Notice of intention to accept binding commitments offered by International Consolidated Airlines Group S.A., American Airlines, Inc. and Finnair Oyj in relation to the Atlantic Joint Business Agreement

Case number 50616

28 March 2025

CMA
Competition & Markets Authority

CONTENTS

1. INTRODUCTION

1.1 The Competition and Markets Authority (the '**CMA**') is investigating the Atlantic Joint Business Agreement ('**AJBA**') between (i) American Airlines, Inc. ('**American Airlines**' or '**AA**');[1] (ii) subsidiaries of International Consolidated Airlines Group S.A. ('**ICAG**'),[2] ie, British Airways plc ('**British Airways**' or '**BA**'),[3] Iberia Líneas Aéreas de España, Operadora SA Unipersonal ('**Iberia**' or '**IB**'),[4] and Aer Lingus Limited ('**Aer Lingus**') (altogether with ICAG, '**IAG**');[5] and (iii) Finnair Oyj ('**Finnair**')[6] (the '**Parties**'). The CMA's investigation is considering whether the AJBA, which provides for cooperation relating to flight schedules, sales and revenues on passenger air transport services on transatlantic routes, amounts to an infringement of the prohibition in section 2(1) of the Competition Act 1998 (the '**Act**') (the '**Chapter I prohibition**').[7]

1.2 In March 2025, AA, IAG and Finnair (the '**Commitments Parties**') offered commitments aimed at addressing the CMA's competition concerns in this investigation (the '**Proposed Commitments**'). The Proposed Commitments are summarised in section 5 below and the full text of the Proposed Commitments is set out at Annex 1 to this document.

1.3 The CMA hereby gives notice[8] that it proposes to accept the Proposed Commitments and invites representations from persons likely to be affected by this proposed course of action.

1.4 The CMA will consider any representations made in response to this notice before making its final decision on whether to accept the Proposed Commitments. Details on how to make representations are provided at the end of this document. The closing date for representations is **23 April 2025.**

1.5 Acceptance of the Proposed Commitments by the CMA would result in the termination of its investigation, with no decision made on whether or not the Chapter I prohibition of the Act has been infringed by the Parties.

1.6 The remainder of this notice provides:

- an overview of the CMA's investigation (section 2);

[1] A company incorporated in the state of Delaware, United States, under registration number 0332421.
[2] A company incorporated in Spain under registration number M-492129.
[3] A company incorporated in England and Wales under registration number 01777777.
[4] A company incorporated in Spain under registration number M-491912.
[5] A company incorporated in Ireland under registration number 211168.
[6] A company incorporated in Finland under registration number 0108023-3.
[7] BA, AA and Iberia entered into the original AJBA agreement on 14 August 2008. Finnair became a party to the AJBA on 2 July 2013. Aer Lingus signed an Alliance Agreement on 23 October 2017 and became a member of the AJBA once it received antitrust immunity (ATI) approval from US DOT in December 2020.
[8] Pursuant to paragraph 2 of Schedule 6A of the Act.

- background information regarding the Parties and the relevant market context (section 3);
- details of the CMA's competition concerns (section 4);
- a summary of the Proposed Commitments (section 5);
- the CMA's assessment of the appropriateness of commitments in this case (section 6);
- details of the CMA's intentions and how to provide representations in response to this notice (section 7);
- the effect of accepting the commitments (section 8); and
- the text of the Proposed Commitments (Annex 1).

1.7 Certain confidential information in this document has been presented in a range format or redacted. Redacted confidential information in the text of the document is denoted by [✂].

2. THE CMA'S INVESTIGATION

A. The investigation

2.1 In October 2018, the CMA launched a formal investigation under section 25 of the Act into the AJBA which, at that time, was in operation between AA, BA, Iberia and Finnair.[9] The CMA had reasonable grounds for suspecting that the AJBA amounted to an infringement of the Chapter I prohibition of the Act.

2.2 The European Commission (the '**Commission**') conducted an investigation into the AJBA between 2009 and 2010. This investigation was closed when the Commission accepted commitments (the '**EC Commitments**') from the parties to the AJBA (at that time, AA, BA and IB) to address competition concerns in relation to six routes, of which five were London – United States of America ('**US**') city pair routes (London – Boston, London – Chicago, London – Dallas, London – Miami and London – New York).[10]

2.3 The CMA opened its investigation in 2018 in light of the fact that the AJBA covers transatlantic air passenger travel between the United Kingdom ('**UK**') and the US; the EC Commitments included five city pair routes between London and US cities (Boston, Chicago, Dallas, New York and Miami); and the EC Commitments were due to expire in 2020.

2.4 In September 2020, in response to disruption caused by COVID-19, the CMA imposed interim measures requiring the extension of the key terms of the EC Commitments (the '**2020 Interim Measures**').[11] The 2020 Interim Measures were imposed for a three-year period. Given the ongoing impact of COVID-19, in April 2022 the CMA extended its interim measures by a further two years (the '**2022 Interim Measures**').[12] The 2022 Interim Measures will remain effective until March 2026.

2.5 The CMA recommenced its active investigation in September 2023 and assessed both the recovery of the sector post-COVID and the continued impact of the AJBA. In the exercise of its discretion to determine its administrative priorities, the CMA has focused its investigation on four UK to US 'city pair' routes where the AJBA is liable to have the most significant impact on competition and consumers: London – Boston, London – Chicago, London – Dallas and London – Miami (the '**Routes of Concern**').

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[9] On 15 January 2020 the CMA extended the investigation to Aer Lingus.
[10] The Commission also accepted commitments in relation to the Madrid-Miami route. Details of the key terms of the EC Commitments are set out in paragraph 3.19.
[11] CMA's *Decision to issue interim measures*, 17 September 2020.
[12] CMA's *Decision to issue interim measures*, 4 April 2022.

B. Evidence gathering

2.6 During the investigation, the CMA has undertaken various investigative steps to gather evidence from the Parties and third parties. These steps include sending formal notices requiring the production of documents and provision of information under section 26 of the Act, as well as obtaining further information through calls, meetings and other correspondence.

C. The commitments offer

2.7 After the CMA recommenced its investigation in September 2023, the Parties indicated an intention to offer commitments to address the CMA's competition concerns.[13] Accordingly, further to the *Competition Act 1998: Guidance on the CMA's investigation procedures in Competition Act 1998 cases (CMA8)* (the '**Procedural Guidance**'),[14] the CMA proceeded to discuss with the Parties the scope of the commitments which the CMA considered would be appropriate to address the concerns it had identified.

2.8 Section 31A of the Act provides that, for the purposes of addressing the competition concerns it has identified, the CMA may accept, from such person or persons concerned as it considers appropriate, commitments to take such action (or refrain from such action) as it considers appropriate. The Procedural Guidance describes the circumstances in which the CMA is likely to consider it appropriate to accept binding commitments and the process by which parties to an investigation may offer commitments to the CMA.[15]

2.9 In accordance with section 31A of the Act and the Procedural Guidance, a business under investigation can offer commitments at any time during the course of an investigation until a decision on infringement is made. The Proposed Commitments being offered to the CMA by the Commitments Parties are set out in Annex 1 to this notice. The offering of commitments does not constitute an admission by the Parties of an infringement of the Chapter I prohibition.

2.10 Having considered the Proposed Commitments, the CMA is of the provisional view that they address its competition concerns for the reasons set out in this notice, and that it is appropriate for the CMA to close its investigation by way of a formal decision accepting the Proposed Commitments. Acceptance of the Proposed Commitments would result in the CMA terminating the investigation and not proceeding to a decision on whether the Chapter I prohibition has been infringed.

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[13] The CMA had previously consulted on an offer of commitments in May 2020. However, the CMA took a decision not to accept these commitments due to the exceptional circumstances arising from the COVID-19 pandemic.
[14] *Guidance on the CMA's investigation procedures in Competition Act 1998 cases* CMA8 (19 December 2024).
[15] Procedural Guidance, paragraphs 10.15–10.26.

3. BACKGROUND

D. The Parties

3.1 This section describes the parties to the AJBA.

D.I IAG

3.2 ICAG was formed in 2010 pursuant to the merger of BA and Iberia. IAG is the parent company of several airlines: BA, Aer Lingus, Iberia, Fly Level SL and Vueling Airlines SA. It is one of the world's largest airline groups with 582 aircraft flying to over 250 destinations and carrying around 115 million passengers in 2023.[16]

D.II BA

3.3 BA is a full-service network airline, based in the UK, that flies to almost 200 destinations in 72 countries[17] and carried nearly 43 million passengers in 2023.[18]

D.III Iberia

3.4 Iberia is a full-service network airline based in Spain. Its primary focus is on passenger routes connecting Spain with the rest of Europe and between Europe and Latin America. Iberia serves around 140 destinations in 46 countries.[19]

D.IV Aer Lingus

3.5 Aer Lingus is a full-service network airline based in the Republic of Ireland. Its primary focus is on passenger routes connecting Ireland with the rest of Europe and between Ireland and North America. Aer Lingus operates over 100 routes,[20] carrying over 10 million passengers in 2023.[21]

D.V American Airlines

3.6 AA is a full-service network airline incorporated in Delaware, with its headquarters in Dallas, Texas. AA serves more than 350 destinations in more than 60 countries.[22]

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[16] IAG 2023 Annual Report.
[17] See https://www.oneworld.com/members/british-airways, accessed 20 February 2025.
[18] British Airways Annual Report and Accounts 2023.
[19] See https://www.oneworld.com/members/iberia, accessed 20 February 2025.
[20] See https://mediacentre.aerlingus.com/factsheet/about-aer-lingus, accessed 20 February 2025.
[21] Aer Lingus Annual Report 2023.
[22] See https://www.oneworld.com/members/american-airlines, accessed 20 February 2025.

3.7 American Airlines Group Inc. is the holding company of AA. It is incorporated in Delaware and has shares trading on the Nasdaq. In 2024, American Airlines Group carried over 226 million passengers.[23]

D.VI Finnair

3.8 Finnair is a Finnish public limited company, with shares trading on the Nasdaq Helsinki. Finnair is a network airline operating routes primarily within Europe and between Asia and Europe. Finnair serves around 100 destinations in 35 countries.[24]

E. Industry Background

E.I Airline business models

3.9 Airlines operating transatlantic air passenger services use different business models. Traditionally, airlines either operate a network (hub-and-spoke) model or a point-to-point model. Each of these models is described below.

3.10 In the network or hub-and-spoke model, an airline's routes ('spokes') typically pass through the airline's central airport (the 'hub'), allowing passengers to connect to a number of other flights operated by the same carrier or its partners. The hub is used as a transfer point connecting different 'legs' of a trip on the way to the final destination. Airlines operating a hub-and-spoke model are therefore able to provide connecting opportunities for passengers and consolidate demand from several markets onto each flight leg. Network carriers also compete across a greater number and variety of city pairs, as developing and operating a hub-and-spoke system allows an airline to serve more city pairs.[25] The Parties, Virgin Atlantic, Delta Air Lines, and United Airlines all currently operate a network model.

3.11 Airlines operating larger networks generate both supply-side and demand-side advantages, meaning large network carriers can have advantages over carriers with smaller networks or other business models. For instance:

(a) On the supply side, access to feed traffic and larger operations at hubs can lead to operating efficiencies. Network carriers operating out of a hub can enjoy greater economies of scale and scope, resulting in cost advantages. For example, a network carrier with hub advantages can spread fixed overheads over the larger number of routes served from its hub. In addition, economies of scope could arise from the greater flexibility available when

[23] American Airlines full-year 2024 financial results.
[24] See https://www.oneworld.com/members/finnair, accessed 19 February 2025.
[25] For example, if an airline serves three point-to-point links from cities A to B, C to D and E to F and replaces these by six non-stop services from each of the six airports to a new hub at an intermediate point, the number of city pair markets that can be served jumps from three to 21.

assets like fleet and crew can be shared across a wide range of routes. These provide larger network carriers with advantages over airlines that are smaller and may lack hub operations at a relevant airport.

(b) On the demand side, networks can also provide advantages to airlines by improving the attractiveness of Frequent Flyer programmes ('**FFP**s'), facilitating frequency and scheduling advantages, and attracting corporate contracts.

3.12 Not all airlines operate a hub-and-spoke system. Some airlines (such as Norse and, to some extent, JetBlue which sits between the two systems) focus on point-to-point traffic, ie their services are focused on the flights between city pairs rather than being designed to attract connecting traffic. Point-to-point operations have some advantages over hub models. For example, where connections are not important, there may be fewer constraints in scheduling departures, aircraft turnaround may be faster as fewer passenger and baggage connections need to be accounted for, and non-hub airports may also be less congested. However, the lack of connecting traffic can be a significant disadvantage and point-to-point operations are only commercially viable where there is sufficient passenger demand on a route.

3.13 Full-service carrier ('**FSC**') airlines have a variety of cabin classes on their aircraft, including first class, business class and premium economy, which makes them better able to compete for business travellers, including corporate customers. In contrast the low-cost carrier ('**LCC**') model focusses on minimising operational and fare costs, allowing LCCs to compete more strongly for price sensitive customers. Whilst LCC airlines mainly provide economy seats, they may also offer some business and premium economy seats.

E.II Airline cooperation

3.14 Co-operation between airlines – which may be bilateral or multilateral – ranges from arm's length cooperation (such as interlining)[26] to highly integrated joint ventures (JVs).

3.15 JVs are contractual arrangements between airlines, implemented through a shared governance structure. Some airlines develop JVs or joint business agreements which involve revenue/profit-sharing arrangements on specific routes or in specific regions. As revenue is pooled, with airlines earning a percentage of revenue regardless of which airline's aircraft (or 'metal') the passenger chooses, parties to the JV sell seats without preference to which airline carries the

[26] 'Interlining' is when a passenger completes a connecting itinerary using two (or more) different airlines for different legs of the trip. This is in contrast to 'online' itineraries, where a passenger completes the different legs of a connecting itinerary on the services of the same, single carrier. Airlines often have agreements in place to facilitate the sale of tickets that combine the services of more than one carrier in a single itinerary/ticket.

passenger. This is known as 'metal neutrality'. Metal neutral JVs are the deepest possible form of cooperation between airlines short of a merger (which may not be possible in some jurisdictions under existing foreign ownership rules concerning airlines).

E.III Transatlantic airline competition

3.16 Competition between airlines on transatlantic routes (and on long-haul services more generally) takes place on key parameters, including pricing; scheduling and frequency; product and service quality and reliability; and network-based parameters (such as network coverage and FFPs).

3.17 The importance of each parameter may differ between passenger groups. For corporate customers and other time-sensitive customers, schedule convenience, frequency of service, product quality and the scope of an airline's network may play a critical role, whereas those aspects of competition may be less significant for highly price-sensitive travellers who are willing to accept less convenience and fewer service amenities in exchange for a lower price.

E.IV The EC Commitments and the 2020 and 2022 Interim Measures

3.18 As noted above, the Commission conducted an investigation into the AJBA between 2009 and 2010, which was closed when the Commission accepted the EC Commitments from the then parties to the AJBA (AA, BA and IB) to address potential competition concerns on six transatlantic routes: London – Dallas, London – Boston, London – Miami, London – Chicago, London – New York and Madrid – Miami.

3.19 The key terms of the EC Commitments (which were effective between 2010 and 2020) were:

(a) **Slot commitments**: the parties were obliged to allow competitor airlines, once approved by the Commission, to operate or increase the number of passenger services on the following city pairs: London – Dallas; London – Boston; London – Miami; and London – New York (subject to certain conditions being met).

(b) **Fare combinability agreement ('FCA') commitments**: the parties were obliged to allow competitor airlines to offer a return trip comprising a non-stop transatlantic service provided by the third-party airline and a non-stop service in the other direction by the parties to the EC Commitments.

(c) **Special Prorate Agreements ('SPA') commitments**: the parties were obliged to allow competitor airlines to access their services on connecting

routes in Europe and North America (and selected other countries) in order to feed third party airlines' transatlantic services on the identified city pairs.

(d) **FFP commitments**: the parties were obliged to allow competitor airlines operating on the city pairs (and not having a comparable FFP or participating in the parties' FFPs) to gain access to the parties' FFPs.

3.20 As explained above, the 2020 Interim Measures effectively extended the key terms of the EC Commitments for three years (ie six International Air Transport Association ('**IATA**') seasons) until March 2024. The 2022 Interim Measures then further extended the EC Commitments until March 2026, in particular, the slot remedies on routes between London and each of Boston, Dallas and Miami (two on the London – Boston route available to be operated non-stop only; and one on each of the London – Miami route and the London – Dallas route available to be operated on a one-stop basis) and SPAs (which also covered the London – Chicago route).

4. THE CMA'S COMPETITION CONCERNS

4.1 In this section, the CMA sets out its preliminary views on the competition concerns it has identified at this stage of its assessment, as arising from the AJBA. In particular, the CMA has competition concerns in relation to the markets on four London to US city-pair routes: London – Boston, London – Chicago, London – Dallas and London – Miami.

F. The relevant markets

4.2 The CMA's view, for the purposes of this notice, is that:

(a) The relevant markets should be defined on the basis of the Point of Origin/Point of Destination ('**O&D**') approach with each O&D pair considered a separate market, given that, from a demand-side perspective, different O&D pairs are generally not substitutable for each other. Passengers of all types look primarily to travel from specific points of origin to specific destinations and the most immediate competitive constraint on an airline serving a given O&D pair will be other airlines serving that same O&D pair, and not airlines serving other O&D pairs.

(b) A distinction should be drawn between premium and non-premium services based on passenger preferences and differentiated offerings of airlines. Consistent with prior approaches to the definition of the relevant market in aviation cases, the CMA considers (i) all first class, business class and premium economy passengers, as well as economy class passengers with the most flexible economy tickets, as '**Premium**' passengers; and (ii) passengers travelling on restricted economy tickets only as '**Non-premium**' passengers.

(c) The relevant product markets should not be widened to include one-stop services on the Routes of Concern. Although there is some substitutability between them for some passengers, one-stop services and non-stop services are not sufficiently interchangeable to justify regarding them as being in the same market.

(d) In relation to London airports:

(i) Only London Heathrow ('**LHR**') should be included in the markets for the supply of Premium services since the preference of Premium passengers for LHR, and airlines' responses to this preference, mean there is only a very limited competitive constraint on services in the Premium segment from services operating out of any other London airport.

(ii) Both LHR and London Gatwick ('**LGW**') should be included in the markets for the supply of Non-premium services since LGW can be an effective constraint on services in the Non-premium segment.

(iii) Other London airports (London City, London Luton, London Stansted, and London Southend) should be excluded from the relevant markets for both Premium and Non-premium services since there have been no direct flights from any of these airports on the Routes of Concern in over five years.

4.3 Based on the reasons set out above, the CMA has defined the following relevant markets:

(a) Premium non-stop services between LHR and each of Boston, Chicago, Dallas, and Miami; and

(b) Non-premium non-stop services between London (ie LHR and LGW) and each of Boston, Chicago, Dallas, and Miami.

4.4 The CMA has, however, taken into account competitive constraints from outside these relevant markets in its assessment of the effects of the AJBA on competition on each Route of Concern.

G. Barriers to entry

4.5 The CMA's view is that there are significant barriers to entry and expansion in the operation of flights on the Routes of Concern.

4.6 Airport slot constraints, most notably the lack of available slots at LHR, act as the main barrier to entry and expansion on the Routes of Concern:

(a) LHR is severely capacity constrained (including take-off and landing slots and other aspects of terminal infrastructure), and although both the UK Government and Heathrow Airport Limited have recently announced plans to increase capacity, it remains uncertain whether significant additional capacity will become operational at LHR in the next 10 years.[27]

(b) There are few slots at LHR and LGW available from the 'pool' or the secondary market, and those that are likely to be available are typically at times that are not suitable for transatlantic travel.

[27] The CMA notes statements by the UK Government made on 29 January 2025 supporting a third runway at London Heathrow airport (Government backs Heathrow expansion to kickstart economic growth - GOV.UK) and statements by Heathrow Airport Limited made on 11 February 2025 regarding its plans to improve infrastructure at Terminals 2 and 5, thereby improving terminal capacity prior to construction of a third runway (Government welcomes multibillion-pound Heathrow investment expected to secure thousands of steel jobs - GOV.UK).

(c) Most of the slot movement that does occur outside of slot allocation is slot swaps within JVs and alliances. However, in practice, it is still difficult for airlines within such JVs and alliances that have a more limited slot portfolio to reorganise their slot holdings as a way to enter or expand operations on UK-US routes.

4.7 Access to connecting traffic is an important input on some routes that lack sufficient O&D demand, and thus, if an airline is unable to access sufficient connecting traffic, that may also act as a barrier to entry and expansion:

(a) Unless routes have a sufficient volume of O&D demand, airlines can only successfully enter and expand on routes where they are able to rely on demand from behind or beyond connections either from their own or JV partner networks or through codeshare and interline agreements with other airlines.

(b) Access to connecting traffic at LHR is particularly important for airlines operating UK-US services and AA and BA have much greater access to connecting passengers at LHR than any other airline or transatlantic alliance.[28]

4.8 The extent to which access to connecting traffic as a barrier to entry and expansion differs between the relevant markets on the Routes of Concern is described in the CMA's route level assessments below.

H. Competition concerns on the Routes of Concern

4.9 The CMA has concerns that, in relation to the Routes of Concern, the AJBA has as its object and effect the prevention, restriction or distortion of competition.[29]

H.I Restriction of competition by object

4.10 The CMA has considered the content of the AJBA's provisions; its objectives; and the economic and legal context of which it forms a part.

4.11 The express object of the AJBA is to align the Parties' economic incentives in relation to offering air transport services on transatlantic routes. To this end, it provides for the sharing of revenues, which removes the ordinary incentive between airlines to compete, and the co-ordination of (among other things):

[28] For example, in the Summer 2024 IATA season, the AJB held the largest share of slots at LHR of the three airline alliances, at [55-65]% (around five times greater than the capacity held by the Star Alliance JV ([10-20]%) and around seven times greater than that of the SkyTeam JV ([0-10]%)).
[29] The CMA's competition concerns in relation to the Routes of Concern are without prejudice to any competition assessment of other routes that the CMA or any other authority or court may carry out in the future.

(a) prices;

(b) capacity and scheduling, ie output on the relevant markets; and

(c) marketing (including policies on corporate discounting and co-ordination of FFPs).

4.12 The AJBA also provides for the ongoing exchange of commercially sensitive information in relation to these (and other) topics.

4.13 Accordingly, while the AJBA may have additional, legitimate objectives, the CMA has concerns that, in relation to the Routes of Concern, it substitutes practical cooperation between the undertakings party to it for the risks of competition. In doing so, the CMA is concerned that the AJBA appreciably changes the structure of the relevant markets through the loss of competition between the undertakings party to it, increasing concentration and reducing the number of independent airlines supplying services, as well as increasing barriers to entry and expansion.

4.14 The CMA has taken into consideration the context in which the AJBA operates across the Routes of Concern, including:

(a) legal impediments to cross-jurisdictional airline mergers and restrictions on operating services within and between foreign jurisdictions which affect the real conditions of the functioning and structure of the markets in question; and

(b) the market position of AA and BA, including that they remain the only airlines operating a non-stop passenger service on the London – Dallas route and have the largest market share on the other Routes of Concern (London – Boston, London – Chicago and London – Miami).

4.15 Taking all these factors into account, the CMA is concerned that the AJBA may be, by its very nature, harmful to the proper functioning of normal competition on the Routes of Concern.

H.II Restriction of competition by effect

4.16 The CMA has also undertaken an assessment of the AJBA to determine whether it has the effect of preventing, restricting or distorting competition on the Routes of Concern.

4.17 When assessing the effects of the AJBA, the CMA has focused on the effect on the structure of the relevant markets. Changes to the structure of a market, such as an increase in market concentration and/or the raising of barriers to effective competition, are likely to harm the competitive process, which in turn is likely to have detrimental effects on the key parameters of competition, for example

resulting in higher prices and/or reduced quality of service relative to the counterfactual.

4.18 As part of its assessment, the CMA has therefore assessed:

(a) whether the AJBA has eliminated competition that would otherwise exist between AA and BA on each Route of Concern, substituting instead cooperation between them, through their joint business (the Atlantic Joint Business or '**AJB**');

(b) whether that joint business has market power in the markets for the supply of Premium and Non-premium non-stop services on each Route of Concern; and

(c) where this is the case and the joint business can therefore be expected to have an appreciable effect on competition (as a result of that market power and its ability to exploit it), whether that effect can be observed in the parameters of competition on each Route of Concern.

4.19 In making this assessment, the CMA notes that it was not possible to disentangle the effect of the AJBA from the effect of the remedies that were in place under the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures.

Elimination of competition between the Parties

4.20 The CMA's provisional view on the relevant counterfactual for each of the Routes of Concern is that in the absence of the AJBA, AA and BA would be independent competitors. This reflects the facts that both AA and BA each operated services on the Routes of Concern prior to the establishment of the AJBA; they both currently operate services on these routes; they each have a hub or significant operations at one end of the routes; and there is sufficient O&D demand to support competition on these routes.

4.21 As explained above, the objective of the AJBA is to substitute cooperation for competition between the undertakings party to it. The practical result of entering into the AJBA is therefore that AA and BA, which would otherwise compete on each Route of Concern, do not compete but instead cooperate in a joint business.

Market power of the AJB

4.22 The CMA assessed whether the Parties have a position of market power on the Routes of Concern as a result of the AJBA, such that they would have the ability to affect the parameters of competition such as price, output, quality etc.

4.23 Several factors will impact the extent of market power held by the AJB including:

(a) The airlines operating on the route: the AJB's position will be stronger where there are few other airlines operating on the route, or those airlines operate using different business models which are likely to attract different customers to those the AJB targets.

(b) The AJB's shares of supply for Premium and Non-premium passengers: the AJB is likely to hold a stronger position where the shares of supply of the AJB are higher and the shares of other airlines are lower and more fragmented.

(c) The flight frequencies the AJB is able to offer on each route: where the AJB is able to offer more frequent flights relative to what its competitors can offer, or an entrant could offer, the AJB is likely to hold a stronger market position compared to those actual and potential competitors.

(d) The AJB's position at the airports on the route and its ability to access connecting Premium and Non-premium passengers on each route: the AJB's position will be stronger where it is able to readily access connecting traffic, and its actual and potential rivals have limited access to connecting traffic. This is likely to be a particular issue on routes with limited O&D demand.

4.24 These factors influence the relative strength of the Parties and their competitors, as well as contributing to barriers to entry and expansion.

London – Boston

4.25 Three competitors operated daily non-stop flights on this route in Summer 2024: the AJB (using four slots), the Delta/Virgin Atlantic JV (using two remedy slots awarded under the 2022 Interim Measures and one of its own), and JetBlue (using its own slots to provide one daily service from LHR and one daily service from LGW[30]).

4.26 The CMA considers that the AJB enjoys a strong position in the Premium and Non-premium markets on this route as a result of the AJBA:

(a) The AJB has (and has consistently held) a strong market position for Premium non-stop services, with a share above [55-65]% for non-stop services on LHR-Boston since 2010. This position does not change when out-of-market constraints from one-stop services or services from other London airports are taken into account.[31]

(b) In Non-premium, the AJB's market position has moderated significantly (from a market share of around [65-75]% to between [25-35]% and [50-60]% for

[30] JetBlue suspended operating daily services during winter seasons between Boston and LGW from Winter 2024/25, and will only operate year round daily services between Boston and LHR.
[31] In the Summer 2024 IATA season, only [0-10]% of the total number of Premium passenger journeys between London and Boston were on services from LGW and only [0-10]% were on one-stop services.

most of the period since 2010, excluding the years impacted by COVID-19). The position of the AJB airlines does not change when out-of-market constraints from one stop-services between London and Boston are taken into account.[32]

(c) The AJB has consistently offered the most daily flights since 2009 (between three and four daily frequencies on average) and these flights are offered at a wider variety of departure times than other airlines.

(d) Of airlines on the route, AA and BA have the largest share of passengers connecting over London, reflecting the fact that the AJB has a stronger position at LHR than any other transatlantic alliance or airline.

4.27 The Delta/Virgin Atlantic JV – the only FSC other than the AJB currently offering services on the route – holds a weaker position than the AJB in both the Premium and Non-premium markets:

(a) In the Premium market, the Delta/Virgin Atlantic JV's share of supply was [20-30]% in Summer 2024 and has generally been less than half the size of the AJB's since Summer 2014.

(b) In the Non-premium market, the Delta/Virgin Atlantic JV's share of supply has fallen from [40-50]% in Summer 2014 to [30-40]% in Summer 2024, with much of this decline occurring post-COVID.

(c) The Delta/Virgin Atlantic JV has historically offered fewer frequencies than the AJB, scheduling around two daily frequencies since Summer 2014, although this increased to three daily frequencies in IATA Summer seasons from the IATA Summer 2024 season when it began using both remedy slots available pursuant to the 2022 Interim Measures. The increase in frequency due to the additional remedy slot, along with the exit of United (and, in relation to Non-premium passengers, Norse), resulted in significant increases in its share of supply compared to Summer 2023 ([10-20]% in Premium and [20-30]% in Non-Premium).

(d) The Delta/Virgin Atlantic JV had fewer passengers connecting over London than AA and BA, reflecting its weaker position at LHR relative to the AJB.

4.28 Other airlines that have operated on the route since the COVID-19 pandemic have also had weaker positions than the AJB:

(a) In the Premium market, even in Summer 2023 the combined shares of other rivals was limited (United's share was only [10-20]% and JetBlue's was [0-10]%). United has now exited. JetBlue reduced its Winter service from the

[32] Only [0-10]% of Non-premium passengers in the Summer 2023 IATA season travelled on one stop services.

2023/24 season and its share of supply fell from [0-10]% in Summer 2023 to [0-10]% in Summer 2024.

(b) In the Non-premium market, while the number of competitors to the AJB briefly increased to four in Summer 2023, there have only been two since Winter 2023/24 with both United and Norse exiting the route. JetBlue's share was [10-20]% in Summer 2024.

(c) Of these other airlines, only JetBlue has operated more than one daily frequency between London and Boston. It now only does so in the Summer season and one of these services is from LGW (in the Winter it operates a once daily frequency between LHR and Boston).[33]

(d) JetBlue has a weak position relative to the AJB in relation to the capacity it holds at LHR and LGW.

(e) Norwegian and United entered (through the award of a remedy slot) in 2015 and 2022 respectively but have subsequently exited. Norse entered at LGW in Summer 2023 but exited after one season.

4.29 As set out above, a significant barrier to entry and expansion on all Routes of Concern is the lack of slots at LHR and, to a lesser extent, LGW. This acts as a limitation on other airlines' ability to offer services to any destination, including Boston, thereby weakening the actual and competitive constraints faced by the AJB on the route. Of the airlines that have entered without being awarded a remedy slot, only JetBlue operated on London – Boston (with its services split across LHR and LGW) in Summer 2024. However, the slots obtained by JetBlue were only available due to exceptional circumstances, specifically the availability of LHR and LGW slots in the pool as a result of the Russia/Ukraine conflict (as Aeroflot's slots were forfeited and redistributed in the pool).

4.30 In addition, the actual and potential competitive constraints faced by the AJB are weak as a result of BA and other members of the AJB holding a significant share of capacity at LHR and a greater share than other transatlantic alliances at LGW. While the Delta/Virgin Atlantic JV and JetBlue do have networks out of Boston, the weaker position of airlines other than the AJB at London airports serving London – Boston limits their ability to exert an effective competitive constraint on the AJB, particularly given the AJB's greater share of passengers connecting over London on the route.

4.31 Given the strength of the AJB's market position, the weakness of its rivals, and the barriers faced by those seeking to enter the markets, the CMA is concerned that the AJBA continues to afford the Parties a sufficient degree of market power such

[33] See footnote 30 above.

that it is liable to appreciably restrict competition on the relevant markets on London – Boston, notwithstanding that the AJB's market position has moderated significantly in the Non-premium market.

London – Chicago

4.32 Two competitors operated daily non-stop flights on this route in Summer 2024: the AJB (using seven slots) and United (using three slots).

4.33 The CMA considers that the AJB enjoys a strong position in the Premium and Non-premium markets on this route as a result of the AJBA:

(a) In the Premium market, the AJB has had a consistently high share of supply, with a share above [45-55]% since 2010 and above [55-65]% in most seasons. This position does not change when out-of-market constraints from one-stop services or services from other London airports are taken into account.[34]

(b) In the Non-premium market, the AJB's share of supply has increased from [50-60]% in Summer 2010 to [70-80]% in Summer 2024, as well as being above [55-65]% in most IATA Winter seasons since 2009. This position does not change when out-of-market constraints from one-stop services are taken into account.[35]

(c) The AJB has consistently offered the most daily flights (between five and seven daily frequencies on average) and these flights are offered at a wider variety of departure times than other airlines.

(d) The Parties have the largest share of passengers connecting over London of airlines on the route, reflecting the AJB's stronger position at LHR than any other alliance or airline.

4.34 Notwithstanding that United operates its second largest US hub from Chicago, United holds a weaker position than the AJB in both the Premium and Non-premium markets:

(a) For Premium, United's share of supply has been consistently smaller than the Parties', and was significantly so before the COVID-19 pandemic.

(b) For Non-premium, it is the AJB rather than United which increased its share following the exit of other airlines.

[34] No passengers have travelled non-stop between LGW and Chicago since Norwegian exited the route and the proportion of all Premium passengers flying one-stop between London and Chicago is low ([0-10]% in Summer 2024 and not more than [0-10]% in any prior season).
[35] The proportion of passenger journeys in the Non-premium market on one stop services has been between [5-15]% and [15-25]% since 2009 and was [10-20]% in Summer 2024.

(c) United has offered fewer frequencies than the AJB, consistently offering around half as many frequencies as the Parties since 2009.

(d) United has fewer passengers connecting over London than the Parties, reflecting its very weak position at LHR relative to the AJB.

4.35 No other airline has operated non-stop services on the route since 2019, and no other competitors have served the Premium market since 2016.[36]

4.36 As set out above, a significant barrier to entry and expansion on all Routes of Concern is the lack of slots at LHR and, to a lesser extent, LGW. The CMA does not consider the entry of Norwegian (which operated on the route between Winter 2017/18 and Summer 2019 without the use of a remedy slot) to be evidence that there is a material constraint on the AJB from potential competitors. The short period in which Norwegian operated on the route is consistent with there being barriers to competition for potential competitors to the AJB, including on this route.

4.37 In addition, the actual and potential competitive constraints faced by the AJB are weak as a result of BA and other members of the AJB holding a significant share of capacity at LHR and a greater share than other alliances at LGW. The weaker position of airlines other than the AJB at London airports serving London – Chicago limits their ability to exert an effective competitive constraint on the AJB. While United does have access to feed traffic from its hub at Chicago, the fact that both the current competitors have hubs at (at least) one end of the route is a further barrier to airlines with no such access to feed traffic entering the route.

4.38 Given the strength of the AJB's market position, the weakness of its rivals, and the barriers faced by those seeking to enter the market, the CMA is concerned that the AJBA affords the Parties a sufficient degree of market power such that it is liable to appreciably restrict competition on the relevant markets on London-Chicago.

London – Dallas

4.39 AA and BA continue to be the only airlines operating non-stop on the London – Dallas route.

4.40 The CMA considers that the AJB enjoys a very strong market position in the Premium and Non-premium markets on this route as a result of the AJBA:

(a) As the AJB airlines have been the only providers of non-stop services between London and Dallas since 2009, the AJBA removes competition between the only airlines that would otherwise directly compete to provide such services and the Parties have accounted for 100% of supply in non-stop

[36] The Virgin/Delta JV operated a service from LHR during the Summer season up to and including Summer 2016. Norwegian operated a service from LGW between Winter 2017/18 and Summer 2019.

services in both the Premium market and the Non-premium market since the AJBA began.

(b) Even taking into account the weak constraint from those airlines providing one-stop services, the AJB has accounted for over [85-95]% of all Premium passengers and at least [60-70]% of all Non-premium passengers in each season since 2009.

4.41 The actual and potential competitive constraints faced by the AJB are weak as a result of the significant barriers to entry and expansion. In particular:

(a) In London, BA and other AJB airlines hold a significant share of capacity at LHR and a greater share than other alliances at LGW. In Dallas, AA holds a significant share of capacity at Dallas Fort Worth Airport and no other airlines have a material presence. The fact that the AJB has a hub at either end of the route limits the ability of other airlines to provide an effective competitive constraint on the AJB.

(b) In addition, as noted above, the lack of slots at LHR and, to a lesser extent, LGW limits the ability of other airlines to offer services on this route.

4.42 Given the strength of the AJB's market position, the weakness of its rivals, and the barriers faced by those seeking to enter the market, the CMA is concerned that the AJBA affords the Parties a sufficient degree of market power such that it is liable to appreciably restrict competition on the relevant markets on London – Dallas.

London – Miami

4.43 Three competitors operated daily non-stop flights on the London – Miami route in Summer 2024: the AJB (using three slots), the Delta/Virgin Atlantic JV (using the remedy slot and one of its own slots at LHR), and Norse using its own slot at LGW.

4.44 The CMA considers that the AJB enjoys a strong market position in the Premium and Non-premium markets on this route as a result of the AJBA:

(a) In Premium, the AJB has (and has consistently held) a strong market position, with a market share above [45-55]% since 2010, and above [55-65]% since 2012. This position does not change when out-of-market constraints from one-stop services or services from other London airports are taken into account.[37]

[37] Only [10-20]% of passengers travelled non-stop between LGW and Miami in Summer 2024 and the proportion of all Premium passengers flying one-stop between London and Miami is low ([0-10]% in Summer 2024 and not more than [10-20]% in any prior season).

(b) In Non-premium, the AJB has been the largest player in the market in most seasons since 2010. This position does not change when out-of-market constraints from one-stop services are taken into account.[38]

(c) The AJB has consistently offered the most daily flights since 2010 (between three and four daily frequencies on average).

(d) The AJB has the largest share of passengers connecting over London and Miami of airlines on the route reflecting the AJB's stronger position than any other transatlantic alliance or airline at LHR and Miami International Airport ('**MIA**').

4.45 The Delta/Virgin Atlantic JV – the only FSCs other than the AJB to offer services on the route – holds a weaker position than the AJB in both the Premium and Non-premium markets on the route.

(a) In Premium, the Delta/Virgin Atlantic JV's share of supply was [30-40]% in Summer 2024 and has been around half the size of the AJB's share of supply in each IATA season since Summer 2014.

(b) In Non-premium, the Delta/Virgin Atlantic JV's share of supply has gradually fallen from [30-40]% in Summer 2014 to [20-30]% in Summer 2024, with much of this decline occurring due to the entry and expansion of Norwegian (prior to its exit in 2019) and Norse.

(c) The Delta/Virgin Atlantic JV has historically offered fewer frequencies than the AJB, scheduling one daily frequency on average in IATA Summer seasons and between one and two daily frequencies on average in IATA Winter seasons in the period Summer 2015 – Winter 2019/2020.

(d) The Delta/Virgin Atlantic JV has fewer passengers connecting over London and Miami than the AJB, reflecting its much weaker position at LHR and MIA relative to the AJB.

4.46 Norse – the only airline other than the AJB and the Delta/Virgin Atlantic JV that has operated on the route since the COVID-19 pandemic – also has a weaker market position than the AJB. Norse achieved a [20-30]% share in the Non-premium market in Summer 2024 when it operated between five and six frequencies each week on average. Consistent with its point-to-point model, Norse had a very small share of connecting passengers over both London and Miami.

4.47 As set out above, a significant barrier to entry and expansion on all Routes of Concern is the lack of slots at LHR and, to a lesser extent, LGW. While two airlines (Norwegian and Norse) have entered this route without being awarded a

[38] The proportion of passenger journeys in the Non-premium market on one stop services was [0-10]% in Summer 2024.

remedy slot, both did so operating from LGW. While Norse continues to serve the route from LGW, its services provide a weaker constraint on the AJB (particularly in the Premium market) than the Delta/Virgin Atlantic JV which operates from LHR.

4.48 In addition, the actual and potential competitive constraints faced by the AJB are weak as a result of other airlines having restricted access to connecting traffic. In London, BA and other members of the AJB hold a significant share of capacity at LHR and a greater share than other alliances at LGW. In Miami, AA and other members of the AJB hold a significant share of capacity at MIA. The weaker position of airlines other than the AJB at airports serving London – Miami limits their ability to provide an effective competitive constraint on the AJB.

4.49 Given the strength of the AJB's market position, the weakness of its rivals, and the barriers faced by those seeking to enter the market, the CMA is concerned that the AJBA affords the Parties a sufficient degree of market power such that it is liable to appreciably restrict competition on the relevant markets on London – Miami.

H.III Empirical analysis of the AJBA's impact on fares

4.50 Given that the AJBA was implemented in 2010, the CMA has considered empirical analysis that examines whether it had a measurable impact on fares in the relevant markets on each Route of Concern. An important consideration in this respect is that the AJBA was implemented contemporaneously with the EC Commitments designed to address its impact on competition. As such, for routes that were subject to slot remedies, the CMA considers that any analysis of fares following the implementation of the AJB can at best be informative about the combined effect of the AJBA and the applicable remedies.

4.51 AA and IAG submitted econometric analysis aimed at estimating the impact of the AJBA on the Routes of Concern. The methodology used in this study essentially compared the fares charged on the Routes of Concern with the fares charged on control routes after the implementation of the AJBA, controlling for various determinants of fares. The study purported to show that the AJBA has not led to higher fares on any of the Routes of Concern.

4.52 The CMA has significant concerns with respect to the data and methodology used in the econometric study submitted by AA and IAG. Firstly, the data presents a number of issues which affect its reliability, and which are most acute with respect to non-US carriers (over the whole period) and for US carriers for the period after 2014 for several quarters. Secondly, the data shows that the fares charged on the Routes of Concern differed from the fares charged on control routes even before the implementation of the AJBA, such that the difference observed after the implementation of the AJBA cannot reliably be attributed to that change. For these reasons, the CMA considers that no weight can be given to the results of this study.

4.53 In response, the CMA developed an alternative econometric approach. To mitigate the first issue identified with the study submitted by AA and IAG (that of data reliability), the CMA only used data for US carriers and only for the period up to Q3 2014. As a result, the CMA was only able to estimate the cumulative effect of the AJBA and the slot remedies on AA fares for this period. To mitigate the second issue identified with the study submitted by AA and IAG (that of suitable controls and a credible identification strategy), the CMA used an estimator known as 'synthetic control' which identifies a suitable control for each treated route in a data-driven way.

4.54 The CMA's approach yielded two main findings:

(a) A decrease in AA fares in the 2010 – 2014 period for Non-premium passengers on London – Boston and London – Miami as a result of the net effect of the AJBA and slot remedies.

(b) An increase in AA fares for Premium passengers in the 2010-2014 period on London – Dallas as a result of the net effect of the AJBA and remedies. The Parties challenged this result and the robustness of the CMA's synthetic control model.

4.55 For most other routes/cabins, the alternative approach applied by the CMA failed to identify suitable comparators. In these cases, it was not possible to use the econometric analysis to robustly test the proposition that the AJBA and remedies had an effect on AA fares. While for these routes the econometric analysis does not produce evidence of a measurable impact on the parameters of competition, this is not evidence of an absence of an effect on competition.

4.56 The CMA also received voluntary econometric submissions from third parties prepared by their economic advisers regarding, amongst other things, the impact of the AJBA. The CMA reviewed these submissions and engaged with the relevant third parties to understand the work undertaken. However, due to some concerns regarding the methodologies employed, the CMA did not consider that it would be appropriate to place significant weight on these econometric submissions.

H.IV Exemption criteria

4.57 AA and IAG have submitted that the AJBA has generated substantial benefits to consumers, including to those travelling on the Routes of Concern. In particular, they have submitted econometric analysis seeking to demonstrate efficiencies under three main categories:[39]

[39] IAG and AA also claim that the AJBA leads to qualitative benefits, but have not sought to quantify the qualitative efficiencies or show that they satisfy the four limbs of the section 9 test.

(a) Scheduling benefits on the Routes of Concern, leading to more convenient schedule options for AJB passengers;

(b) The elimination of double marginalisation on connecting services, leading to lower fares for AJB connecting passengers; and

(c) The introduction of new non-stop AJB services on a number of US-UK routes that previously had no direct flights, leading to benefits for AJB passengers.

4.58 The CMA has assessed whether these claimed benefits meet the conditions, set out in section 9 of the Act, for exemption from the Chapter I prohibition.

4.59 In order for this to be the case, there are four conditions that must be satisfied:

(a) the agreement contributes to improving production or distribution, or promoting technical or economic progress;

(b) while allowing consumers a fair share of the resulting benefit;

(c) the agreement does not impose on the undertakings concerned restrictions which are not indispensable to the attainment of those objectives; and

(d) the agreement does not afford the undertakings concerned the possibility of eliminating competition in respect of a substantial part of the products in question.

4.60 The four exemption conditions are cumulative and it is, therefore, unnecessary for the CMA to examine any remaining conditions once it is found that one of the conditions is not fulfilled. In individual cases it may, therefore, be appropriate to consider the four conditions in a different order.

4.61 The undertaking(s) claiming the benefit of section 9(1) of the Act must adduce cogent empirical evidence of the claimed efficiencies.[40]

4.62 In relation to the first and third conditions (the identification of efficiencies and indispensability), the CMA's view is that, in principle, the AJBA is capable of generating the categories of efficiencies AA and IAG have claimed; and that a realistic and less restrictive alternative (such as code-sharing or other forms of cooperation short of a metal-neutral joint venture) may not generate similar efficiencies overall. The CMA has therefore proceeded on the assumption that conditions one and three could in principle be satisfied. However, the CMA's provisional view is that AA and IAG's quantification of the claimed efficiencies is insufficiently robust and the efficiencies are materially overstated, among other things because the quantification does not exclude other potential causes of the

[40] Section 9(2) of the Act read with *Sainsbury's v Visa and Sainsbury's v Visa and Sainsbury's v Mastercard* [2020] UKSC 24, paragraph 116.

claimed efficiency such as increased demand, or the effects of the remedies put in place by the Commission and the CMA.

4.63 In relation to the fourth condition (no elimination of competition in respect of a substantial part of the products in question), the CMA's view is that the AJBA affords AA and BA the possibility of eliminating competition in respect of a substantial part of the relevant markets on London – Dallas. This assessment is based on the facts that AA and BA provide the only non-stop services on the route, one-stop services exercise a weak constraint on the AJB in these markets, and barriers to entry are high. Therefore, the AJBA as it applies to London – Dallas is unlikely to meet the fourth condition for an individual exemption.

4.64 The second condition (fair share to consumers) is only satisfied if the net effect of the agreement is at least neutral from the point of view of those consumers who are affected by the agreement restricting competition. Applying the judgment of the Supreme Court in *Sainsbury's v Mastercard*[41] and having regard to the Commission's 101(3) guidelines and approach in *Continental/United/Lufthansa/Air Canada*,[42] the CMA considers that the consumers affected by the AJBA in the relevant markets on the Routes of Concern, and the consumers who stand to benefit from the Parties' claimed out-of-market efficiencies, are not 'substantially the same' and do not show 'considerable commonality' (the tests applied in these prior cases). Therefore, AA and IAG's claimed out-of-market efficiencies cannot be relied on to outweigh the restriction of competition on the Routes of Concern even if it is assumed that the other limbs of section 9 are met.[43]

4.65 In the light of the above, the CMA's current view is that AA and IAG have not demonstrated that the conditions of section 9 of the Act have been met and that the AJBA does not, therefore, benefit from an individual exemption from the Chapter I prohibition.

H.V Conclusion on competition concerns

4.66 The CMA's current view is that the AJBA gives rise to competition concerns in respect of the Routes of Concern and that AA and IAG have failed to demonstrate that the conditions of section 9 of the Act have been met, with the result that the AJBA does not benefit from an individual exemption from the Chapter I prohibition.

[41] [2020] UKSC 24.
[42] AT.39595.
[43] AA and IAG's claimed scheduling benefits (an in-market efficiency) can also not outweigh the restriction of competition because, as set out above, the CMA's current view is that quantification of the claimed efficiencies is not sufficiently robust and the efficiencies are materially overstated.

5. THE COMMITMENTS

5.1 In order to address the CMA's competition concerns, the Commitments Parties have offered the Proposed Commitments to the CMA (set out in Annex 1), which include:

(a) slot commitments on the London – Boston, London – Chicago and London – Miami routes together with supporting SPA and FFP commitments; and

(b) a local passenger volume commitment on the London – Dallas route.

I. The Proposed Commitments

5.2 The Proposed Commitments offered by the Commitments Parties are summarised below.

I.I London – Boston

5.3 On the London – Boston route, the Commitments Parties have offered a slot pair to be used for up to seven non-stop flights or 'frequencies' a week, available at LHR or LGW.[44]

5.4 The Commitments Parties have also offered an SPA commitment and an FFP commitment.

I.II London – Chicago

5.5 On the London – Chicago route, the Commitments Parties have offered a slot pair, to be used by a new entrant only, for seven frequencies a week, available at LHR or LGW. This slot is to be used to operate non-stop flights in the IATA Summer seasons and either non-stop or one-stop flights (or a combination of non-stop and one-stop flights) in the IATA Winter seasons. The slots available in Summer and Winter must be used by a single new entrant, ie carriers cannot apply for just the Summer slots or just the Winter slots.

5.6 The Commitments Parties have also offered an SPA commitment and an FFP commitment.

I.III London – Dallas

5.7 On the London – Dallas route, the Commitments Parties have offered a commitment to carry, non-stop, more than a specified minimum number of total

[44] When assessing applications for all slots under the Proposed Commitments, the CMA will consider which applicant provides the most effective constraint by reference to factors including whether the proposed service is to and from LHR rather than to and from other London airports.

O&D passengers[45] and Premium O&D passengers between the London – Dallas city pair each year, subject to certain force majeure and operational imperative events (the '**Local Passenger Volume Commitment**'). The minimum volume of O&D passengers and of Premium O&D passengers is to be determined by annually adjusting an initial number by a modifier to account for anticipated changes in demand.

I.IV London – Miami

5.8 On the London – Miami route, the Commitments Parties have offered a slot pair to be used for up to seven non-stop frequencies a week, available at LHR or LGW.

5.9 The Commitments Parties have also offered an SPA commitment and an FFP commitment.

I.V General provisions

5.10 The Commitments Parties have agreed to appoint a monitoring trustee to oversee the implementation of the Proposed Commitments and report to the CMA on various matters.

I.VI Termination and review

5.11 The Proposed Commitments would be binding on the Commitments Parties from the date of the formal acceptance of the commitments by the CMA. The coming into effect of the Proposed Commitments would not suspend the Interim Measures, which would remain in effect until and including the IATA Winter Season 2025/26. Agreements pursuant to the Proposed Commitments and the Local Passenger Volume Commitment would operate for a period of ten years from expiry of the Interim Measures.

[45] This refers to passengers flying non-stop between the London – Dallas city pair but not travelling behind or beyond London or Dallas.

6. THE CMA'S ASSESSMENT OF THE APPROPRIATENESS OF COMMITMENTS IN THIS CASE

6.1 For the reasons set out below, the CMA has reached the provisional view that its competition concerns are addressed by the Proposed Commitments offered.

J. The CMA's Guidance

6.2 Pursuant to section 31A of the Act, for the purposes of addressing the competition concerns it has identified, the CMA may accept from such person (or persons) concerned as it considers appropriate, commitments to take such action (or refrain from taking such action) as it considers appropriate.

6.3 In order to accept commitments, the CMA must be satisfied that the commitments offered address the competition concerns the CMA has identified and the CMA must consider, in the exercise of its discretion, that it is appropriate to accept commitments in the case in question.[46]

6.4 The Procedural Guidance states that the CMA is likely to consider it appropriate to accept binding commitments only in cases where (a) the competition concerns are readily identifiable; (b) the competition concerns will be addressed by the commitments offered; and (c) the proposed commitments can be implemented effectively and, if necessary, within a short period of time.[47]

6.5 The Procedural Guidance further states that the CMA will not accept commitments where compliance with such commitments and their effectiveness would be difficult to discern and/or where the CMA considers that not to complete its investigation and make a decision would undermine deterrence.[48]

K. The CMA's assessment

6.6 The CMA has assessed the Proposed Commitments against the criteria referred to in paragraphs 6.3 to 6.5 above and sets out its provisional views below.

K.I Whether the competition concerns are readily identifiable

6.7 The CMA considers that the competition concerns in respect of the AJBA are readily identifiable, having set those out in section 4 of this notice.

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[46] Section 31A(2) of the Act and paragraphs 10.15 to 10.21 of the Procedural Guidance.
[47] Paragraph 10.19 of the Procedural Guidance.
[48] Paragraph 10.21 of the Procedural Guidance.

K.II Whether the Proposed Commitments address the CMA's competition concerns

6.8 The CMA sets out below its provisional assessment of whether the Proposed Commitments address its competition concerns. The CMA's assessment has considered each of the Proposed Commitments individually, but also taken into account that they are intended to work as a package of measures that are likely to support or strengthen effective competition to the AJB on the Routes of Concern.

6.9 The CMA's provisional view is that the Proposed Commitments, once implemented, will address the CMA's competition concerns with respect to the AJBA on the Routes of Concern, as outlined in section 4, by providing the possibility for entry and/or enabling operators to access customers on the Routes of Concern more easily.

Slot commitments

6.10 The lack of availability of slots at LHR and LGW constitutes the main barrier to entry or expansion on the Routes of Concern. The Proposed Commitments, once implemented, will address this barrier by making slots at LHR or LGW available to competitors on three of the Routes of Concern (namely non-stop services to Boston, Miami and Chicago[49]), thereby enabling competitors to launch new services or expand existing services.

6.11 The Proposed Commitments allow for remedy slots to be available for up to 10 years, ie the full duration of the Proposed Commitments. Slots obtained under the Proposed Commitments may be withdrawn following entry of a further competitor on the relevant Route of Concern provided that:

(a) the new entrant has operated a daily non-stop service for four full IATA seasons;

(b) such withdrawal does not occur until the expiry of a notice period of a minimum of at least two full IATA seasons; and

(c) any recipient of a slot pair under the Proposed Commitments shall have use of the slots for at least twelve full IATA seasons before it can be required to hand back slots due to new entry on the route.[50]

6.12 Competitor airlines have also indicated that the capacity constraints at LHR relate to terminal infrastructure as well as take-off and landing rights. In order to address

[49] The slot on London – Chicago is to be used to operate non-stop flights in the IATA Summer seasons and either non-stop or one-stop flights (or a combination of non-stop and one-stop flights) in the IATA Winter seasons.
[50] In the event that notice is given before the recipient has operated ten full seasons then the notice period will be two full IATA Seasons plus any further period such that the total duration of the relevant SRA is a minimum of twelve full IATA Seasons.

this concern, which could have a significant impact on competitor airlines' ability to use remedy slots, the Parties have agreed to amend the slot application process (relative to the EC Commitments and 2022 Interim Measures). The amendments require AA and BA to take reasonable steps, as are within their control, to facilitate an applicant's access to the full range of terminal infrastructure necessary to operate a non-stop service on the relevant Route of Concern at the terminal of the applicant's choice.

6.13 In addition, the Proposed Commitments provide for greater flexibility to help overcome terminal infrastructure constraints by enabling an applicant to rearrange its slot portfolio such that it uses its own slots to operate on the relevant Route of Concern, whilst using slots made available under the Proposed Commitments on other routes.

London – Boston

6.14 The CMA's provisional view is that the release of slots facilitating a non-stop competitor service on London – Boston would address the competition concerns it has identified in respect of that route. In particular, this will enable an additional non-stop competitor service to operate compared to a scenario where no remedy slots are available.

6.15 It is likely that slots would be taken up by competing airlines and used for year-round non-stop services. The Delta/Virgin Atlantic JV is currently using two slot pairs released under the terms of the 2022 Interim Measures to provide non-stop services on London – Boston. JetBlue also currently operates non-stop services on the London – Boston route. In addition to providing these competitors with an opportunity to offer more services on London – Boston than they would absent a remedy, the slot may provide an opportunity for a new entrant on the route.

6.16 As noted in section 4 on the CMA's competition concerns, the AJB's position in the Non-premium market has moderated over time due to additional services offered by the Delta/Virgin Atlantic JV (including via use of available remedy slots under the 2022 Interim Measures) and JetBlue's entry in Summer 2021. Although the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures provided for two slot pairs on the London-Boston route, the CMA provisionally considers that a single slot pair would be sufficient to ensure that there remains an effective competitive constraint to the AJB on the London – Boston route once the 2022 Interim Measures have expired.

London – Miami

6.17 The CMA's provisional view is that the release of slots facilitating a competitor service on London – Miami continues to be required and would address the competition concerns it has identified in respect of this route. In particular, this will

enable an additional non-competitor service to operate compared to a scenario where no remedy slots are available. The Proposed Commitments require the slots for the London – Miami route to be operated year-round on a non-stop basis only, whereas, under the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures, slots could be (and were for part of the year) operated on this route a one-stop basis.

6.18 The CMA considers that it is essential for the effectiveness of the slot remedy that the services facilitated are operated year-round on a non-stop basis. This is because only a relatively low number of passengers were carried on Summer services facilitated by the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures when these were operated on a one-stop basis.

6.19 It is likely that slots would be taken up by competing airlines and used for year-round non-stop services. The Delta/Virgin Atlantic JV is currently using slots released under the terms of the 2022 Interim Measures to provide non-stop services year-round on London – Miami (which has facilitated direct competition with the AJB airlines), as well as operating services which do not rely on the remedy slots. Norse also operates year-round non-stop services which do not rely on the 2022 Interim Measures. In addition to the potential for a new entrant to apply for the slot, these airlines would be well placed to increase competition on the route using a remedy slot.

6.20 As noted above, the AJB has maintained a strong position in the Premium and Non-premium markets, though its market power has been constrained by the Delta/Virgin Atlantic JV and by Norse, the latter in the Non-premium market specifically. In this context, the CMA provisionally considers that the slot remedies proposed (available to be operated on a non-stop basis) will ensure that there is a sufficient competitive constraint to the AJB on the London – Miami route once the 2022 Interim Measures have expired.

London – Chicago

6.21 The CMA's provisional view is that the release of slots facilitating additional daily non-stop flights in the IATA Summer seasons and either one-stop or non-stop (or a combination of one-stop and non-stop) daily flights in the IATA Winter seasons on London – Chicago would address the competition concerns it has identified in respect of this route. Unlike the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures, the Proposed Commitments provide for slot remedies on the London – Chicago route.[51]

[51] The CMA stated in its 2020 Notice of Intention to Accept Commitments that it only had competition concerns in relation to the Premium market on the London – Chicago route and that it did not consider that slot remedies were required. However, the CMA now has competition concerns in both the Premium and Non-Premium markets, eg due to Norwegian

6.22 The CMA provisionally considers that a different approach is required for the London – Chicago route, as compared to Boston and Miami, given that take-up of slots on this route is less certain. In particular, this is because it would likely be more challenging for an entrant to operate a financially viable non-stop service on the London – Chicago route in the IATA Winter seasons. For example, the Delta/Virgin Atlantic JV previously only operated a non-stop service in the Summer seasons until withdrawing from the route after Summer 2016.

6.23 Therefore, the CMA provisionally considers that it is appropriate to incentivise take-up of remedy slots on the London – Chicago route by giving competing airlines the option of operating all or some of their flights in the IATA Winter season on a one-stop basis. Allowing competing airlines to use slots to operate one-stop flights that connect via their hubs would enable them to gain greater access to connecting traffic. This should ensure that there is sufficient demand to enable the viability of the service. In assessing slot applications, the CMA will consider, amongst other things, the number of non-stop services proposed, and, on this criterion, give preference to applicants that are willing to operate the highest number of non-stop flights in the IATA Winter seasons, given that non-stop services provide a stronger competitive constraint than one-stop services.

6.24 In addition, the Proposed Commitments require that competitor airlines must operate seven frequencies per week on the London – Chicago route. This is different from the requirements for obtaining slots on the London – Boston and London – Miami routes, which require competitor airlines to operate *up to* seven frequencies per week. The requirement to operate seven frequencies per week prevents carriers from using the London – Chicago slots to focus only on operations in Summer, when demand is higher, or to focus on one-stop services (eg connecting via their hub) in Winter, neglecting the Summer seasons. In addition, given that carriers may offer one-stop services that connect via their own hubs in the IATA Winter seasons, thereby generating network efficiencies, the CMA considers that such carriers are more likely to be able to operate daily services than if non-stop services were required in both seasons.

6.25 The CMA also provisionally considers that, unlike the proposed slots on the London – Boston and London – Miami routes, the slot pair on the London – Chicago route should only be available to new entrants. This is because there is currently only one non-stop competitor to the AJB on the London – Chicago route, and so facilitating entry of a further competitor on the route should provide a greater competitive constraint on the AJB than enabling the only non-stop competitor on the route to offer an additional frequency.

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exiting the route after Summer 2019, and provisionally considers that the slot remedies proposed are needed to address its competition concerns.

6.26 As noted above, the AJB has maintained a strong position in the Premium and Non-premium markets, though its market power has been constrained by United. In this context, the CMA provisionally considers that the slot remedies proposed, which are intended to facilitate new entry, will ensure that there is a sufficient competitive constraint to the AJB on the London – Chicago route.

Local Passenger Volume Commitment

6.27 The CMA's provisional view is that the release of a slot on the London – Dallas route would not be an appropriate way of addressing its competition concerns, as it is unlikely that a competing airline would be sufficiently incentivised to operate year-round (or even seasonal) non-stop services. This is because London – Dallas is a relatively 'thin' O&D route (e.g. when compared with the other Routes of Concern), with BA and AA hubs at each end.

6.28 Whilst competing airlines may be incentivised to operate one-stop services, the CMA considers that such services exercise a weaker constraint than non-stop services and would be less effective in protecting O&D passengers, who are the main focus of the CMA's competition concerns. In particular, the CMA notes that the one-stop services operated by Delta using the remedy slot available under the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures have each year only carried a relatively small number of O&D passengers between London-Dallas via Atlanta – less than [0-5]% of O&D passengers on the route in every year since 2018, and often significantly less, especially in the Premium segment.

6.29 Instead, the CMA considers that the Local Passenger Volume Commitment would address the CMA's competition concerns on the London – Dallas route, by effectively protecting O&D passengers.[52] In particular, this commitment is expected to constrain the Commitments Parties' fares on the route by requiring that they sell a minimum number of tickets to O&D passengers.

6.30 The Local Passenger Volume Commitment applies to O&D passengers only. This is to ensure that it constrains fares for O&D passengers in the London – Dallas markets where the Parties currently face limited competition and no competition in respect of non-stop services. Dallas is AA's main hub and a significant proportion of passengers that fly between London and Dallas are connecting passengers flying to other destinations. For these connecting passengers the Parties' fares are likely to be constrained by competition from other airlines. A volume commitment that related to the total number of passengers on the London – Dallas route could

[52] It should also be noted that additional capacity and frequency on the London – Dallas route are an important source of customer benefits arising from the AJBA, so a commitment to maintain local passenger volumes is also likely to secure those benefits in the future.

therefore result in adjustments to fares and/or capacity only (or disproportionately) being enjoyed by connecting passengers.

6.31 Under the Proposed Commitments, the total local passenger base level for Summer 2026 and Winter 2026/27 is [188,000-205,000] and the local Premium passenger base level for Summer 2026 and Winter 2026/27 is [80,000-88,000].

6.32 These levels have been calculated by adjusting the Summer 2019 and Winter 2019/20 local passenger volumes by reference to the Parties' internal capacity forecasts (produced independently of this investigation), as explained below. The Parties consider that passenger volumes in 2019 most closely resemble business as usual, as the period 2020-24 was affected by disruption caused by COVID-19 and, subsequently, pent-up demand in the wake of the pandemic. For example, they have submitted that actual passenger numbers in 2023 and 2024 are an unreliable proxy for future demand as capacity on the route is projected to drop by [10-15]% in 2026 as compared to 2024.

6.33 The Parties' internal capacity forecasts have been used to estimate how demand is likely to increase between (i) Summer 2019/Winter 2019/20, and (ii) Summer 2026/Winter 2026/27, as these forecasts reflect the Parties' own views on the likely evolution of demand and third-party forecasts (such as IATA's passenger forecasts) are not available on a route-specific basis.

6.34 When adjusted for Summer 2026 and Winter 2026/27, the local passenger volume levels in the Local Passenger Volume Commitment for both total and Premium passengers:

(a) represent an increase of over [10-20]% above Summer 2019 and Winter 2019/20 actual levels;

(b) exceed predicted UK-US GDP growth for 2019/20-2026/27; and

(c) exceed average growth in US-UK travel based on (i) actual passenger volumes for 2019/20 – 2023/24, and (ii) IATA forecasts of growth between 2023/24 – 2026/27.[53]

6.35 The CMA therefore provisionally considers that the minimum volumes in the Proposed Commitments are a reasonable level at which to set a floor that would provide a meaningful constraint on the Parties' pricing on the route and would therefore address the CMA's competition concerns.

6.36 The total local passenger base level and the local Premium passenger base level would be subject to an annual adjustment mechanism based on IATA's UK-US air

[53] The 2026/27 projection is based on a straight-line interpolation between IATA US-UK actual passenger volumes in 2023/24 and those forecast for the end of the forecast period, 2028/29.

passenger forecast. The CMA considers that this is an appropriate method for adjusting the level of the Local Passenger Volume Commitment to reflect the evolution of demand on the London – Dallas route.

SPA commitments

6.37 The SPAs offered in relation to each of the relevant Routes of Concern address the concern that the AJB members have a substantial feeder traffic advantage over other carriers on these routes due to the fact that BA operates a major hub at LHR and AA either operates a hub or has a significant presence at the US end of each of these routes. These SPAs will allow eligible airlines access to connecting passengers (feeder traffic) on preferential terms, incentivising entry or additional competitor services on these routes and/or increasing the viability of existing non-stop services on the Routes of Concern. Eligible airlines will be able to access connecting traffic on up to 20 routes at each city on a particular route, an increase compared to the 15 routes available under the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures. In addition to having greater access to more connecting routes, airlines using the SPAs will also have a greater ability to optimise their portfolio of SPA routes.

6.38 Some competing airlines have made use of the SPA commitments in place as part of the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures. Furthermore, SPAs of this type have been used in a number of merger cases to address comparable competition concerns. As such, it is likely that SPAs of this type will be taken up and used by competing airlines where they are available.

FFP commitments

6.39 The FFP commitments offered in relation to each of the relevant Routes of Concern address the concern that the AJB members' FFPs represent a barrier to entry or expansion by competing airlines as they disincentivise customers from switching to competing carriers.

6.40 The FFP commitments available under the EC Commitments, the 2020 Interim Measures and the 2022 Interim Measures were not taken up by competing airlines, as, like the Proposed Commitments, these were limited to airlines that did not have their own FFP and most competitors already had established FFP schemes.

6.41 Nonetheless, the availability of FFP agreements under the Proposed Commitments may increase the attractiveness of entry for airlines which do not have their own FFP, in combination with the other elements of the overall package of the Proposed Commitments.

FCA commitments

6.42 For completeness, the CMA notes that this package of remedies (unlike the EC Commitments) does not include the possibility of eligible airlines applying to operate FCAs. The CMA does not propose to include such remedies as only one such agreement has been put in place since 2010 under the EC Commitments; this was used for only a very small number of fares; and this remedy has not been used in any of the last 10 IATA seasons. Competitor airlines have also indicated that they do not consider such a remedy to be attractive to them.

Conclusion on the overall package of commitments

6.43 The slot commitments included in the Proposed Commitments will address a key barrier to entry and expansion for competitors at LHR and LGW on the London – Boston, London – Chicago and London – Miami routes.

6.44 The Local Passenger Volume Commitment requiring the AJB to carry a minimum number of O&D passengers on the London – Dallas route will place a constraint on fares and require the Commitments Parties to adjust capacity (and in particular the share of that capacity available to O&D passengers) in line with changes in demand.

6.45 In order to support competing services, SPAs (with an increased number of routes available) will offer competitors access to AJB feeder traffic on preferential terms. The FFP commitment offers potential competitors without their own FFP the opportunity to gain access to the FFPs of the AJB Parties on the Routes of Concern.

6.46 Taken together, therefore, the CMA's provisional view is that, once implemented, the package of remedies contained in the Proposed Commitments offered by the Commitments Parties will enhance competition on the Routes of Concern and thereby address the CMA's competition concerns.

K.III Whether the Proposed Commitments are capable of being implemented effectively and, if necessary, within a short period of time

6.47 The Proposed Commitments outline how and when each commitment will come into force, in particular:

(a) The Proposed Commitments provide for a slot tender process to take place ahead of the relevant IATA season for which a slot is to be released. The slot release commitments on London – Boston, London – Chicago and London – Miami would be implemented at the start of the IATA Summer 2026 season, ie, the Slot Release Agreements ('**SRAs**') under the Proposed Commitments will take effect as soon as the SRAs under the Interim Measures currently in

place come to an end. Should the SRAs be terminated (for any reason), further tender processes will be held to re-award the slots.

(b) The Local Passenger Volume Commitment on London – Dallas will apply from the 'Effective Date' (defined in the Proposed Commitments to mean the date on which the Proposed Commitments are accepted by the CMA).

(c) Eligible airlines may request SPAs and access to FFPs from the Effective Date for implementation from IATA season Summer 2026. The Proposed Commitments provide for a specified process and timeline for agreeing an SPA.

6.48 The coming into effect of the Proposed Commitments does not suspend the 2022 Interim Measures, which remain in effect until and including the IATA Winter 2025/26 season.

6.49 Given the above, the CMA is satisfied that the Proposed Commitments are capable of being implemented effectively and within a sufficiently short period of time.

K.IV Whether compliance with the Proposed Commitments and their effectiveness would be difficult to discern

6.50 The conclusion of SRAs provides clear evidence of compliance with the slot commitments and is easily established. The conclusion of SPAs and FFP agreements is also easy to establish and the Proposed Commitments provide mechanisms to monitor compliance with such agreements.

6.51 A monitoring trustee will be appointed to perform the functions of monitoring the Commitments Parties' compliance with the commitments. The monitoring trustee's mandate includes the following obligations and responsibilities:

(a) to monitor the satisfactory discharge by the Commitments Parties of the obligations entered into in the commitments, including reporting to the CMA on the Commitments Parties' compliance with the Local Passenger Volume Commitment;

(b) to propose to the Commitments Parties such measures as the monitoring trustee considers necessary to ensure the Commitments Parties' compliance with the conditions and obligations attached to the Proposed Commitments;

(c) to advise and make a written recommendation to the CMA as to the suitability of any SRA, Prospective Entrant, SPA and FFP agreement submitted for approval to the CMA; and

(d) to provide written reports to the CMA on the Commitments Parties' compliance with the Proposed Commitments and the progress of the discharge of its mandate, identifying any respects in which the Commitments Parties have failed to comply with the Proposed Commitments or the monitoring trustee has been unable to discharge its mandate.

6.52 The Commitments Parties have a number of reporting obligations, including to:

(a) report to the CMA at the end of each IATA Winter season, starting with Winter 2027/28, the number of total O&D Passengers and Premium O&D Passengers carried by the Parties on the London – Dallas city pair during the preceding two IATA Seasons.

(b) provide to the CMA copies of any material variations, amendments or additions to the agreements constituting the AJBA; and

(c) provide to the CMA and the monitoring trustee any information which the CMA requires from them for purposes of monitoring the implementation of the Proposed Commitments.

6.53 These mechanisms have proved satisfactory in monitoring and enforcing the Interim Measures in place since 2020. The CMA's provisional view is that the appointment of a monitoring trustee and reporting obligations will ensure that the CMA remains at all times in a position to monitor effective compliance by the Commitments Parties and take appropriate enforcement steps if required.

K.V Whether acceptance of the Proposed Commitments would undermine deterrence

6.54 The CMA does not consider that accepting the Proposed Commitments in this case would undermine deterrence. The Commitments Parties' having to offer a package of commitments (including a number of slot commitments) in order to protect and enhance competition on the Routes of Concern sends a strong signal that the CMA will require appropriate remedies in order to address any competition concerns it identifies on transatlantic air passenger routes.

6.55 The CMA also considers that accepting the Proposed Commitments in this case would address its competition concerns quickly and proportionately.

6.56 The Proposed Commitments do not preclude the CMA taking enforcement action in relation to other competition concerns and/or other markets.

6.57 In the light of the above, the CMA's provisional view is that deterrence would not be undermined by accepting commitments in this case.

7. THE CMA'S INTENTIONS AND INVITATION TO COMMENT

7.1 For the reasons set out above, the CMA provisionally considers the Proposed Commitments set out at Annex 1 to this notice to be sufficient to address the competition concerns identified by the CMA. Therefore, subject to any representations received in response to this notice, the CMA proposes to accept the Proposed Commitments by means of a formal commitments decision.

7.2 As noted above, the CMA has not reached a final view. Pursuant to paragraphs 2 and 8 of Schedule 6A of the Act, the CMA now invites representations on the Proposed Commitments and will take such representations into account before making a final decision on whether to accept commitments.

L. Invitation to comment

7.3 Any person wishing to comment on the Proposed Commitments should submit written representations to the email address below by 5pm on **23 April 2025**.

7.4 Please quote the case reference, 50616, in all correspondence related to this matter and submit written representations:

(a) **FAO:** Eren Kilich, Assistant Director, or April Carr, Project Director, Competition and Markets Authority

(b) **Email**: AJB-Response@cma.gov.uk

7.5 Written submissions are welcomed on any aspect of the Proposed Commitments; both as regards the general nature of the Proposed Commitments and their detailed drafting.

M. Confidentiality

7.6 The CMA does not intend to publish the responses to the consultation with any commitments decision or notice of intention to accept any modified commitments. However, the information contained in the responses may be used or summarised in these documents. If this is the case the CMA will revert to the provider of that information to obtain representations on confidentiality in advance of publication.

7.7 In the event that the Proposed Commitments are not accepted and the CMA is considering disclosing any information contained in the responses (such as in a Statement of Objections), it will similarly revert to the provider of that information to obtain representations on confidentiality in advance.

7.8 The CMA will then consider those representations before deciding whether the information should be disclosed under Part 9 of the Enterprise Act 2002.

8. EFFECT OF ACCEPTING COMMITMENTS

8.1 Formal acceptance of the Proposed Commitments by the CMA would result in the termination of its investigation, with no decision made on whether or not the Chapter I prohibition of the Act has been infringed by the Parties.

8.2 Acceptance of the Proposed Commitments would not prevent the CMA from taking any action in relation to competition concerns which are not addressed by the Proposed Commitments. Moreover, acceptance of the Proposed Commitments would not prevent the CMA from continuing the investigation, making an infringement decision, or giving a direction in the circumstances set out in the Act.[54]

8.3 The possible consequences of failing to adhere to commitments are set out in sections 31E; 35A and 35B of the Act. They include:

(a) A power for the CMA to impose a penalty on a person from whom the CMA has accepted commitments if the CMA considers that the person has, without reasonable excuse, failed to adhere to the commitments.[55] Any penalty will be calculated in accordance with section 35B.

(b) A power for the CMA to apply for a court order enforcing the commitments if a person from whom the CMA has accepted commitments fails without reasonable excuse to adhere to the commitments.[56]

[54] Pursuant to section 31B of the Act.
[55] Section 35A of the Act.
[56] Section 31E of the Act.

ANNEX 1: THE PROPOSED COMMITMENTS

PROPOSED COMMITMENTS

INTRODUCTION

The Competition and Markets Authority (**CMA**) is conducting an investigation, Case 50616, to determine whether the Atlantic Joint Business Agreement (defined below) infringes the Competition Act 1998 (**CA98**) Chapter I prohibition (the **Chapter I Prohibition**).

American Airlines, Inc.; International Consolidated Airlines Group, SA (and its subsidiaries British Airways plc; Iberia Líneas Aéreas de España, Operadora S.A. Unipersonal; Aer Lingus Limited); and Finnair oyj (the **Parties**) agree to provide the following commitments (the **Commitments**) under section 31A of the CA98 in order to address the competition concerns raised by the CMA in relation to the Atlantic Joint Business Agreement.

The giving of these Commitments does not constitute an admission of any wrongdoing and nothing in these Commitments should be construed as implying that the Parties agree with any concerns identified by the CMA in its investigation.

These Commitments are strictly without prejudice to the Parties' position should the CMA or any other party or authority commence or conduct any proceedings or legal action against the Parties in respect of the Atlantic Joint Business Agreement or any similar cooperation agreement.

Given that the US Department of Transportation (**DOT**) has granted antitrust immunity to the Atlantic joint business, the CMA will consult the DOT in relation to these Commitments whenever the CMA deems it appropriate. For the avoidance of doubt, decisions under these Commitments will be taken by the CMA. These Commitments confirm an ongoing waiver allowing the CMA to share with the DOT, for as long as these Commitments remain in force, confidential information and other materials which the Parties have provided to the CMA as well as the CMA's internal analysis of the Atlantic Joint Business Agreement (which may contain information provided by the Parties).

The Commitments shall be interpreted in the light of the CMA's decision of the same date to accept commitments (the Commitment Decision) and subject to the law of England and Wales.

DEFINITIONS

For the purpose of these Commitments, the terms listed below have the following meaning:

Adverse New Legislation	Has the meaning set out in Clause 9.4
Aer Lingus (or EI)	Aer Lingus Limited
Affiliated Third Party	Includes any airlines that: have at least 25% of their direct or indirect shareholders in common (or where one airline owns a direct or indirect shareholding in the other, that shareholding amounts to at least a 25% share)
Affiliate of the Parties	Includes any airlines that: (i) have in common with any of the Parties a direct or indirect shareholder which holds at least 25% of the shares of each of the airlines in question (or where one airline owns a direct or indirect shareholding in the other and that shareholding amounts to at least a 25% share); or (ii) co-operate in the form of a revenue-sharing joint business on any transatlantic city pairs in the provision of passenger air transport services including a joint business that has been granted competition law clearance or antitrust immunity by a Relevant Authority (eg DOT or European Commission); or (iii) co-operate with any of the Parties in the form of a joint business on any city pairs providing feeder traffic to

	transatlantic passenger air transport services conducted by the Parties
Allocated Slot Time	Has the meaning set out in Clause 1.14
American Airlines (or AA)	American Airlines, Inc.
Annual Modifier	Has the meaning set out in Clause 2.1
Answer	Has the meaning set out in Clause 6.6
Applicant	Any airline which applies for Slots from the Parties in accordance with these Commitments
Arbitral Institution	Has the meaning set out in Clause 6.4
Arbitral Tribunal	Has the meaning set out in Clause 6.8
Atlantic Joint Business Agreement (or AJBA)	All final signed agreements (including all schedules, annexes, addenda, etc) entered into prior to the date of these Commitments relating to the Existing Alliance in effect at the date of these Commitments. This in particular comprises the following agreements: (i) Bilateral Alliance Agreement between AA and Finnair dated 20 March 2002 (ii) Bilateral Alliance Agreement between AA and Royal Jordanian dated 16 July 2007 (iii) Alliance agreement between AA and BA dated 14 August 2008; Second Amendment to the Codeshare Agreement between AA and BA dated 14 August 2008 (iv) Alliance Agreement between AA and IB dated 14 August 2008 (v) Joint Business Agreement between AA, BA and Iberia

dated 14 August 2008 (as amended on 30 March 2010)

(vi) Alliance Agreement between AA and Finnair dated 30 June 2013

(vii) Alliance Agreement between AA and Aer Lingus dated 23 October 2017

(viii) Amended and Restated Alliance Agreement between AA, BA, Iberia and Finnair dated 2 July 2013

(ix) Amended and Restated Joint Business Agreement between AA, BA, IB and Finnair dated 13 July 2013

(x) Alliance agreement between Finnair and BA dated on or around 2 July 2013

(xi) Alliance Agreement between Finnair and Iberia dated 2 July 2013

(xii) Alliance Agreement between Finnair and Aer Lingus dated 23 October 2017

(xiii) Amended and Restated Joint Business Agreement between AA, BA, IB and Finnair dated 23 October 2017 subject to the following amendments: Effective 1 June 2018 (agreement dated 2019) to expand the geographic scope of the AJB to include Iceland; On 10 May 2021 to satisfy conditions in the grant of antitrust immunity by the US Department of Transportation; On 1 July 2022 to expand the scope of the AJB by amending

the definition of ‘European Region’ to include certain additional countries in Europe, the Middle East and Africa; and On 19 October 2023 by the side letter addressing Openskies’ withdrawal from the AJBA

(xiv) Amended and Restated Alliance Settlement Agreement by and among AA, BA, IB, Openskies SASU, Finnair and Aer Lingus dated 23 October 2017 (effective from 1 January 2017) as subsequently amended by the amendments in 2019 (effective 1 June 2018) in parallel with the amendment of the amended and restated joint business agreement; certain temporary adjustments made to reflect the impact of COVID-19 pandemic lockdowns; on 1 July 2022 in parallel with the amendment of the amended and restated joint business agreement (Amendment to the AJBA and Alliance Settlement Agreement dated 1 July 2022); and on 7 December 2023 by the side letter to the alliance settlement agreement effective as of 1 January 2023 placing interim limits on transfer payments

(xv) IAG Side Letter Agreement by and among International Consolidated Airlines Group, S.A., AA, BA, IB, Aer Lingus, Finnair and Openskies SASU dated 23 October 2017 (effective from 1 January 2017)

(xvi) The Codeshare Agreement between American Airlines and Aer Lingus dated February 2020

(xvii) The Side Letter to the Alliance Settlement Agreement Related to the impact of COVID-19 dated 20 August 2020

(xviii) The Amendment to the BA-American Side Letter Agreement dated 20 August 2020

(xix) The Amendment Letter to the AJBA dated 10 May 2021

(xx) The GMT Side Letter dated July 2022

(xxi) The Amendment and restated Side Letter to the Alliance Settlement Agreement related to the impact of COVID-19 dated 18 April 2023

British Airways (or BA) British Airways Plc

Clause 1.3 Event Has the meaning set out in Clauses 1.3(a) - 1.3(b)

CMA Response Has the meaning set out in Clause 2.11

Commitment(s) The obligations created by this document.

Competitive Air Service Scheduled passenger air transport service operated on the relevant Identified City Pair:

(i) On a non-stop basis (that is, a flight that is constantly in the air between its origin and final destination airports); or

(ii) in relation to the London – Chicago city pair in the IATA Winter Season, with one stop, on a direct or connecting basis, provided that its total elapsed time is not more than 240 minutes longer than the elapsed time of the non-stop service; or with one stop as

	above on specified days of the week and on a non-stop basis on other specified days of the week
Competitive Non-Stop Air Service	A Competitive Air Service operated on a non-stop basis (that is, a flight that is constantly in the air between its origin and final destination airports)
Competitive One-Stop Air Service	A Competitive Air Service operated with one stop on a direct or connecting basis, provided that its total elapsed time is not more than 240 minutes longer than the elapsed time of the non-stop service
Competitive Split-Series Air Service	A Competitive Air Service which is operated as a Competitive Non-Stop Air Service on specified days of the week and as a Competitive One-Stop Air Service on other specified days of the week
Confidentiality Rules	Has the meaning set out in Clause 8.1
Dispute	Has the meaning set out in Clause 6.5
DOT	The US Department of Transportation
Economic Shock	A 10% or greater reduction in total passenger bookings in business and first class cabins combined, taken over the course of the latest week versus the same week in the previous year or any year from 2025 forward (using IATA DDS tickets data or any other relevant data source that may apply in the future) between the UK and North America across all airlines and with that reduced level of weekly bookings lasting at least six (6) weeks
Effective Date	The date of the formal acceptance of these Commitments by the CMA
Eligible Air Services Provider	An airline that is not an Affiliate of the Parties, which operates a non-stop service on an Identified City Pair In relation to London – Chicago, an Eligible Air Services Provider must not already be

	operating a Competitive Non-Stop Air Service on London – Chicago on 28 March 2025
European Region	The region comprised of the member states of the European Economic Area (as constituted on January 1, 2022), Albania, Algeria, Andorra, Bosnia-Herzegovina, Ghana, Israel, Kosovo, Monaco, Montenegro, Morocco, North Macedonia, San Marino, Serbia, South Africa, Switzerland, Turkey, Ukraine, the United Kingdom and Vatican City and such other countries or territories that are included from time to time within the 'European Region' for the purposes of the AJBA.
Existing Alliance	The metal neutral and revenue sharing based cooperation presently undertaken by the AJBA, involving transatlantic cooperation, or cooperation in connection with the transatlantic cooperation, between the Parties
Fast-Track Dispute Resolution Procedure	Has the meaning given in Section 6
FFP Agreement	An agreement by which an airline operating a Frequent Flyer Programme allows another airline to participate in that FFP
Finnair (or EY)	Finnair Oyj
Force Majeure Event	Has the meaning set out in Clause 2.8(a)
Frequency(ies)	A round-trip on an Identified City Pair
Frequent Flyer Programme (or FFP)	A programme offered by an airline to reward customer loyalty under which members of the programme accrue points, for travel on that airline, which can be redeemed for air travel and other products or services, as well as allowing other benefits such as airport lounge access or priority bookings
FFP Parties	AA, BA, IB, Aer Lingus and Finnair
Gatwick	London Gatwick (LGW) Airport

General Slot Allocation Procedure	For Heathrow and Gatwick: the Slot allocation procedure as set out in the Slot Regulation and IATA Worldwide Slot Guidelines (including participation at the IATA Scheduling Conference to try to improve the fit (with the desired schedule) of slots allocated by the coordinator from the waitlist following the Slot Handback Deadline)
Heathrow	London Heathrow (LHR) Airport
Historic Precedence Rights	The right, as defined in the IATA Worldwide Airport Slot Guidelines and referred to in the Slot Regulation, to be reallocated a slot or a series of slots that were operated for at least the required percentage of the time during the period allocated in the previous equivalent season
Hub	An airport at which an airline concentrates significant long-haul and short-haul operations with a view to offering connecting itineraries across its network. For the purpose of these Commitments, the following airlines shall be deemed to have Hubs at the following cities: (1) United Airlines – Chicago; (2) Delta Air Lines and JetBlue – Boston. Any further designations of Hubs will require a decision by the CMA advised by the Monitoring Trustee, following an application by the Parties
IATA	The International Air Transport Association
IATA Scheduling Conference	The industry conference of airlines and coordinators worldwide to solve scheduling issues where there are discrepancies between the slots requested by the airlines and allocated by the coordinators. The IATA scheduling conference for the following Winter Season takes place in June, and for the following Summer Season in November

IATA Season	The IATA Summer Season begins on the last Sunday of March and ends on the Saturday before the last Sunday of October. The IATA Winter Season begins on the last Sunday of October and ends on the Saturday before the last Sunday of March
Iberia (or IB)	Iberia Líneas Aéreas de España, Operadora S.A. Unipersonal
Identified City Pair(s)	London – Boston, London – Chicago, London – Miami
Indemnified Party	Has the meaning set out in Clause 5.16
Interim Measures	The CMA interim measures directions of 4 April 2022 issued to BA, IB, American Airlines Group Inc, and International Consolidated Airlines Group SA pursuant to section 35(2) CA98
Key Terms	Has the meaning set out in Clause 1.33(a)
Miles	The credits awarded by one of the Parties to members of its FFP. Such credits include standard reward points only and do not include tier or status points
Minimum O&D Passenger Volume	Has the meaning set out in Clause 2.1(a)
Minimum Premium O&D Passenger Volume	Has the meaning set out in Clause 2.1(b)
Misuse	Misuse of the type described at Clause 1.17
Monitoring Trustee	An individual or institution, independent of the Parties, who is approved by the CMA and appointed jointly by the Parties and who has the duty to monitor the Parties' compliance with the conditions and obligations attached to these Commitments
New Entrant	Has the meaning set out in Clause 1.3(a)
New Slot Time	Has the meaning set out in Clause 1.14
Notice	Has the meaning set out in Clause 6.4

North America	The region comprised of the United States of America (including Puerto Rico and the U.S. Virgin Islands), Canada and Mexico and such other countries or territories that are included from time to time within the 'North America' region for the purposes of the AJBA.
O&D Passenger Volume Commitment	Has the meaning set out in Clause 2.1
O&D Passenger Volume Notice	Has the meaning set out in Clause 2.9
O&D Passengers	Has the meaning set out in Clause 2.1(a)
oneworld	The alliance founded by AA, BA, Cathay Pacific and Qantas in 1999
Operational Imperative	Has the meaning set out in Clause 2.8(b)
Parties	AA; BA; Iberia; Aer Lingus; International Consolidated Airlines Group, S.A.; and Finnair In relation to specific aspects of these Commitments, see definitions of FFP Parties, SPA Parties and SRA Parties
Premium O&D Passengers	Premium Passengers travelling non-stop on the London – Dallas city pair with an origin and destination of London/Dallas
Premium Passengers	Passengers using any cabin or fare class other than restricted economy tickets. In other words, premium includes first class, business class, premium economy class, unrestricted economy class and comparable fare classes
Prospective Entrant	Any Applicant that is not an Affiliate of the Parties and that is able, individually or collectively by codeshare, to offer: (i) a Competitive Non-Stop Air Service; or

(ii) in relation to the London – Chicago Identified City Pair in the IATA Winter Season, a Competitive One-Stop Air Service or a Competitive Split-Series Air Service,

and needing a Slot or Slots to be made available by the Parties in accordance with these Commitments in order to do so.

For the avoidance of doubt, the Prospective Entrant shall comply with the following requirements:

(i) it must be independent of, and unconnected to, the Parties. For the purpose of these Commitments, an airline is not independent of and unconnected to the Parties when, in particular:

(a) it is an Affiliate of the Parties; or

(b) the airline co-operates with the Parties on the Identified City Pair concerned in the provision of passenger air transport services, except if this co-operation is limited to Special Prorate Agreements, codeshare agreements, fare combinability agreements, frequent flyer agreements or other agreements concerning servicing, deliveries, lounge usage or other secondary activities provided all such agreements are entered into on an arm's length basis;

(ii) it must have the intention to begin or increase regular operations on one or more of the Identified City Pairs (for the avoidance of doubt, any services operated on the basis of Slots awarded pursuant to the Interim Measures will not be taken into account when determining a Prospective

	Entrant's regular operations); and (iii) to that effect, it needs a Slot or several Slots for the operation of a Competitive Non-Stop Air Service or, in relation to the London – Chicago city pair in the IATA Winter Season, a Competitive One-Stop Air Service or Competitive Split-Series Air Service which competes with those of the Parties
Prospective Non-Stop Entrant	A Prospective Entrant able to offer a Competitive Non-Stop Air Service
Prospective One-Stop Entrant	A Prospective Entrant able to offer a Competitive One-Stop Air Service
Prospective Split-Series Entrant	A Prospective Entrant able to offer a Competitive Split-Series Air Service
Relevant Agreement(s)	Has the meaning set out in Clause 6.1
Relevant Authority	Any competition or regulatory authority that has granted or may grant clearance, approval, or antitrust immunity to agreements or arrangements pertaining to the provision of passenger air transport services on any transatlantic city pairs, including but not limited to the CMA and DOT
Requesting Air Services Provider (or RASP)	Has the meaning given in Clause 3.1
Request	Has the meaning set out in Clause 6.2
Requesting Party	Has the meaning set out in Clause 6.2
Rules	Has the meaning set out in Clause 6.9
Slot(s)	For Heathrow and Gatwick: permission given by the slot coordinator to land and take-off in order to operate an air service at the airport

	on a specific date and time given in accordance with the Slot Regulation
Slot Handback Deadline	15 January for the IATA Summer Season and 15 August for the IATA Winter Season
Slot Loss Risk	Where the Prospective Entrant has utilised its permitted cancellations (as per the "use it or lose it" principle in the Slot Regulation) for the relevant current IATA Season such that either: (i) the Prospective Entrant has the equivalent of only two weeks of cancellations remaining for each of the daily Slots released by the SRA Parties before the relevant Historic Precedence Rights are lost; or (ii) the Prospective Entrant has the equivalent of only three cancellations left with respect to any single daily Slot released by the SRA Parties before the relevant Historic Precedence Rights are lost
Slot Regulation	Council Regulation (EEC) No 95/93 of 18 January 1993 on common rules for the allocation of slots at United Kingdom airports (Retained EU Legislation), as retained, amended or replaced from time to time by the United Kingdom following EU Exit
Slot Request Submission Deadline	The final date for the request for Slots to the slot coordinator as set out in the IATA Worldwide Scheduling Guidelines
Slot Release Agreement (or SRA)	An agreement between any of the Parties and a Prospective Entrant that provides for the exchange of Slot(s) with the Prospective Entrant according to the principles laid down in Section 1 of these Commitments. For the avoidance of doubt, the Slot Release Agreement shall comply with the Slot Regulation and any exchange pursuant to this agreement shall be confirmed by the slot coordinator
Slot Release Procedure	Has the meaning set out in Clause 1.6

SPA	Special Prorate Agreement
SPA Parties	AA, BA, Iberia, Aer Lingus; and Finnair
Special Prorate Agreement	An agreement between two or more airlines on the apportionment of through-fares on journeys with two or more legs operated by the different airlines
SRA Parties	AA and BA
Successful Applicant	Has the meaning set out in Clause 1.41
Third-Party JV Partner	Airlines which co-operate (with an airline which is not a member of the AJBA) in the form of a revenue-sharing joint business on any transatlantic city pairs in the provision of passenger air transport services including a joint business that has been granted competition law clearance or antitrust immunity by a Relevant Authority (e.g. DOT or European Commission)
Trustee Proposal	Has the meaning set out in Clause 6.3
Viable Competitor	A viable existing or potential competitor, with the ability, resources and commitment to operate services on the Identified City Pair(s) in the long term as a viable and active competitive force as determined by the CMA advised by the Monitoring Trustee

COMMITMENTS

1. SLOTS

A. Slots for certain Identified City Pairs

1.1 The SRA Parties undertake to make Slots available at London (at the choice of the Prospective Entrant, at either Heathrow or Gatwick) to allow a single Prospective Entrant on each Identified City Pair to operate the following number of new or additional Frequencies:

(a) London – Boston: up to seven (7) Frequencies per week;

(b) London – Miami: up to seven (7) Frequencies per week; and

(c) London – Chicago: seven (7) Frequencies per week.

1.2 The SRA Parties shall make Slots available in accordance with Clause 1.1 only to a Prospective Non-Stop Entrant, except on the London – Chicago city-pair where the SRA Parties shall make the London – Chicago slots available to a single Prospective Entrant to be operated as a Competitive Non-Stop Air Service in the IATA Summer Season and as either a Competitive Non-Stop Air Service, a Competitive Split-Series Air Service, or a Competitive One-Stop Air Service in the IATA Winter Season. The London – Chicago Slots shall not be awarded to any Prospective Entrant operating non-stop flights between London and Chicago at the date of these Commitments.

1.3 The SRA Parties may give notice to terminate an SRA if:

(a) an airline, which was not, in the Winter 2023/2024 and/or Summer 2024 IATA Seasons, operating between the relevant US city and the London airport at which the slot has been released; and which is not an Affiliate of the Parties; and is not an Affiliated Third Party or Third-Party JV Partner of the airlines operating between those points in the Winter 2023/2024 and/or Summer 2024 IATA Seasons (a **New Entrant**), commences operating a daily Competitive Non-Stop Air Service (without using Slots made available by the SRA Parties under these Commitments) between the relevant US city and the London airport at which the slot has been released; and

(b) the New Entrant has operated a daily Competitive Non-Stop Air Service (without using Slots made available by the SRA Parties under these Commitments) between the relevant US city and London airport at which the slot has been released for four (4) full IATA Seasons; has a continuing entitlement to a daily slot series to operate between the relevant US city and London airport at which the slot has been released; and has, during that

period, not become an Affiliate of the Parties, an Affiliated Third Party or a Third-Party JV Partner of any of the airlines that were operating on the relevant Identified City Pair in the Winter 2023/2024 and/or Summer 2024 IATA Seasons (for the avoidance of doubt, any slots from the daily slot series used to operate on the Identified City Pair that were returned to the slot pool by the New Entrant making use of the hand-back or other operational flexibility provided for under the Slot Regulation do not affect the application of this Clause 1.3) (together, a **Clause 1.3 Event**).

1.4 The notice period for the SRA termination to be effective shall be a minimum of two (2) full IATA Seasons plus any further period such that the total duration of the relevant SRA is a minimum of twelve (12) full IATA Seasons (including, for the avoidance of doubt, any period while the SRA was in effect with the Prospective Entrant prior to a Clause 1.3 Event). The notice period shall not commence until the CMA confirms in each case that the conditions of Clause 1.3 have been met (for avoidance of doubt, the SRA Parties may apply to the CMA to confirm that the conditions of Clause 1.3 will be met in advance of the time period in Clause 1.3(b) expiring and the CMA, if it agrees, will then issue a conditional decision confirming that the conditions of Clause 1.3. will be satisfied provided the New Entrant operates until the end of the time period in Clause 1.3(b)).

1.5 A reduction in the aggregate number of airlines operating a daily Competitive Non-Stop Air Service between the relevant US city and the London airport at which the remedy slot has been released shall:

(a) if notice has been given but the SRA has not yet terminated, invalidate the notice to terminate the SRA given on the basis of Clause 1.3. If a notice to terminate an SRA is invalidated on this basis, then a new notice to terminate the SRA may not be issued unless a further Clause 1.3 Event occurs;

(b) if the SRA has already been terminated but the duration of the Commitments still includes more than one IATA Summer Season, require the SRA Parties again to make Slots available on the relevant Identified City Pair, as specified in Clause 1.1.

For the purposes of this clause the Parties and Affiliates of the Parties shall be counted as a single airline; and any other airline, together with its Affiliated Third Parties and Third-Party JV Partners, shall be counted as a single airline.

B. Conditions pertaining to Slots

1.6 Each Prospective Entrant shall comply with the following procedure to obtain Slots from the SRA Parties (**Slot Release Procedure**):

(a) The Prospective Entrant wishing to commence/increase a Competitive Non-Stop Air Service on one or more of the Identified City Pairs listed at Clause 1.1 (or a Competitive One-Stop Air Service or Competitive Split-Series Air Service in relation to London – Chicago in the IATA Winter Season) shall:

(i) apply to the slot coordinator for the necessary Slots through the General Slot Allocation Procedure, and

(ii) notify its request for Slots to the Monitoring Trustee, within the period foreseen in Clause 1.26.

(b) The Prospective Entrant shall be eligible to obtain Slots from the SRA Parties pursuant to these Commitments only if it can demonstrate that it has exhausted all reasonable efforts to obtain the necessary Slots to operate on the Identified City Pairs through the normal workings of the General Slot Allocation Procedure.

1.7 For the purposes of Clause 1.6 above, the Prospective Entrant shall be deemed not to have exhausted all reasonable efforts to obtain necessary Slots if:

(a) Slots at the same airport were available through the General Slot Allocation Procedure within sixty (60) minutes of the times requested but such Slots have not been accepted by the Prospective Entrant; or

(b) Slots at the same airport (for use to operate a Competitive Air Service on the relevant Identified City Pair) were obtained through the General Slot Allocation Procedure more than sixty (60) minutes from the times requested and the Prospective Entrant did not give the SRA Parties the opportunity to exchange those Slots for Slots within (equal or less than) sixty (60) minutes of the times requested; or

(c) It has not exhausted its own Slot portfolio at the same airport (including the Slot portfolio of its Affiliated Third Parties). For these purposes, a carrier will be deemed not to have exhausted its own Slot portfolio (or the Slot portfolio of an Affiliated Third Party):

(i) If the carrier was offering a Competitive Non-Stop Air Service (on its own aircraft or those of an Affiliated Third Party or Third-Party JV Partner) from the airport at which the Slot is requested less than four (4) consecutive IATA Seasons before the IATA Season for which it is applying for Slots but where it (or an Affiliated Third Party or Third-Party JV Partner) has subsequently reduced or cancelled that service and reutilised or intends to reutilise the Slots used for that service on another route. In such circumstances, there will be a presumption that the carrier has reutilised or intends to reutilise its Slots in order to present itself as needing Slots to operate a Competitive Air Service on

the Identified City Pair. Exceptionally, however, such a carrier will be deemed to have exhausted its own Slot portfolio if:

(1) it can provide detailed compelling evidence satisfying the CMA (following consultation with the Monitoring Trustee, and having given the SRA Parties the opportunity to comment) that there are bona fide reasons why it could not utilise the Slot which it was previously using for that service; or

(2) it gives the Party holding the Slot covered by the Slot Release Agreement an option to become a lessee of that reutilised Slot at the earliest possible time on reasonable terms and for a duration that runs in parallel with the Slot Release Agreement; or

(ii) If the carrier or an Affiliated Third Party has Slots at the airport within sixty (60) minutes of the time requested which are being leased out to, or exchanged with, other carriers unless that lease or exchange was concluded before 28 March 2025 or the carrier can provide reasonable evidence satisfying the CMA (following consultation with the Monitoring Trustee and having given the SRA Parties the opportunity to comment) that there are bona fide reasons for this being done rather than it being a pretext to enable the carrier to present itself as needing Slots to operate a Competitive Air Service on an Identified City Pair; or

(iii) If the carrier or an Affiliated Third Party has Slots at the airport which are outside the sixty (60) minutes requested and which are leased-out to other carriers, unless:

(1) that lease was concluded before 28 March 2025; or

(2) it can provide reasonable evidence satisfying the CMA (following consultation with the Monitoring Trustee and having given the SRA Parties the opportunity to comment) that there are bona fide reasons for leasing the Slot out in this way rather than using it itself; or

(3) it gives the SRA Party holding the Slot covered by the Slot Release Agreement an option to become the lessee of the leased-out Slot at the earliest possible time allowed under the applicable lease (on terms substantially the same as that lease and for a duration that runs in parallel with the Slot Release Agreement); or

(d) If the carrier previously has operated on the airport pair within the last four (4) consecutive IATA Seasons and subsequently lost the Slot(s) as a consequence of the “use it or lose it” principle in the Slot Regulation.

1.8 For the purposes of Clause 1.7(c)(ii) and (iii), the bona fide reasons for leasing out (or, as relevant, exchanging) Slots by the Applicant shall include, but shall not be limited to, a situation where the Applicant can provide clear evidence of an intention to operate those Slots on a specific route and clear and substantiated evidence of its reasons for not currently doing so. For the purposes of Clause 1.7(c) any Slots to which that Prospective Entrant had access as a result of a slot release agreement entered into pursuant to the Interim Measures will not be taken into account when determining whether or not a Slot portfolio has been exhausted.

1.9 If the Prospective Entrant obtains Slots, through the General Slot Allocation Procedure but after the IATA Scheduling Conference, which are within the +/- 60 minute window, then the Prospective Entrant shall remain eligible to obtain Slots from the SRA Parties provided that it gives an option to the SRA Parties to use the Slots obtained through the General Slot Allocation Procedure on terms substantially the same as the terms of the Slot Release Agreement, and for a duration that runs in parallel with the Slot Release Agreement.

1.10 Without prejudice to these Commitments (and, particularly, to this Section 1), the SRA Parties shall not be obliged to honour any agreement to make available the Slots to the Prospective Entrant if:

(a) The Prospective Entrant has not exhausted all reasonable efforts in the General Slot Allocation Procedure to obtain the necessary Slots to operate a new or increased service on the Identified City Pair; or

(b) The Prospective Entrant has been found to be in a situation of Misuse (as described in Clause 1.17 below) or has failed to comply with the provisions of Clause 1.18(b) such that the SRA Parties have the right to terminate the Slot Release Agreement under that Clause.

1.11 Subject to the provisions of Clause 1.12, the SRA Parties undertake to make available Slots within +/- sixty (60) minutes of the time requested by the Prospective Entrant (if the SRA Parties have Slots within this time-window). In the event that the SRA Parties do not have Slots within the +/- sixty (60) minutes time-window, they shall offer to release the Slots closest in time to the Prospective Entrant’s request. The SRA Parties do not have to enter into a Slot Release Agreement with the Prospective Entrant if Slots which the Prospective Entrant could obtain through the General Slot Allocation Procedure are closer in time to the Prospective Entrant’s request than the Slots that the SRA Parties have. The arrival and departure Slot times shall be such as to allow for reasonable aircraft rotation, taking into account the Prospective Entrant's business model and aircraft utilisation constraints. The SRA Parties shall cooperate with the Monitoring Trustee to provide, where reasonably possible, adjusted Slot timings within +/-60 minutes of the requested Slot time (even where the request from any Prospective

Entrant is received after the SRA Parties have indicated which Slot will be released pursuant to Clause 1.31).

1.12 The SRA Parties may refuse to offer any arrival Slots at Heathrow before 06:20 (local time). If a Prospective Entrant requests an arrival Slot at Heathrow for a time before 06:20, the SRA Parties may offer a slot between 06:20 and 07:20.

1.13 In making Slots available under Clause 1.1 in accordance with Clause 1.11, the SRA Parties undertake to take such reasonable steps as are within the SRA Parties' control, to facilitate the Prospective Entrant's access to the full range of terminal infrastructure necessary to operate a Competitive Air Service from the terminal requested by the Prospective Entrant.

1.14 In any event, irrespective as to Clause 1.13 above, in order to support its access to terminal infrastructure, the Prospective Entrant may decide to swap the time of any Slot awarded in accordance with Clause 1.13 (the **Allocated Slot Time**) with the time of any other Slot within its own pre-existing Slot portfolio (the **New Slot Time**), for the purposes of, and prior to, operating the Competitive Air Service, without the SRA Parties triggering the Misuse provisions in these Commitments.

1.15 For the purposes of compliance with the Misuse provisions in these Commitments (and the monitoring of any Misuse):

(a) While a swap in accordance with Clause 1.14 will not be deemed a Misuse in and of itself, the Misuse provisions set out in in these Commitments will apply as intended to the Slot released at the Allocated Slot Time; and

(b) For the purposes of applying these Commitments as relevant to the operation of both the Allocated Slot Time and the New Slot Time, the Slot Release Agreement shall indicate, in accordance with Clause 1.14, both the Allocated Slot Time and its associated route and the New Slot Time at which the Competitive Air Service will be operated for the duration of the Slot Release Agreement, subject to the flexibility and related conditions provided for in Clause 1.17(c).

1.16 The Slots obtained by the Prospective Entrant as a result of the Slot Release Procedure shall only be used for the purpose of providing the service proposed in the bid in accordance with Clause 1.33, for which the Prospective Entrant has requested the Slots, and cannot be used on another route except as provided for in Clause 1.14.

1.17 Misuse shall be deemed to arise where a Prospective Entrant which has obtained Slots released by the SRA Parties decides:

(a) not to use the Slots on the relevant Identified City Pair(s) except as provided for in Clause 1.14;

(b) to operate fewer weekly Frequencies than those to which it committed in the bid in accordance with Clause 1.33 on an Identified City Pair(s) or to cease operating on an Identified City Pair(s) unless such a decision is consistent with the “use it or lose it” principle in the Slot Regulation (or any suspension thereof);

(c) to transfer, assign, sell, swap, sublease or charge any Slot released by the SRA Parties on the basis of the Slot Release Procedure, except for changes to the Slot which are within +/- sixty (60) minutes of the time originally requested by the Prospective Entrant and which have been agreed with the slot coordinator and notified to the SRA Parties;

(d) not to use the Slots on an Identified City Pair(s), as proposed in the bid in accordance with Clause 1.33, except as provided for in Clause 1.14; or

(e) not to use the Slots properly: this situation shall be deemed to exist where the Prospective Entrant:

(i) loses the Slots at London airports as a consequence of the principle of “use it or lose it” in the Slot Regulation; or

(ii) misuses the Slot at London airports as described and interpreted in the Slot Regulation.

1.18 If either party to an SRA (ie the relevant SRA Party or the Prospective Entrant which has obtained Slots under the Slot Release Procedure) or the Monitoring Trustee (as a result of its monitoring role in accordance with Clause 1.20(c)) becomes aware of, or reasonably foresees, any Misuse (or any Slot Loss Risk) by the Prospective Entrant, that party shall immediately inform the other party, the CMA and (where relevant) the Monitoring Trustee and the SRA may include obligations on the SRA Party and the Prospective Entrant to that effect.

(a) In the event of actual or potential Misuse, the Prospective Entrant shall have 30 days after such notice to cure the actual or potential Misuse and if the Misuse is not cured during those 30 days, the SRA Parties shall have the right to terminate the Slot Release Agreement and the Slots shall be returned to the SRA Parties.

(b) In the event of any Slot Loss Risk, the Monitoring Trustee shall engage with the Prospective Entrant to understand the reasons for the Slot Loss Risk being triggered as soon as the Monitoring Trustee is notified, or becomes aware, of the issue. If the Slot Loss Risk has not been addressed or explained to the satisfaction of the Monitoring Trustee after one week of the Slot Loss Risk being triggered, such that there remains a reasonable expectation that any relevant Historic Precedence Rights are likely to be lost,

the SRA Parties shall have the right to terminate the Slot Release Agreement and the relevant Slots shall be returned to the SRA Parties.

1.19 The Slot Release Agreement with the Prospective Entrant may provide for monetary and/or other consideration, so long as such provisions are clearly disclosed and comply with these Commitments and all other administrative requirements set out in the applicable legislation.

1.20 The Slot Release Agreement may:

(a) contain prohibitions on the Prospective Entrant transferring its rights to the Slots to a third party (including to any Affiliated Third Party or Third-Party JV Partner), making the Slots available in any way to a third party for the use of that third party, or releasing, surrendering, giving up or otherwise disposing of any rights to the Slots;

(b) require the Prospective Entrant to supply the SRA Party releasing the Slot with regular information about the actual usage of the Slots together with such other information as the SRA Party may reasonably request to satisfy itself that a situation of Misuse or Slot Loss Risk has neither arisen nor become reasonably foreseeable;

(c) require a Prospective Entrant to provide to the Monitoring Trustee regular operational performance reports to enable the Monitoring Trustee to monitor appropriately factors such as slot utilisation, load factors, route performance, adherence to the business plan, and other elements that may be necessary to assess the Slot Loss Risk and report to the CMA, the SRA Party and the Prospective Entrant if a situation of Misuse or Slot Loss Risk can reasonably be foreseen;

(d) provide that at the expiry of the agreement, the Prospective Entrant shall release the Slots back to the SRA Parties by way of an exchange; and/or

(e) provide for reasonable compensation to the SRA Parties in case of Misuse leading to loss of Slots or termination of the SRA under Clause 1.18(b).

1.21 If for any reason the SRA Parties are unable to receive reasonable compensation for the Slots being either lost or not returned within sufficient time for the SRA Parties to preserve their Historic Precedence Rights, such Slots shall be counted against the maximum number of Slots to be released in accordance with the Commitments.

1.22 Any Slot Release Agreement agreed in accordance with this Section 1 shall commence only once all current Slot Release Agreements existing under the Interim Measures, with respect to the same Identified City Pair, have expired.

1.23 The Slot Release Agreement shall, at the option of the Prospective Entrant, remain in effect until the end of the IATA Season in which these Commitments expire, ie IATA Winter Season 2035/36.

1.24 The Slot Release Agreement shall provide that:

(a) the Prospective Entrant will only be able to terminate the agreement at the end of each IATA Season without penalty, and only provided the Prospective Entrant notifies the termination of the agreement to the SRA Parties in writing no later than two (2) weeks after the IATA Scheduling Conference;

(b) if the Prospective Entrant elects to terminate the Slot Release Agreement before the end of IATA Winter Season 2034/35, then the Slot in question will be re-allocated following the procedure in this Section 1; and

(c) if the Prospective Entrant forces the SRA Parties to accept termination of the Slot Release Agreement mid-IATA Season (due to the Prospective Entrant having created a risk that the Slot(s) will be lost if the SRA Party does not accept their return), the SRA Parties shall be entitled to be compensated by the Prospective Entrant for reasonable costs the Parties incur in attempting to preserve the Historic Precedence Rights of the Slot(s) in respect of the entire season, including any costs relating to any wet lease of aircraft necessary to operate the Slot(s) and thereby ensure the Historic Precedence Rights can be preserved at least in part. For the avoidance of doubt, any such forced mid-IATA Season termination of the Slot Release Agreement by the Prospective Entrant constitutes a Misuse.

1.25 If, in the opinion of the CMA, advised by the Monitoring Trustee, the Applicant ceases to be independent of, and unconnected to, the Parties after the Applicant has been declared to be the Successful Applicant in accordance with Clause 1.41 but before the end of IATA Winter Season 2034/35, then the Slot in question will be re-allocated following the procedure in this Section 1 and the Slot Release Agreement, if already signed, shall terminate at the end of the IATA Season in which the CMA gives notice under this Clause 1.25 to the Applicant and the Parties. The Slot Release Agreement shall contain a provision to that effect.

1.26 At least seven (7) weeks before the Slot Request Submission Deadline, any airline wishing to obtain Slots from the SRA Parties pursuant to the Slot Release Procedure shall:

(a) inform the Monitoring Trustee of its proposed Slot request (indicating the arrival and departure times as well as the terminal at the relevant London airport from which it intends to operate and any potential needs regarding terminal infrastructure to support the proposed service);

(b) submit to the Monitoring Trustee the list of Slots which it or any Affiliated Third Party has leased out or exchanged at the relevant London airport, along with the date at which the leases or exchanges were concluded. The Monitoring Trustee or the CMA may also request additional information from the Applicant to enable assessment of its eligibility pursuant to Clause 1.7(c) and Clause 1.35;

(c) provide a waiver authorising the CMA and the Monitoring Trustee to share with the DOT any information or documents submitted to either or both of them by the Applicant in accordance with these Commitments; and

(d) request anonymity in accordance with Clause 1.28, if it so wishes.

1.27 At least six (6) weeks before the Slot Request Submission Deadline, the Monitoring Trustee shall forward the Slot request to the SRA Parties and to the CMA. The Monitoring Trustee shall not disclose to the Parties the Identified City Pair for which the Slot is requested until the beginning of the IATA Scheduling Conference. Once informed of the Slot request, the SRA Parties may discuss with the Applicant the timing of the Slots to be released and the types of compensation which could be offered. The SRA Parties shall copy the Monitoring Trustee on all correspondence between the SRA Parties and the Applicant which relates to the Slot Release Procedure. The Parties shall not share any information about such discussions with other Applicants and may require the Applicant not to share any such information with other Applicants.

1.28 Until the beginning of the IATA Scheduling Conference, the Monitoring Trustee shall not disclose to the Parties the identity of the Applicant, if the Applicant so requests in accordance with Clause 1.26(d). In such a case, the procedure set down in this Section 1 shall apply, save that, until the beginning of the IATA Scheduling Conference, any communication or correspondence between the SRA Parties and the Applicant shall go through the Monitoring Trustee, who shall ensure the protection of the anonymity of the Applicant.

1.29 After being informed of the Slot request in accordance with Clause 1.27, the CMA (advised by the Monitoring Trustee) shall assess whether the Applicant meets the following criteria:

(a) the Applicant is independent of and unconnected to the Parties;

(b) the Applicant has exhausted its own Slot portfolio (including the Slot portfolio of any Affiliated Third Party) at the relevant London airport in accordance with Clause 1.7;

1.30 If the CMA decides that the Applicant does not fulfil the above criteria, the CMA shall inform the Applicant and the SRA Parties of that decision at least two (2) weeks before the Slot Request Submission Deadline.

1.31 At least one (1) week before the Slot Request Submission Deadline, the SRA Parties shall indicate to the Monitoring Trustee and each Applicant which Slots at the relevant London airport they would release, if necessary, during the time window (+/- sixty (60) minutes of the Applicant's requested time).

1.32 By the Slot Request Submission Deadline, each Applicant shall send its request for Slots (at the same time(s) as those requested through the Slot Release Procedure) to the slot coordinator in accordance with the General Slot Allocation Procedure.

1.33 By the Slot Request Submission Deadline, each Applicant shall also submit its formal bid for the Slots to the Monitoring Trustee. The formal bid shall include at least:

(a) the **Key Terms**, that is: timing of the Slot, number of weekly Frequencies and IATA Season(s) to be operated (year-round service or seasonal). In the case of an Applicant intending to offer a Competitive One-Stop Air Service or Competitive Split-Series Air Service between London and Chicago the Key Terms shall also include the connecting itinerary (in particular, the connecting airport and total elapsed time). In the case of an Applicant intending to offer a Competitive Split-Series Air Service in the IATA Winter Season between London – Chicago these terms shall specify on which days of the week the service will be one-stop and on which days it will be non-stop; and

(b) a detailed business plan. This plan shall contain a general presentation of the Applicant including its history, its legal status, a list and description of its shareholders and the two most recent yearly audited financial reports. The detailed business plan shall provide information on the plans that the Applicant has in terms of access to capital, development of its network, fleet etc. and detailed information on its plans for the Identified City Pair(s) on which it wants to operate. The latter should specify in detail planned operations on the Identified City Pair(s) over a period of at least two (2) IATA Seasons (size of aircraft, seat configuration, total capacity and capacity by each class, number of weekly Frequencies operated, pricing structure, service offerings, planned time-schedule of the flights) and expected financial results (expected traffic, revenues, profits, average fare by cabin class). The Monitoring Trustee, and/or the CMA and DOT may also request any additional information and documents from the Applicant required for their assessment, including a copy of all cooperation agreements the Applicant may have with other airlines. Business secrets and confidential information will be kept confidential by the CMA and the Monitoring Trustee and will not become accessible to the Parties, other undertakings or the public.

(c) submit a formal corporate statement of intent. This document should demonstrate that the relevant decision-making body of the Applicant has approved the take-up of the relevant slots.

1.34 In parallel, if an Applicant is offering compensation for the Slot(s) it has requested pursuant to these Commitments, it will send the SRA Parties, copying the Monitoring Trustee, a detailed description of the compensation which it is willing to offer in exchange for the release of the Slots for which it has sent bids. Within three (3) weeks of the Slot Request Submission Deadline the SRA Parties shall provide the Monitoring Trustee with a ranking of these offers.

1.35 Having received the formal bid(s) (and any accompanying ranking of these offers if provided by the SRA Parties), the CMA (advised by the Monitoring Trustee) shall:

(a) assess whether each Applicant is a Viable Competitor; and

(b) evaluate the formal bids of each Applicant that meets (a) above, and rank these Applicants in order of preference.

1.36 In conducting its evaluation in accordance with Clause 1.35, the CMA shall give preference to the Applicant (or combination of Applicants) which will provide the most effective competitive constraint on the Identified City Pair(s), without regard to the country in which the Applicant(s) is licensed or has its principal place of business. For these purposes, Prospective Non-Stop Entrant(s) shall always have priority over Prospective One-Stop Entrant(s) and Prospective Split-Series Entrants in relation to the London – Chicago Slot. Furthermore, the CMA shall take into account the strength of the Applicant's business plan and shall rank the Applicants on the basis of an assessment in the round of the following criteria which the CMA has identified as relevant to assessing competitive constraint:

(a) year-round service rather than only IATA Summer or Winter Season service;

(b) the greatest total number of weekly services/Frequencies on the Identified City Pair;

(c) the largest capacity on the Identified City Pair, as measured in seats for the entire IATA Season(s);

(d) where applicable, the greatest number of non-stop weekly Frequencies on the Identified City Pair;

(e) a pricing structure and service offering that would provide the most effective competitive constraint on the Identified City Pair;

(f) price levels that would provide the most effective competitive constraint on the Identified City Pair;

(g) proposed service to and from Heathrow preferred to other London airports;

(h) whether on a previous application the Slot Release Agreement was not signed within six (6) weeks of the IATA Scheduling Conference as a result of a decision by the Applicant to withdraw its application to operate the Slots; and

(i) whether on a previous occasion, the Applicant has been found to have been in a situation of Misuse or Slot Loss Risk in accordance with Clauses 1.10(b), 1.17 and 1.18(b).

1.37 If, following the CMA's evaluation, several Applicants are deemed to provide similarly effective competitive constraints on the Identified City Pair, the CMA shall rank these Applicants following the ranking provided by the SRA Parties under Clause 1.34.

1.38 In advance of the beginning of the IATA Scheduling Conference, the Monitoring Trustee shall inform each Applicant (if the latter did not receive slots within the time-window of +/- sixty (60) minutes as indicated through the slot allocation list) and the coordinator:

(a) whether the Applicant qualifies as a Prospective Entrant; and

(b) the Applicant's ranking.

1.39 In any case, the Applicant shall attend the IATA Scheduling Conference and try to improve its Slots. Following confirmation of the CMA's ranking pursuant to Clause 1.37, the Applicants and the SRA Parties shall be deemed to have agreed the Key Terms of the Slot Release Agreement, as well as any compensation which was offered by the Applicant to the SRA Parties under Clause 1.34. The Key Terms may only be changed after such date by mutual agreement between the Applicant and the SRA Parties if the Monitoring Trustee confirms that the changes are not material or if the CMA (advised by the Monitoring Trustee) approves the changes. In accordance with the Key Terms and as soon as possible after the IATA Scheduling Conference, the SRA Parties shall subsequently share a draft Slot Release Agreement with the Applicant confirming the Slots offered by the SRA Parties.

1.40 Within one (1) week of the end of the IATA Scheduling Conference, each Applicant shall inform the Monitoring Trustee and the SRA Parties whether it will commit to operate the Slots offered by the SRA Parties in the event that it has not obtained them through the General Slot Allocation Procedure.

1.41 Within three (3) weeks of the end of the IATA Scheduling Conference, the Monitoring Trustee shall confirm to the highest ranked Applicant for each Slot that has provided the confirmation in accordance with Clause 1.40 (the **Successful**

Applicant) that it is entitled to receive the Slot from the SRA Parties. The SRA Parties shall offer the dedicated Slots for release to the Successful Applicant(s). The Slot Release Agreement shall be subject to review by the Monitoring Trustee and approval of the CMA. Unless both the SRA Parties and the Successful Applicant agree to an extension and subject to Clause 1.9, the Slot Release Agreement shall be signed and the Slot release completed within six (6) weeks after the IATA Scheduling Conference and the coordinator shall be informed of the Slot exchange in order to obtain the required confirmation.

1.42 In the event that the Applicant confirmed as the Successful Applicant pursuant to Clause 1.41 withdraws its application to operate the Slots after such confirmation, the Applicant shall compensate the Parties for any reasonable costs or losses incurred as a result of the Parties having to accommodate at very short notice the Slot(s) into their own network schedule (e.g., related to wet lease of aircraft). For the avoidance of doubt, this does not include circumstances where the coordinator does not grant permission to operate the Slots to the Applicant in accordance with the Slot Regulation.

2. LONDON – DALLAS O&D PASSENGER VOLUME COMMITMENT

2.1 Subject to the provisions of this section 2, the Parties undertake to carry:

(a) a specified minimum annual number of passengers flying non-stop on the London – Dallas city pair but not travelling behind or beyond London or Dallas (**O&D Passengers**) (the **Minimum O&D Passenger Volume**); including within this number

(b) a minimum annual number of Premium Passengers (the **Minimum Premium O&D Passenger Volume**),

(c) (the Minimum O&D Passenger Volume and the Minimum Premium O&D Passenger Volume together make up the **O&D Passenger Volume Commitment**).

The O&D Passenger Volume Commitment is to be determined by periodically adjusting the then-applicable Minimum O&D Passenger Volume and Minimum Premium O&D Passenger Volume by a modifier to account for anticipated changes in demand (the **Annual Modifier**) pursuant to Clause 2.3 below. The Annual Modifier shall not be applied prior to the IATA Summer 2027 Season.

2.2 The initial Minimum Premium O&D Passenger Volume for the IATA Summer 2026 and Winter 2026/2027 Seasons combined shall be [80,000-88,000]. The initial Minimum O&D Passenger Volume for the IATA Summer 2026 and Winter 26/27 Seasons combined shall be [188,000-205,000].

2.3 The Annual Modifier, to be applied annually, to the then-applicable O&D Passenger Volume Commitment on 1 February for the subsequent two IATA Seasons shall be the then-current 5-year (or any other forecast period that may more accurately reflect projected growth for the coming year) compound annual growth rate in the UK-US air passenger forecast provided by IATA's Air Passenger Forecast Service. The Parties will notify the CMA of the Annual Modifier and adjusted O&D Passenger Volume Commitment levels by no later than 15 February of each year.

2.4 For the avoidance of doubt, the O&D Passenger Volume Commitment represents an aggregate of both inbound and outbound travel and includes all points of sale, and either point of commencement (ie London or Dallas).

2.5 The Parties shall report to the CMA, no later than four weeks after the end of each IATA Winter Season starting with Winter 27/28, the number of total O&D Passengers and Premium O&D Passengers carried by the Parties on the London – Dallas city pair during the preceding two IATA Seasons according to the Parties' internal sales data. The Parties shall ensure that the internal sales data is reviewed for accuracy and approved by a relevant senior employee.

2.6 At their own discretion, the Parties may vary the specific Party operating the services which carry the O&D Passengers (including the Premium O&D Passengers) provided the Parties together comply with the O&D Passenger Volume Commitment.

2.7 The Parties shall not be required to meet the O&D Passenger Volume Commitment in any period during which a regular Competitive Non-Stop Air Service operated by a carrier which is not an Affiliate of the Parties is operating on the London-Dallas city pair, subject to the condition that the CMA (advised by the Monitoring Trustee) has confirmed that the Competitive Non-Stop Air Service in question is operated by an airline which is independent of and unconnected to the SRA Parties. A subsequent termination of the Competitive Non-Stop Air Service operated by a third party carrier shall revive, with effect from the start of the IATA Season following the termination, the obligation to operate the O&D Passenger Volume Commitment in accordance with this section 2.

2.8 Provided that the procedure set out in Clauses 2.9 to 2.13 is complied with, the Parties shall not be required to comply with the O&D Passenger Volume Commitment:

(a) if prevented from doing so by fires, floods, volcanic activity, acts of God, riots, thefts, accidents, acts or restraints of governments or public authorities, war, revolution, terrorist attack or threat, civil commotion, changes to demand due to a recession or an Economic Shock, any occurrence resulting in a formal relaxation by a regulator of the "use it or lose it" principle set out in Article

10(2) of the Slot Regulation, public health crises or emergencies (including epidemics, pandemics and quarantine restrictions) or any other cause whatsoever (including, for the avoidance of doubt, any strikes, lock-outs or industrial action by any employee or supplier of the Parties) (a **Force Majeure Event**), provided that such cause was beyond the control of the Parties; or

(b) for material operational reasons beyond the control of the Parties which, absent the O&D Passenger Volume Commitment, would lead to exceptional adjustment of the seat capacity and/or configuration maintained by the Parties on London-Dallas, including as a result of fleet planning imperatives due to availability of aircraft (e.g., as a result of widespread engine or airframe issues) or sustainability considerations (e.g. a cap on the number of aircraft movements at Heathrow), or a reduction in the Heathrow slot portfolios of the Parties for any reason other than a slot release pursuant to slot release commitments following any transaction or a voluntary transaction (an **Operational Imperative**).

2.9 In the event that the Parties believe that a Force Majeure Event or an Operational Imperative has occurred, such that the O&D Passenger Volume Commitment will not be met over the then-current year, they shall promptly notify the CMA in writing as to:

(a) the nature and extent of the circumstances in question; and

(b) the anticipated impact on the O&D Passenger Volume Commitment, including the proposed quantum and timing of the reduction in the O&D Passenger Volume Commitment (the **O&D Passenger Volume Notice**). For the avoidance of doubt, after issuing a O&D Passenger Volume Notice the Parties shall continue to comply with the O&D Passenger Volume Commitment during the procedure set out in Clauses 2.9 – 2.13 except as explicitly allowed for under the procedure.

2.10 To the extent the CMA wishes to issue written questions to the Parties in relation to the O&D Passenger Volume Notice, it must do so at the latest on the fifteenth (15th) business day following receipt of the O&D Passenger Volume Notice.

2.11 If the CMA rejects the proposal in the O&D Passenger Volume Notice (including in relation to the existence of a Force Majeure Event/an Operational imperative or the degree/quantum of its proposed impact on the O&D Passenger Volume Commitment), it must formally notify the Parties in writing (the **CMA Response**) at the latest:

(a) if the CMA does not issue written questions to the Parties in relation to the O&D Passenger Volume Notice, fifteen (15) business days following receipt of the O&D Passenger Volume Notice; or

(b) ten (10) business days following receipt of the Parties' response to the CMA's written questions, issued pursuant to Clause 2.10 above.

2.12 If the CMA does not act within the timeframes required by Clauses 2.11(a) and 2.11(b) above, the Parties shall be free to implement the Minimum O&D Passenger Volume reduction notified under the O&D Passenger Volume Notice.

2.13 If the CMA issues a CMA Response within the required timeframe which rejects the Parties' proposal, the Parties shall continue to comply with the O&D Passenger Volume Commitment (or as it may be revised by the CMA in the CMA Response). The Parties may propose a revised O&D Passenger Volume Notice (following the process outlined above).

2.14 The O&D Passenger Volume Commitment shall apply for a maximum effective duration of ten (10) years from the date of these Commitments (subject to the provisions of this Section 2).

3. SPECIAL PRORATE AGREEMENT

3.1 At the request of an Eligible Air Services Provider irrespective of whether the Competitive Air Service is commenced on the basis of Slots obtained from the SPA Parties under the Commitments (a **Requesting Air Services Provider** or **RASP**) the SPA Parties shall enter into a Special Prorate Agreement and, at the request of the RASP, the Special Prorate Agreement shall apply to all of the RASP's air services on the Identified City Pair on which the Special Prorate Agreement is requested starting no earlier than the IATA Summer Season 2026.

3.2 In order to be eligible for a Special Prorate Agreement the RASP must not, alone or in combination with its Affiliated Third Party or Third-Party JV Partner, have Hubs at both ends of the Identified City Pair.

3.3 The Special Prorate Agreement will only apply for traffic with a true origin/destination in the European Region, and a true destination/origin in North America, provided that part of the journey involves the Identified City Pair on which the Competitive Air Services is offered.

3.4 Subject to Clause 3.1 for each relevant Identified City Pair and for each of the SPA Parties), the RASP may, select up to a maximum of twenty (20) behind/beyond routes on each side of the Atlantic (a maximum of 40 in total), which are operated by the relevant SPA Party and to which the Special Prorate Agreement will apply, it being understood that, subject to Clause 3.8, the number of routes included for

each Identified City Pair cannot be lower than the number of routes that is, at the date of that agreement, included in an existing commercial special prorate agreement between the RASP and the same SPA Party and that the Special Prorate Agreement shall only apply to Frequencies on the behind/beyond routes operated by the relevant SPA Party.

3.5 The RASP may also select the fare class(es) to which the Special Prorate Agreement will apply, provided that each selected fare class is included in at least one existing special prorate agreement which the relevant Party has agreed with any other carrier with regard to the routes concerned, excluding any agreements (or terms therein) that have been entered into as a result of other regulatory commitments or which are excluded pursuant to Clause 3.8. Subject to the rest of this Clause 3.5, the number of fare classes that the RASP may select shall be up to the maximum number of fare classes per cabin that is granted by the relevant Party under an existing special prorate arrangement of the same type to any other carrier.

3.6 Subject to the provisions of the rest of this Section 3, the Special Prorate Agreement shall:

(a) be on terms (rates and interline service charges) which are at least as favourable as the terms agreed by the relevant SPA Party under an existing special prorate agreement with any other carrier for the same route and in the same fare class, other than any codeshare terms within existing special prorate agreements or terms excluded by virtue of Clause 3.8. If the relevant Party does not have an equivalent rate with any other carrier, the rate shall be determined in accordance with Clause 3.9;

(b) grant the RASP equivalent inventory access to that given in other Special Prorate Agreements other than those excluded pursuant to Clause 3.8; and

(c) ensure minimum connection times which are based on standard practices at the airport and terminal in question and which are reasonable. The RASP shall have the option to agree minimum connection times on the same terms as those that the Parties grant to each other to the extent that this is reasonable inter alia in light of the infrastructure investments involved.

3.7 Subject to Clause 3.8 and Clause 3.15, any term included in the SPA (for example, rates and interline service charge, number of fare and booking classes included) must be no less favourable to the RASP than the corresponding term in any special prorate agreement which the relevant Party and the RASP have in place as at the date of the new Special Prorate Agreement.

3.8 For the purposes of Clause 3.5, Clause 3.6, Clause 3.7, and Clause 3.9 the relevant SPA Party may exclude any existing special prorate agreement which that

SPA Party has with any other carrier which it would be unreasonable to include, for example because:

(a) the agreement is de minimis (in that fewer than 1,000 sectors were flown on the relevant SPA Party's metal pursuant to that agreement in the last financial year);

(b) the agreement is obsolete (ie no longer in force or superseded by new commercial terms);

(c) the agreement was not negotiated on arms' length commercial terms (including agreements between the SPA Parties and agreements entered into as a result of other regulatory commitments);

(d) the agreement has been concluded with a oneworld Alliance member; or

(e) the agreement has been concluded with another SPA Party.

In addition, the Monitoring Trustee shall exclude any existing special prorate agreements or any individual terms of such agreements which the relevant Party has demonstrated, to the satisfaction of the Monitoring Trustee, that it would be unreasonable to include because, due to exceptional circumstances, the relevant agreements or terms are exceedingly favourable to the counterparty.

3.9 For the purposes of Clause 3.5 where the selected route is not included in any fare class in any existing special prorate agreements which the relevant Party has with other carriers, the rate on that route will be either the rate agreed by the relevant Party and the RASP or the most favourable rate that applies to the most comparable route (considering factors such as yield and length of haul) which is included in an existing special prorate agreement of the relevant Party. In the event that the relevant Party can establish that clear and material differences exist between the selection route and the most comparable route, the Monitoring Trustee may make appropriate adjustments to the rate.

3.10 Clauses 3.5, 3.6(a) - (c) in conjunction with Clauses 3.8 and 3.9, shall, subject to Clause 3.15, be applied on the basis of special prorate agreements (and the terms therein) between the relevant Party and any other carrier as existing at the date of the request for negotiation or re-negotiation of the Special Prorate Agreement.

3.11 The Special Prorate Agreement shall, at the option of the RASP, remain in effect until these Commitments expire. If the RASP elects to have a shorter initial duration than that to which it is entitled pursuant to this Clause 3.11, it shall have a right to renew the agreement on an evergreen basis for further periods of one (1) year (ie rolled over on the same terms) until these Commitments expire, provided it exercises its right of extension by informing the Parties in writing no later than sixty (60) days before the expiry of the agreement. The RASP shall also have a

right to terminate the agreement at any time during the initial term or the extensions, upon sixty (60) days' written notice.

3.12 All Special Prorate Agreements entered into pursuant to this Section 3 for a particular Identified City Pair:

(a) shall lapse automatically in the event that the RASP ceases to operate a Competitive Air Service on that Identified City Pair; and

(b) may be subject to annual re-negotiation, at the request of either the Requesting Air Service Provider or the relevant Party. The existing SPA shall remain in effect until any renegotiated SPA comes into effect. Clause 3.10 (in conjunction with the other Clauses referred to therein) shall be applicable to each annual re-negotiation.

3.13 If the RASP believes that the terms proposed by the relevant Party do not comply with this Section 3, then it may ask the Monitoring Trustee to verify whether those terms comply with these Commitments.

3.14 The following procedure shall be followed in agreeing an SPA:

(a) The SPA Parties must provide a draft SPA to the Monitoring Trustee within four weeks of the date of the request for an SPA by a RASP;

(b) Having considered the comments of the RASP and after having consulted the CMA, the Monitoring Trustee may request clarification and further evidence from the SPA Parties, which the SPA Parties must supply within two weeks of the date of this request (unless there are bona fide reasons for this deadline to be extended);

(c) After considering the clarification and evidence, the Monitoring Trustee may suggest amendments to the SPA. The SPA Parties must revise the draft SPA as necessary within two weeks. If the Monitoring Trustee requests further clarification or suggests further amendments at this stage, the SPA Parties must again respond within two weeks; and

(d) To minimise any delays that impact on the RASP, in the event that an SPA has not been agreed within eight weeks of the date of the request for an SPA by the RASP, the most recent draft SPA proposed by the SPA Parties shall be applied provisionally at the request of the RASP, without prejudice to subsequent negotiations on the SPA.

3.15 The conclusion of the Special Prorate Agreement shall be subject to the approval of the CMA, as advised by the Monitoring Trustee, in particular as to whether its terms are reasonable.

3.16 For the avoidance of doubt, the SPA Parties shall not withdraw the RASP's access to any routes or fare classes covered by the Special Prorate Agreement. The SPA Parties shall also not refuse access to particular fare classes or routes which they currently prorate under the IATA multilateral proration agreement provided that the relevant SPA Party may apply reasonable commercial rates to such routes and fare classes within the Special Prorate Agreement entered into pursuant to these Commitments.

4. FREQUENT FLYER PROGRAMMES

4.1 At the request of an Eligible Air Services Provider that does not have a comparable FFP of its own (the FFP Requesting Air Services Provider or FFP RASP), the FFP Parties shall grant access to their FFPs for the Identified City Pairs on which the FFP RASP has commenced or increased service. The FFP agreement shall be on terms such that the FFP RASP shall have equal treatment vis-à-vis the accrual and redemption of Miles on the particular Identified City Pair as compared with members of the oneworld alliance other than the FFP Parties. For the avoidance of doubt, any FFP agreement concluded pursuant to these Commitments shall apply only to the services of the FFP RASP and shall not apply to any services offered by any Affiliated Third Party or Third-Party JV Partner of the FFP RASP or any other third party.

4.2 Any FFP agreement relating to a particular Identified City Pair and entered into pursuant to this Section 4 shall:

(a) in the case of London – Chicago lapse automatically in the event that the FFP RASP ceases to operate a Competitive Non-Stop Air Service in the IATA Summer Season, or ceases to operate a Competitive Air Service in the IATA Winter Season;

(b) in the case of London – Boston and London – Miami, lapse automatically in the event that the FFP RASP ceases to operate a Competitive Non-Stop Air Service on that Identified City Pair;

(c) commence only once all current FFP agreements existing under the Interim Measures, with respect to the same Identified City Pair, have expired; and

(d) have the following duration: the FFP agreement shall, at the option of the FFP RASP, remain in effect until these Commitments expire. If the FFP RASP elects to have a shorter initial duration than that to which it is entitled pursuant to this Clause 4.2, it shall have a right to renew the agreement on an evergreen basis for further periods of one (1) year (ie rolled over on the same terms) until these Commitments expire, provided it exercises its right of extension by informing the Parties in writing no later than sixty (60) days before the expiry of the agreement. The FFP RASP shall also have a right to

terminate the agreement at any time during the initial term or the extensions, upon sixty (60) days' written notice.

4.3 The conclusion of the FFP agreement shall be subject to the approval of the CMA, as advised by the Monitoring Trustee, in particular as to whether its terms are reasonable.

5. MONITORING TRUSTEE

A. Selection procedure, role of Monitoring Trustee and approval by the CMA

5.1 A Monitoring Trustee shall be appointed by the Parties on the terms and in accordance with the procedure described below and, once approved by the CMA, shall perform the functions of monitoring the Parties' fulfilment of these Commitments. The Monitoring Trustee shall be independent of the Parties and the companies belonging to their respective groups, and must be familiar with the airline industry and have the experience and competence necessary for this appointment (eg investment bank, consultant specialised in the air transport sector, or auditor). In addition, it shall not be exposed to any conflict of interest and shall not have had any direct or indirect work, consulting or other relationship with any of the Parties (other than as Monitoring Trustee) in the last three (3) years and shall not have a similar relationship with the Parties for three (3) years after completing its mandate.

5.2 The Parties shall ensure that the Monitoring Trustee's remuneration shall be sufficient to guarantee the effective and independent delivery of its mandate.

5.3 Prior to approving the Monitoring Trustee, the CMA shall consult the DOT with a view to appointing a common Monitoring Trustee.

5.4 Within one (1) week of the Effective Date, the Parties shall submit to the CMA for approval a list of one or more persons whom the Parties consider adequate to fulfil the duties of the Monitoring Trustee.

5.5 The proposal shall contain sufficient information for the CMA to verify that the proposed Monitoring Trustee fulfils the requirements set out above and shall include:

(a) the full terms of the proposed mandate, which shall include all provisions necessary to enable the Monitoring Trustee to fulfil its duties under these Commitments; and

(b) the outline of a work plan which describes how the Monitoring Trustee intends to carry out the tasks assigned to it.

5.6 The CMA shall have the discretion to approve or reject the proposed Monitoring Trustee and to approve the proposed mandate subject to any modifications it deems necessary for the Monitoring Trustee to fulfil its obligations. If only one name is approved, the Parties shall appoint the individual or institution concerned as Monitoring Trustee. If more than one name is approved by the CMA, the Parties shall be free to choose the Trustee to be appointed from among the names approved. The Monitoring Trustee should be appointed within one (1) week of the CMA's approval, in accordance with the mandate approved by the CMA.

5.7 If all the proposed Monitoring Trustees are rejected by the CMA, the Parties shall submit the names of at least two more individuals or institutions within one (1) week of being formally informed of the rejection by the CMA.

5.8 If all further proposed Monitoring Trustees are rejected by the CMA, the CMA shall nominate a Monitoring Trustee, whom the Parties shall appoint in accordance with the mandate approved by the CMA.

B. Monitoring Trustee's Mandate

5.9 The Monitoring Trustee's mandate shall include, in particular, the following obligations and responsibilities:

(a) to monitor the satisfactory discharge by the Parties of the obligations entered into in these Commitments in so far as they fall within the scope of these Commitments, including reporting to the CMA on the Parties' compliance with the O&D Passenger Volume Commitment.

(b) to propose to the Parties such measures as the Monitoring Trustee considers necessary to ensure the Parties' compliance with the conditions and obligations attached to these Commitments;

(c) to advise and make a written recommendation to the CMA as to the suitability of any Slot Release Agreement and Prospective Entrant Special Prorate Agreement and FFP agreement submitted for approval to the CMA under Sections 1-4;

(d) to provide written reports to the CMA on the Parties' compliance with these Commitments and the progress of the discharge of its mandate, identifying any respects in which the Parties have failed to comply with these Commitments or the Monitoring Trustee has been unable to discharge its mandate;

(e) to mediate in any disagreements relating to any Slot Release Agreement, if mediation is agreed to by the other party or parties to the agreement in question, and submit a report upon the outcome of the mediation to the CMA; and

(f) at any time, to provide to the CMA, at its request, a written or oral report on matters falling within the scope of these Commitments.

5.10 For the avoidance of doubt, subject to Clause 5.9, there is no requirement for the Monitoring Trustee to be involved in the commercial negotiations between one or more of the Parties and a third party carrier entering into any of the agreements under the Commitments. Any such agreements, however, remain subject to the CMA's approval.

5.11 Any request made by a third party carrier for the Monitoring Trustee to verify the Parties' compliance with these Commitments (including as described at Clause 3.13) must be reasonable. In particular, the Monitoring Trustee may refuse to conduct such a verification where the third party carrier fails to produce any evidence of a suspected breach of the Commitments and/or appears to be making a vexatious request.

5.12 The Parties shall receive, simultaneously with the CMA, a non-confidential version of any recommendation made by the Monitoring Trustee to the CMA (as provided for in Clause 5.9(c)).

5.13 The reports provided for in Clauses 5.9(c) – 5.9(f) shall be prepared in English. The reports provided for in Clause 5.9(d) shall be sent by the Monitoring Trustee to the CMA within ten (10) working days from the end of every IATA Season following the Monitoring Trustee's appointment or at such other time(s) as the CMA may specify and shall cover developments in the immediately preceding IATA Season. The Parties shall receive simultaneously with the CMA a non-confidential copy of each Monitoring Trustee report.

5.14 The Parties shall provide the Monitoring Trustee with such assistance and information, including copies of all relevant documents, as the Monitoring Trustee may reasonably require in carrying out its mandate. The Parties shall pay reasonable remuneration for the services of the Monitoring Trustee as agreed in the mandate.

5.15 The Monitoring Trustee shall have full and complete access to any of the Parties' books, records, documents, management or other personnel, facilities, sites and technical information necessary to fulfil its duties under these Commitments.

5.16 The Parties shall indemnify the Monitoring Trustee (and, where appropriate, its employees, agents and advisors) (each an **Indemnified Party**) and hold each Indemnified Party harmless, and hereby agrees that an Indemnified Party shall have no liability to the Parties for any liabilities arising out of the performance of the Monitoring Trustee's duties under these Commitments, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or

bad faith of the Monitoring Trustee (or, where appropriate, its employees, agents and advisors).

5.17 At the expense of the Parties, the Monitoring Trustee may appoint advisors, subject to the CMA's prior approval, if the Monitoring Trustee reasonably considers the appointment of such advisors necessary for the performance of its duties under the mandate, provided that any fees incurred are reasonable and the Parties are given an opportunity to comment on the proposed appointment of the advisors.

C. Termination of Mandate

5.18 If the Monitoring Trustee ceases to perform its functions under the Commitments or for any other good cause, including the exposure of the Monitoring Trustee to a conflict of interest:

(a) the CMA in consultation with the DOT may, after hearing the Monitoring Trustee, require the Parties to replace the Monitoring Trustee; or

(b) with the prior approval of the CMA, which will consult with the DOT before making a decision, the Parties may replace the Monitoring Trustee.

5.19 If the Monitoring Trustee is removed, it may be required to continue its functions until a new Monitoring Trustee is in place to whom the Monitoring Trustee has effected a full hand-over of all relevant information. The new Monitoring Trustee shall be appointed in accordance with the procedure referred to in Clause 5.1.

5.20 Aside from being removed in accordance with Clause 5.18, the Monitoring Trustee shall cease to act as Monitoring Trustee only after the CMA has discharged it from its duties. However, the CMA may at any time require the reappointment of the Monitoring Trustee if it subsequently appears that the Commitments have not been fully and properly implemented.

6. FAST-TRACK DISPUTE RESOLUTION PROCEDURE

6.1 The agreements concluded to implement the Commitments in accordance with Sections 1 to 4 (the **Relevant Agreements** and each a **Relevant Agreement**) shall provide for a Fast-Track Dispute Resolution procedure (**Fast-Track Dispute Resolution Procedure**) described in this Section 6. In the event that a Prospective Entrant, Eligible Air Services Provider, RASP, or FFP RASP, as relevant, has reason to believe that the Parties are failing to comply with the requirements of a Relevant Agreement vis-à-vis that party, this Fast-Track Dispute Resolution Procedure will apply.

6.2 Any party to a Relevant Agreement which wishes to avail itself of the Fast-Track Dispute Resolution Procedure (**Requesting Party**) shall send a written request to the Parties (with a copy to the Monitoring Trustee) setting out in detail the reasons leading that party to believe that the Parties are failing to comply with the requirements of the Relevant Agreement (the **Request**). The Requesting Party and the Parties will use their best efforts to resolve all differences of opinion and settle all disputes that may arise through cooperation and consultation within a reasonable period of time not to exceed fifteen (15) working days after receipt of the Request.

6.3 The Monitoring Trustee shall present its own proposal (**Trustee Proposal**) for resolving the Dispute within eight (8) working days after receipt of the Request, specifying in writing the action, if any, to be taken by the Parties in order to ensure compliance with the Relevant Agreement vis-à-vis the Requesting Party, and be prepared, if requested, to facilitate the settlement of the dispute.

6.4 Should the Requesting Party and the Parties fail to resolve their differences of opinion through cooperation and consultation as provided for in Clause 6.2, the Requesting Party shall serve a notice (the **Notice**), in the form of a request for arbitration, to the International Chamber of Commerce (hereinafter the **Arbitral Institution**), with a copy of such Notice and request for arbitration to the Parties.

6.5 The Notice shall set out in detail the dispute, difference or claim (the **Dispute**) and shall contain, inter alia, all issues of both fact and law, including any suggestions as to the procedure, and all documents relied upon shall be attached, eg documents, agreements, expert reports, and witness statements. The Notice shall also contain a detailed description of the action to be undertaken by the Parties (including, if appropriate, a draft contract comprising all relevant terms and conditions) and the Trustee Proposal, including a comment as to its appropriateness.

6.6 The Parties shall, within ten (10) working days from receipt of the Notice, submit their answer (the **Answer**), which shall provide detailed reasons for their conduct and set out, inter alia, all issues of both fact and law, including the Parties' interpretation of their rights and obligations under these Commitments, any suggestions as to the procedure, and all documents relied upon, eg documents, agreements, expert reports, and witness statements. The Answer shall, if appropriate, contain a detailed description of the action which the Parties propose to undertake vis-à-vis the Requesting Party (including, if appropriate, a draft contract comprising all relevant terms and conditions) and the Trustee Proposal (if not already submitted), including a comment as to its appropriateness.

A. Appointment of the Arbitrators

6.7 Subject to Clause 6.8, the Dispute shall be resolved by a panel of three arbitrators. The Requesting Party shall nominate its arbitrator in the Notice; the Parties shall nominate their arbitrator in the Answer.

6.8 The arbitrators nominated by the Requesting Party and the Parties shall, within five (5) working days of the nomination of the latter, nominate the chairman, making such nomination known to the Parties and the Arbitral Institution which shall forthwith confirm the appointment of all three arbitrators. Should the Requesting Party wish to have the Dispute decided by a sole arbitrator it shall indicate this in the Notice. In this case, the Requesting Party and the Parties shall agree on the nomination of a sole arbitrator within five (5) working days from the communication of the Answer, communicating this to the Arbitral Institution. Should the Parties fail to nominate an arbitrator, or if the two arbitrators fail to agree on the chairman, or should the parties to the arbitration fail to agree on a sole arbitrator, the default appointment(s) shall be made by the Arbitral Institution. The three-person arbitral tribunal or, as the case may be, the sole arbitrator, are herein referred to as the **Arbitral Tribunal**.

B. Arbitration Procedure

6.9 The Dispute shall be finally resolved by arbitration under the International Chamber of Commerce rules, with such modifications or adaptations as foreseen herein or necessary under the circumstances (the **Rules**). The arbitration shall be conducted in London, England in the English language.

6.10 The procedure shall be a fast-track procedure. For this purpose, the Arbitral Tribunal shall shorten all applicable procedural time-limits under the Rules as far as admissible and appropriate in the circumstances. The parties to the arbitration shall consent to the use of e-mail for the exchange of documents.

6.11 The Arbitral Tribunal shall, as soon as practical after the confirmation of the Arbitral Tribunal, hold an organisational conference to discuss any procedural issues with the parties to the arbitration. Terms of Reference shall be drawn up and signed by the parties to the arbitration and the Arbitral Tribunal at the organisational meeting or thereafter and a procedural timetable shall be established by the Arbitral Tribunal. Absent exceptional circumstances an oral hearing shall be held within two (2) months of the confirmation of the Arbitral Tribunal.

6.12 In order to enable the Arbitral Tribunal to reach a decision, it shall be entitled to request any relevant information from the parties to the arbitration, to appoint experts and to examine them at the hearing, and to establish the facts by all appropriate means. The Arbitral Tribunal is also entitled to ask for assistance by

the Monitoring Trustee in all stages of the procedure if the parties to the arbitration agree.

6.13 The Arbitral Tribunal shall not disclose confidential information and shall apply the standards applicable to confidential information under Part 9 of the Enterprise Act 2002. The Arbitral Tribunal may take the measures necessary for protecting confidential information in particular by restricting access to confidential information to the Arbitral Tribunal, the Monitoring Trustee, the CMA, and outside counsel and experts of the opposing party.

6.14 The burden of proof in any dispute under these Rules shall be borne as follows:

(a) the Requesting Party must produce evidence of a prima facie case; and

(b) if the Requesting Party produces evidence of a prima facie case, the Arbitral Tribunal must find in favour of the Requesting Party unless the Parties can produce evidence to the contrary.

C. Involvement of the CMA

6.15 The Parties shall put the CMA on notice within five (5) working days of:

(a) the receipt of a Request under Clause 6.2;

(b) the receipt of a Notice under Clause 6.4;

(c) the resolution, without the appointment of an Arbitral Tribunal, of the differences raised by a Request or in a Notice; and

(d) the appointment of an Arbitral Tribunal.

6.16 The CMA shall be allowed and enabled to participate in all stages of the procedure by:

(a) receiving all written submissions (including documents and reports, etc.) made by the parties to the arbitration, including Requests under Clause 6.2 and Notices under Clause 6.4;

(b) receiving all orders, interim and final awards and other documents exchanged by the Arbitral Tribunal with the parties to the arbitration (including Terms of Reference and procedural timetable);

(c) giving the CMA the opportunity to file amicus curiae briefs; and

(d) being present at the hearing(s) and being allowed to ask questions to parties, witnesses and experts.

6.17 The Arbitral Tribunal shall without delay and in any event within five (5) working days of the Arbitral Tribunal receiving the relevant documents forward, or order the parties to the arbitration to forward, the documents mentioned in Clause 6.16 to the CMA.

6.18 Without prejudice to the generality of Clause 6.16 above, in the event that the interpretation of a Commitment is relevant to the disagreement between the parties to the arbitration, the Arbitral Tribunal shall give the CMA the opportunity to provide its interpretation of the relevant Commitment before finding in favour of any party to the arbitration. If the Parties have not had a prior opportunity to provide their interpretation of the rights and obligations under these Commitments, the Arbitral Tribunal shall also give the Parties the opportunity to provide their interpretation of the relevant Commitment before any finding in favour of any party to the arbitration.

D. Decisions of the Arbitral Tribunal

6.19 The Arbitral Tribunal shall decide the Dispute on the basis of these Commitments and the Relevant Agreement. Issues not covered by these Commitments shall be decided by reference to relevant UK legislation and general principles of English common law. The Arbitral Tribunal shall take all decisions by majority vote.

6.20 Upon request of the Requesting Party, the Arbitral Tribunal may make a preliminary ruling on the Dispute. Absent exceptional circumstances the preliminary ruling shall be rendered within one (1) month of the confirmation of the Arbitral Tribunal. The preliminary ruling shall be applicable immediately and, absent exceptional circumstances, remain in force until the final decision is issued.

6.21 The final award shall, absent exceptional circumstances, be rendered by the arbitrators within six (6) months after the confirmation of the Arbitral Tribunal. The time-frame shall, in any case, be extended by the time the CMA takes to submit an interpretation of the Commitment if asked by the Arbitral Tribunal.

6.22 The Arbitral Tribunal shall, in their preliminary ruling as well as the final award, specify the action, if any, to be taken by the Parties in order to comply with the Relevant Agreement vis-à-vis the Requesting Party (eg specify a contract including all relevant terms and conditions). The final award shall be final and binding on the parties to the arbitration and shall resolve the Dispute and determine any and all claims, motions or requests submitted to the Arbitral Tribunal.

6.23 The arbitral award shall also determine the reimbursement of the costs of the successful party and the allocation of the arbitration costs. In case of granting a preliminary ruling or if otherwise appropriate, the Arbitral Tribunal shall specify that terms and conditions determined in the final award apply retroactively.

6.24 The parties to the arbitration shall prepare a non-confidential version of the final award, without business secrets. The CMA may publish the non-confidential version of the award.

6.25 Nothing in the arbitration procedure shall affect the powers of the CMA to take decisions in relation to the Commitments in accordance with its powers under CA98. In particular, nothing in the arbitration procedure shall affect the powers of the CMA to apply to the court for an order in accordance with section 31E of CA98, or to exercise its powers under section 31B(4) of CA98.

7. REPORTING OBLIGATIONS

7.1 The Parties shall promptly provide to the CMA copies of any material variations, amendments or additions to the agreements constituting the Atlantic Joint Business Agreement.

7.2 The Parties shall promptly provide to the CMA and the Monitoring Trustee any information which the CMA requires from them for purposes of monitoring the implementation of these Commitments.

8. DOT WAIVERS

8.1 The Parties acknowledge that the CMA will consult with the DOT if the CMA deems it appropriate. The Parties confirm their waiver of the confidentiality restrictions which govern the CMA under the Enterprise Act 2002 and other applicable laws (the **Confidentiality Rules**) to the extent necessary to permit the CMA to disclose to the DOT any information obtained from the Parties during the course of Case 50616 or pursuant to Clause 7.2, for the purpose of facilitating the implementation of these Commitments and/or for the purpose of keeping under review the ATI immunity granted to the Atlantic joint business by the DOT. Specifically, the Parties agree that the CMA may share with the DOT any documents, statements, data and information supplied by the Parties, as well as Monitoring Trustee reports and the CMA's internal analysis that incorporates or refers to the Parties' data to the extent that such sharing would otherwise be prevented by the Confidentiality Rules. The other terms of the waivers provided by the Parties to the CMA in November 2018 continue to apply and are to be considered included in these Commitments.

8.2 The Parties shall permit the DOT to transmit to the CMA data based on information supplied to it by the Parties in accordance with the reporting obligations provided for in its Final Order in Case DOT-OST-2008-0252 (and any future amendment thereof). AA shall additionally permit the DOT to transmit to the CMA relevant data based on information previously supplied to it by AA in accordance with applicable legislation.

8.3 These waivers shall remain in effect so long as these Commitments, or contracts entered into pursuant to these Commitments, remain in effect.

9. TERMINATION AND REVIEW

9.1 Subject to the remainder of this Section 9, these Commitments shall be binding on the Parties from the Effective Date. Agreements pursuant to the Commitments and the O&D Passenger Volume Commitment will operate for a period of ten (10) years from expiry of the Interim Measures. The coming into effect of these Commitments does not suspend the Interim Measures, which remain in effect until and including the IATA Winter Season 2025/26.

9.2 If the Existing Alliance is abandoned, unwound, or otherwise terminated including as a result of any regulatory approvals having been withdrawn or expired, then these Commitments shall automatically cease to apply. If the Parties believe that this Clause 9.2 applies or will apply they shall promptly inform the CMA, explaining why they consider that the Existing Alliance has been or will be abandoned, unwound, or otherwise terminated.

9.3 The Parties may at any time during the term of these Commitments request the variation, substitution or release of these Commitments in accordance with the CMA's CA98 powers, in particular sections 31A, 31B and Schedule 6A CA98 (as may be amended or replaced), including in order to avoid incompatibilities if the approval by another governmental authority of the existence or continuance of the Existing Alliance is made subject to requirements that are potentially incompatible with these Commitments.

9.4 On becoming aware of any new legislation which would prohibit any of the terms of the Existing Alliance or the Parties' compliance with these Commitments (**Adverse New Legislation**), the Parties shall consult in good faith with the Prospective Entrant, Eligible Air Services Provider, or RASP, (as appropriate) and the Monitoring Trustee about its effect on:

(a) the agreements entered into pursuant to these Commitments; and

(b) the practicability of making alternative arrangements which would have the same effect as carrying out such agreements,

(c) and as agreed may then, prior to such Adverse New Legislation coming into force:

(i) enter into supplemental agreements varying the Relevant Agreements to implement the alternative arrangements; or

(ii) elect to terminate the Relevant Agreements.

9.5 Any changes in accordance with Clause 9.4(c)(i) and Clause 9.4(c)(ii) above shall be subject to prior confirmation of the Monitoring Trustee, following consultation with the CMA on the specific changes proposed, that they are compatible with these Commitments; or prior approval of the CMA (advised by the Monitoring Trustee) under sections 31A(3) and 31A(4)(b) CA98 if they necessitate the variation, substitution or release of these Commitments.

9.6 For the avoidance of doubt, the termination of these Commitments (eg as a result of the review of the Commitments as a result of Clauses 9.2 – 9.4 above) shall not affect the validity of the Slot Release Agreements, Special Prorate Agreements, and FFP agreements already concluded, unless the CMA's review results in a decision explicitly ending such agreements.

10. NOTICES

10.1 Any notice or communication given to the CMA by the Parties under or in connection with these Commitments shall be in writing and sent to the CMA at both the postal address and email addresses identified in this Clause 10.1, and/or any new or additional postal and/or email addresses which the CMA informs the Parties of from time to time:

(a) Postal address: FAO [to be inserted], RE: Atlantic Joint Business Agreement Commitments, The Competition and Markets Authority, 25 Cabot Square, London E14 4QZ.

(b) Email addresses: [to be inserted].

Date: [to be inserted]

Place: [to be inserted]

Signed:

…….

duly authorised for and on behalf of International Consolidated Airlines Group, SA

Date: [to be inserted]

Place: [to be inserted]

Signed:

…….

duly authorised for and on behalf of American Airlines, Inc.

Date: [to be inserted]

Place: [to be inserted]

Signed:

…….

duly authorised for and on behalf of Finnair oyj