reduction in competition on routes to and from the airport that both of the merging airlines provide service to before the merger. After the merger, all of the airlines serving one of those routes have one fewer competitor to worry about. If the elimination of one carrier is enough to reduce competitive pressure, the tendency will be for fares to increase.

Related to that is the potential for the merged airline to find after the merger that it is offering more service on a route than the amount of service that maximizes its profits. Service options that before the merger helped keep the two competing airlines attractive to consumers, after the merger become surplus capacity that is no longer needed. For the merged airline, eliminating that surplus capacity now makes business sense. But it didn't make business sense before the merger. And for consumers, eliminating that capacity can reduce choices and lead to increased fares.

The fewer airlines remain on the particular route after the merger, and the greater their combined market share, the more likely that the reduction in competitors will translate into a harmful reduction in competition. One airport with numerous routes we are concerned could be harmed in this way by the merger is Reagan Washington National Airport, where the combined operations of American Airlines and US Airways would control nearly 70% of the slots. At this high a level of market share, an airline could also gain monopoly power, the ability to single-handedly dictate terms by using its dominance to undermine efforts by other airlines to compete effectively.

Any of this would be unacceptable anywhere, but particularly at one of our nation's busiest airports.

The second kind of concern is the potential that, where the two merging airlines now have two hubs in fairly close proximity, the merged airline will decide that one hub is enough and is cheaper. That's another situation where what made business sense for the two separate airlines before the merger, as a way for them to each have their own strong networks, is transformed by the merger into duplication that cuts into profits. In this situation, the result could be, instead of a reduction in the number of flights and an increase in fares, the dramatic downgrading or entire elimination of a hub. That can have devastating effects on the abandoned hub city's local economy and on passengers who travel to and from it.

We saw that with TWA's former hub in St. Louis; with America West's former hub in Las Vegas; with Delta's former hub in Cincinnati; and with Continental's former hub in Cleveland, for example. With this merger, there are nine major hubs in the two separate airlines, with many pairs in close enough proximity that significant downgrading or even abandonment of one of them is not far-fetched.

RESPONSES OF DIANA L. MOSS TO QUESTIONS SUBMITTED BY SENATORS BLUMENTHAL, KLOBUCHAR, AND LEE

Questions for the Record: The American Airlines / US Airways Merger

For Dr. Moss from Senator Blumenthal

Fares

As the witnesses noted, the overlap in exact routes is not large, but competition for direct flights between several major cities would decrease in the wake of the merger.

Mr Horton noted in the hearing, "...airlines are a network business, as you know. So even where we don't have a direct overlap, of course we're competing via connections over hubs."

Mr Parker similarly noted, "We absolutely are competitors today. We compete vigorously against each other. But we have two route networks that independently aren't as capable of competing against the larger carriers as we will be together. So I think by putting us together we create a stronger competitor to the rest of the industry."

After this merger four major airlines would control 70 percent of the US market.

> **Dr Moss, can you please report what AAI has found with regard to the city-pairs that will be most impacted by this merger? What has your analysis of price comparisons of high and low fares on the top routes found? Can low-cost carriers provide the necessary competitive discipline to keep prices in check?**

Based on AAI's analysis of publicly available data, there appear to be just over 20 routes that are potentially the most affected by the proposed merger of US Airways and American, i.e., where the merger would 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). In all cases (summarized in the table below), changes in market concentration and post-merger concentration exceed the thresholds specified in the Department of Justice/Federal Trade Commission HORIZONTAL MERGER GUIDELINES and would be presumed to lead to adverse competitive effects, including increases in fares, reduction in service, and loss of choice.

Post-Merger HHI	Pre- to Post-Merger Change in 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

AAI also looked at routes on which US Airways and American are the high fare and low fare carriers on top airport-pair routes. It is important to note that the high/low fare data does not show rivals (or their fares) on top routes that are not the high fare or low fare carrier. 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. The pricing data also indicate that the merging carriers are infrequently in situations where they aggressively undercut each other. 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 observation that American and US Airways are dominant players in the industry. The fact that each carrier offers both the high and low fare on a sizable proportion of routes might 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. This lends support to the possibility that 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.

Finally, the proposed merger 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 exerts any significant competitive discipline in the industry. The merger could hasten the 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.

Increasingly concentrated hubs resulting from previous legacy mergers have enhanced barriers to LCC entry. In concentrated oligopoly markets, small fringe competitors such as LCCs and regional carriers are also 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. 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. LCCs do not factor prominently on routes that could be adversely affected by a US Airways-American merger. Collectively, these factors make LCCs increasingly unreliable as a source of competitive discipline in the industry and in assuaging the concerns over adverse effects that could result from the proposed merger.

[Note: Many of the answers provided here are based on analysis contained in the AAI White Paper by Diana L. Moss and Kevin Mitchell, "The Proposed Merger of US Airways and American Airlines," (August 8, 2012), available http://www.antitrustinstitute.org/%7Eantitrust/sites/default/files/AAI_BTC_USAir-AA_White%20Paper_8-7.pdf]

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Dr. Diana Moss

1. According to a USA Today report on February 22, 2013, there were seven major price increases in 2012. More recently, 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. Will increased consolidation make it easier for airlines to tacitly coordinate price increases like that?

The AAI believes that consolidation in the airline industry could increase the possibility of anticompetitive coordination, both at the national level and in airport-pair or city-pair markets where the two carriers compete. Should the proposed merger between US Airways and American be approved, the reduction in competition would result in the "Big 4" carriers (US Airways-American, United, Delta, and Southwest) nationally. At the route-specific level where the merger would significantly increase concentration, shares on US Airways-American overlap routes are concentrated largely among a few legacy carriers. A number of factors could facilitate explicit or tacit collusion at the national and route-specific levels, including high levels of price transparency, relatively homogeneous products within fare classes, and visible cost structures. With fewer national competitors, rivals would likely find it easier to signal each other and come to tacit agreement on fares or other key variables such as capacity cutbacks, which would keep fares higher than under more competitive market conditions. The same would be true at the route level. Moreover, LCCs face the key decision in increasingly concentrated markets of whether to price aggressively or to follow the pricing and capacity strategies of the dominant legacy carriers at the hub. LCCs can price their services barely below the oligopoly "umbrella," without providing the type of sharp maverick's spur needed to discipline coordinated behavior.

At the hearing, Mr. Parker said that barriers to entry into the airline industry are low, but that entrepreneurs weren't entering the market because it is so fiercely competitive. What's your response? How would the DOJ interpret that in its antitrust analysis?

The AAI believes that in regard to the proposed merger, the relevant point is not whether a potential entrant can secure financial capital and physical capital (e.g., aircraft) to engage in "greenfield" (i.e., new) entry. Rather the relevant consideration is whether existing participants in the industry find it more difficult with higher concentration and hub dominance to access the inputs (e.g., hubs, slots, gates, etc.) needed to enter and compete on airport-pair or city-pair routes that are adversely affected by the US Airways-American merger.

2. Do you believe that the DOJ should look beyond simply overlapping non-stop routes as part of their antitrust analysis?

Yes. The AAI believes that a broader view is as important at the route-specific analysis typically performed by the DOJ, for a variety of reasons. First, the merger would combine the fourth (American) and fifth (US Airways) largest airlines nationally, making US Airways-American the largest U.S. carrier with a combined share of over 20 percent, followed by Southwest with 18 percent, United Continental with 17 percent, and Delta with 16 percent. The Big 4 would 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. With fewer competitors with national footprints, anticompetitive coordination is easier and more likely. Rivals would likely find it easier to signal each other and come to tacit agreement on key variables such as capacity cutbacks, which would keep fares higher than under more competitive market conditions. Second, the merger would facilitate 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.

Third, 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 would have a strong presence at a number of major airports on the eastern seaboard –Philadelphia (PHL), Reagan National (DCA), Charlotte (CLT), and Miami (MIA). The merging carriers would also have a presence at key Midwestern and western airports – Phoenix (PHX), Dallas Fort-Worth (DFW) and Chicago O'Hare (ORD) – that are important for providing connecting service to eastern and western 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.

Fourth, 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. Evidence from the Delta-Northwest and United-Continental mergers indicates that merged carriers have adjusted capacities on overlap routes where they are dominant to drive more traffic to large hubs, with the possible side effect of starving routes involving smaller cities. Similar fact patterns across these mergers and US Airways-American raises the possibility that smaller 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.

[Note: Many of the answers provided here are based on analysis contained in the AAI White Paper by Diana L. Moss and Kevin Mitchell, "The Proposed Merger of US Airways and American Airlines," (August

8, 2012), available http://www.antitrustinstitute.org/%7Eantitrust/sites/default/files/AAI_BTC_USAir-AA_White%20Paper_8-7.pdf]

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Diana L. Moss (Director and Vice President, American Antitrust Institute)

1. In analyzing a proposed transaction's effect on consumer welfare, we sometimes look to see if the market includes a maverick—whether one or more companies serve to discipline the market by offering low prices or providing innovative services to consumers. Within the airline industry, low-cost carriers have often served the role of mavericks. For example, Southwest has traditionally been considered a maverick. But some contend that the airline industry is no longer served by any significant mavericks and that it is instead mostly characterized by large businesses with similar offerings.

   a. In your view, does USAirways function in some ways as a maverick?

Mavericks (i.e., firms that play a disruptive role in the market, to the benefit of consumers) typically exercise competitive pressure on rivals by pricing aggressively (or resisting efforts to coordinate), or offering a new technology or business model. Pricing data show that US Airways prices similarly to other legacy carriers. The AAI White Paper analyzes and concludes that American and US Airways tend to be the high-price carriers on top routes where the other competes and neither engages in aggressive discounting. On the basis of price comparisons, US Airways does not appear to play the role of maverick in the market.

   b. After this merger, will there be any remaining mavericks in the airline industry?

It is the AAI's view that after Southwest Airlines eliminated low cost carrier maverick AirTran in their recent merger, there are no other obvious mavericks remaining in the domestic airline industry.

Based on our discussion of this proposed merger at the hearing, are there factors beyond the usual route-to-route analysis that you believe are particularly important for DOJ to consider in its review of this transaction?

Yes. The AAI believes that a broader view is as important at the route-specific analysis typically performed by the DOJ, for a variety of reasons. First, the merger would combine the fourth (American) and fifth (US Airways) largest airlines nationally, making US Airways-American the largest U.S. carrier with a combined share of over 20 percent, followed by Southwest with 18 percent, United Continental with 17 percent, and Delta with 16 percent. The Big 4 would 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. With fewer competitors with national footprints, anticompetitive coordination is easier and more likely. Rivals would likely find it easier to signal each other and come to tacit agreement on key variables such as capacity cutbacks, which would keep fares

higher than under more competitive market conditions. Second, the merger would facilitate 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.

Third, 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 would have a strong presence at a number of major airports on the eastern seaboard –Philadelphia (PHL), Reagan National (DCA), Charlotte (CLT), and Miami (MIA). The merging carriers would also have a presence at key Midwestern and western airports – Phoenix (PHX), Dallas Fort-Worth (DFW) and Chicago O'Hare (ORD) – that are important for providing connecting service to eastern and western 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.

Fourth, 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. Evidence from the Delta-Northwest and United-Continental mergers indicates that merged carriers have adjusted capacities on overlap routes where they are dominant to drive more traffic to large hubs, with the possible side effect of starving routes involving smaller cities. Similar fact patterns across these mergers and US Airways-American raises the possibility that smaller 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.

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RESPONSES OF DOUGLAS PARKER TO QUESTIONS SUBMITTED BY SENATORS BLUMENTHAL, KLOBUCHAR, AND LEE

Questions for the Record: The American Airlines / US Airways Merger

For Mr. Parker from Senator Blumenthal

Fares

As the witnesses noted, the overlap in exact routes is not large, but competition for direct flights between several major cities would decrease in the wake of the merger.

Mr Horton, as you noted in the hearing, "...airlines are a network business, as you know. So even where we don't have a direct overlap, of course we're competing via connections over hubs."

Mr Parker you similarly noted, "We absolutely are competitors today. We compete vigorously against each other. But we have two route networks that independently aren't as capable of competing against the larger carriers as we will be together. So I think by putting us together we create a stronger competitor to the rest of the industry."

After this merger four major airlines would control 70 percent of the US market.

- **Mr Parker, what assurances to travelers have that the prices for direct flights won't significantly increase as a result of the decreased competition after this merger?**

The airline industry, both domestically and internationally, is intensely competitive, with numerous companies offering different business models in the hope of appealing to consumers. The industry will remain highly competitive after the proposed merger. Although the New American Airlines will be the largest airline in the U.S., it will have less than 25 percent of domestic available seat miles and will compete against the nationwide networks of Delta, with 21 percent, and United and Southwest, each with 19 percent. Moreover, the new American Airlines will also compete against Southwest's significantly lower cost structure and a host of smaller, but fast-growing lower cost airlines, including JetBlue, Spirit, Allegiant, Frontier and Virgin America. Low cost carriers will continue to offer strong competition to the New American Airlines and the other legacy carriers. These are tough, agile competitors, providing attractive service and innovative product offerings in the most competitive markets in the United States. They can and will add new service, challenge our fare offerings, and move quickly to address whatever we offer in the marketplace. For example, Spirit has already announced that they will look at entering a number of hub-to-hub routes where the New American will operate.

Pensions

I have heard from retired American Airlines employees in Connecticut who are concerned their pensions and benefits will be cut as a result of American's bankruptcy. Some of these retirees are in their 70's and 80's, and the health benefits package is their only medical coverage. I feel strongly that retirees should not be exposed to undue financial hardship.

- **Mr Parker, how does this merger impact the ability of American Airlines to fulfill its obligations to its retired workers?**

The issue of American Airlines retiree benefits is something that is being handled in the context of the airline's bankruptcy process by the court. Once the bankruptcy process is complete, if the merger is approved the New American Airlines will comply with any rulings made by the court with regards to retiree benefits.

- **Mr Parker, what commitments have you made to current American Airlines retirees through your merger negotiations? What can retired American Airline employees expect from the New American Airlines should this merger be granted?**

US Airways has been committed to delivering on the promises that have been made to our retirees, as it relates to benefits and pensions. This commitment will continue under the New American Airlines, if the merger is approved. As far as exactly what will happen to these retirees, this is something we will only know once the bankruptcy court announces its ruling – which for the stability and financial security of these employees will hopefully come in the near future.

Follow-up Questions of Senator Klobuchar
Subcommittee on Antitrust Hearing on
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"

For Doug Parker

1. **At the hearing, you said that US Airways does not fly to Rochester, Minnesota, but that "together you will." What do you mean by that? American currently flies from Rochester to Chicago. Do you expect that the "New American" will expand service in Rochester? For example, will you begin to serve new destinations that are currently only in the US Airways network?**

   There are a number of American-only cities in the Central United States that US Airways does not serve, including Rochester, Minnesota. In those communities, it is possible that new links to US Airways' current hubs would be established. Similarly, we anticipate that larger US Airways communities in the Eastern United States could see new flights to American's hubs. Overall, our combined carrier will reach 48 cities not presently served by US Airways and 64 cities not presently served by American Airlines. This will allow us to expand and enhance service from our hub cities and across our entire network. The New American Airlines will have the most service on the East Coast and Midwest, and will become a more relevant competitor in the West. But even without these changes, customers in Rochester will have new online access to cities uniquely served by US Airways on connecting itineraries through Chicagon and one of the US Airways hubs connected to Chicago.

2. **According to a USA Today report on February 22, 2013, there were seven major price increases in 2012. More recently, 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.**

   a. **If this merger is approved, can we expect more rate increases like that where each airline follows in short order? If not, why not?**

   The airline industry, both domestically and internationally, is intensely competitive, with numerous companies offering different business models in the hope of appealing to consumers. This level of competition keeps fares down and capacity up. The merger of American Airlines and US Airways will enhance competition in the industry, escalating the downward pressure on fares. Consumers demand the ability to reach a broad range of destinations, whenever they want, on one airline system. Because of the limited size and scope of our respective networks, neither American nor US Airways is able to respond

fully to that demand today and both operate at a competitive disadvantage to the larger networks of Delta and United. The merger will join two highly complementary networks across the globe, filling critical competitive service gaps for each airline, and create a better and more competitive alternative for all consumers.

Moreover, the New American Airlines will continue to compete against Southwest's significantly lower cost structure and a host of smaller, but fast-growing lower cost airlines, including JetBlue, Spirit, Allegiant, Frontier and Virgin America. Low cost carriers will continue to offer strong competition to the New American Airlines and the other legacy carriers. These are tough, agile competitors, providing attractive service and innovative product offerings in the most competitive markets in the United States. They can and will add new service, challenge our fare offerings, and move quickly to address whatever we offer in the market.

b. **In your merger negotiations, did you discuss fare increases, reduction of service, or the elimination or cut back of routes or hubs?**

No. Our intent is to keep all the airplanes, all our hubs, and retain service to all the cities we serve today independently and hopefully expand service to additional cities. Moreover, we expect the merger to generate over $1 billion in net synergies, primarily due to increased revenues from new passengers taking advantage of the broader network and the improved service. Our synergy calculations are not based on *any* fare increases.

3. **You have said that you have no plans to close any hubs as a result of this merger. Similar promises have been made in the context of airline mergers and those have been broken. For example, American dropped TWA's St. Louis hub, costing hundreds of high-quality jobs and hundreds of flights. Similarly, formerly strong hubs such as Cincinnati have faced declining service since the Delta/Northwest merger and Houston following the United/Continental merger. Currently, the combined airline would have five hubs on the eastern seaboard. At the hearing, you reiterated your commitment to keep all of your hubs open. How long do you commit to keep all of your existing hubs open? What portion of estimated cost savings do you expect to come from rationalization of your network, including reductions in hub operations and service?**

Because the merger of US Airways and American Airlines combines two uniquely complementary networks, it will increase the flow of passengers over our nine hub airports in Charlotte, Chicago, Dallas-Ft. Worth, Los Angeles, Miami, New York JFK, Philadelphia, Phoenix and Washington, DC. This will allow us to expand service from our hub cities and across our entire network, offering consumers more and better service at competitive prices to more destinations at the times they want to travel.

Our synergy analysis is based upon our expectation of increasing revenues primarily from new passengers taking advantage of the broader network and improved service that our combined network will allow. All nine of our hubs will be crucial to realizing these

synergies and expanding the New American network. We therefore have no plans to close any hubs or cut down service in any cities that we currently serve.

4. **In your testimony, you emphasized the fierce competition you face from low cost carriers (LCCs). In which hub to hub markets between the legacy carriers might you anticipate entry by LCCs? How about excluding Southwest?**

   Low cost carriers, including Southwest, JetBlue, Spirit, Allegiant, Frontier and Virgin America have proven to be tough competitors, moving quickly in providing attractive service and innovative product offerings in the most competitive markets in the United States. They will undoubtedly continue to provide strong competition to the New American Airlines across our entire network, adding new service, new products, and challenging our fare offerings. For example, Spirit has already announced that it will look at entering a number of hub-to-hub routes where the New American will operate.

5. **The DOJ and GAO have both noted that "slot hoarding" and "babysitting" at slot controlled airports is a problem and a barrier to entry for new entrant airlines. If the merger is approved, would the new American plan to change the way it operated slots at slot controlled airports to be more efficient? For example, replacing multiple regional jets flights per day to a single destination with fewer large jet flights?**

   As you know slots allocated by the FAA limit the time of day and the equipment used to fly into and out of slot controlled airports, like Washington Reagan National Airport (DCA). In building our hub at DCA, we have made highly efficient use of our slots to meet the demand of Washington travelers. In fact our operation is as efficient, or more efficient, than other airlines at DCA and other hub carriers at slot constrained airports. At the same time, we have been able to offer service from DCA to a wide variety of small- and medium-sized cities that other carriers cannot serve. Currently, US Airways serves 39 small communities from DCA, which accounts for 97% of all small community departures at DCA. Our merger with American Airlines will enable us to enhance service to small- and medium-sized cities as we increase the flow of passengers over the DCA hub from the legacy American Airlines hubs and provide online connections for passengers currently served by US Airways to those American Airlines hubs and points beyond. We will continue to put the right aircraft on routes to match consumer demand for both frequency and volume of service.

6. **Mr. Parker, in January, US Airways reported strong quarterly numbers today, and marked its 7th consecutive profitable quarter. Topping not only Wall Street expectations, but the profits of United and Southwest. You say you need this merger to be a competitive airline. Do you believe that your company can compete on a standalone basis?**

   US Airways is certainly a competitor, and we are proud of our accomplishments over the last few years. The merger of US Airways and American Airlines will, however, create a more effective competitor that will increase and enhance service across the United States

and worldwide. The combinations of our complementary networks will create over 1,300 new connecting routes benefitting millions of passengers, many in small- and medium-sized communities. The New American Airlines will give consumers what they want—service when they want it to more places than ever before.

Moreover, we will compete more effectively as a single airline against the larger carriers—Delta, United, Southwest—than either carrier can do on its own. The recent mergers of Delta-Northwest, United-Continental, and Southwest-AirTran were driven by a desire to address network deficiencies that could not be solved on a standalone basis. The result was profitable carriers that can now reinvest in their product and create a better experience for their passengers. We found ourselves falling behind in the race to meet passenger demand, and our merger with American is motivated by a desire to improve our offering to customers and compete on an equal footing.

Questions for the Record from Senator Mike Lee
"The American Airlines/US Airways Merger: Consolidation, Competition, and Consumers"
Tuesday, March 19, 2013 10:00 AM

Questions for Douglas Parker, CEO, USAirways

1. **Critics have expressed concerns about US Airways operations out of Reagan National Airport. They allege that your airline, which controls a large share of the available slots, often uses smaller regional aircraft to constraining output and raise prices. Some worry that this merger would make things even worse at Reagan National.**

    a. **How do you respond to this concern and what are you prepared to do to ensure that your dominant position at Reagan will not serve to artificially constrain output?**

    Our hub airports are at the heart of the consumer benefits created by our merger. By connecting a large number of origins and destinations with well-timed flights to a common intermediate point, and aggregating the traffic from those origins and to those destinations, our hubs make feasible service that otherwise would not be economical. Nowhere is the consumer benefit of our hubs more apparent than at Washington Reagan National Airport (DCA). Our hub at DCA allows us to serve a wide variety of small and medium sized cities that other carriers cannot serve. Our merger with American Airlines will enable us to enhance service to small and medium sized cities as we increase the flow of passengers over the DCA hub from the legacy American Airlines hubs and provide online connections for passengers currently served by US Airways to those American Airlines hubs and points beyond. For example, a passenger seeking to travel between Dallas/Ft. Worth and Islip, NY cannot do so today on American Airlines. However, after the merger that same passenger will be able to connect to Islip via two nonstop flights connecting in Washington. It is the hub at DCA that makes this possible. Small communities alone do not generate sufficient demand to support the frequency of service that US Airways is able offer by aggregating demand from multiple cities served by our hub.

2. **In your written testimony, you assert that the merger will result in a renewed commitment to serve small and medium sized communities. Some critics contend that past mergers have led to decreases in service from certain hubs. For example, after the merger between American and TWA, the hub in St. Louis apparently experienced a reduction in service. It would seem natural that a transaction of this size and nature would lead to changes in route structure and the emphasis the combined company places on certain geographies.**

    a. **Do you anticipate this merger affecting service from any of your hub cities?**

    No. Our intent is to keep all the airplanesand retain service to all the ciities we serve today independently and hopefully expand service to additional cities.Because the merger of US

Airways and American Airlines combines two uniquely complementary networks, it will increase the flow of passengers over our nine hub airports in Charlotte, Chicago, Dallas-Ft. Worth, Los Angeles, Miami, New York JFK, Philadelphia, Phoenix and Washington, DC. This will allow us to expand service from our hub cities and across our entire network, offering consumers more and better service to more destinations at the times they want to travel.

For example, there are a number of American-only cities in the Central United States that US Airways does not serve. In the larger of those communities, it is possible that new links to US Airways' current hubs would be established. Similarly, we anticipate that larger US Airways communities in the Eastern United States could see new flights to American's hubs. Overall, our combined carrier will reach 48 cities not presently served by US Airways and 64 cities not presently served by American Airlines. The New American Airlines will have the most service on the East Coast and Midwest, and will become a more relevant competitor in the West.

b. What would you say to those who are concerned that the merger will adversely affect service in their region due to changes brought about by the merger?

I don't anticipate that any region of the country will be adversely affected by this merger. To the contrary, I think that every region of the country will benefit from the New American Airlines. The merger of US Airways and American Airlines will create a more effective competitor that will increase and enhance service across the United States and worldwide. The combinations of our complementary networks will create over 1,300 new connecting routes benefitting millions of passengers, many in small and medium sized communities. The New American Airlines will give consumers what they want—service when they want it to more places than ever before.

Moreover, we will compete more effectively as a single airline against the larger carriers—Delta, United, Southwest—than either carrier can do on its own. The recent mergers of Delta-Northwest, United-Continental, and Southwest-AirTran were driven by a desire to address network deficiencies that could not be solved on a standalone basis. The result was profitable carriers that can now reinvest in their product and create a better experience for their passengers. We found ourselves falling behind in the race to meet passenger demand, and our merger with American is motivated by a desire to improve our offering to customers and compete on an equal footing.

3. In past airline mergers, the Department of Justice has focused attention on how the transaction would affect individual routes, seeking to ensure that a single airline does not have monopoly power over specific city-to-city routes, able to raise prices without competitive constraints. But increased concentration may also pose more general barriers to entry. For example, some worry that a few larger airlines with extensive route networks exercise dominance in the market for high-volume corporate contracts. The market for such contracts is already dominated by only a few carriers, and some worry that this merger will exacerbate that situation.

a. How do you think this merger will affect the market for business contracts?

The competition for corporate contracts will be enhanced following the merger. High-volume corporate accounts require ubiquitous service—the ability to reach a broad range of destinations, whenever they want, on one airline system. Because of the limited size and scope of our respective networks, neither American nor US Airways is able to respond fully to that demand and both operate at a competitive disadvantage to the larger networks of Delta and United. The merger will join two highly complementary networks across the globe, filling critical competitive service gaps for each airline, and create a better and more competitive alternative for all consumers, including corporate accounts. Perhaps no region better demonstrates this than New York. Three carriers—Delta, JetBlue and United—have hubs in the New York region, but neither American nor US Airways has enough flights to enough destinations to successfully compete for broad corporate travel contracts. However, by adding the US Airways' Shuttle service to American and **one**world's JFK presence, the combined airline can offer corporations more flights to more places and truly compete for broad corporate contracts.

4. **In analyzing a proposed transaction's effect on consumer welfare, we sometimes look to see if the market includes a maverick—whether one or more companies serve to discipline the market by offering low prices or providing innovative services to consumers. Within the airline industry, low-cost carriers have often served the role of mavericks. For example, Southwest has traditionally been considered a maverick. But some contend that the airline industry is no longer served by any significant mavericks and that it is instead mostly characterized by large businesses with similar offerings.**

a. In your view, does USAirways function in some ways as a maverick?

No. US Airways is certainly a competitor, but so are large numbers of other airlines. The airline industry, both domestically and internationally, is intensely competitive, with numerous different companies offering different business models in the hope of appealing to consumers. The airline industry includes a number of fast growing low cost airlines that have and will continue to compete vigorously for business.

b. After this merger, will there be any remaining mavericks in the airline industry?

Although it will be the largest airline in the U.S., the new American Airlines will have less than 25 percent of domestic available seat miles and will compete against the nationwide networks of Delta, with 21 percent, and United and Southwest, each with 19 percent. Moreover, the new American Airlines will also compete against Southwest's significantly lower cost structure and a host of smaller, but fast-growing lower cost airlines, including Southwest/AirTran, JetBlue, Spirit, Allegiant, Frontier and Virgin America. Low cost carriers will continue to offer strong competition to the New American Airlines and the other legacy carriers. These are tough, agile

competitors, providing attractive service and innovative product offerings in the most competitive markets in the United States. They can and will add new service, challenge our fare offerings, and move quickly to address whatever we offer in the market. For example, Spirit has already announced that they will look at entering a number of hub-to hub routes where the New American will operate.

5. **In response to concerns about competition, proponents of the merger have suggested that the transaction will have important pro-competitive effects. They argue that the combination of the routes currently held by American and USAir will create a strong domestic carrier able to compete with Delta, United, and Southwest. They also point to pro-competitive effects with respect to international flights.**

   a. **How specifically do you believe this merger benefits competition—both domestically and internationally?**

The merger of US Airways and American Airlines will join two highly complementary networks across the globe, filling critical competitive service gaps for each airline and creating over 1,300 new connecting routes. Domestically, US Airways will fill American's network gaps in the Northeastern and Southeastern United States while American will fill US Airways' network gaps in the Central United States. Combining the two networks and moving US Airways from the STAR Alliance to **one**world will also increase competition internationally. Today three international alliances are important to global competition. But **one**world, to which American Airlines belongs, lags Star Alliance and SkyTeam in total passenger traffic. The New American will enhance **one**world's competitiveness and expand international choices for millions of consumers in all regions of the country; and in particular, from the Eastern United States to Europe where **one**world lacks the coverage offered by the Star Allinace and SkyTeam. The addition of US Airways to **one**world will result in three roughly equal sized alliances competing head to head for international traffic. The merger will therefore not only benefit millions of passengers across the United States, many in small and medium sized communities, but will also provide passengers with greater choices of direct service to international locations at competitive prices, with improved service and product options.

6. **Past mergers have resulted in inconveniences for travelers as the merging airlines had difficultly combining technologies, resulting in disruptions to ticketing and other electronic operations. The same is often true of challenges in combining workforces and reconciling divergent corporate cultures. Merging firms generally are confident they can combine without undue hardship, but often underestimate these disruptions. Some have expressed concern that the costs associated with this merger will offset and interfere with many of the claimed efficiencies.**

a. How can we be assured that this merger is different from past consolidations that encountered difficulty in integrating operations?

We recognize that putting together two airlines is not an easy task, but we have learned valuable lessons from our own prior experiences and the integration efforts of others. US Airways has done this before when we merged with America West. We have also watched closely the integration efforts following the Delta-Northwest, United-Continental and Southwest-AirTran mergers. We have already started our integration planning and are focused on adopting best practices from other recent mergers to ensure that we integrate in an efficient manner, without disruptions.

Importantly, we have the support of our employees and have reached agreements with all of our unions regarding how they will integrate. In the past, this has been one of the more difficult aspects of integration. In fact, we learned—in attempting to combine with Delta—that mergers in this industry do not work without the support of the vast majority of employees. Lucky for us one of the biggest items on the integration planning checklist is taken care of with the contracts in place with the unions of both companies. American's pilot, flight attendant and ground employee unions, and US Airways' pilot union have agreed to terms for improved collective bargaining agreements. US Airways' flight attendants union has reached a tentative agreement, which includes support for the merger. And importantly, American's unions representing pilots and flight attendants are already working with their US Airways counterparts to determine representation and single agreement protocols. This is an historic level of labor cooperation and we continue to be grateful for their support.

b. What safeguards are in place to ensure that this merger does not share the fate of other recent mergers and impose costs and inconveniences on consumers?

We have a robust integration plan in place that is focused on avoiding the mistakes of the past. The integration planning team includes a number of the very best people from US Airways and American Airlines. This integration team, with the help of outside advisors, is adopting the most effective practices emerging out of the integration efforts of other recent mergers, including US Airways' own merger with America West. We are guided by the lessons we have learned and are confident that our integration strategy will ensure a smooth transition without imposing costs and inconveniences on consumers.

When it comes to systems, for example (such as reservation, maintenance control, and flight-out), we are very mindful of the intense complexity of each of these and what it takes to successfully integrate them. One lesson we learned the hard way during the America West / US Airways merger is that it is much easier to put the larger airlines' systems in place at the smaller carrier than it is to attempt the inverse. We also watched the Delta-Northwest integration process very closely and were extremely impressed with how well they combined their two systems. Their integration philosophy was called "adopt and go." In other words, adopt the larger

airline's system unless there is a very compelling reason to do otherwise. So, while there are exceptions to every rule, our premise will be to adopt American's systems for the new airline.

7. **A number of my constituents have highlighted the injustice that occurred in 2001 when the Association of Professional Flight Attendants (APFA) stripped 4,100 former TWA flight attendants of their earned date-of-hire seniority from TWA after an airline merger.**

    a. **What will you do in your capacity as CEO of the post-merger American Airlines to help ensure that all flight attendants who have lost such seniority as a result of airline consolidation are restored to a seniority status on a basis no less favorable than the USAirways and American Airlines flight attendants will receive?**

We are very proud of the fact that both airlines' unions, representing pilots and flight attendants and the American Airlines mechanics and fleet service employees all strongly support this merger. The seniority integration process during mergers and other transactions are handled by collective bargaining agreements and union internal procedures or governed by union bylaws. On a going forward basis, the McCaskill-Bond law provides an equitable seniority integration and arbitration process that can resolve seniority integration disputes, if any. We are committed to working with all of the unions representing our employees on labor integration to ensure a smooth transition. In regards to the seniority integration process used during the 2001 transaction between American Airlines and Trans World Airlines, we respectfully ask that you contact the Association of Professional Flight Attendants (APFA) at American Airlines.

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

ASSOCIATION OF FLIGHT ATTENDANTS – CWA, AFL-CIO
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.

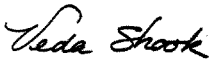
In September 2009, plans were readied to spin off the successful, well-managed American Eagle as its own company. However, when AMR filed for Chapter 11 bankruptcy two years later, the profitable regional carrier was dragged into the bankruptcy process. The AMR bankruptcy filing halted flight attendant 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

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."

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.

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 end 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

Association of Professional Flight Attendants

*Proudly Representing the **Flight Attendants** of American Airlines*

Office of the President

18 March 2013

Testimony to Senate Committee on the Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights
"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

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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,

Laura R. Glading

Laura R. Glading
President, APFA

STATE OF ARIZONA

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

Janice K. Brewer
Governor

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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

Todd Sanders
President and CEO

Greater Phoenix Chamber of Commerce | www.phoenixchamber.com | (602) 495-2195

201 N. Central Ave., 27th Floor, Phoenix, AZ 85004

Greater Phoenix
ECONOMIC COUNCIL

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,

Barry Broome
President and CEO
Greater Phoenix Economic Council

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City of Phoenix

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 W. Mitchell
Mayor
City of Tempe

Greg Stanton

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.

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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

LOS ANGELES AREA
CHAMBER OF COMMERCE

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 rgonzalez@lachamber.com or (213) 580-7568. Thank you.

Sincerely,

Gary Toebben

cc: Sentor Diane Feinstein, Senator Barbara Boxer

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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

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LAEDC LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION

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)

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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 107th 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 before 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 & 13 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, "*<u>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</u>.... 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 except 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 ***must*** feel included and ***all***, 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

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.

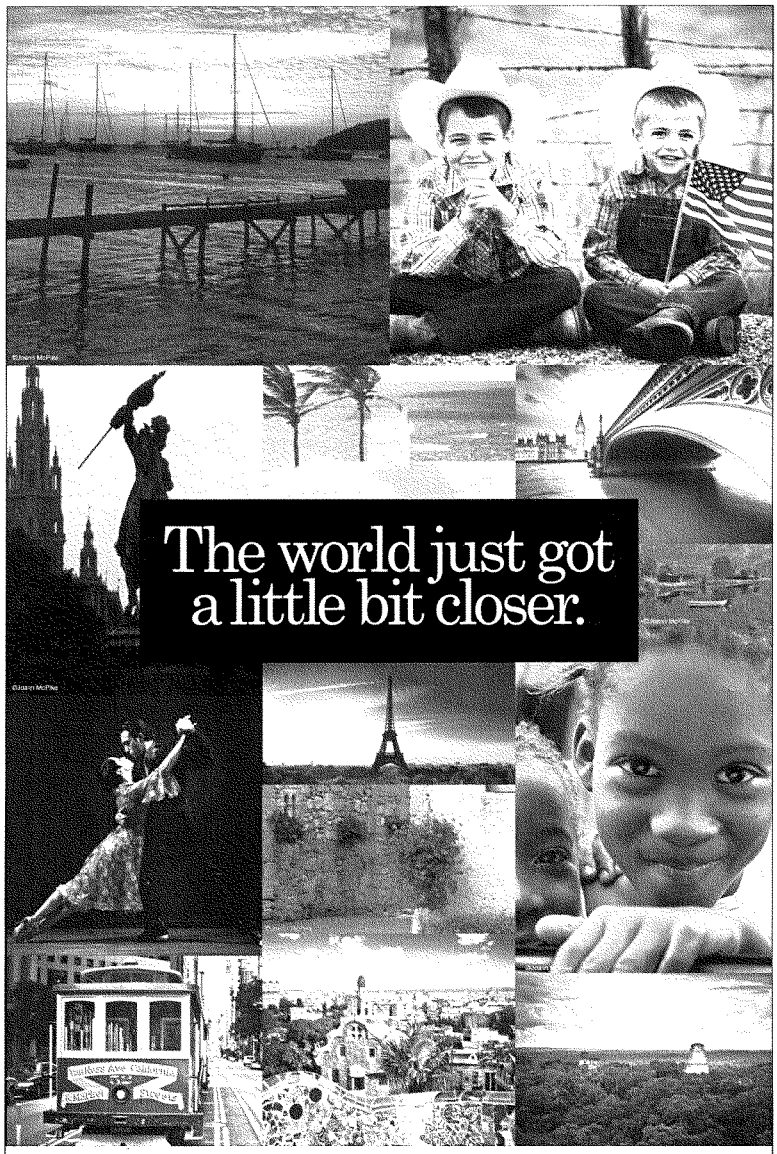
Based on our general review of the plan and the complimentary nature of the merger, we expect that growth to continue which will result in increased economic and job growth in hospitality, the top industry in Greater Miami. With that in mind, we strongly urge your support of the merger of these two airlines 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

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**

MIAMI
WHERE WORLDS MEET

PORTMIAMI MIAMIDDA

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

STEPHEN P. CLARK CENTER • 111 N.W. FIRST STREET • 29TH FLOOR • MIAMI, FLORIDA 33128-1930 • (305) 375-1880 • FAX (305) 375-1262

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

Ron J. Corbett, Mayor
City of Cedar Rapids

cc: Senator Grassley

Office of Cedar Rapids Mayor and City Council
City Hall 101 First Street SE 52401 (319) 286-5051 FAX (319) 286-5144

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

Ron J. Corbett, Mayor
City of Cedar Rapids

cc: Senator Grassley

Office of Cedar Rapids Mayor and City Council
City Hall 101 First Street SE 52401 (319) 286-5051 FAX (319) 286-5144

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

Des Moines Airport Authority, 5800 Fleur Drive, Room # 207, Des Moines, IA 50321; T 515-256-5100; F 515-256-5025; www.dsmairport.com

Office of the Mayor
City Hall
50 West 13th 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 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. 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

Roy D. Buol
Mayor

RDB:ds

THE EASTERN IOWA AIRPORT
CEDAR RAPIDS

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

(319) 362-3131 | Fax (319) 362-1670 | 2515 Arthur Collins Parkway SW | Cedar Rapids, IA 52404-8952 | www.eiairport.org

THE EASTERN IOWA AIRPORT
CEDAR RAPIDS

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
The Eastern Iowa Airport

(319) 362-3131 | Fax (319) 362-1670 | 2515 Arthur Collins Parkway SW | Cedar Rapids, IA 52404-8952 | www.eiairport.org

THE EASTERN IOWA AIRPORT
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March 12, 2013

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

The Honorable Michael S. Lee,

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Airport Director
The Eastern Iowa Airport

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March 11, 2013

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

SIOUX CITY
SUCCESSFUL
SURPRISING
SIOUX CITY

SIOUX GATEWAY AIRPORT
COL. BUD DAY FIELD

March 11, 2013

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

RE: Proposed Merger American Airlines and US Airways

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Sincerely,

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

cc: Senator Charles Grassley

March 11, 2013

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.

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Sincerely,

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

cc: Senator Charles Grassley

OFFICE OF THE MAYOR AND CITY COUNCIL 405 6th Street P.O. Box 447 Sioux City, IA 51102 PH 712-279-6102 WEB www.sioux-city.org

March 11, 2013

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

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Sincerely,

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

cc: Senator Charles Grassley

OFFICE OF THE MAYOR AND CITY COUNCIL 405 6th Street P.O. Box 447 Sioux City, IA 51102 PH 712-279-6102 WEB www.sioux-city.org

CITY OF WATERLOO, IOWA

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

Mayor
BUCK
CLARK

COUNCIL
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Ward 3

QUENTIN M.
HART
Ward 4

RON
WELPER
Ward 5

BOB
GREENWOOD
At-Large

STEVE
SCHMITT
At-Large

March 7, 2013

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

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

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

WATERLOO

CRUISE A NEW ALTITUDE

March 7, 2013

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

2790 Livingston Ln • Waterloo IA 50703 • P: 319-291-4483 • F: 319-291-4250 • www.FlyALO.com

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, Thank you

Gerald J. Roper
President & CEO

CC: Senator Richard Durbin
Senator Mark Kirk

200 E. Randolph Street, Suite 2200, Chicago, IL 60601 www.chicagolandchamber.org 312.494.6700 fax: 312.861.0660

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
President

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

jetBlue
AIRWAYS

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.[1] 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[2] and commented that *slot divestitures were necessary in order to protect consumers.*[3] The FAA, heeding the DOJ's input, did in fact limit

[1] 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).

[2] 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").

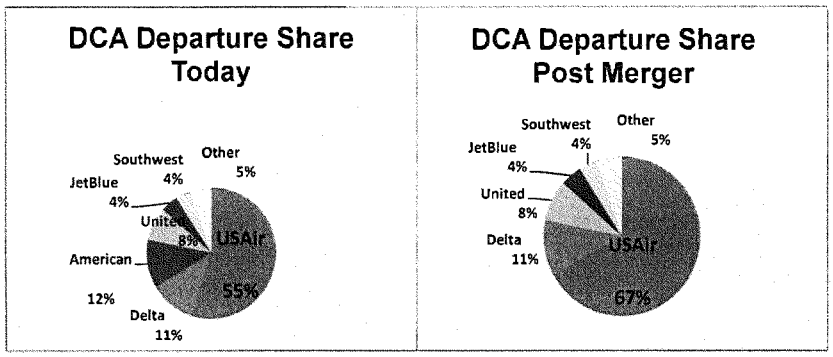
[3] DOJ Slot Swap Comments at 3.

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."[4] 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.

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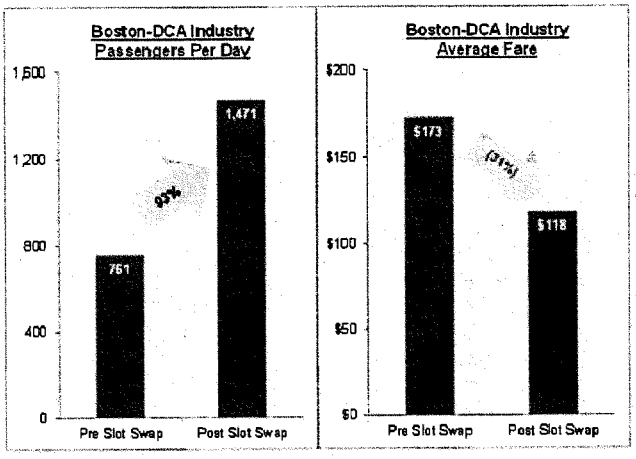
[4] *See* Consolidated Answer of US Airways, DOT-OST-2000-7182 (Dec. 19, 2012), at 15.

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

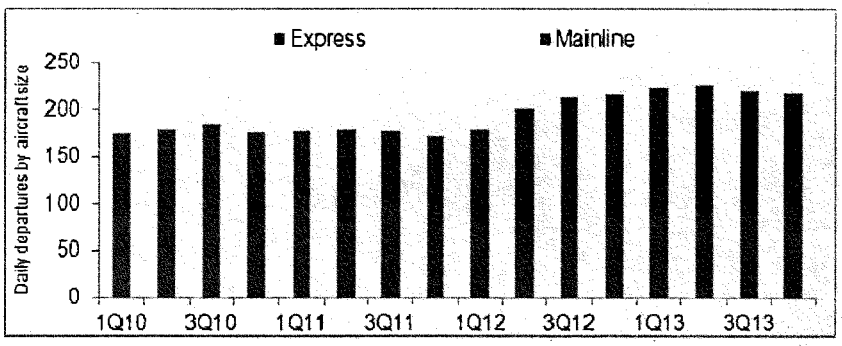
EXHIBIT A

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

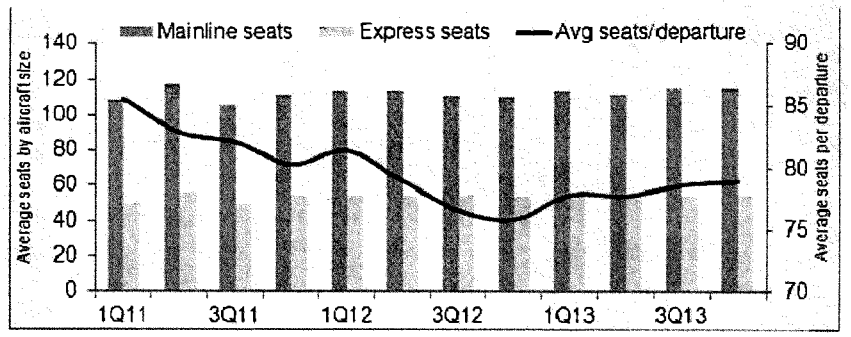


EXHIBIT C

JETBLUE USES ITS SLOT PORTFOLIO TO COMPETE AGGRESSIVELY AGAINST DCA'S DOMINANT CARRIER.

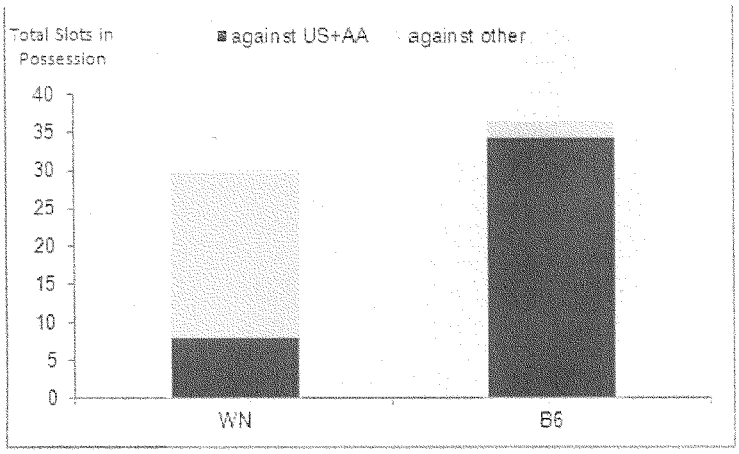
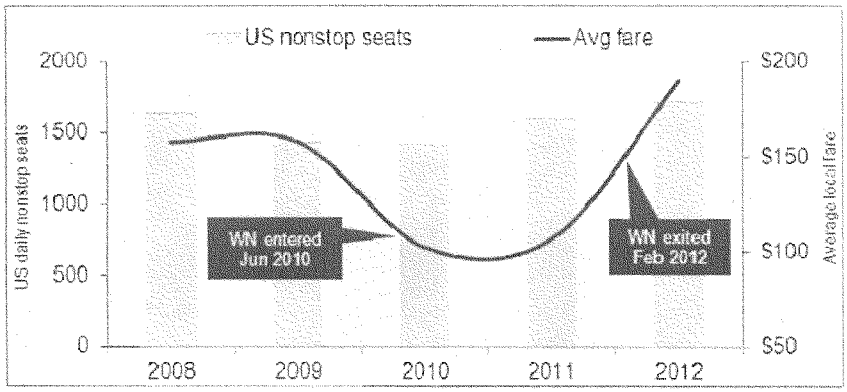


EXHIBIT D

US AIRWAYS AGGRESSIVELY DEFENDED ITS BOS-PHL MARKET ONLY TO RESTORE MONOPOLY PRICING



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

Today, Senator Lee, ranking member on the Antitrust Subcommittee of the Senate Judiciary Committee, released the following statement on the proposed merger between US Airways and American Airlines:

"Mergers are an essential element of our rapidly changing economy, often creating significant efficiencies and helping ensure that resources are put to their most productive use," said Senator Lee. "In a competitive market, consumers benefit from these efficiencies in the form of high quality products and services at low prices. Absent evidence that a transaction will substantially reduce competition and thereby harm consumers, I believe government intervention is usually unjustified.

"The proposed merger between US Airways and American Airlines has potential to benefit the air travel industry as well as consumers. At the same time, a transaction of this size, which will result in the nation's largest carrier, poses potential risks for the market. In recent years, the airline industry has become increasingly consolidated and this merger would reduce the number of major carriers to four.

"Antitrust officials must ensure that an additional merger of this magnitude would not lead to higher passenger fares, result in diminished service to regional markets, or allow for coordinated conduct among rivals. I look forward to joining Senator Klobuchar in a thorough review of this transaction and providing oversight of antitrust regulators as they do the same."

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 hesitate to contact me with any questions.

Sincerely,

Scott Schulte
Anoka County Commissioner

Driving the New Agenda for Business

dakota county regional
CHAMBER OF COMMERCE

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.

Sincerely,

Ruthe Batulis
President, Dakota Co. Regional Chamber of Commerce

1121 Town Centre Drive | Suite 102 | Eagan, Minnesota 55123
P: 651.452.9872 | F: 651.452.8978 | E: info@dcrchamber.com | www.dcrchamber.com

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

CHARLOTTE

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

Anthony R. Foxx, Mayor
Office of the Mayor 600 East Fourth Street Charlotte, NC 28202-2853 704/336-2241

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,

R-

Ronnie Bryant, CEcD, FM, HLM
President & CEO
Charlotte Regional Partnership

NASCAR PLAZA | 550 SOUTH CALDWELL STREET, SUITE 760, CHARLOTTE, NC 28202 | 704 347 8942 P | 704 347 8961 F

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

Pat McCrory
Governor of the State of North Carolina

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WWW.GOVERNOR.STATE.NC.US

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

Sharon Decker
Secretary, North Carolina Dept. of Commerce

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USAPA

USAirlinepilots.org

200 E. Woodlawn Road, Suite 250
Charlotte, NC 28217

US AIRLINE PILOTS ASSOCIATION

March 18, 2013

The Honorable Michael Lee
U.S. Senate
305 Hart Senate Office Building
Washington, DC 20515

Dear Senator Lee:

Since deregulation in 1978, there have been over 100 bankruptcies of US airlines.

As pilots, we have seen it all – from the record profits of the 1990s to the tremendous losses ten years later. We have also seen it up close – as we suffered through the most recent wave of post 9/11 consolidation and bankruptcies. Since 9/11, 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 and mainline airframe capacity.

The recent announcement that American Airlines and US Airways is merging is an important event for us all. We are proud to be part of what will soon be the largest airline in the world.

As pilots, we are proud of the work we do each and every day – and for the responsibility we have in safely transporting the passengers and crew on the planes we fly. Moreover, long before this merger was announced, we, the US Airline Pilots Association and the Allied Pilots Association and other pilots unions have been collaborating through our trade organization, the Coalition of Airline Pilots Association (CAPA). Through CAPA, we made great strides in shaping an industry that is ultimately responsible for protecting the pilots we represent, the cabin safety professionals we depend upon, and the passengers we have been entrusted with.

The announcement of the merger is but the first step. We are committed to working with the leadership and employees of the New American Airlines to build a successful and outstanding airline, which can only occur when all employees are treated fairly.

Sincerely,

Gary Hummel
President

abny

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.

Yours for a Better New York,

Jennifer Hensley
Executive Director

abny

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
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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:

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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
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HERBERT KOENIG
JEFFREY M. LEVY
JOHN V. MAGLIANO
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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.

NEW YORK BUILDING CONGRESS

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.

A recent study by the Better Airports Alliance forecasts air travel to and from New York's airports to grow from 100 million today to an astonishing 150 million people per year by the 2030s. This huge increase in people visiting and working in New York will mean thousands of jobs for the airline industry, foster expansion of business and tourism here 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.

Thank you for this opportunity to comment.

Sincerely,

Richard T. Anderson
President

44 WEST 28TH STREET, 12TH FLOOR, NEW YORK, NY 10001. TEL 212.481.9230. FAX 212.447.6037. BUILDINGCONGRESS.COM

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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.

Sincerely,

Mary Fallin

Mary Fallin
Governor

STATE CAPITOL BUILDING • 2300 N. LINCOLN BOULEVARD, SUITE 212 • OKLAHOMA CITY, OKLAHOMA 73105 • (405) 521-2342 • FAX: (405) 521-3353

FRED S. MORGAN
PRESIDENT AND CEO

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

330 NE 10th Street, Oklahoma City, OK 73104 | 405.235.3669 | Fax 405.235.3670 | www.okstatechamber.com

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:

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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
STATE OF OKLAHOMA

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

Fax: 405-962-7605 • www.okhouse.gov

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

Brian Bingman
President Pro-Tempore

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
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Bingman@oksenate.gov

March 8, 2013

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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

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Thank you for your consideration, and please contact me should you have any further questions.

Sincerely,

Brian Bingman

Brian Bingman
President Pro-Tempore

BB/jw

TULSA REGIONAL CHAMBER

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

TULSA REGIONAL CHAMBER

March 14, 2013

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United States Senate
316 Hart Senate Office Building
Washington, D.C. 20510

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Sincerely,

Michael S. Neal, CCE, CCD
President & CEO
Tulsa Regional Chamber

Mayor Dewey F. Bartlett, Jr.
OFFICE OF THE MAYOR

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

CITY HALL AT ONE TECHNOLOGY CENTER
175 E. 2nd St. • Tulsa, OK 74103 • Office 918.596.7411 • Fax 918.596.9010
Email: dbartlett@cityoftulsa.org
www.cityoftulsa.org

Mayor Dewey F. Bartlett, Jr.
OFFICE OF THE MAYOR

March 11, 2013

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

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Best regards,

Dewey F. Bartlett Jr.
Mayor

CITY HALL AT ONE TECHNOLOGY CENTER
175 E. 2nd St. • Tulsa, OK 74103 • Office 918.596.7411 • Fax 918.596.9010
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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

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:

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.

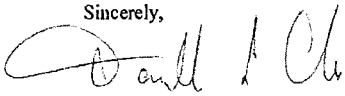
I have no doubt that many of the 6,300 US Airways employees based at PHL played a significant role in crafting these agreements, and I believe the new company that would emerge would be in position to offer these local workers better pay, healthcare benefits and advancement opportunities moving forward.

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.

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 | ☎ 215-545-1234 | ⌂ 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.

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
Mayor

jetBlue
AIRWAYS®

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.[1] 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[2] and commented that *slot divestitures were necessary in order to protect consumers.*[3] The FAA, heeding the DOJ's input, did in fact limit

[1] 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).

[2] 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").

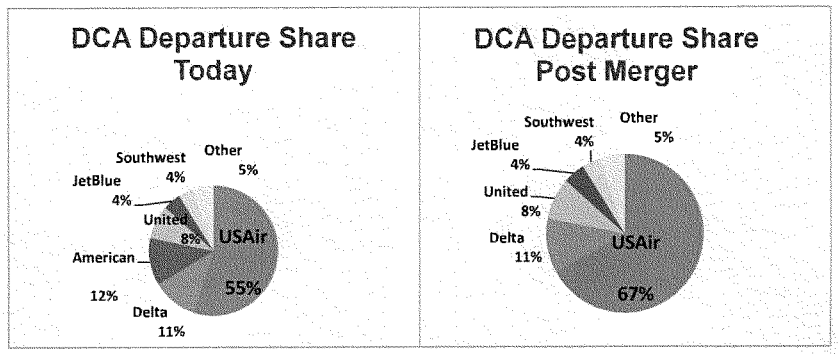
[3] DOJ Slot Swap Comments at 3.

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."[4] 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.

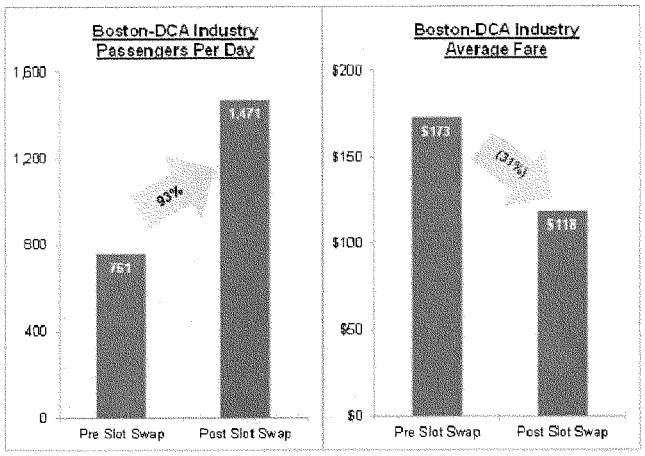
JetBlue demonstrated its commitment to serving DCA by paying more than $40 million with its winning bid to acquire the eight slot pairs ordered by the FAA to be divested in connection with the DL/US Slot Swap. JetBlue's resulting service at the airport, while small, has injected greatly needed competition 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.

---

[4] *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

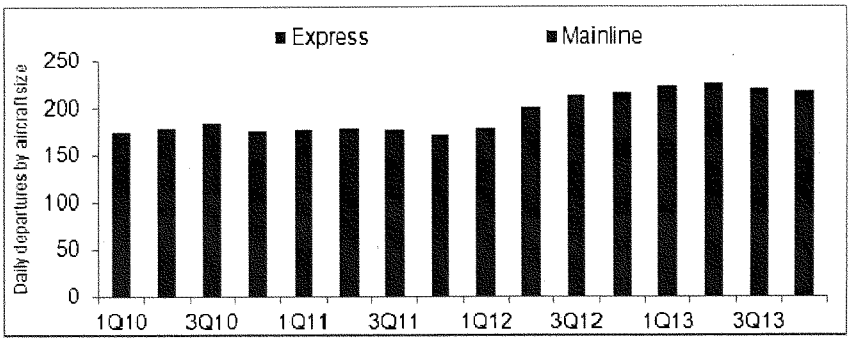
EXHIBIT A

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%	(10%)
	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

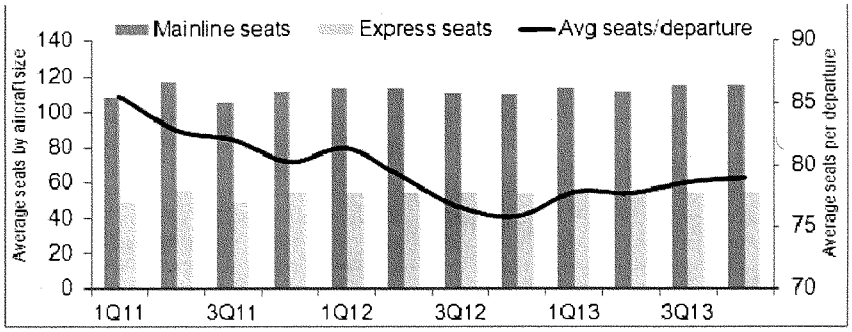


EXHIBIT C

JETBLUE USES ITS SLOT PORTFOLIO TO COMPETE AGGRESSIVELY AGAINST DCA'S DOMINANT CARRIER.

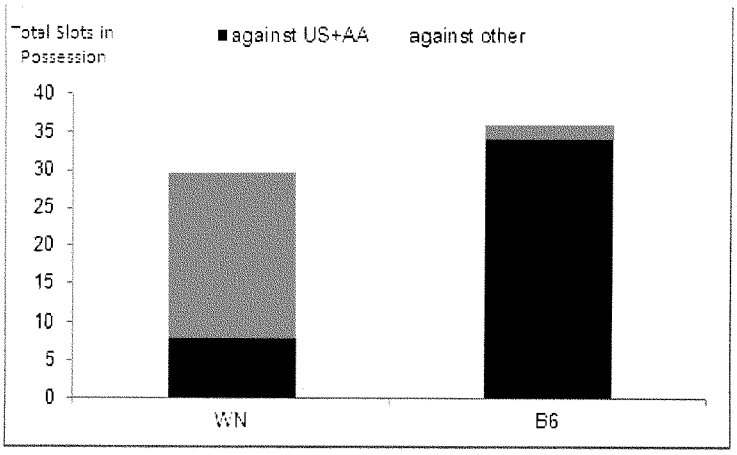
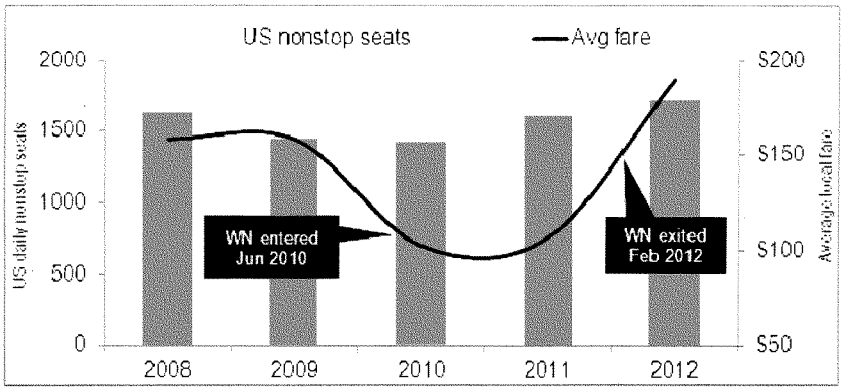


EXHIBIT D

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.

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

P.O. BOX 60 · 555 WALNUT STREET · ABILENE, TEXAS 79604

We work together to build e community of the highest quality for present and future generations.

Norm Archibald
Mayor

March 11, 2013

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United States Senate
302 Hart Senate Office Bldg.
Washington, DC 20510

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We work together to build a community of the highest quality for present and future generations.

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	**N. Wayne Smith**	**John Jarvis**
Mayor	Mayor	Chairman
City of Texarkana, TX	City of Texarkana, AR	Texarkana Airport Authority

cc: Sen Cornyn

201 Airport Drive • Texarkana, AR-TX 71854 • (870) 774-2171 FAX (870) 775-1269

City of Austin
Aviation Department
Austin-Bergstrom International Airport
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

City of Austin
Aviation Department
Austin-Bergstrom International Airport
3600 Presidential Blvd., Ste. 411, Austin, Texas 78719
512/530-ABIA(2242) Fax: 512/530-7686
www.abia.org

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Sincerely,

Jim Smith
Executive Director

City of Austin

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.

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Sincerely,

Lee Leffingwell
Mayor

The City of Austin is committed to compliance with the American with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.

City of Austin

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

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Washington, D.C. 20510

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Sincerely,

Lee Leffingwell
Mayor

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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

4875 PARKER DRIVE
BEAUMONT, TX 77705
PH: (409) 719-4900
FAX: (409) 722-2830
HTTP://FLYSETX.COM

JACK BROOKS
REGIONAL AIRPORT

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.

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Airport Director
Jack Brooks Regional Airport

cc: Senator Ted Cruz
Senator John Cornyn

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BEAUMONT, TX 77705
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FAX: (409) 722-2830
HTTP://FLYSETX.COM

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 wholcheartedly 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
P.O. Box 911 / City Hall / 1001 E. Elizabeth St. / Brownsville, Texas 78522
(956) 548-6000
www.cob.us
"EQUAL OPPORTUNITY EMPLOYER"

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.

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Sincerely,

Tony Martinez, Mayor
City of Brownsville

CC: Sen. John Cornyn
Sen. Ted Cruz

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P.O. Box 911 / City Hall / 1001 E. Elizabeth St. / Brownsville, Texas 78522
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"EQUAL OPPORTUNITY EMPLOYER"

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
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.

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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
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Corpus Christi
Texas 78469-9277
Phone 361-826-3100
Fax 361-826-3103

www.cctexas.com

Moving
Corpus Christi
Forward
¡Adelante!

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
¡Adelante!

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

1000 International Drive Corpus Christi, Texas 78406 P 361•289•0171 F 361•826•4286 | flyccia.com

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.

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Director-Department of Aviation
CCIA

cc: Hon. John Cornyn
Hon. Ted Cruz

1000 International Drive Corpus Christi, Texas 78406 P 361·289·0171 F 361·826·4286 | flyccia.com

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.

500 NORTH AKARD STREET, SUITE 2600 DALLAS, TEXAS 75201 214.746.6600 www.dallaschamber.org

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:

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500 NORTH AKARD STREET, SUITE 2600 DALLAS, TEXAS 75201 214.746.6600 www.dallaschamber.org

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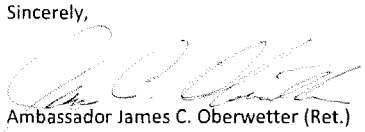
We hope that you will support this merger. The potential economic impact of this new airline could be hugely beneficial to not just Texas, but to communities and states throughout the country.

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
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
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 S. Rawlings
Mayor

OFFICE OF THE MAYOR 1500 MARILLA ST. 5EN DALLAS TEXAS 75201 TELEPHONE [illegible] FAX [illegible]

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

FORT WORTH CHAMBER OF COMMERCE
777 Taylor Street, Suite 900 ★ Fort Worth, Texas 76102-4997
817-336-2491 ★ Fax 817-877-4034 ★ www.FortWorthChamber.com

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

FORT WORTH CHAMBER OF COMMERCE
777 Taylor Street, Suite 900 ★ Fort Worth, Texas 76102-4997
817-336-2491 ★ Fax 817-877-4034 ★ www.FortWorthChamber.com

FORT WORTH®

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 16th 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

Fort Worth
2011

BETSY PRICE, MAYOR
THE CITY OF FORT WORTH * 1000 THROCKMORTON STREET * FORT WORTH, TEXAS 76102
817-392-6118 * FAX 817-392-2409

Printed on recycled paper

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

Rick Perry
Governor

RP:kwp

POST OFFICE BOX 12428 AUSTIN, TEXAS 78711 (512) 463-2000 (VOICE)/DIAL 7-1-1 FOR RELAY SERVICES
VISIT WWW.TEXASONLINE.COM THE OFFICIAL WEB SITE OF THE STATE OF TEXAS

Houston Executive
AIRPORT

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

www.houstonexecutiveairport.com

1900 Cardiff Rd.
Brookshire, TX 77423
281-AIRPORT

Houston Executive
AIRPORT

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.

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Executive Director

www.houstonexecutiveairport.com

1900 Cardiff Rd.
Brookshire, TX 77423
281-AIRPORT

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 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.

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Sincerely,

Bill Stoudt
Gregg County Judge

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.

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Sincerely,

Bill Stoudt
Gregg County Judge

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:

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Gregg County Judge

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

Dear Senator Klobuchar:

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Sincerely,

Bill Stoudt
Gregg County Judge

CITY OF KILLEEN

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

P.O. BOX 1329 · KILLEEN, TEXAS 76540
WWW.CI.KILLEEN.TX.US

CITY OF KILLEEN

March 8, 2013

The Honorable Senator Michael S. Lee
316 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.

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Sincerely,

Daniel A. Corbin
Mayor

Cc: The Honorable Senator John Cornyn, R-TX
The Honorable Senator Ted Cruz, R-TX

P.O. BOX 1329 · KILLEEN, TEXAS 76540
WWW.CI.KILLEEN.TX.US

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

TOWN OF LAGUNA VISTA
122 Fernandez Street • Laguna Vista, Texas 78578 • P (956) 943-1793 • F (956) 943-3111 • www.lvtexas.us

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

Cc: Sen. John Cornyn
Sen. Ted Cruz

TOWN OF LAGUNA VISTA
122 Fernandez Street • Laguna Vista, Texas 78578 • P (956) 943-1793 • F (956) 943-3111 • www.lvtexas.us

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

Honorable John Cornyn
United States Senator
517 Hart Senate Office Building
Washington, DC. 20510

5210 Bob Bullock Loop * Laredo, Texas 78041 * Tel. (956) 795-2000 * Fax. (956) 795-2572
www.flylaredotexas.com

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.

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Sincerely,

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Cc: Honorable Ted Cruz
United States Senator
B40B Dirksen Senate Office Building
Washington, DC. 20510

Honorable John Cornyn
United States Senator
517 Hart Senate Office Building
Washington, DC. 20510

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www.flylaredotexas.com

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

Honorable John Cornyn
United States Senator
517 Hart Senate Office Building
Washington, DC. 20510

1110 Houston P.O. Box 579 Laredo Texas 78042-0579 (956) 791-7400 Fax (956) 791-7314

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.

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Sincerely,

Raul G. Salinas
Mayor

Cc: Honorable Ted Cruz
United States Senator
B40B Dirksen Senate Office Building
Washington, DC. 20510

Honorable John Cornyn
United States Senator
517 Hart Senate Office Building
Washington, DC. 20510

1110 Houston P.O. Box 579 Laredo Texas 78042-0579 (956) 791-7400 Fax (956) 791-7314

David Dewhurst
Lieutenant Governor of Texas
President of the Senate

The Capitol
Austin, Texas 78711-2068
512-463-0001

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

David Dewhurst
Lieutenant Governor

Lubbock Preston Smith
International Airport

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,

James W. Loomis, A.A.E.
Executive Director
Lubbock Preston Smith International Airport

5401 N. Martin Luther King Blvd., Unit 389 Lubbock, TX 79403 806 775 3126 www.flylia.com

March 15, 2013

The Honorable John Cornyn
S17 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.

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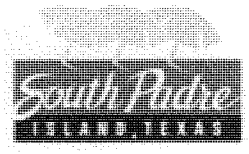
Executive Director
Lubbock Preston Smith International Airport

5401 N. Martin Luther King Blvd., Unit 389 Lubbock, TX 79403 806 775 3126 www.flylia.com



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.

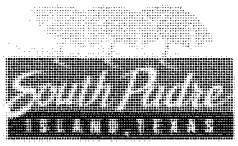
Sincerely,

Robert N. Pinkerton, Jr.,
Mayor

Cc: Senator John Cornyn
Senator Ted Cruz

"A Certified Retirement Community"

4601 Padre Boulevard • South Padre Island, Texas 78597 • 956.761.6456 • Fax 956.761.3892



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.

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Sincerely,

Robert N. Pinkerton, Jr.
Mayor

Cc: Senator John Cornyn
Senator Ted Cruz

March 18, 2013

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,

Philip K. Brown
Director of Aviation

CC: The Honorable John Cornyn
The Honorable Ted Cruz

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 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.

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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
Mayor

CC: The Honorable John Cornyn
The Honorable Ted Cruz

P.O. Box 220 • McALLEN, TEXAS 78505-0220 • (956) 681-1002 • FAX (956) 681-1010

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
Mayor

CC: The Honorable John Cornyn
The Honorable Ted Cruz

P.O. Box 220 • McALLEN, TEXAS 78505-0220 • (956) 681-1002 • FAX (956) 681-1010

City of Midland
Department of Airports
9506 LaForce Blvd.
P. O. Box 60305
Midland, Texas 79711-0305

432.560.2200
Fax 432.560.2237
www.flymaf.com

March 18, 2013

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, DC 20S10

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,

Marv Esterly
Director of Airports

City of Midland
Department of Airports
9506 LaForce Blvd.
P. O. Box 60305
Midland, Texas 79711-0205

432.560.2200
Fax 432.560.2237
www.flymaf.com

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.

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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

300 N. Loraine, Midland TX 79701 • 432-685-7200 • fax 432-686-1600

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.5. 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/U5 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

300 N. Loraine, Midland TX 79701 • 432-685-7200 • fax 432-686-1600

CITY OF COLLEGE STATION
the heart of the Research Valley

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 Berry

Nancy F. Berry
Mayor
College Station, Texas

P.O. BOX 9960
1101 TEXAS AVENUE
COLLEGE STATION • TEXAS • 77842
979.764.3500
www.cstx.gov

CITY OF COLLEGE STATION
the heart of the Research Valley

March 12, 2013

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.

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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

CITY OF COLLEGE STATION
the heart of the Research Valley

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.

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Nancy F. Berry
Mayor
College Station, Texas

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1101 TEXAS AVENUE
COLLEGE STATION • TEXAS • 77842
979.764.3500
www.cstx.gov

CITY OF COLLEGE STATION
the heart of the Research Valley

March 12, 2013

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

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Nancy Berry

Nancy F. Berry
Mayor
College Station, Texas

P.O. BOX 9960
1101 TEXAS AVENUE
COLLEGE STATION • TEXAS • 77842
979.764.3500
www.cstx.gov

NORTH TEXAS COMMISSION

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

Regional Focus. Global Thinking.
8445 Freeport Parkway, Suite 640, Irving, Texas 75063
MAILING: P.O. Box 610246, DFW Airport, Texas 75261-0246
METRO: 972-621-0400 Fax: 972-929-0916
WEBSITE: www.ntc-dfw.org

NORTH TEXAS COMMISSION

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

Regional Focus. Global Thinking.
8445 Freeport Parkway, Suite 640, Irving, Texas 75063
MAILING: P.O. Box 610246, DFW Airport, Texas 75261-0246
METRO: 972-621-0400 Fax: 972-929-0916
WEBSITE: www.ntc-dfw.org

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 E. Vega
Mayor

Cc: Sen. John Cornyn
Sen. Ted Cruz

CITY OF PORT ISABEL

"An Equal Opportunity Provider and Employer"
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Washington, D.C. 20510

Dear Sen. Lee:

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Sincerely,

Joe E. Vega
Mayor

Cc: Sen. John Cornyn
Sen. Ted Cruz

Rio Grande Valley Partnership

Rio Grande Valley Chamber of Commerce

"One Region, One Voice"

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

Cc: Sen. John Cornyn
Sen. Ted Cruz

322 S. Missouri Ave. • P.O. Box 1499 • Weslaco, TX 78599-1499
Phone: 956.968.3141 • Fax: 956.968.0210 • www.valleychamber.com

Rio Grande Valley Partnership

Rio Grande Valley Chamber of Commerce

"One Region, One Voice"

March 15, 2013

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United States Senate
302 Hart Senate Office Building
Washington, D.C., 20510

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President & CEO

Cc: Sen. John Cornyn
Sen. Ted Cruz

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Phone: 956.968.3141 • Fax: 956.968.0210 • www.valleychamber.com

SAN ANGELO REGIONAL AIRPORT

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.
Airport Director

SAN ANGELO REGIONAL AIRPORT

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.

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Airport Director

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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,

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Airport Director

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March 18, 2013

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

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Respectfully,

Luis E. Elguezabal, A.A.E.
Airport Director

CITY OF SAN ANTONIO
JULIÁN CASTRO
MAYOR

March 18, 2013

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,

JULIÁN CASTRO
MAYOR

P.O. Box 839966 • San Antonio, TX 78283-3966 • (210) 207-7060 • Fax: (210) 207-4168
MAYORJULIANCASTRO@SANANTONIO.GOV

CITY OF SAN ANTONIO
JULIÁN CASTRO
MAYOR

March 18, 2013

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.

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CITY OF SAN ANTONIO
JULIÁN CASTRO
MAYOR

March 18, 2013

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Washington, D.C. 20510

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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,

Roxanne Guenzel
President & CEO

Cc: Sen. John Cornyn
Sen. Ted Cruz

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March 18, 2013

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Washington, D.C., 20510

Dear Sen. Klobuchar:

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Sincerely,

Roxanne Guenzel

Roxanne Guenzel
President & CEO

Cc: Sen. John Cornyn
Sen. Ted Cruz

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.

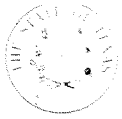
In sum, I urge your favorable review of this pending merger, and if you have any questions regarding this correspondence, please do not hesitate to contact me.

Sincerely,

Joe Straus

Joe Straus
Speaker of the House

P.O. Box 2910 • Austin, Texas 78768-2910 • (512) 463-1000 • Fax (512) 463-0575



HOUSE OF REPRESENTATIVES
JOE STRAUS
SPEAKER

March 13, 2013

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Ranking Member
U.S. Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights
United States Senate
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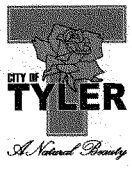
Speaker of the House

P.O. Box 2910 • Austin, Texas 78768-2910 • (512) 463-1000 • Fax (512) 463-0675

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.

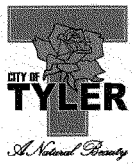
The merger would expand the network of flights and is expected to offer increased service to existing markets and service to new cities. Expanding destinations and flight availability is in the best interests of the residents and businesses of Tyler and the surrounding East Texas region. This will be 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



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March 8, 2013

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316 Hart Senate Office Building
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Sincerely,

Barbara R. Bass
Mayor
City of Tyler

CITY OF WACO

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

CITY OF WACO

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

USAPA

USAirlinepilots.org

200 E. Woodlawn Road, Suite 250
Charlotte, NC 28217

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

UTAH LOCAL #1004

868 South McClelland Street
Salt Lake City, Utah 84102
801-532-1009
In State Toll Free 1-800-352-2001
Fax 801-532-1064
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March 14, 2013

Senator Lee (via facsimile):

This past month American Airlines and US Airways entered into a merger agreement in a move both airlines tout as necessary for their long term viability and ability to compete. As a member of the Senate Judiciary Committee, you and your colleagues will soon be holding a hearing on this transaction during which you weigh its merits and voice your concerns.
Proponents of the merger speak of its benefits mainly in terms of competition, shareholder value, cost savings and other business-related metrics. However, I feel its most important benefits pertain to labor. In the past decade, the airline industry has faced many challenges. Factors such as the tragic events of 9/11 and the rising cost of jet fuel have made it difficult for the industry to maintain stability and profitability. As such, many airline employees have lost their jobs or have been forced to accept substandard contracts. As Executive Director of AFSCME Local 1004, I am keenly aware of these difficulties, but am confident that this merger has the potential to be a boon for labor.

In the case of the American Airlines-US Airways, we have witnessed labor cooperation and harmony that has long been absent from the industry. From almost day one, the main unions at both airlines have supported the merger, seeing it as a pathway to improved contracts and better job security, and they continue to see it as such. This is significant because labor integration is often the most difficult aspect of completing a merger. With labor groups already on board, the odds of smoothly integrating employees, processes, and equipment are greatly increased. With a smooth, predictable merger will come the financial gains and improved services that will allow the new airline to attract new customers and invest more in its employees and aircraft. This will be to the benefit of management, labor, shareholders, and travelers.

It is clear to me that this merger will benefit labor groups and the customers they serve. As you examine this issue, I ask that you keep in mind the working people who stand to gain the most from a quick approval process.

Sincerely,

AFSCME LOCAL 1004

Patty Rich, Executive Director

We Make Utah Happen

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.

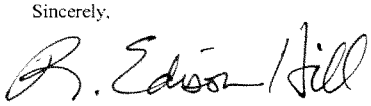
This transaction will result in a formidable and financially strong airline that will instantly become a worldwide leader in service and destinations across the world. Most importantly, this combined company will continue to support hundreds of thousands of jobs across the U.S., deliver a broader route 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.

OFFICE OF THE GOVERNOR

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.

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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

Earl Ray Tomblin
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.

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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

cc: The Honorable Jay Rockefeller, US Senator
The Honorable Joe Manchin, US Senator

ADDITIONAL SUBMISSIONS FOR THE RECORD

A list of material and links can be found below for Submissions for the Record not printed due to voluminous nature, previously printed by an agency of the Federal Government, or other criteria determined by the Committee:

Ferriss, Bruce, and Barbara Ferriss, Spokespersons, Association of Professional Flight Attendants (APFA), and Former TWA Flight Attendants, attachments:
http://twajustice.com/senate_exhibits.html

Mitchell, Kevin, Chairman, Business Travel Coalition, statement:
http://judiciary.house.gov/hearings/113th/02262013_2/Mitchell%2002262013.pdf

Moss, Diana L., Ph.D., Director and Vice President, American Antitrust Institute (AAI), additional submission:
http://www.antitrustinstitute.org/~antitrust/sites/default/files/AAI_BTC_USAir-AA_White%20Paper_8-7.pdf

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