BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D. C.

Joint Application of	:	
	:	
AMERICAN AIRLINES, INC.	:	
and	:	OST-2002-
SWISS INTERNATIONAL AIR LINES LTD.	:	
d/b/a SWISS	:	
	:	
under 49 USC 41308 and 41309 for approval	:	
of and antitrust immunity for agreement	:	

JOINT APPLICATION OF AMERICAN AIRLINES, INC. AND SWISS INTERNATIONAL AIR LINES LTD. d/b/a SWISS FOR ANTITRUST IMMUNITY

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June 28, 2002

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American Airlines, Inc. (and its affiliates TWA Airlines LLC, American Eagle Airlines, Inc., and Executive Airlines, Inc. d/b/a American Eagle) and Swiss International Air Lines Ltd. d/b/a Swiss[1] hereby jointly apply, under 49 USC 41308 and 41309, for approval of and antitrust immunity for an alliance agreement (Exhibit JA-1). This request encompasses all agreements between the applicants that implement any part of the alliance agreement or are entered into by the joint applicants pursuant to that agreement. We request that anti-trust immunity be effective at the earliest possible date, and remain in place for a period of at least five years.

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[1]The company was formerly called Crossair Ltd. d/b/a Swiss, and filed a registration of name change (effective July 1, 2002) on June 6, 2002.

I. INTRODUCTION AND SUMMARY

On June 15, 1995, Switzerland became one of the first countries to agree to an open skies partnership with the United States. Building on the pioneering open skies relationship with Switzerland, the United States has achieved open skies agreements with 58 nations throughout the world. The Department has approved antitrust-immunized alliances involving the homeland carriers of 12 open-skies European countries, including the Netherlands, Germany, Sweden, Norway, Denmark, Switzerland, Belgium, Austria, Italy, Iceland, France, and the Czech Republic.[2]

The alliance agreement between American and Swiss is pro-competitive and pro-consumer, as it promises substantial new on-line service benefits when the hub-and-spoke systems of the two carriers are combined to form a single, integrated network. American and Swiss will retain their independent corporate and national identities, but following grant of antitrust immunity will operate as if they were a merged entity.

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[2]See Order 93-1-11, January 11, 1993 (Northwest/KLM); Order 96-5-27, May 21, 1996 (United/Lufthansa); Order 96-11-1, November 1, 1996 (United/Lufthansa/SAS); Order 96-6-33, June 14, 1996 (Delta/Swissair/Sabena/Austrian); Order 2000-5-13, May 11, 2000 (American/Swissair/Sabena); Order 99-12-5, December 3, 1999 (Northwest/KLM/Alitalia); Order 2000-10-13, October 13, 2000 (SAS/Icelandair): Order 2001-1-19, January 26, 2001 (United/Austrian/Lauda/Lufthansa/SAS); Order 2002-1-6, January 18, 2002 (Delta/Air France/Alitalia/Czech).

American and Swiss consider their alliance to be of vital strategic importance as they strive to remain competitive with the other immunized transatlantic alliances. Swiss considers its entry into a transatlantic alliance with American to be essential to its long-term competitive viability under the U.S.-Switzerland open skies regime.

The proposed American/Swiss alliance, as more fully described below, will involve coordination in such areas as codesharing, frequent flyer programs, global route and schedule planning, sales, advertising and marketing, pricing and yield management, inventory and procurement, revenue allocation, ground handling, airport facilities and support services, cargo services, ticketing, and information technologies and distribution systems.

The American/Swiss alliance will significantly improve consumer convenience and choice, produce operating efficiencies that will create greater value for passengers and shippers, increase competition in thousands of city-pair markets, and generate economic benefits for communities across the worldwide networks of the two carriers. Improved air services will increase tourism and encourage local economic development, generating growth in employment and tax revenues. The alliance will also benefit the employees and shareholders of each company. American and Swiss employees will benefit

from growth opportunities at each of the carriers, and shareholders will enjoy improved returns resulting from synergies and market growth.

The American/Swiss agreement is fully consistent with U.S. international aviation policy, which has encouraged global arrangements between U.S. and foreign carriers in order to benefit consumers and enhance competition. See Statement of United States International Air Transportation Policy, 60 Fed. Reg. 21841, May 3, 1995.

The proposed American/Swiss alliance is a particularly suitable candidate for antitrust immunity because it will not substantially reduce competition in any relevant market. The U.S.-Europe market is highly competitive, and the market shares of American in combination with Swiss are modest, as shown in Exhibit JA-7.

The only nonstop U.S.-Switzerland market served nonstop by both applicants is New York (JFK)-Zurich. Continental provides competition with nonstop flights between New York (EWR) and Zurich. The Delta/Air France immunized alliance offers multiple daily on-line routings from New York to Zurich via Paris, and the United/Lufthansa immunized alliance offers multiple daily on-line routings from New York to Zurich via Frankfurt. The Department should have no concerns that the arrangement proposed here will harm competition in any market.

II. DESCRIPTION OF THE AGREEMENT

The alliance agreement between American and Swiss (Exhibit JA-1) is comparable to a number of other agreements that have been accorded antitrust immunity by the Department. The American/Swiss agreement provides a contractual framework for cooperation in all of the major functional areas of the airlines' operations.

If the American/Swiss joint application is approved and antitrust immunity is granted, the joint applicants will then proceed to coordinate and integrate their operations in areas such as scheduling, marketing, pricing, planning, joint services, and related matters. Notwithstanding such cooperation and joint operations, each airline will retain its separate identity, brand, ownership, and control. The proposed American/Swiss alliance does not involve any exchange of equity or other forms of cross-ownership.

The alliance agreement contemplates the following coordinated activities between American and Swiss:

1. Codesharing. Each carrier will codeshare on the U.S.-Switzerland services operated by the other. In conjunction with their U.S.-Switzerland services, the carriers will also codeshare on connecting services that they operate within the United States and Switzerland, and to points in third countries insofar as permitted by applicable air transport

agreements. Blanket codesharing authorization for American and Swiss was previously granted by Notice of Action Taken, OST-2002-12001, April 23, 2002.

2. Revenue allocation. The carriers will develop a method for allocating revenues derived from the operation of their alliance services, such as revenue sharing or pooling.

3. Pricing. The carriers will cooperate in establishing rates, fares, and pricing strategies for services provided under their alliance agreement.

4. Yield management. The carriers will cooperate regarding inventory control and yield management as those functions relate to services provided under their alliance agreement. The carriers will provide each other access to their respective yield management systems, and will consult closely in the yield management process.

5. Schedules. The carriers will jointly plan their respective schedules for U.S.-Switzerland services and related connecting services in order to maximize and optimize feasible routings and service options available to consumers, and to minimize connecting times for the benefit of consumers.

6. Marketing and product. The carriers will jointly and individually market, promote, and advertise the services covered by the alliance agreement. They will also seek to harmonize their respective service standards and will jointly

develop new products, where appropriate. The carriers may seek to use an alliance mark to represent their alliance and to link their frequent flyer programs, upon receipt of any governmental authorizations that may be required.

7. Frequent flyer programs. The carriers will offer reciprocal frequent flyer programs that will allow members of one carrier's frequent flyer program to accrue mileage and redeem awards on the services of the other.

8. Sales and expenses. The carriers will jointly determine the most efficient strategies for selling alliance services, coordinating their sales forces, and allocating their sales resources.

9. Airports. The carriers contemplate sharing facilities at the common airports they serve insofar as practical.

10. Cargo. The carriers contemplate cooperation on pricing and services in the transportation of cargo between the United States and Switzerland and in other markets.

11. Cost reduction. The carriers will attempt to coordinate their purchases of goods and services in order to realize cost savings and eliminate redundancies, where possible. They will also coordinate their travel intermediary commission structures and other incentive arrangements as they relate to the services offered under the alliance agreement.

The foregoing areas of coordination will allow American and Swiss to generate significant efficiencies and provide a broader range of enhanced and more competitive on-line services. Specifically, such benefits will include:

1. Greater choice and ease of connections. By codesharing across each other's networks, American and Swiss will offer the traveling public a greater choice of destinations and competitive routings. American serves 229 cities worldwide, and Swiss serves 115 (Exhibit JA-4). Integration of their two networks will create a total of 20,160 potential new on-line city-pairs (Exhibit JA-5).

The Department has recognized that codesharing agreements for beyond and behind points offer superior "seamless service", with greater convenience and other benefits to consumers, than standard interline agreements. See Order 2000-4-22 (show-cause), April 21, 2000, p. 18 (American/Swissair/Sabena); Order 96-5-12, May 9, 1996 (United/Lufthansa). Customers making a trip involving multiple flights on American and Swiss will enjoy one-stop shopping, using a single ticket, checking through baggage, and obtaining all required boarding passes at the outset of their journey.

In addition, American and Swiss intend to coordinate schedules and, wherever possible, co-locate terminals, to maximize customer convenience and service and improve the connecting process. Similarly, arrival and departure gates will be moved closer together wherever possible, and operations will be transferred from one terminal to another to minimize walking distances between connecting flights. A broader range of flight times and co-location of facilities is clearly in the interest of consumers, not only because that will offer greater choice, but also because it will reduce the inconvenience to customers associated with delays or other disruptions resulting from weather conditions, mechanical problems, or other factors.

2. Reciprocal frequent flyer programs. Customers will also benefit from coordination of the American and Swiss frequent flyer programs. These programs will become fully reciprocal; mileage accrued on one alliance carrier can be used not just for awards on the other, but to achieve a higher tier of membership. In addition, members of the alliance partners' club programs will gain access to additional airport lounges and will receive priority bookings on flights across the alliance network.

3. Availability of lower fares. The American/Swiss alliance will generate lower fare opportunities for passengers as a result of coordination of the yield management process, which will enhance the carriers' ability to predict customer demand.

4. Cost benefits and efficiencies. The proposed alliance will produce a range of cost synergies and efficiencies that will result in more cost-effective operations. Such benefits will extend to customers in the form of lower fares and improved services. The primary cost benefits will result from coordination of sales and airport operations, joint promotions and marketing, and joint purchasing. In addition, American and Swiss anticipate significant efficiencies from cooperation in the area of yield management.

5. Quality of service. American and Swiss each has a firm commitment to innovative and excellent service. Their proposed alliance will facilitate achievement of the highest common level of customer service.

III. THE APPLICABLE LEGAL STANDARD FOR APPROVING AND GRANTING ANTITRUST IMMUNITY TO THE AMERICAN/SWISS ALLIANCE

In relevant part, the controlling statute provides that the Department "shall approve an agreement...when the Secretary finds it is not adverse to the public interest and is not in violation of this part." 49 USC 41309(b). The Depart-

ment has discretion to grant antitrust immunity to agreements approved under Section 41309 if it finds that immunity is required by the public interest. 49 USC 41308. The Department's established policy is to grant antitrust immunity with respect to agreements that are found not substantially to reduce or eliminate competition, if the Department concludes that antitrust immunity is required in the public interest, and that the parties will not proceed with the transaction absent antitrust immunity. See Order 2000-4-22 (show-cause), April 21, 2000, p. 9 (American/Swissair/Sabena); Order 96-5-27, May 21, 1996, p. 17 (United/Lufthansa); Order 93-1-11, January 11, 1993, p. 11 (Northwest/KLM).

As explained below, the proposed American/Swiss alliance clearly meets the public interest test. Since the alliance will not substantially reduce or eliminate competition, but rather will stimulate more vigorous competition and consumer choice, the Department should approve the alliance and grant it antitrust immunity.

IV. APPROVAL OF THE AMERICAN/SWISS AGREEMENT WILL PROMOTE THE PUBLIC INTEREST

A. Joint Operations Will Enable The Alliance To Offer New And Improved Services

Section II describes the substantial public benefits that will accrue from an integrated alliance between American and Swiss. Those benefits, which closely mirror those achieved

by previously immunized transatlantic alliances, include the ability to provide passengers and shippers with greater choice and improved, seamless service throughout an expanded international alliance route network, while also increasing the scope of each carrier's frequent flyer program. In addition, the cost benefits and efficiencies that can be obtained from an integrated alliance operation will be passed on to customers in the form of superior service and lower fares.

There is ample evidence that international alliances generate benefits to consumers. The Department's December 1999 report, International Aviation Developments: Global Deregulation Takes Off, demonstrated the significant pro-competitive effects of multinational alliance development in transatlantic markets. That report identified pro-competitive changes in industry structure, including better and more competitive service as alliances expand and overlap. It documented enormous consumer benefits, both in terms of improved service and price reductions. It noted important consequences of alliance development not just for air travel consumers, but for local and national economies as well, due to greatly increased air travel. And it noted important benefits for domestic European consumers and airlines, as increased transatlantic traffic feed has enabled European carriers to significantly expand their networks.

In October 2000, the Department issued a follow-up report, Transatlantic Deregulation, The Alliance Network Effect, which bolstered the conclusion that as transatlantic deregulation unfolds, competition has intensified and provided consumers with significant price benefits. The Department found that deregulation is at the heart of transatlantic traffic growth; that consumer demand and increased competition are driving airlines to access as many markets and passengers as possible in the most efficient way possible; and that alliance-based networks are the principal driving force behind transatlantic price reductions and traffic gains. The Department concluded that "[t]he 'Alliance Network Effect' will therefore play a key role in the evolving international aviation economic and competitive environment" (p. 5, emphasis added).

The full network benefits of the American/Swiss alliance cannot occur absent the Department's grant of antitrust immunity. The Department has acknowledged that, without antitrust immunity, airlines may be prevented from forming alliances which offer significant competitive and efficiency benefits. See Order 2000-10-13, October 13, 2000, p. 13 (SAS/Icelandair) ("the record suggests that the joint applicants could be subject to extensive and burdensome antitrust litigation if we did not grant immunity...[and] also persuades us

that they will not proceed without it"); Order 96-5-12, May 9, 1996 (show-cause), p. 26 (United/Lufthansa) (the applicants "could be exposed to liability under the antitrust laws if we did not grant immunity"); GAO Report to Congressional Requesters, April 1995, p. 30 ("the key benefit of immunity...is the protection from legal challenge by other airlines," thereby allowing the participants "to more closely integrate their operations and marketing than they otherwise would for fear of legal reprisal").

American and Swiss submit that the full public benefits offered by their proposed alliance cannot be achieved absent antitrust immunity. The establishment of a fully integrated alliance network depends on the ability of alliance carriers to coordinate prices, routes, and schedules, sales and marketing activity, and inventory, and to develop common strategic and financial objectives in order to compete with other antitrust-immunized international alliances. Such activities inevitably would expose the joint applicants to potential antitrust liability. Therefore, American and Swiss have determined that it is not feasible to proceed with their proposed alliance absent antitrust immunity.

B. The Alliance Will Not Substantially Reduce Competition In Any Relevant Market

The proposed American/Swiss alliance will not substantially reduce or eliminate competition in any relevant market.

In the following discussion and in the attached exhibits, the joint applicants have aggregated the bookings and other data for Swiss (which began operations on April 1, 2002) and Swissair, the former national flag carrier of Switzerland, in order to present data for the full year ended April 30, 2002. Swiss and Swissair are separate corporate entities, and there is no continuity between them.

Swiss serves six U.S. gateways (Boston, Chicago, Los Angeles, Miami, New York (JFK and EWR), and Washington), and operates eight daily transatlantic flights. Swissair served eight U.S. gateways (the six named above plus Atlanta and San Francisco), and operated 13 daily transatlantic flights. Swiss's transatlantic capacity on July 1, 2002 is 1,658 one-way seats, 43% below the 2,909 transatlantic one-way seats operated by Swissair on July 1, 2001.

Accordingly, by aggregating the data for Swiss and Swissair, the joint applicants have substantially overstated the market position currently held by Swiss.

1. Global Market

The American/Swiss alliance will enhance competition in the global air transportation market. As the Department has recognized, there exists today "a worldwide aviation market in which travelers have multiple competing options for reaching destinations over multiple intermediate points." Order 99-4-17, April 22, 1999 (show-cause), p. 15 (American/Lan Chile). The global market is driven by a number of competing global network systems, including "integrated alliances that can offer a multitude of new on-line services to a vast array of city-pair markets, on a global basis" (id.). The addition of American/Swiss to the ranks of global alliances will create additional consumer choice, and enhance competition in the international marketplace.

2. U.S.-Europe Market

An immunized alliance between American and Swiss will not substantially reduce competition in the U.S.-Europe market. The combined U.S.-Europe annual passenger bookings of American and Swiss account for a market share of 11.22%, while United/Lufthansa/SAS/Austrian/Lauda (the immunized European component of the Star Alliance) command a combined share of 22.05%, and Delta/Air France/Alitalia/Czech (the immunized European component of the SkyTeam alliance) have a combined share of 18.72% (Exhibit JA-7). Among all U.S.-Europe carriers, Swiss ranks

12th in market share, with 2.94% of annual bookings (id.), and among all European airports, Zurich ranks 15th, with 1.7% of annual bookings (Exhibit JA-6).

As the Department found in Order 2000-10-13, October 13, 2000, p. 10 (SAS/Icelandair), "[t]he U.S.-Europe marketplace is highly competitive. Eight U.S. airlines provide scheduled passenger service in this market from their hubs, either individually or in conjunction with an existing alliance. The U.S.-Europe market is also served by more than 30 foreign airlines, principally from hubs in their homelands." In these circumstances, the proposed integration of transatlantic operations by American and Swiss will enhance competition in the U.S.-Europe market by increasing their ability to compete against other carriers and alliances.

3. U.S.-Switzerland Market

The proposed American/Swiss alliance will not have an adverse impact on competition in the U.S.-Switzerland market. While Swiss offers nonstop service from Zurich to six gateways in the U.S. (and from Geneva to one), and American offers nonstop service from Zurich to two gateways in the U.S. (Exhibit JA-2), the combined American/Swiss U.S.-Switzerland market share, based on annual bookings, is 49.2%, or less than half the market (Exhibit JA-8). This is comparable to alliance shares in other U.S.-Europe markets. As shown in Exhibit JA-

11, Star's U.S.-Austria market share is 63%, its U.S.-Denmark share is 52%, and its U.S.-Germany share is 47%. Similarly, SkyTeam's U.S.-Italy market share is 48%, and its U.S.-France share is 41%.

The U.S.-Switzerland market is well served by a number of U.S. and European carriers via hubs including Atlanta (nonstop service by Delta), New York (EWR) (nonstop service by Continental), Paris, Frankfurt, and Amsterdam. United/Lufthansa/SAS/Austrian/Lauda have a combined U.S.-Switzerland market share of 12.68%, and Delta/Air France/Alitalia/Czech have a combined share of 16.74% (id.). Northwest/KLM, Continental, and British Airways each have U.S.-Switzerland market shares exceeding 5.0% (id.).

The evidence is clear that U.S. airlines are using their international aviation alliances and partnerships to carry a large volume of traffic between the U.S. and Switzerland via third-country European gateways. The opportunities for improved service and competition made possible by the U.S.-Switzerland open skies agreement will respond effectively to any competitive concerns in the U.S.-Switzerland market.

4. Nonstop City-Pair Overlap

American serves Zurich nonstop from two U.S. gateways, New York (JFK) and Dallas/Ft. Worth. Swiss serves Zurich nonstop from six U.S. gateways, Boston, Chicago, Los Angeles, Miami, New York (JFK and EWR), and Washington (IAD), as well as Geneva from New York (JFK). Accordingly, there is only one nonstop overlap market at issue in this proceeding -- New York-Zurich.

This single overlap market does not require a competitive remedy, such as a carve-out condition, because there will continue to be ample competition in the New York-Zurich market following approval of the proposed American/Swiss arrangement. Continental provides nonstop service between New York (EWR) and Zurich, accounting for a 15.4% share of passenger bookings (Exhibit JA-10). Moreover, the Delta/Air France/Alitalia/Czech and United/Lufthansa/SAS/Austrian/Lauda immunized alliances account for combined shares of passenger bookings in the New York-Zurich market of 10.15% and 4.43%, respectively. The local New York-Zurich market will remain highly competitive.

Indeed, this is virtually the identical competitive situation presented in the Delta/Swissair/Sabena immunity proceeding (OST-1995-618), in which the Department did not impose a carve-out condition in the New York-Zurich market,

despite a recommendation by the Department of Justice that it do so. At that time, the New York-Zurich market had nonstop service by three carriers (Delta, Swissair, and American). See Order 96-5-26, May 20, 1996, p. 23. Accordingly, with approval of the Delta/Swissair alliance, the number of nonstop competitors was reduced from three to two (Delta/Swissair and American), the same scenario presented now (American/Swiss and Continental).

In rejecting DOJ's arguments for a New York-Zurich carve-out, the Department focused on the likely entry of additional nonstop competitors on the route under the U.S.-Switzerland open skies agreement if the applicants increased fares above competitive levels, as well as the availability of numerous non-circuitous routings between New York and Switzerland on a variety of carriers via European hubs. See Order 96-6-33, June 14, 1996, pp. 11-17. The Department concluded that "even for the time-sensitive business traveler, connecting services may well constitute a competitive force in markets like these" (id., p. 14). With the development and growth of competing immunized alliances since 1996, this finding has even greater force today. See also Order 2002-1-6, January 18, 2002 (Delta/Air France/Alitalia/Czech), pp. 15-16, discussing why a carve-out remedy in the New York-Milan/Paris/Rome markets would not be imposed.

The combined bookings share of American and Swiss in the New York-Zurich market -- 64.85% (Exhibit JA-10) -- is comparable to bookings shares of competing alliances in their New York-European hub markets. As shown in Exhibit JA-12, Star has a 70% bookings share of New York-Vienna, and 60% of New York-Copenhagen. SkyTeam has a 62% bookings share of New York-Milan, 62.0% of New York-Rome, and 51.0% of New York-Paris. None of these New York markets was made subject to a carve-out condition in the relevant immunity proceedings.

The Department concluded that its decision not to impose a carve-out condition on the New York-Zurich route in the Delta/Swissair/Sabena proceeding was based "on both our economic analysis of the significance of any minor loss of competition and our long-term international aviation policy" (id., pp. 15-16). The Department should reach the same result here, and find that a carve-out remedy against American/Swiss for the New York-Zurich route would be unnecessary and contrary to the public interest.

V. APPROVAL AND GRANT OF ANTITRUST IMMUNITY FOR THE ALLIANCE WILL PROMOTE IMPORTANT U.S. AVIATION POLICY GOALS

The past several years have witnessed a remarkable expansion of airline service to and from the United States. Much of this growth has resulted from the Department's initiatives, including the April 1995 Statement of International Air

Transportation Policy, which have generated 58 open skies bilateral agreements between the U.S. and major trading partners in Europe, Africa, Asia, and the Americas. The Department has described open skies as "a critical element of our international aviation policy.... Open skies agreements assure the most liberal operating environment for air services." Order 99-4-17, p. 19. In its May 1995 Statement of International Air Transportation Policy (60 Fed. Reg. 21841), the Department stated that it hoped to achieve an "open aviation regime worldwide." Switzerland has such an open aviation regime, and this alliance agreement fosters all the positive objectives outlined in the May 1995 Statement.

The Department has recognized that the progress of its open skies policy and the development of a series of competing international alliance networks are inextricably linked. Thus, the cultivation of such alliances has become a U.S. aviation policy objective. The Department has found that "one of the major public benefits resulting from our success in signing open skies aviation agreements around the globe is the creation of new competitive airline alliances that we are now seeing to provide global aviation services. Markets in Asia, Europe, and North America are now an integral part of existing competing airline networks" (Order 99-4-17, pp. 20-21). The Department further found that "competition between and among

these global alliances is likely to play a critically important role in ensuring that consumers...have multiple competing options to travel where they wish as inexpensively and conveniently as possible" (id.).

Failure to approve and grant antitrust immunity to the American/Swiss alliance would have significant negative consequences, both in terms of relations between the United States and Switzerland, and of U.S. international aviation policy in Europe. When the Department approved and immunized the Northwest/KLM alliance in 1993, it clearly was sensitive to the inevitable intersection between an open skies agreement with a foreign country and granting antitrust immunity to a U.S. carrier forming an alliance with a carrier of that country. Indeed, the Department stated that "denial of antitrust immunity would contravene the spirit of the accord and be counterproductive to the United States' relations with the Netherlands" (Order 93-1-11, p. 12).

Today, the substance of the U.S. open skies policy, as well as the spirit of the U.S.-Switzerland open skies agreement, provide equally compelling support for the Department's approval of and grant of antitrust immunity to the American/Swiss alliance agreement.

VI. GRANT OF ANTITRUST IMMUNITY IS ESSENTIAL FOR EFFECTIVE AND EFFICIENT JOINT OPERATIONS OF THE ALLIANCE AND IS CONSISTENT WITH THE STATUTE AND WITH DOT POLICY AND PRECEDENT

The degree of integration necessary for the American/Swiss alliance to operate effectively and efficiently makes antitrust immunity a prerequisite for the parties to go forward. Absent antitrust immunity, the many public benefits offered by the alliance would be lost.

The proposed alliance between American and Swiss is essentially an end-to-end linkage, with little network overlap. The alliance, both legally and commercially, lacks the potential to produce adverse competitive effects.

Indeed, the competitive impact of the alliance is entirely positive. It will create yet another competing transatlantic network and intensify the pressure on other trading partners for fuller liberalization. It will improve economic and trade ties with Switzerland, increase job opportunities for U.S. aviation employees, and stimulate economic growth in communities throughout the United States. An alliance that offers such a wide range of public benefits clearly meets the statutory test of 49 USC 41308 and 41309 for approval and antitrust immunity.

In applying the statutory standard to this application, the Department can rely on its consistent precedents in other recent alliance approval and antitrust immunity cases. Like Northwest/KLM (Order 93-1-11), United/Lufthansa/SAS (Order 96-5-27 and Order 96-11-1), and Delta/Air France/Alitalia/ Czech (Order 2002-1-6), the American/Swiss alliance will link substantial hub-and-spoke systems on each side of the Atlantic into a single, integrated network to provide seamless transportation services to international passengers and shippers.

VII. OTHER APPROVAL ISSUES AND CONDITIONS

A. Computer Reservations Systems

Consistent with the Department's decisions in Northwest/KLM, United/Lufthansa/SAS, and other immunity proceedings, the grant of antitrust immunity here should also cover the coordination of (1) the presentation and sale of the applicants' airline services in computer reservations systems, and (2) the operations of their respective international reservations system. In the Northwest/KLM approval, the Department determined that, while the coordination of CRS activities arguably could reduce competition, that concern was not so significant as to outweigh the justification for granting antitrust immunity. See Order 93-1-11, pp. 15-16. The same conclusion applies with equal force in this proceeding. We recognize, however, that the immunity will not extend to the

joint applicants' management of any interest they may have in individual CRSs. See Order 98-10-20, October 20, 1999, p. 18 (American/Lan Chile).

B. Duration Of Approval And Immunity

The joint applicants request that the Department approve and grant antitrust immunity to their alliance for a five-year term, consistent with the duration of approvals granted to Northwest/KLM (Order 93-1-11), United/Lufthansa (Order 96-5-27), United/Lufthansa/SAS (Order 96-11-1), Northwest/Malaysia (Order 2000-10-12), and other immunized alliances. As the Department concluded in Northwest/KLM, "a shorter term may not allow the full effect of the implementation of the agreement to become apparent. Furthermore, Section 414 [now 49 USC 41308] does not require us to review the implementation of the agreement within a shorter period of time" (Order 93-1-11, p. 16).

C. IATA Tariff Coordination

In conjunction with the Department's approval and grant of antitrust immunity to their alliance, American and Swiss are prepared to consent to the imposition of the now-standard condition prohibiting participation in certain IATA tariff coordination activities. See Order 96-6-33, p. 17; Order 96-11-1, p. 19; Order 99-4-17, p. 22.

D. Use Of Common Service Name Or Brand

The joint applicants are prepared to accept a condition similar to that imposed on other immunized alliances; if they choose to operate under a common name or brand, they will seek separate approval prior to such operations.

E. O&D Survey Data Reporting Requirement

The joint applicants are also prepared to accept a condition whereby Swiss may be required to report full-itinerary Origin-Destination Survey of airline passenger traffic for all passenger itineraries containing a U.S. point on the understanding that such data will be handled on a confidential basis by the Department. The joint applicants will accept such a data reporting condition if it is consistent with that imposed on other immunized alliances.

VIII. RESPONSE TO ADDITIONAL INFORMATION REQUIREMENTS

In order to expedite the Department's review of the American/Swiss immunity application, we are providing the following information, modeled after evidence requests in other antitrust-immunity proceedings (see, e.g., Northwest/KLM/ Alitalia, Order 99-5-10, May 21, 1999).

(A) Provide copies of all current agreements between American and Swiss.

Such agreements are being submitted separately by American, accompanied by a joint motion for confidential treatment under 14 CFR 302.12. The American/Swiss codeshare agreement is on file in OST-2002-12001.

(B) Provide all joint applicants' corporate documents (in English or with English translations) dated within the last two years that address competition in the U.S.-Switzerland market.

Any such responsive documents are being submitted separately by American and Swiss, accompanied by a joint motion for confidential treatment under 14 CFR 302.12.

(C) Provide all joint applicants' studies, surveys, analyses, and reports (in English or with English translations) dated within the last two years, which were prepared by or for any officer(s) or director(s) (or individuals(s) exercising similar functions) for the purpose of evaluating or analyzing the proposed enhanced alliance with respect to market shares, competition, competitors, markets, potential for traffic growth or expansion into geographic markets, and indicate (if not contained in the document itself) the date of preparation, the name and title of each individual who prepared each such document.

Any such responsive documents are being submitted separately by American and Swiss, accompanied by a joint motion for confidential treatment under 14 CFR 302.12.

Any such responsive documents are being submitted separately by American and Swiss, accompanied by a joint motion for confidential treatment under 14 CFR 302.12.

(D) Provide Origin & Destination (O&D) traffic for the most recent 12-month period available for Swiss's top 100 markets with a U.S. gateway city as a passenger origin or destination point.

This information is provided in Exhibit JA-9.

(E) In addition to the information requested in the preceding item, provide an analysis of the effect on international competition of the proposed closer arrangements among the joint applicants. Specifically, address the competitive effect in city-pair markets where Swiss now competes with American.

The requested competitive analysis is provided in Section IV.B.

(F) Describe the extent to which airport facilities, including gates and slots, are available to U.S. flag carriers who want to begin or increase service to Switzerland.

While some congestion exists at Zurich airport during certain peak hours, U.S. flag carriers wishing to launch service to Switzerland or to increase existing service have had no problems doing so because of slot restrictions or any other airport facility limitations. Of course, as is true at any

major international airport, a slot may not be available initially at the precise time requested (a situation that affects homeland and foreign carriers alike). Capacity exists at Geneva to accommodate slot requests at or near the requested times.

Most recently, U.S. carriers were granted the slots they requested at Zurich airport for the summer 2002 and winter 2002/3 scheduling seasons with only minor deviations from the requested times. No requests were filed by U.S. carriers for additional flights for these seasons, with one exception. That exception was a request by Delta for an additional slot for the winter 2002/3 period. The slot request was granted but Delta subsequently dropped the planned new flight after the events of September 11.

Notably, Zurich airport authorities have approved construction of a new terminal which, when completed, will result in an increase in passenger facilities, gates, and stands of 35%.

As a result of a treaty concluded between Switzerland and Germany but not yet ratified, the number of flight movements over German territory on approach to Zurich airport will be limited at certain times. Until 2005, the limitations will primarily affect approaches on weekends and German public holidays. These limitations will enter into force on October

27, 2002 unless the treaty is abandoned or ratification is denied. These limitations may lead to delays on weekends and German public holidays, but these delays will be borne by all carriers and will not affect U.S. carriers disproportionately, and are not expected to adversely impact any U.S. carrier's ability to serve Zurich. Furthermore, Zurich airport is in the process of developing alternative landing procedures and approach routes which do not involve German territory, thereby avoiding any such limits. Such alternative procedures could be adopted by approximately 2005.

(G) Discuss significant service and equipment changes anticipated by the joint applicants, and the integration of American's domestic route system with the international route systems of Swiss.

At the present time, American and Swiss do not anticipate any significant service or equipment changes as a result of their proposed alliance. The joint applicants may make both service and equipment changes in the future for commercial or economic reasons, or to the extent that regulatory requirements necessitate such changes. The joint applicants anticipate the integration of their route systems through codesharing, schedule adjustments, relocation of terminal facilities, and other measures, as discussed above in Section II.

(H) Discuss the relationship of the proposed American/Swiss immunized arrangement to (1) the oneworld alliance and (2) the proposed American/Finnair immunized arrangement.

Swiss is not a member of the oneworld global marketing alliance, although Swiss has indicated an interest in joining oneworld, and has held discussions with various member airlines about the terms and conditions that would govern its joining. American is supportive of Swiss joining the alliance. However, there is currently no understanding or agreement about when Swiss might become a member of oneworld. American's alliance with Swiss will be managed and governed independently from American's participation in oneworld.

American's alliance with Swiss will also be managed and governed independently from its other bilateral alliances, including its proposed immunized alliance with Finnair (OST-2002-12063). There are no agreements providing for coordination among American, Swiss, and Finnair. Swiss and Finnair will remain competitors within Europe on transatlantic routes, although they do not currently compete nonstop on any services to or from the U.S. For the limited number of O&D routings on which the American/Swiss alliance and the American/Finnair alliance will compete for traffic between the U.S. and Europe, there are numerous competitive on-line choices, as well as competing alliance networks, for each city-pair.

American will continue independently (without coordination between alliances) to manage revenue and assess schedule opportunities for Zurich, Helsinki, and other European gateways served by the separate American/Swiss and American/Finnair alliances. In doing so, American will take into account factors such as comparative elapsed travel times, circuity of alternative routings, relative density of traffic and passenger demand, number of connecting complexes, and the quality and number of available connections at each airport.

(I) Describe any effect of granting the application on Civil Reserve Air Fleet (CRAF) commitments of American.

The American/Swiss alliance will have no impact on American's CRAF commitments.

(J) Discuss any labor effects of the proposed alliance, and whether, how, and to what extent employees of the applicant airlines will be integrated. In particular, state whether the transaction or a similar type of transaction has been the subject of recent collective bargaining discussions between American and its unions. Provide a discussion of whether both union and non-union employees adversely affected by the alliance would be compensated or otherwise protected.

American believes that the transaction raises no significant labor issues. American and Swiss will remain independent. No significant impact on unionized employees is anticipated under the agreement. American and Swiss believe that the long-term impact of the transaction will be positive for all existing employees and for new job creation.

CONCLUSION

For the foregoing reasons, American and Swiss urge the department to approve, on an expedited basis, their alliance agreement under 49 USC 41309, and to grant antitrust immunity under 49 USC 41308.

Respectfully submitted,

Evelyn D. Sahr cdw

THOMAS J. WHALEN
EVELYN D. SAHR

Attorneys for Swiss International Air Lines Ltd. d/b/a Swiss

Carl B Nelson Jr

CARL B. NELSON, JR.
Associate General Counsel
American Airlines, Inc.

June 28, 2002

ALLIANCE AGREEMENT

This Alliance Agreement (this "Agreement"), dated as of June 28, 2002, is

between **Swiss International Airlines Ltd.**, a company organized under the laws of Switzerland, having its principal office at Postfach, CH-4002 Basel, Switzerland ("SWISS"),

and **American Airlines, Inc.**, a corporation organized under the laws of the State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, United States of America ("American").

RECITALS

1. SWISS and American each provide air transportation services and seek to attain the highest standards of quality service and value for the benefit of the traveling public;

2. SWISS and American desire to offer customers a wider choice of air transportation options at competitive prices, to optimize the use of aircraft capacity and ground facilities, and to provide coordinated scheduling and seamless coordinated services for international travelers in order to increase the use of those services by the traveling and shipping public; and

3. SWISS and American intend to implement and perform the activities contemplated by this Agreement in conformity with Applicable Laws and regulations and to seek Antitrust Immunity from the U.S. Department of Transportation, with notice to the Swiss authorities, without which the Parties will not proceed with certain activities hereby contemplated.

NOW, THEREFORE, in consideration of the mutual covenants and promises in this Agreement, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Terms with their initial letters capitalized (or otherwise defined) will have the meanings ascribed to them in Annex A, or where otherwise defined in this Agreement.

ARTICLE II
SCOPE

Section 2.1. Scope of the Alliance. Subject to the terms and conditions of this Agreement, American and SWISS desire (a) to compete effectively on a worldwide basis; and (b) to establish marketing and operational synergies worldwide.

Section 2.2. Forms of Cooperation. In furtherance of Section 2.1, the Parties will to the extent that it is commercially feasible and permitted by Applicable Law:

(a) codeshare on (i) flights operated by each other between gateway points in the United States and Switzerland, (ii) flights operated by American between U.S. gateway points and selected other U.S. points, (iii) flights operated by SWISS between Swiss gateway points and selected other points in Switzerland, and (iv) flights via and to points in third countries, including points beyond the United States and Switzerland in accordance with the Codeshare Agreement as set forth in Annex B;

(b) engage in network planning in accordance with Section 2.4;

(c) coordinate their respective frequent flyer programs so that passengers will be able to accrue mileage and redeem travel awards in either Party's program for all flights operated by either Party; and

(d) cooperate in marketing, selling and providing cargo transportation in the U.S. - Switzerland market and other markets.

Section 2.3. General Cooperation. In furtherance of Section 2.1, the Parties will consult as necessary from time to time during the term hereof and may reach agreement to the extent that it is commercially feasible and permitted by Applicable Law on matters including, but not limited to, the following:

(a) marketing and advertising of the activities contemplated in this Agreement;

(b) cooperating in the sale and distribution of the Codeshared Flights, other passenger flights and cargo services;

(c) cooperating in pricing strategies, including fares and fare categories;

(d) cooperating in the control of inventories and yield management functions relating to the Codeshared Flights;

(e) cooperating in determining travel agency and corporate account commission levels and override and incentive programs;

(f) harmonizing service and product standards in order to provide a seamless product to Codeshared Passengers and other passengers;

(g) reducing costs and redundancies through coordinated or joint purchase of goods and services from third party suppliers and vendors;

(h) cooperating on the methodology for the allocation of revenue from Codeshared Flights, including, if mutually agreed, the pooling or sharing of revenue; and

(i) participating in any other joint and coordinated activities as may be agreed between the Parties in connection with the activities contemplated herein.

Section 2.4. Network Planning. During the term hereof, the Parties will engage in network planning to share growth opportunities created by their relationship to the extent that such network planning is commercially feasible and permitted by Applicable Law. SWISS and American network planning groups will work jointly to develop capacity in key transatlantic markets. Coordination will focus on planning routes, frequencies, slots, patterns of service, equipment usage and schedule publications. Using IATA summer season 2002 transatlantic Frequencies as operated by American and SWISS between U.S. – Switzerland as a base line, new Frequencies shall be added in the U.S. – Switzerland market as follows:

(i)

(ii) **REDACTED**

(iii)
American;

(iv) new Frequencies in (a) hub-to-hub (e.g., ZRH – DFW/MIA/ORD/SJU/STL and any future hub cities that a Party may add to its network) and (b) overlapping non-stop segments (e.g., JFK – ZRH) require mutual agreement; provided, however, that until the end of the IATA summer season 2003, new Frequencies in overlapping non-stop segments (under this section (iv)(b) above) will only require consultation instead of mutual agreement;

(v) a seasonal new Frequency or a new Frequency that operates fewer than seven days per week shall be considered equivalent to a year-round daily Frequency; and

(vi) exceptions to this Section 2.4 shall be decided by the Committee on a case-by-case basis.

New Frequencies added before Antitrust Immunity is granted will be considered as new as compared to the IATA summer season 2002 base line and be deemed in lieu of the Party's sequenced additional Frequencies (as stated in (i), (ii), and (iii) above) once joint network planning begins.

ARTICLE III
GOVERNMENTAL APPROVALS AND ANTITRUST IMMUNITY

Section 3.1. Each Party will cooperate fully with the other and will use its commercially reasonable efforts to apply for and obtain, in a timely manner, all Governmental Approvals required in connection with the transactions contemplated in this Agreement and the Related Agreements. The Parties acknowledge that certain of the transactions contemplated in this Agreement and the Related Agreements are subject to the jurisdiction of and review by Competent Authorities, including, without limitation, the U.S. DOT, and require Governmental Approvals, in the absence of which the transactions requiring such Governmental Approvals will not be implemented.

Section 3.2. The Parties will, as soon as practicable after the execution of this Agreement, prepare and file with the U.S. DOT a joint application for Antitrust Immunity and a

notification or application, as required, by the Swiss authorities. In the event that Antitrust Immunity is not granted (or is granted subject to limitations, restrictions or conditions that are not reasonably acceptable to both Parties), the Parties will not implement those transactions or activities contemplated by this Agreement with respect to which the Parties believe Antitrust Immunity is required.

ARTICLE IV
CONFIDENTIALITY

Section 4.1. Except as expressly provided in this Agreement or a Related Agreement, neither Party may sell, transfer, publish, disclose, display or otherwise make available the Confidential Information of the other Party, or of both Parties to any third party (including Affiliates of the Party so restricted), except as may be required by Applicable Law (including requirement by oral questions, interrogatories, subpoenas, civil investigative demands or similar processes), in which case the Party from whom disclosure is sought (the "Disclosing Party") will promptly notify the other Party (the "Affected Party"). To the extent that the Affected Party objects to the disclosure of its Confidential Information, the Disclosing Party will (at the Affected Party's expense) use all reasonable efforts (i) to resist making any disclosure of such Confidential information, (ii) to limit the amount of such Confidential information to be disclosed, and (iii) to obtain a protective order or other appropriate relief to minimize the further dissemination of any Confidential Information to be disclosed. In addition, neither Party will disclose the Confidential Information received to any of its Representatives except on a need-to-know basis for the purposes of implementing and administering this Agreement or the relevant Related Agreements; provided, however, that prior to any such disclosure, the Disclosing Party will inform all such Representatives of the confidential nature of the information, and that it is subject to this non-disclosure obligation, and will further instruct such Representatives to treat such information confidentially. American and SWISS each agrees to be responsible for any breach of the provisions set forth in this Article IV by its respective Representatives. Furthermore, neither Party will use the Confidential Information of the other Party for any purpose other than as expressly provided in this Agreement or in a Related Agreement. The initial public announcement relating to this Agreement and the transactions contemplated herein will be made jointly by the senior executives of American and SWISS in a mutually agreed format. Such announcement will be prepared jointly and will be made as soon as practicable.

Section 4.2. Each Party acknowledges and agrees that the Party disclosing its Confidential Information pursuant to this Agreement or any Related Agreement will have no adequate remedy at law if there is a breach or threatened breach of this Article IV and, accordingly, the Affected Party will be entitled to an injunction or other equitable or similar preventative relief available under the laws of any jurisdiction against the other Party or its Representatives for such breach or threatened breach. Nothing herein will be construed as a waiver of any other legal or equitable remedies which may be available to the Affected Party in the event of a breach or threatened breach of this Article IV and the Affected Party may pursue any other such remedy, including the recovery of damages.

Section 4.3. The restrictions and obligations of a Party receiving Confidential Information and the rights of an Affected Party under this Article IV will survive the termination of this Agreement and each of the Related Agreements for a period of five (5) years.

ARTICLE V
TERM; RENEWAL

Section 5.1. This Agreement will be effective as of the date first written above and shall continue in effect for a term of five (5) years from the effective date of Antitrust Immunity, unless terminated earlier pursuant to Article VI or Section 13.5.

ARTICLE VI
TERMINATION

Section 6.1. This Agreement may be terminated as follows:

(a) at any time by mutual agreement of the Parties;

(b) in the event of a breach of any material term, representation or warranty of this Agreement or the Related Agreements by the other Party; provided, however, that the non-breaching Party must provide written notice to the other Party, which notice shall describe, with as much particularity as reasonably practicable, the alleged breach. Termination pursuant to this section shall be ineffective if the alleged breaching Party shall, within 30 days following receipt of such notice (i) correct such breach, or (ii) if the breach cannot be completely corrected within such 30 days, take actions reasonably intended to correct such breach and completely correct such breach no later than 60 days following the receipt of the notice;

(c) at any time by either Party if the other Party (i) makes an assignment for the benefit of creditors; (ii) suspends the payment of or admits in writing its inability to pay, or generally fails to pay, its debts as they become due; (iii) has suspended (as declared by a clearing house) its transactions with banks and/or other financial institutions or proposes or commences a moratorium upon or extension or composition of its debts; (iv) has issued against it any writ, execution, process or abstract of judgment which may have a material adverse effect on it and which is not dismissed, satisfied or stayed within sixty (60) days; (v) files a petition for bankruptcy, composition, corporate reorganization, corporate liquidation, arrangement or special liquidation proceedings;

(d) at any time by one Party if the other Party (i) merges or consolidates with or into any other person or entity except when, immediately after such merger or consolidation, the shareholders of the Party immediately prior to the merger or consolidation continue to own more than 80% of the common equity of the Party and, if the Party is not the surviving entity, the surviving entity assumes in writing all of the obligations and responsibilities of the Party under this Agreement and the Related Agreements; (ii) sells or otherwise transfers all or substantially all of its assets to any other person or entity; (iii) has more than 50% of its ordinary equity owned at any time of determination by a person, entity or group that held less than such percentage immediately prior to such time of determination; or (iv) if a third party (or third parties acting as a group) acquires 20% percent or more of the beneficial ownership of the Party's common equity in one or more transactions;

(e) in the event that the U.S. DOT issues an order denying the Parties' joint application for antitrust approval, or prohibits the cooperation under this Agreement or the Related Agreements, or grants the application but with limitations, conditions or restrictions that

are different than those requested by the Parties or otherwise unacceptable to the Parties, then, within 10 Business Days of such issuance, prohibition or conditional grant, either Party shall have the right to terminate this Agreement in its sole discretion, unless the Parties agree to extend such 10 Business Day termination period in writing;

(f) in the event that any Governmental Approval by a Competent Authority, including the grant of Antitrust Immunity, is subsequently revoked or altered by any Competent Authority with respect to either Party, or if any part of this Agreement is, or shall become, or shall be declared illegal, invalid or unenforceable in any jurisdiction with such revocation, alteration, illegality, invalidity or unenforceability having a material adverse effect (also taking into account the comparable effects on other airline alliances) on the Party seeking to terminate this Agreement;

(g) by either Party

REDACTED

(h) by either Party,

Section 6.2. Actions upon Termination

(a) Upon any termination pursuant to this Agreement:

(i) each Party agrees to use all reasonable efforts to minimize the cost of termination for the other Party and to minimize customer confusion and other potential adverse effects of the termination;

(ii) each Party will, within ninety (90) days of termination, either deliver to the other Party, or destroy, all of such other Party's Confidential Information then in its possession (including all copies hereof, other than copies of this Agreement and the Related Agreements) and will purge all such Confidential Information encoded or stored, on magnetic or other electronic media or processors; provided that, each Party may retain such Confidential Information as may be required for its continued performance under any Related Agreement which has not been so terminated or as specifically permitted in this Agreement or in the relevant Related Agreement. Notwithstanding the foregoing provisions of this Section 6.2(a)(ii), if it is not feasible for a Party (after the Party has made all reasonable efforts) to deliver or destroy any portion of the other Party's Confidential Information because of non-segregable melding of Confidential Information of both Parties and because the delivery or destruction of such Confidential Information would cause a material disruption to that Party's operations, then the Party will not be obligated to deliver or destroy such Confidential Information, provided that, it will notify and identify to the other Party (with as much specificity as is reasonably possible) the Confidential information which is incapable of being delivered or destroyed; and

(iii) the Related Agreements shall terminate with effect described therein.

(b) Either party may pursue all other rights and remedies available to it for any breach by the other Party of any provision of this Agreement or any of the Related Agreements.

ARTICLE VII
ALLIANCE COMMITTEE

Section 7.1. Within thirty (30) days after the date of this Agreement, American and SWISS will create an alliance committee for the purpose of implementing the transactions contemplated herein (the "Committee"). American and SWISS will each designate two (2) management representatives to the Committee and each will have the right to replace its designees at any time, in each case by written notice to the other. The Committee will endeavor to meet quarterly (in person or by telephone) at a mutually agreed time and location and will endeavor to meet at such additional times as it determines are necessary or appropriate for the performance of its responsibilities hereunder, or as reasonably requested by either of the Parties. Each meeting will be conducted in accordance with an agenda. Either Party may place an item on the agenda of any such meeting of the Committee. From time to time, as the Committee deems appropriate, the Committee may establish and oversee working groups, which will be responsible for executing certain aspects of the responsibilities described below. These working groups will be composed of members in equal number from each of American and SWISS (unless otherwise agreed), and will meet as frequently as necessary to accomplish their assigned responsibilities.

Section 7.2. The Committee will oversee (a) the planning and implementation of the cooperation between American and SWISS contemplated hereby; (b) the ongoing management of the transactions and relationships contemplated herein; and (c) the resolution (in accordance with Article VIII) of any Disputes (defined in Section 8.2) arising hereunder or under any Related Agreement. The Committee will, as part of its responsibilities, monitor customer service, marketing harmonization, systems development, performance of the Codeshared Flights, marketing approach, techniques, shared usage of facilities, and all other aspects of the alliance contemplated hereby, including the implementation, operation, and compliance with this Agreement and any other Related Agreement that may exist between the Parties from time to time. The Committee will consider ways to improve the performance and efficiency of the joint services to reduce costs and to increase the benefits afforded by the cooperative relationship. The Committee will endeavor to establish satisfactory means of addressing changed market conditions that have a material effect on either Party or on the ability of the Parties jointly to achieve the objectives of this Agreement and each of the Related Agreements. In performing its responsibilities, the Committee will be mindful of, and will comply with, all Applicable Laws.

Section 7.3. The Committee will, from time to time, upon the reasonable request of either American or SWISS and in any event not less often than once every six (6) months, endeavor to prepare a written report to the management of American and SWISS summarizing the status of the transactions and relationships contemplated hereby and setting forth the Committee's recommendations, if any, with respect to such transactions and relationships and

such additional joint activities as the Committee believes may be beneficial for American and SWISS.

ARTICLE VIII
GOVERNING LAW AND DISPUTE RESOLUTION

Section 8.1. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES) INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN.

Section 8.2. Except as otherwise expressly provided in Section 8.3, any controversy, dispute, difference, disagreement or claim between the Parties arising under or relating to this Agreement or any of the Related Agreements, including any question concerning the validity, termination, interpretation, performance, operation, enforcement or breach of this Agreement or any of the Related Agreements (each, a "Dispute"), must first be referred by either Party to the Committee for resolution. If the Committee is unable to resolve the Dispute within ten (10) days after the Dispute is referred to it, unless extended by mutual consent of the Parties, the Dispute must then be referred by each Party to its respective chief executive officer (each, a "CEO") for resolution within ten (10) Business Days after the date of the referral, unless extended by mutual consent of the Parties. It will be sufficient for the purposes of referrals under this Section 8.2 that a Party send notice of the Dispute to one of its own members of the Committee, or its own CEO, as the case may be, in each case, with a copy to the other Party in the manner specified in Article IX for the giving of notice.

Section 8.3. Any Dispute not resolved after referral to the Committee and CEOs of the Parties as required in Section 8.2, may then be referred to arbitration as provided in Section 8.4. Each of SWISS and American irrevocably submits to the exclusive jurisdiction of such arbitration and expressly and irrevocably waives its right to bring suit against the other Party in any court of law except for the limited purposes of enforcing an arbitral award obtained in respect of a Dispute, or for obtaining any injunctive, temporary or preventative order or similar order available to it under the laws of any jurisdiction for a breach or threatened breach by the other Party of this Agreement which threatens irreparable damage. Each Party, to the fullest extent it may effectively do so under Applicable Law, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to arbitration.

Section 8.4. All disputes arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by a panel of arbitrators appointed in accordance with such Rules. The arbitration panel shall consist of one (1) arbitrator who is knowledgeable about the legal, marketing and other business aspects of the airline industry, and fluent in the English language. The arbitration proceedings shall take place in New York, New York, and shall be conducted in English.

Section 8.5. Without prejudice to the provisions of Sections 8.3 and 8.6(b), each Party irrevocably submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any State Court sitting in the State of New York (the "Courts") for purposes of enforcing any arbitral award, or for other legal proceedings arising out of this Agreement, or any of the Related Agreements, or any transactions contemplated in hereby or thereby.

Section 8.6. Each party, to the fullest extent it may effectively do so under Applicable Law, irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise:

(a) any claim that it is not subject to the jurisdiction of the Courts and any objection that it may have as to venue or in a convenient forum in respect of claims or actions brought in any such Court; and

(b) any right of application or appeal to any court (in the U.S. or in any other jurisdiction) in connection with any question of law arising in the course of arbitration proceedings or out of any decision or award by the arbitrators.

ARTICLE IX
EXCLUSIVITY

Section 9.1. This Agreement is non-exclusive and does not preclude either Party from entering into and maintaining marketing relationships, including codesharing, frequent flyer cooperation and benefit sharing arrangements, with other airlines, except that:

(a) During the term of this Agreement, SWISS shall not, and shall cause its Affiliates not to:

(i) place the SWISS designator code or any Affiliate's designator code, on any flight operated by any air carrier domiciled in the United States, Canada or Mexico, other than American and its Affiliates, without American's prior written consent;

(ii) permit any air carrier domiciled in the United States, Canada or Mexico, other than American and its Affiliates, to place its designator code on any flight operated by SWISS or any Affiliate of SWISS, without American's prior written consent;

(iii) place the SWISS designator code or any Affiliate's designator code, on any flight to, from, via, or within the United States, other than flights operated by SWISS or any Affiliate of SWISS and American and its Affiliates, without American's prior written consent;

(iv) permit any air carrier, other than American and its Affiliates, to place its designator code on any flights to, from, via, or within the United States, operated by SWISS or any Affiliate of SWISS, without American's prior written consent; or

(v) establish a frequent flyer arrangement, involving the accrual of mileage credit or the redemption of travel awards, with any air carrier domiciled in the U.S., Canada or Mexico, other than American and its Affiliates, without American's prior written consent.

(b) During the term of this Agreement, American shall not, and shall cause its Affiliates not to:

(i) place the AA designator code or any Affiliate's designator code, on any flight operated by any air carrier domiciled in Switzerland, Austria, Germany or Italy, other than SWISS and its Affiliates, without SWISS's prior written consent;

(ii) permit any air carrier domiciled in Switzerland, Austria, Germany or Italy, other than SWISS and its Affiliates, to place its designator code on any flight operated by American or any Affiliate of American, without SWISS's prior written consent;

(iii) place the AA designator code or any Affiliate's designator code, on any flight to, from, via, or within Switzerland, other than flights operated by American or any Affiliate of American and SWISS and its Affiliates, without SWISS's prior written consent;

(iv) permit any air carrier, other than SWISS and its Affiliates, to place its designator code on any flights to, from, via, or within Switzerland, operated by American or any Affiliate of American, without SWISS's prior written consent; or

(v) establish a frequent flyer arrangement, involving the accrual of mileage credit or the redemption of travel awards, with any air carrier domiciled in Switzerland, Austria, Germany or Italy, other than SWISS and its Affiliates, without SWISS's prior written consent.

Section 9.2. Exceptions to Exclusivity. The foregoing Sections 9.1(a) and (b) shall not apply to:

(a) marketing arrangements currently in force between either SWISS or American and a third party and any future renewals and/or expansions of such commitments;

(b) marketing arrangements with a third party, which becomes an Affiliate of SWISS or American; or

(c) marketing arrangements with any member of **one**world.

ARTICLE X
NOTICES

Section 10.1. Unless otherwise expressly set forth in this Agreement or a Related Agreement, all notices, reports, invoices and other communications required or permitted hereunder or thereunder to be given to or made upon any Party hereto will be in writing, and will be considered as properly given if addressed as provided below and either (a) delivered in person; (b) sent by an express courier delivery service which provides signed acknowledgments of receipt; or (c) transmitted by facsimile (upon receipt by sender thereof of evidence that a complete transmission of such copy was made to the recipient thereof) and, if sent by facsimile, confirmed by (i) telephone call contemporaneously made to the individual designated as the one to receive such notice, or (ii) dispatching a hard copy of such notice by mail (postage prepaid) or either of the methods set forth in (a) or (b) and will be effective upon receipt. For the purposes of giving notice, the addresses of the Parties are as set forth below; provided, however, that either Party will have the right to change its address for notice to any other location by giving at least five (5) days' prior written notice to the other Party in the manner set forth above.

If to SWISS:

Swiss International Airlines Ltd.
Postfach
CH-4002 Basel
Switzerland
Attention: Vice President – Global Alliances
Phone: + (41-61) 582 38 49 Fax: + (41-61) 582 70 20

If to American:

American Airlines, Inc.
MD 5635 HDQ
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
U.S.A.
Attn: Vice President- – International Planning and Alliances
Phone: + (817) 931-5189 Fax: + (817) 967-3179

ARTICLE XI
REPRESENTATIONS AND WARRANTIES

Section 11.1. Each of SWISS and American hereby represents and warrants to the other as follows:

(a) It is a duly incorporated and validly existing corporation, in good standing under the laws of its jurisdiction of incorporation; is an air carrier duly authorized to act as such by the government of its country of incorporation; and has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each of the Related Agreements. The execution, delivery and performance of this Agreement and each of the Related Agreements by it have been duly authorized by all necessary corporate action. Each of

this Agreement and the Related Agreements has been duly executed and delivered by it, and, assuming due authorization, execution and delivery by the other party hereto, each of this Agreement and the Related Agreements constitutes its legal, valid and binding obligation, enforceable against it in accordance with each of its terms, except to the extent that enforceability may be limited or modified by the effect of bankruptcy, insolvency or other similar laws affecting creditors' rights generally and the application of general principles of equity and public policy.

(b) The execution, delivery or performance by it of this Agreement and the Related Agreements, shall not: (i) contravene, conflict with or cause a default under (A) any applicable law, rule or regulation binding on it (assuming the Governmental Approvals have been obtained), or (B) any provision of its Charter, Certificate of Incorporation, Bylaws or other documents of corporate governance; or (ii) contravene or cause a breach or violation of, any agreement or instrument to which it is a party or by which it is bound, except where such conflict, contravention or breach would not have a material adverse effect on it and its Affiliates taken as a whole or on its ability to perform this Agreement or the relevant Related Agreement.

(c) The execution, delivery and performance by it of this Agreement and each of the Related Agreements do not require the consent or approval of or the giving of notice to, the registration with, the recording or filing of any documents with, or the taking of any other action in respect of, any Competent Authority (other than the Governmental Approvals), any trustee or holder of any of its indebtedness or obligations, any stockholder or any other person or entity, except where failure to obtain or take such action would not have a material adverse effect on it or a material adverse effect on the transactions contemplated in this Agreement or the relevant Related Agreement.

Section 11.2. Each of the foregoing representations and warranties shall survive the execution and delivery of this Agreement and the Related Agreements and any expiration or termination thereof.

ARTICLE XII
INDEMNIFICATION

Section 12.1. Each Party will indemnify and hold harmless the other Party and Affiliates, Representatives and agents of the other Party from and against all Damages directly or indirectly incurred by the other Party that arise out of or in connection with any default or breach hereunder by the indemnifying Party. The Parties may also mutually agree to additional or other indemnification provisions in connection with any Related Agreement with regard to matters addressed in those agreements.

Section 12.2. A Party (the "Indemnified Party") entitled to indemnification from the other Party under the terms of this Agreement (the "Indemnifying Party") shall provide the Indemnifying Party with written notice (an "Indemnification Notice") of any third Party claim which the Indemnified Party believes gives rise to a claim for indemnity against the Indemnifying Party, and the Indemnifying Party shall be entitled, at its own cost and expense and by its own legal advisors, to control the defense of or to settle any such third Party claim. If the Indemnifying Party fails to take any action against the third Party claim that is the subject of an

Indemnification Notice within thirty (30) days of receiving such notice, or otherwise contests its obligation to indemnify the Indemnified Party in connection therewith, the Indemnified Party may, upon providing written notice to the Indemnifying Party, pay, compromise or defend such third Party claim for the account, and at the expense, of the Indemnifying Party. Except as otherwise set forth in this Section 12.2, the Indemnified Party shall not enter into any settlement or other compromise or consent to a judgment with respect to a third Party claim to which the Indemnifying Party has an indemnity obligation without the prior written consent of the Indemnifying Party.

Section 12.3. Each Indemnified Party shall have the right, but not the duty, to participate in the defense of any claim or litigation with attorneys of its own choosing and at its own cost, without relieving the Indemnifying Party of any obligations hereunder. The Indemnifying Party shall have the right to elect to settle any such claim or demand, for monetary damages only, subject to the consent of the Indemnified Party; provided, however, if the Indemnified Party fails to give such consent within twenty (20) days of being requested to do so, the Indemnified Party shall, assume the defense of such claim or demand and regardless of the outcome of such matter, the Indemnifying Party's liability hereunder shall be limited to the amount of any such proposed settlement. In the event the Indemnifying Party assumes the defense of a claim or demand, the Indemnified Party shall have the right to assume control of the defense of any claim or demand from the Indemnifying Party at any time and to elect to settle such claim or demand; provided, however, the Indemnifying Party shall have no indemnification obligations with respect to such claim, demand or settlement except for the costs and expenses of the Indemnified Party incurred prior to the assumption of the defense of the claim or demand by the Indemnified Party.

Section 12.4. Each Party further agrees to indemnify, defend and hold harmless the other from and against any and all taxes, or assessments, as the case may be, levied upon or advanced by the Indemnified Party but that ultimately the Indemnifying Party would be responsible for paying and resulting from any transaction or activity contemplated by this Agreement.

Section 12.5. The rights and obligations of the Parties under this Article XII shall survive the termination or expiration of this Agreement.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Amendment; Waiver. Each of this Agreement and the Related Agreements may be amended only by a written instrument signed by both Parties. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder, will operate as a waiver thereof, nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. The failure of any Party to insist upon a strict performance of any of the terms or provisions of this Agreement or any of the Related Agreements, or to exercise any option, right or remedy herein contained, will not be construed as a waiver or as a relinquishment

for the future of such term, provision, option, right or remedy, but the same will continue and remain in full force and effect. No waiver by any Party of any term or provision of this Agreement or any of the Related Agreements will be deemed to have been made unless expressed in writing and signed by such Party.

Section 13.2. Assignment. Neither Party may assign or transfer or permit the assignment or transfer of this Agreement or any of the Related Agreements without the prior written consent of the other Party.

Section 13.3. Expenses. Each Party will, whether or not the transactions contemplated hereby are consummated, bear its own attorneys, accountants and other fees, costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and any Related Agreements and any of the transactions contemplated hereby or thereby.

Section 13.4. Independent Contractor. Each Party is an independent contractor. Nothing in this Agreement or any of the Related Agreements is intended or will be construed to create or establish any agency relationship (except to the extent a Party is expressly in writing designated to serve as agent for the other Party), partnership, joint venture or fiduciary relationship between the Parties. Neither Party hereto, nor any of its Affiliates, has any authority to act for or to incur any obligations on behalf of or in the name of the other Party hereto or any of its Affiliates. Both Parties will remain entirely separate corporate entities, and unless otherwise expressly provided herein, will retain independent decision-making and managerial authority regarding all matters.

Section 13.5. Severability. If either Party receives from a Competent Authority notice to the effect that any part of this Agreement contravenes any applicable Governmental Approval and cannot qualify for any applicable clearance or exemption, or if any part of this Agreement is, or will become, or will be declared illegal, invalid or unenforceable in any jurisdiction for any reason (including both by reason of the provisions of any legislation and also by reason of any decision of any Competent Authority, either having jurisdiction over this Agreement or over any Party), such part will be severed from this Agreement in the jurisdiction in question and such contravention, illegality, invalidity or unenforceability will not in any way whatsoever prejudice or affect the remaining parts of this Agreement, which will continue in full force and effect; provided, always, that if, in the reasonable opinion of any Party, any such severance materially affects the commercial basis of this Agreement, such Party will so inform the other Party (the "Severance Notice"), whereupon the Parties will negotiate to agree upon an amendment to this Agreement, in order to maintain the balance of the commercial interests of the Parties. If, however, such negotiations are not successfully concluded within ninety (90) days from the date of the receipt of the Severance Notice by a Party, either Party may terminate this Agreement by giving at least thirty (30) days' prior written notice to the other Party. Termination pursuant to this Section 13.5 shall take effect no earlier than one hundred and twenty (120) days after receipt of the Severance Notice by a Party.

Section 13.6. Third Parties. Each of this Agreement and the Related Agreements is binding upon and inures to the benefit of the Parties and their successors and permitted assigns. All rights, remedies and obligations of the Parties hereunder will accrue and apply

solely to such Parties and their successors and assigns and there is no intent to benefit any third parties.

Section 13.7. Consequential Damages. NEITHER PARTY WILL BE LIABLE FOR ANY CONSEQUENTIAL, PUNITIVE, SPECIAL OR EXEMPLARY DAMAGES, INCLUDING LOST PROSPECTIVE ECONOMIC ADVANTAGE, OR ANY ALLIANCE UNWIND COSTS ARISING FROM ANY PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY TERMINATION OF THIS AGREEMENT OR ANY RELATED AGREEMENT, EVEN IF SUCH PARTY KNEW OR SHOULD HAVE KNOWN OF THE EXISTENCE OF SUCH DAMAGES, AND EACH PARTY HEREBY RELEASES AND WAIVES ANY CLAIMS AGAINST THE OTHER PARTY REGARDING SUCH DAMAGES. ACCORDINGLY, A PARTY MAY ONLY RECOVER ANY ACTUAL, DIRECT AND IDENTIFIABLE DAMAGES WITH RESPECT TO SUCH MATTERS.

Section 13.8. Cooperation. Each Party will cooperate fully with the other, and will use commercially reasonable efforts to obtain all Governmental Approvals including using all appropriate and commercially reasonable means to address any judicial or administrative appeals of, and to defend against any lawsuits or other legal proceedings that challenge any, such Government Approvals. If and to the extent the transactions or activities contemplated by this Agreement require the cooperation or participation of an Affiliate to a Party hereto, such Party will cause such Affiliate to cooperate or participate in such transaction or activity.

Section 13.9. Compliance with Laws. Each Party will comply with all Applicable Laws, rules and regulations of Competent Authorities with respect to this Agreement and the Related Agreements, and the performance or its obligations hereunder and thereunder. Each Party will, at its expense, obtain and maintain the governmental authorizations, licenses, approvals, registrations, and renewals thereof filings that may be required of it under Applicable Laws, rules and regulations of Competent Authorities (including Government Approvals) in order to execute or perform this Agreement or the Related Agreements.

Section 13.10. Further Assurances. Each Party will do and perform such further acts and execute and deliver such further instruments and documents at such Party's expense, as may be required by Applicable Laws, rules or regulations of Competent Authorities or as may be reasonably requested by the other Party to carry out and effectuate the purposes of this Agreement.

Section 13.11. Other

(a) Unless otherwise specified in this Agreement, all references in this Agreement to "herein", "hereof", "hereto", "hereby", and "hereunder" will be deemed references to this Agreement as a whole and not to any particular section, subsection, paragraph, sentence or clause of this Agreement. Unless otherwise specified in this Agreement, references herein to "including" or "include" will mean "including without limitation" or "include without limitation," respectively.

(b) References herein to the termination of this Agreement or any of the Related Agreements (or words of similar import) will mean the termination of this Agreement, or any of the Related Agreements as the case may be, by exercise of termination rights.

(c) All Schedules and Annexes to this Agreement are incorporated herein and made a part hereof for all purposes.

(d) The captions appearing in each of this Agreement and the Related Agreements have been inserted as a matter of convenience and in no way define, limit or enlarge the scope of this Agreement or any of the Related Agreements or any of the provisions hereof or thereof.

(e) Each of this Agreement and the Related Agreements is the product of negotiations between SWISS and American, and will be construed as if jointly prepared and drafted by them, and no provision hereof or thereof will be construed for or against any Party by reason of ambiguity in language, rules of construction against the drafting Party, or similar doctrine.

(f) Although translations of this Agreement may be made into French, German, Italian or any other language for the convenience of the parties, the English version will govern for all purposes of the interpretation and performance of this Agreement.

(g) This Agreement may be executed by one or both of the Parties on any number of separate counterparts and all of which taken together will constitute one and the same instrument. Execution may be effected by delivery of facsimiles of signature pages (and the Parties will follow such delivery by prompt delivery of originals of such pages).

(h) Each of this Agreement and the Related Agreements represents the entire agreement of the Parties with respect to its subject matter and, as of the date first written above, terminates and supersedes an prior or contemporaneous agreements, discussions, undertakings and understandings, whether written or oral, expressed or implied, between the Parties with respect to the same subject.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

SWISS INTERNATIONAL AIRLINES LTD.

By:_____
Name: André Dose
Title: President
and Chief Executive Officer

By:_____
Name: Matthias Hanke
Title: Executive Vice President
Network

AMERICAN AIRLINES, INC.

By:_____
Name: C. David Cush
Title: Vice President
International Planning and Alliances

Attachment:

Annex A – Definitions
Annex B – Codeshare Agreement

ANNEX A

Definitions

As used in this Agreement, terms with their initial letters capitalized (or otherwise defined) in the headings, recitals, or elsewhere in this Agreement, will have their respective assigned meanings, and the following terms with their initial letters capitalized (or otherwise defined), will have the meanings ascribed below (references herein to sections will refer to sections of the main text of the Agreement, unless otherwise noted):

"Affected Party" has the meaning set forth in Section 4.1.

"Affiliate" means, with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by, or under common control with, such person or entity. For purposes of this definition, "control" (including "controlled by" and "under common control with") means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person or entity, whether through the ownership of voting securities, by contract or otherwise.

"Airline" refers to either American or SWISS, individually, and each may collectively be referred to as the "Airlines".

"American" means American Airlines, Inc., a Delaware corporation and its Affiliates: American Eagle Airlines, Inc., a Delaware corporation, Executive Airlines, Inc., a Delaware corporation, and TWA, LLC, a Delaware corporation

"Antitrust Immunity" means the approval, exemption, and immunization of the Parties, pursuant to 49 U.S.C. sections 41308 and 41309, from the application of all United States antitrust laws, as defined therein, for all transactions and activities contemplated in this Agreement, and if applicable, in any of the Related Agreements and all ancillary transactions and activities to those described in each of the Related Agreements.

"Applicable Law" means all applicable laws of any jurisdiction including securities laws, tax laws, tariff and trade laws, ordinances, judgements, decrees, injunctions, writs, and orders or like actions of any Competent Authority and the rules, regulations, orders or like actions of any Competent Authority and the interpretations, licenses and permits of any Competent Authority.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in New York, New York, or Zurich, Switzerland, are required by law, regulation or executive order to be closed.

"Codeshare Agreement" means the agreement entered into between American and SWISS in respect of codesharing.

"Codeshared Flight" means a flight that is operated and marketing in accordance with the Codeshare Agreement.

"Codeshared Passenger" means a passenger traveling on a Marketing Carrier Ticket.

"Committee" has the meaning set forth in Article VII.

"Competent Authorities" means any supranational, national, federal, state, county, local or municipal government body, bureau, commission, board, board of arbitration, instrumentality, authority, agency, court, department, minister, ministry, official or public or statutory person (whether autonomous or not) having jurisdiction over this Agreement or either Party.

"Confidential Information" means (a) all confidential or proprietary information of a Party, including, without limitation, trade secrets, information concerning past, present and future research, development, business activities and affairs, finances, properties, methods of operation, processes and systems, customer lists, customer information (such as passenger name record or "PNR" data) and computer procedures and access codes; and (b) the terms and conditions of this Agreement and any reports, invoices or other communications between the Parties given in connection with the negotiation or performance of this Agreement; and (c) excludes (i) information already in a Party's possession prior to its disclosure by other Party; (ii) information obtained from a third person or entity that is not prohibited from transmitting such information to the receiving Party as a result of a contractual, legal or fiduciary obligation to the Party whose information is being disclosed; (iii) information that is or becomes generally available to the public, other than as a result of disclosure by a Party in violation of this Agreement; or (iv) information that has been or is independently acquired or developed by a Party, or its Affiliate, without violating any of its obligations under this Agreement.

"Courts" has the meaning set forth in Section 8.5.

"Damages" means all claims, suits, causes of action, penalties, liabilities, judgments, fines, losses and expenses of any nature or kind whatsoever under the laws of any jurisdiction (whether arising in tort, contract, under the Warsaw Convention and related instrument, or otherwise), including reasonable costs and expenses of investigating, preparing or defending any claim, suit, action or proceeding (including post judgment and appellate proceedings or proceedings that are incidental to the successful establishment of a right of indemnification), such as reasonable attorneys' fees and fees for expert witnesses, consultants and litigation support services, but not including internal expenses of the indemnified Party, such as employee salaries and the costs of cooperating in the investigation, preparation or defense of claims.

"Disclosing Party" has the meaning set forth in Section 4.1.

"Dispute" has the meaning set forth in Section 8.2.

"EC" means the European Commission or any successor thereto.

"Frequency" or "Frequencies" means regularly scheduled, passenger air travel service using widebody aircraft.

"Frequent Flyer Agreements" means the AAdvantage Participating Carrier Agreement and the Qualiflyer Participating Carrier Agreement.

"Governmental Approvals" means all orders, permits, licenses, registrations, waivers, authorizations, exemptions, confirmations and approvals, including, without limitation, Antitrust Immunity, of any Competent Authorities which are necessary, or are reasonably considered by either Party to be material and appropriate to be obtained in connection with this Agreement and the transactions contemplated hereby.

"Indemnification Notice" has the meaning set forth in Section 12.2.

"Indemnified Party" has the meaning set forth in Section 12.2.

"Indemnifying Party" has the meaning set forth in Section 12.2.

"Marketing Carrier" has the meaning set forth in the Codeshare Agreement.

"Marketing Carrier Ticket" means the Party whose IATA designator codes is shown in the carrier box of a flight coupon for a designated flight but which is not the Operating Carrier.

"**one**world" means the globally-branded multilateral airline alliance in which American participates.

"Operating Carrier" has the meaning set forth in the Codeshare Agreement.

"Party or Parties" means either or both of American and SWISS, as the context requires.

"Related Agreements" means any or all of the following agreements: (a) the Codeshare Agreement, and (b) Frequent Flyer Agreements.

"Representatives" means a Party's directors, officers, employees, or professional advisors.

"Rules" has the meaning set forth in Section 8.4.

"SWISS" means Swiss International Airlines Ltd., a corporation formed under the laws of Switzerland.

"U.S. DOT" means the United States Department of Transportation or any successor thereto.

ANNEX B

CODESHARE AGREEMENT

[COPY OF CODESHARE AGREEMENT ATTACHED HERETO]

NOTE: The American/Swiss Codeshare Agreement is on file OST-2002-12001

American / Swiss
Nonstop Routes Between the U.S. and Europe

U.S. GATEWAY	CITY CODE	EUROPEAN GATEWAY	CITY CODE	OPERATOR	ANNUAL ROUNDTRIP OPERATIONS /2
Boston	BOS	Paris	CDG	American	365
Boston	BOS	London	LHR	American	730
Chicago 1/	ORD	Birmingham	BHX	American	275
Chicago	ORD	Brussels	BRU	American	365
Chicago	ORD	Paris	CDG	American	365
Chicago 1/	ORD	Rome	FCO	American	183
Chicago	ORD	Frankfurt	FRA	American	365
Chicago 1/	ORD	Glasgow	GLA	American	183
Chicago	ORD	London	LHR	American	1,484
Chicago	ORD	Manchester	MAN	American	365
Dallas / Ft. Worth	DFW	Paris	CDG	American	365
Dallas / Ft. Worth	DFW	Frankfurt	FRA	American	365
Dallas / Ft. Worth	DFW	London	LGW	American	645
Dallas / Ft. Worth	DFW	Zurich	ZRH	American	365
Los Angeles	LAX	London	LHR	American	365
Miami	MIA	Paris	CDG	American	365
Miami	MIA	London	LHR	American	365
Miami	MIA	Madrid	MAD	American	365
New York	JFK	Paris	CDG	American	708
New York	JFK	London	LHR	American	1,958
New York	JFK	Zurich	ZRH	American	365
New York	EWR	London	LHR	American	365
Raleigh / Durham	RDU	London	LGW	American	365
St. Louis	STL	London	LGW	American	365
Boston	BOS	Zurich	ZRH	Swiss	364
Chicago	ORD	Zurich	ZRH	Swiss	365
Los Angeles	LAX	Zurich	ZRH	Swiss	364
Miami	MIA	Zurich	ZRH	Swiss	365
New York	JFK	Geneva	GVA	Swiss	365
New York	JFK	Zurich	ZRH	Swiss	365
New York	EWR	Zurich	ZRH	Swiss	365
Washington	IAD	Zurich	ZRH	Swiss	365

1/ Seasonal operations

2/ Swiss International Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. Their frequencies have been combined for analysis.

Souce: OAG 2002

Nonstop Routes Between the U.S. and Switzerland

U.S. GATEWAY	CITY CODE	EUROPEAN GATEWAY	CITY CODE	OPERATOR	ANNUAL ROUNDTRIP OPERATIONS /1
Dallas / Ft. Worth	DFW	Zurich	ZRH	American	365
New York	JFK	Zurich	ZRH	American	365
New York	EWR	Zurich	ZRH	Continental	336
Atlanta	ATL	Zurich	ZRH	Delta	365
Boston	BOS	Zurich	ZRH	Swiss	364
Chicago	ORD	Zurich	ZRH	Swiss	365
Los Angeles	LAX	Zurich	ZRH	Swiss	364
Miami	MIA	Zurich	ZRH	Swiss	365
New York	JFK	Geneva	GVA	Swiss	365
New York	JFK	Zurich	ZRH	Swiss	365
New York	EWR	Zurich	ZRH	Swiss	365
Washington	IAD	Zurich	ZRH	Swiss	365

1/ Swiss International Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. Their frequencies have been combined for analysis.

Source: OAG 2002

Cities Served by American and Swiss

CITY CODE	AMERICAN CITIES - 210
ABI	ABILENE, TEXAS USA
ABQ	ALBUQUERQUE, NEW MEXICO USA
ACA	ACAPULCO, MEXICO
ACT	WACO, TEXAS USA
AGU	AGUASCALIENTES, MEXICO
AMA	AMARILLO, TEXAS USA
ANC	ANCHORAGE(INTL), ALASKA USA
ANU	ANTIGUA, WEST INDIES
ASU	ASUNCION, PARAGUAY
ATL	ATLANTA, GEORGIA USA
AUA	ARUBA, ARUBA
AUS	AUSTIN, TEXAS USA
AXA	ANGUILLA, WEST INDIES
AZO	KALAMAZOO, MICHIGAN USA
BAQ	BARRANQUILLA, COLOMBIA
BDA	BERMUDA, ATLANTIC OCEAN
BDL	HARTFORD(BRADLEY INTL), CT USA
BGI	BARBADOS, BARBADOS
BGR	BANGOR, MAINE USA
BHM	BIRMINGHAM, ALABAMA USA
BJX	LEON\GUANAJUATO, MEXICO
BMI	BLOOMINGTON, ILLINOIS USA
BNA	NASHVILLE, TENNESSEE USA
BOG	BOGOTA, COLOMBIA
BON	BONAIRE, NETH. ANTILLES
BTR	BATON ROUGE, LOUISIANA USA
BTV	BURLINGTON, VERMONT USA
BUF	BUFFALO, NEW YORK USA
BUR	BURBANK, CALIFORNIA USA
BWI	BALTIMORE(INTL), MARYLAND USA
BZE	BELIZE CITY(INTL), BELIZE
CCS	CARACAS, VENEZUELA
CHA	CHATTANOOGA, TENNNESSE USA
CID	CEDAR RAPIDS\IOWA CITY, IOWA USA
CIW	CANOUAN ISLAND, WINDWARD ISLAND
CLE	CLEVELAND(INTL), OHIO USA
CLL	COLLEGE STATION, TEXAS USA
CLO	CALI, COLOMBIA
CLT	CHARLOTTE, NORTH CAROLINA USA
CMH	COLUMBUS(INTL), OHIO USA
CMI	CHAMPAIGN, ILLINOIS USA
CNF	BELO HORIZONTE, MG BRAZIL
COS	COLORADO SPRINGS, COLORADO USA
CRP	CORPUS CHRISTI, TEXAS USA
CUN	CANCUN, MEXICO
CUR	CURACAO, NETH. ANTILLES
CVG	CINCINNATI(INTL), OHIO USA
DAY	DAYTON(INTL), OHIO USA
DBQ	DUBUQUE, IOWA USA
DCA	WASHINGTON(NAT'L) DC, USA
DEN	DENVER(INTL), COLORADO USA
DFW	DALLAS\FT. WORTH(INTL), TEXAS USA
DLH	DULUTH MN\SUPERIOR, WI USA
DOM	DOMINICA, WEST INDIES
DRO	DURANGO, COLORADO USA

CITY CODE	SWISS CITIES - 96
ACC	ACCRA, GHANA
AGP	MALAGA, SPAIN
AJA	AJACCIO, FRANCE
ALC	ALICANTE, SPAIN
AMS	AMSTERDAM, NETHERLANDS
ARN	STOCKHOLM, SWEDEN
ATH	ATHENS, GREECE
BCN	BARCELONA, SPAIN
BEG	BELGRADE, YUGOSLAVIA
BEN	BENGHAZI, LIBYA
BIO	BILBAO, SPAIN
BKK	BANGKOK, THAILAND
BLQ	BOLOGNA, ITALY
BOD	BORDEAUX, FRANCE
BOM	MUMBAI, INDIA
BRE	BREMEN, GERMANY
BRN	BERNE, SWITZERLAND
BSL	BASEL, SWITZERLAND
BUD	BUDAPEST, HUNGARY
CAI	CAIRO, EGYPT
CGN	COLOGNE, GERMANY
CMN	CASABLANCA , MOROCCO
CPH	COPENHAGEN, DENMARK
DEL	DELHI, INDIA
DLA	DOUALA, CAMEROON
DME	MOSCOW DOMODEDOVO, RUSSIA
DRS	DRESDEN, GERMANY
DUB	DUBLIN, REPUBLIC OF IRELAND
DUS	DUSSELDORF, GERMANY
DXB	DUBAI, UNITED ARAB EMI
EDI	EDINBURGH, UNITED KINGDOM
FDH	FRIEDRICHSHAFEN, GERMANY
FLR	FLORENCE, ITALY
FMO	MUENSTER, GERMANY
GOT	GOTHENBURG, SWEDEN
GRZ	GRAZ, AUSTRIA
GVA	GENEVA, SWITZERLAND
HAJ	HANOVER, GERMANY
HAM	HAMBURG, GERMANY
HEL	HELSINKI, FINLAND
HKG	HONG KONG, CHINA
IBZ	IBIZA, SPAIN
IST	ISTANBUL, TURKEY
JED	JEDDAH, SAUDI ARABIA
JER	JERSEY, UNITED KINGDOM
JNB	JOHANNESBURG, SOUTH AFRICA
KBP	KIEV BORISPOL, UKRAINE
KHI	KARACHI, PAKISTAN
KRK	KRAKOW, POLAND
LCY	LONDON CITY ARPT, UNITED KINGDOM
LEJ	LEIPZIG, GERMANY
LIS	LISBON, PORTUGAL
LJU	LJUBLJANA, SLOVENIA
LOS	LAGOS, NIGERIA
LTT	ST TROPEZ, FRANCE
LUG	LUGANO, SWITZERLAND
LUX	LUXEMBOURG, LUXEMBOURG

Note: American cities include operations by American Airlines, Inc., TWA Airlines LLC., American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle.

Source: OAG 2002

Cities Served by American and Swiss

CITY CODE	AMERICAN CITIES - 210
DSM	DES MOINES, IOWA USA
DTW	DETROIT(METRO WAYNE), MICHIGAN USA
EGE	VAIL\EAGLE, COLORADO USA
EIS	TORTOLA, BRIT. VIRGIN IS.
ELP	EL PASO, TEXAS USA
EVV	EVANSVILLE, INDIANA USA
EYW	KEY WEST, FLORIDA USA
EZE	BUENOS AIRES(PISTARINI), BA ARGENTINA
FAT	FRESNO, CALIFORNIA USA
FLL	FT. LAUDERDALE(INTL), FLORIDA USA
FPO	FREEPORT, BAHAMAS
FSD	SIOUX FALLS, SOUTH DAKOTA USA
FSM	FT. SMITH, ARKANSAS USA
FWA	FORT WAYNE, INDIANA USA
GCM	GRAND CAYMAN ISLAND, WEST INDIES
GDL	GUADALAJARA, MEXICO
GGG	LONGVIEW, TEXAS USA
GGT	GEORGE TOWN, BAHAMAS
GIG	RIO DE JANEIRO(INTL), RJ BRAZIL
GLA	GLASGOW(INTL), SCOTLAND UK
GND	GRENADA, WINDWARD ISLANDS
GRB	GREEN BAY, WISCONSIN USA
GRR	GRAND RAPIDS, MICHIGAN USA
GSO	GREENSBORO\H.PT\WIN-SALEM, NC USA
GSP	GREENVILLE\SPARTANBURG, SC USA
GUA	GUATEMALA CITY, GUATEMALA
GUC	GUNNISON, COLORADO USA
GYE	GUAYAQUIL, ECUADOR
HDN	STEAMBOAT SPRINGS, COLORADO USA
HNL	HONOLULU, OAHU; HAWAII USA
HOU	HOUSTON(HOBBY), TEXAS USA
HSV	HUNTSVILLE\DECATUR, ALABAMA USA
IAH	HOUSTON(INTL), TEXAS USA
ICT	WICHITA, KANSAS USA
ILE	KILLEEN, TEXAS USA
IND	INDIANAPOLIS, INDIANA USA
JAC	JACKSON HOLE, WYOMING USA
JAN	JACKSON, MISSISSIPPI USA
JAX	JACKSONVILLE(INTL), FLORIDA USA
KIN	KINGSTON(INTL), JAMAICA
KIX	OSAKA(INTL), JAPAN
KOA	KONA, HAWAII; HAWAII USA
LAS	LAS VEGAS(INTL), NEVADA USA
LAW	LAWTON, OKLAHOMA USA
LBB	LUBBOCK, TEXAS USA
LGA	NEW YORK(LAGUARDIA), NY USA
LGB	LONG BEACH, CALIFORNIA USA
LGW	LONDON(GATWICK), ENGLAND UK
LIM	LIMA, PERU
LIT	LITTLE ROCK, ARKANSAS USA
LNK	LINCOLN, NEBRASKA USA
LRD	LAREDO, TEXAS USA
LRM	CASA DE CAMPO, DOMINICAN REP.

CITY CODE	SWISS CITIES - 96
MRS	MARSEILLE, FRANCE
MUC	MUNICH, GERMANY
MXP	MILAN (MALPENSA), ITALY
NAP	NAPLES, ITALY
NBO	NAIROBI KENYATTA, KENYA
NCE	NICE, FRANCE
NUE	NUREMBERG, GERMANY
OLB	OLBIA, ITALY
OPO	PORTO PORTUGAL, PORTUGAL
OSL	OSLO, NORWAY
OTP	BUCHAREST OTOPENI, ROMANIA
PEK	BEIJING, CHINA
PMI	PALMA MALLORCA ISLAND, SPAIN
PRG	PRAGUE, CZECH REPUBLIC
PRN	PRISTINA, YUGOSLAVIA
RUH	RIYADH, SAUDI ARABIA
SIR	SION, SWITZERLAND
SJJ	SARAJEVO, BOSNIA HERZEGOV
SKG	THESSALONIKI, GREECE
SKP	SKOPJE, MACEDONIA
SOF	SOFIA VRAZHDEBNA, BULGARIA
SSG	MALABO, EQUATORIAL GUIN
STR	STUTTGART, GERMANY
SVQ	SEVILLA, SPAIN
SZG	SALZBURG, AUSTRIA
THF	BERLIN TEMPELHOF, GERMANY
THR	TEHRAN IRAN, IRAN
TIA	TIRANA, ALBANIA
TIP	TRIPOLI, LIBYA
TLS	TOULOUSE, FRANCE
TLV	TEL AVIV, ISRAEL
TRN	TURIN, ITALY
TUN	TUNIS, TUNISIA
TXL	BERLIN(TEGEL), GERMANY
VCE	VENICE, ITALY
VIE	VIENNA, AUSTRIA
VLC	VALENCIA, SPAIN
WAW	WARSAW, POLAND
ZAG	ZAGREB, CROATIA

Note: American cities include operations by American Airlines, Inc., TWA Airlines LLC., American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle.

Source: OAG 2002

Cities Served by American and Swiss

CITY CODE	AMERICAN CITIES - 210
LSE	LA CROSSE WI\WINONA, MN USA
MAF	MIDLAND\ODESSA, TEXAS USA
MAR	MARACAIBO, VENEZUELA
MAZ	MAYAGUEZ, PUERTO RICO
MBJ	MONTEGO BAY, JAMAICA
MCI	KANSAS CITY(INTL), MISSOURI USA
MCO	ORLANDO(INTL), FLORIDA USA
MDT	HARRISBURG, PENNSYLVANIA USA
MDW	CHICAGO(MIDWAY), ILLINOIS USA
MEM	MEMPHIS, TENNESSEE USA
MEX	MEXICO CITY(JUAREZ), MEXICO
MFE	MC ALLEN, TEXAS USA
MGA	MANAGUA, NICARAGUA
MHH	MARSH HARBOUR, BAHAMAS
MKE	MILWAUKEE, WISCONSIN USA
MLI	MOLINE, ILLINOIS USA
MQT	MARQUETTE, MICHIGAN USA
MRY	MONTEREY, CALIFORNIA USA
MSN	MADISON(DANE COUNTY), WISCONSIN USA
MSP	MINNEAPOLIS\ST. PAUL(INTL), MN USA
MSY	NEW ORLEANS(INTL), LOUISIANA USA
MTY	MONTERREY, MEXICO
MVD	MONTEVIDEO, URUGUAY
NAS	NASSAU(INTL), BAHAMAS
OAK	OAKLAND, CALIFORNIA USA
OGG	KAHULUI, MAUI; HAWAII USA
OKC	OKLAHOMA CITY(ROGERS), OKLAHAMA USA
OMA	OMAHA, NEBRASKA USA
ONT	ONTARIO, CALIFORNIA USA
ORF	NORFOLK\VA. BEACH\WMBG, VA USA
ORH	WORCESTER, MASSACHUSETTS USA
PAP	PORT AU PRINCE, HAITI
PBI	WEST PALM BEACH(INTL), FLORIDA USA
PDX	PORTLAND, OREGON USA
PHL	PHILADELPHIA(INTL), PA USA
PHX	PHOENIX(INTL), ARIZONA
PIA	PEORIA, ILLINOIS USA
PIT	PITTSBURGH(INTL), PENN USA
PLS	PROVIDENCIALES, TURKS î CAICOS IS
POP	PUERTO PLATA, DOMINICAN REP.
POS	PORT OF SPAIN, TRINIDAD
PSP	PALM SPRINGS, CALIFORNIA USA
PTP	POINTE A PITRE, GUADELOUPE
PTY	PANAMA CITY(INTL), PANAMA
PUJ	PUNTA CANA, DOMINICAN REP.
PVD	PROVIDENCE, RHODE ISLAND USA
PVR	PUERTO VALLARTA, MEXICO
PWM	PORTLAND, MAINE USA
RDU	RALEIGH\DURHAM, NORTH CAROLINA USA
RIC	RICHMOND\WMBG, VIRGINIA USA
RNO	RENO, NEVADA USA
ROC	ROCHESTER, NEW YORK USA
RST	ROCHESTER, MINNESOTA USA
RSW	FORT MYERS, FLORIDA USA
SAL	SAN SALVADOR, EL SALVADOR

CITY CODE	COMMON TO BOTH - 19
BHX	BIRMINGHAM, ENGLAND UK
BOS	BOSTON, MASSACHUSETTS USA
BRU	BRUSSELS, BELGIUM
CDG	PARIS(C.DEGAULLE), FRANCE
EWR	NEWARK, NEW JERSY. USA
FCO	ROME(FIUMICINO), ITALY
FRA	FRANKFURT, GERMANY
GRU	SAO PAULO, BRAZIL
IAD	WASHINGTON (IAD), USA
JFK	NEW YORK (JFK), NY USA
LAX	LOS ANGELES, CA, USA
LHR	LONDON(LHR), ENGLAND UK
MAD	MADRID, SPAIN
MAN	MANCHESTER, ENGLAND UK
MIA	MIAMI, FLORIDA USA
NRT	TOKYO, JAPAN
ORD	CHICAGO, ILLINOIS USA
YUL	MONTREAL, CANADA
ZRH	ZURICH, SWITZERLAND

Note: American cities include operations by American Airlines, Inc., TWA Airlines LLC., American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle.

Source: OAG 2002

Cities Served by American and Swiss

CITY CODE	AMERICAN CITIES - 210
SAN	SAN DIEGO(INT'L), CALIFORNIA USA
SAP	SAN PEDRO SULA, HONDURAS
SAT	SAN ANTONIO, TEXAS USA
SAV	SAVANNAH, GEORGIA USA
SBA	SANTA BARBARA, CALIFORNIA USA
SBP	SAN LUIS OBISPO, CALIFORNIA USA
SCL	SANTIAGO(INTL), CHILE
SDF	LOUISVILLE, KENTUCKY USA
SDQ	SANTO DOMINGO, DOMINICAN REP.
SEA	SEATTLE\TACOMA(INTL), WA USA
SFO	SAN FRANCISCO(INTL), CALIFORNIA USA
SGF	SPRINGFIELD, MISSOURI USA
SHV	SHREVEPORT, LOUISIANA USA
SJC	SAN JOSE, CALIFORNIA USA
SJD	LOS CABOS, MEXICO
SJO	SAN JOSE(SANTAMARIA), COSTA RICA
SJT	SAN ANGELO, TEXAS USA
SJU	SAN JUAN(INTL), PUERTO RICO
SKB	ST. KITTS, LEEWARD ISLANDS
SLC	SALT LAKE CITY, UTAH USA
SLU	ST. LUCIA, WEST INDIES
SMF	SACRAMENTO(METRO), CA. USA
SNA	ORANGE CTY.(J.WAYNE APT), CA. USA
SPS	WICHITA FALLS, TEXAS USA
STI	SANTIAGO, DOMINICAN REP.
STL	ST. LOUIS(INTL), MISSOURI USA
STT	ST. THOMAS(INTL), VIRGIN ISLANDS
STX	ST. CROIX(INTL), VIRGIN ISLANDS
SXM	ST. MAARTEN(P.JULIANA), NETH. ANTILLES
SYR	SYRACUSE, NEW YORK USA
TGU	TEGUCIGALPA, HONDURAS
TOL	TOLEDO, OHIO USA
TPA	TAMPA(INTL), FLORIDA USA
TUL	TULSA, OKLAHOMA USA
TUS	TUCSON, ARIZONA USA
TVC	TRAVERSE CITY, MICHIGAN USA
TXK	TEXARKANA, ARKANSAS USA
TYR	TYLER, TEXAS USA
TYS	KNOXVILLE, TENNESSEE USA
UIO	QUITO, ECUADOR
VVI	SANTA CRUZ, BOLIVIA
XNA	FAYETTEVILLE, ARKANSAS USA
YOW	OTTAWA ONTARIO, CANADA
YQB	QUEBEC QUEBEC, CANADA
YUL	MONTREAL(DORVAL), QUEBEC CANADA
YVR	VANCOUVER(INTL), BC CANADA
YYC	CALGARY, ALBERTA CANADA

Note: American cities include operations by American Airlines, Inc., TWA Airlines LLC., American Eagle Airlines, Inc. and Executive Airlines, Inc. d/b/a American Eagle.

Source: OAG 2002

American and Swiss City-Pair Combinations

210 Cities Unique to American
96 Cities Unique to Swiss
20,160 Potential New On-line City-Pairs

Source: OAG 2002

Top 50 European Airports

RANK	ORIGIN STATION	ANNUAL PASSENGER BOOKINGS	AIRPORT TO REST OF WORLD MARKET SHARE
1	London-Heathrow	18,434,733	7.9%
2	Paris-Charles de Gaulle	12,255,034	5.3%
3	Frankfurt	8,735,291	3.8%
4	Madrid	7,810,518	3.4%
5	Rome-Fiumicino	7,634,995	3.3%
6	Amsterdam	7,307,333	3.1%
7	Paris-Orly	6,483,701	2.8%
8	Munich	6,395,664	2.8%
9	Barcelona	5,848,851	2.5%
10	London-Gatwick	5,157,184	2.2%
11	Athens	4,468,849	1.9%
12	Brussels	4,461,384	1.9%
13	Milan-Malpensa	4,186,852	1.8%
14	Stockholm	4,090,932	1.8%
15	Zurich	4,035,213	1.7%
16	Dusseldorf	3,973,876	1.7%
17	Berlin-Tegel	3,601,704	1.5%
18	Manchester	3,285,954	1.4%
19	Milan-Linate	3,191,297	1.4%
20	Dublin	3,168,124	1.4%
21	Hamburg	3,153,658	1.4%
22	Copenhagen	3,093,269	1.3%
23	Lisbon	3,065,168	1.3%
24	Oslo	2,875,178	1.2%
25	Vienna	2,642,405	1.1%
26	Nice	2,585,248	1.1%
27	Helsinki	2,266,734	1.0%
28	Stuttgart	2,258,554	1.0%
29	Geneva	2,237,981	1.0%
30	Marseille	1,876,020	0.8%
31	Venice	1,819,531	0.8%
32	Lyon	1,758,459	0.8%
33	Palma de Mallorca	1,737,792	0.7%
34	Cologne	1,699,591	0.7%
35	Birmingham	1,680,982	0.7%
36	Toulouse	1,671,522	0.7%
37	Catania	1,630,126	0.7%
38	Naples	1,593,495	0.7%
39	Edinburgh	1,563,410	0.7%
40	Malaga	1,552,674	0.7%
41	Prague	1,446,429	0.6%
42	Budapest	1,434,724	0.6%
43	Glasgow	1,372,812	0.6%
44	Palermo	1,346,123	0.6%
45	Bologna	1,286,575	0.6%
46	Warsaw	1,273,075	0.5%
47	Gothenburg	1,250,122	0.5%
48	Turin	1,219,475	0.5%
49	Porto Portugal	1,196,177	0.5%
50	Thessaloniki	1,187,765	0.5%
	Other	52,175,847	22.4%
	TOTAL	232,478,410	100.0%

Source: MIDT 2001

U.S. - Europe
Annual Passenger Bookings By Carrier

Carrier	Bookings	% Share
British Airways	4,077,711	11.74%
United	3,559,191	10.25%
Delta	3,263,407	9.40%
Lufthansa	3,173,551	9.14%
American	2,876,280	8.28%
Continental	2,310,408	6.65%
Air France	2,144,453	6.18%
Virgin Atlantic	1,710,858	4.93%
Northwest	1,553,218	4.47%
US Airways	1,513,107	4.36%
KLM	1,459,311	4.20%
Swiss/Swissair 1/	1,020,648	2.94%
Alitalia	1,001,797	2.88%
Aer Lingus	880,658	2.54%
SAS	641,385	1.85%
Iberia	407,688	1.17%
Sabena	377,001	1.09%
Austrian	256,663	0.74%
Czech	90,402	0.26%
Finnair	73,723	0.21%
bmi British Midland	62,465	0.18%
Lauda	25,963	0.07%
Other	2,247,713	6.47%
TOTAL	**34,727,601**	**100.00%**

Immunized Transatlantic Alliances

Star 2/	7,656,753	22.05%
SkyTeam 3/	6,500,059	18.72%
Wings 4/	3,012,529	8.67%
Non - immunized	17,558,260	50.56%
TOTAL	**34,727,601**	**100.00%**

1/ Swiss International Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. Their bookings have been combined for analysis.

2/ Star summarized as LH, NG, OS, SK, & UA

3/ SkyTeam summarized as AF, AZ, DL & OK

4/ Wings summarized as KL & NW

Source: MIDT May 2001- April 2002
(Includes Codeshare Bookings)

U.S. - Switzerland
Annual Passenger Bookings by Carrier

Carrier	Bookings	% Share
Swiss/Swissair /1	516,363	40.87%
Delta	141,356	11.19%
Lufthansa	114,284	9.05%
American	105,721	8.37%
British Airways	82,340	6.52%
Continental	80,312	6.36%
Air France	60,484	4.79%
KLM	45,383	3.59%
United	37,657	2.98%
Northwest	27,098	2.14%
Air Canada	10,950	0.87%
Alitalia	9,671	0.77%
SAS	7,423	0.59%
Sabena	6,780	0.54%
US Airways	4,345	0.34%
Iberia	3,674	0.29%
Martinair Holland	2,443	0.19%
Virgin	1,618	0.13%
Austrian	711	0.06%
Lauda	156	0.01%
Czech	43	0.00%
bmi British Midland	1	0.00%
Other	4,658	0.37%
TOTAL	**1,263,471**	**100.00%**

Immunized Transatlantic Alliances

Star 2/	160,231	12.68%
Wings 3/	72,481	5.74%
SkyTeam 4/	211,554	16.74%
Non - immunized	819,205	64.84%
TOTAL	**1,263,471**	**100.00%**

1/ Swiss International Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. Their bookings have been combined for analysis.

2/ Star summarized as LH, NG, OS, SK, & UA

3/ Wings summarized as KL & NW

4/ SkyTeam summarized as AF, AZ, DL & OK

Source: MIDT May 2001 - April 2002
(Includes Codeshare Bookings)

Top 100 Swiss/Swissair O+D Markets To And From U.S.

			Annual Swiss/Swissair /1 Roundtrip Passenger Bookings
1	ZRH	NYC	123,570
2	GVA	NYC	63,268
3	ZRH	LAX	43,038
4	ZRH	BOS	39,726
5	ZRH	MIA	38,989
6	ZRH	ORD	32,206
7	TLV	JFK	25,701
8	ZRH	SFO	25,675
9	ZRH	IAD	24,618
10	DEL	JFK	15,160
11	BOM	NYC	12,029
12	ZRH	ATL	10,311
13	TIA	JFK	10,127
14	TLV	BOS	9,290
15	ATH	BOS	8,884
16	DEL	IAD	8,724
17	ATH	JFK	8,443
18	BOM	IAD	8,207
19	CAI	NYC	7,910
20	GVA	BOS	7,555
21	WAW	JFK	7,346
22	CDG	NYC	6,778
23	FCO	JFK	6,646
24	PRN	JFK	6,420
25	KHI	ORD	5,869
26	TLV	MIA	5,852
27	ATH	ORD	5,771
28	BOM	ORD	5,747
29	CAI	IAD	5,737
30	PRG	NYC	5,704
31	TLV	LAX	5,645
32	GVA	LAX	5,637
33	FCO	BOS	5,494
34	DEL	ORD	5,458
35	BOM	BOS	5,274
36	GVA	MIA	5,259
37	GVA	IAD	5,252
38	DEL	BOS	5,047
39	TLV	ORD	5,014
40	KHI	JFK	4,843
41	ACC	JFK	4,685
42	BEG	JFK	4,624
43	DEL	LAX	4,621
44	BCN	JFK	4,439
45	ATH	IAD	4,140

/1 Swiss International Airlines, Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. They have been combined for analysis.

Source: MIDT May 2001 - April 2002

Top 100 Swiss/Swissair O+D Markets To And From U.S.

			Annual Swiss/Swissair /1 Roundtrip Passenger Bookings
46	FCO	LAX	4,088
47	KHI	IAD	4,067
48	TLV	IAD	3,844
49	OTP	LAX	3,763
50	NCE	JFK	3,616
51	GVA	ORD	3,562
52	IST	IAD	3,547
53	BCN	BOS	3,534
54	BUD	JFK	3,517
55	FCO	IAD	3,444
56	MUC	BOS	3,436
57	THR	IAD	3,323
58	GVA	SFO	3,305
59	TIA	BOS	3,230
60	BOM	LAX	3,216
61	IST	BOS	3,195
62	ACC	IAD	3,125
63	ZRH	LAS	3,097
64	THR	LAX	3,078
65	FCO	ORD	3,028
66	AMS	SFO	2,933
67	CDG	BOS	2,927
68	ATH	MIA	2,921
69	SJJ	JFK	2,866
70	LOS	LAX	2,819
71	BSL	JFK	2,794
72	TXL	JFK	2,785
73	LOS	ORD	2,781
74	ZRH	MCO	2,770
75	ZRH	SAN	2,758
76	VIE	LAX	2,754
77	AMS	MIA	2,750
78	PRG	BOS	2,709
79	AMS	LAX	2,681
80	IST	JFK	2,648
81	VIE	BOS	2,641
82	LOS	IAD	2,633
83	WAW	BOS	2,632
84	VIE	JFK	2,628
85	OTP	ORD	2,612
86	CDG	LAX	2,570
87	ATH	ATL	2,547
88	VCE	BOS	2,481
89	KBP	JFK	2,423
90	VCE	JFK	2,416

/1 Swiss International Airlines, Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. They have been combined for analysis.

Source: MIDT May 2001 - April 2002

Top 100 Swiss/Swissair O+D Markets To And From U.S.

			Annual Swiss/Swissair /1 Roundtrip Passenger Bookings
91	TLV	SFO	2,415
92	BOM	ATL	2,368
93	PRG	LAX	2,359
94	MAD	BOS	2,349
95	SKP	JFK	2,323
96	AMS	BOS	2,275
97	CDG	SFO	2,222
98	ATH	LAX	2,216
99	BUD	LAX	2,159
100	SVO	JFK	2,159

/1 Swiss International Airlines, Ltd., dba Swiss (LX), (formerly Crossair) and the former Swissair (SR) are separate airlines and there is no continuity between them. They have been combined for analysis.

Source: MIDT May 2001 - April 2002

Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
1	Zurich	New York (JFK & EWR)	Swiss/Swissair	123,570	56.71%
			Continental	33,557	15.40%
			American	18,336	8.41%
			Delta	17,735	8.14%
			Lufthansa	8,798	4.04%
			British Airways	5,201	2.39%
			Air France	3,442	1.58%
			KLM	2,407	1.10%
			Alitalia	937	0.43%
			United	847	0.39%
			Others	3,076	1.41%
			Total	217,906	100.00%
2	Geneva	New York (JFK & EWR)	Swiss/Swissair	63,268	63.32%
			Air France	7,831	7.84%
			British Airways	7,395	7.40%
			Lufthansa	6,291	6.30%
			KLM	3,348	3.35%
			American	3,111	3.11%
			Delta	1,426	1.43%
			Continental	1,348	1.35%
			Alitalia	1,250	1.25%
			Iberia	936	0.94%
			Sabena	754	0.75%
			United	602	0.60%
			Others	2,364	2.37%
			Total	99,924	100.00%
3	Zurich	Los Angeles	Swiss/Swissair	43,038	57.27%
			Delta	6,829	9.09%
			Lufthansa	6,011	8.00%
			American	4,945	6.58%
			British Airways	2,898	3.86%
			KLM	2,897	3.86%
			Continental	2,563	3.41%
			Air France	1,589	2.11%
			United	1,022	1.36%
			Others	3,352	4.46%
			Total	75,144	100.00%

Source: MIDT May 2001-April 2002

Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
4	Zurich	Miami	Swiss/Swissair	38,989	63.01%
			Lufthansa	4,692	7.58%
			American	3,470	5.61%
			Delta	3,047	4.92%
			British Airways	2,901	4.69%
			Air France	2,129	3.44%
			Continental	1,751	2.83%
			KLM	1,514	2.45%
			Alitalia	1,168	1.89%
			Others	2,219	3.59%
			Total	61,880	100.00%
5	Zurich	San Francisco	Swiss/Swissair	25,675	44.66%
			Lufthansa	7,463	12.98%
			Delta	6,207	10.80%
			American	4,186	7.28%
			British Airways	2,883	5.02%
			United	2,864	4.98%
			KLM	2,554	4.44%
			Continental	2,318	4.03%
			Air France	1,556	2.71%
			Others	1,779	3.09%
			Total	57,485	100.00%
6	Zurich	Boston	Swiss/Swissair	39,726	72.51%
			British Airways	3,090	5.64%
			Lufthansa	2,627	4.80%
			American	2,374	4.33%
			Continental	1,944	3.55%
			Delta	1,144	2.09%
			Air France	912	1.66%
			Northwest	722	1.32%
			KLM	664	1.21%
			Others	1,581	2.89%
			Total	54,784	100.00%
7	Zurich	Chicago	Swiss/Swissair	32,206	59.58%
			American	6,897	12.76%
			Lufthansa	4,175	7.72%
			United	2,092	3.87%
			British Airways	1,585	2.93%
			KLM	1,309	2.42%
			Delta	1,294	2.39%
			Continental	1,107	2.05%
			Air France	1,023	1.89%
			Others	2,369	4.38%
			Total	54,057	100.00%

Source: MIDT May 2001-April 2002

Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
8	Zurich	Washington (IAD)	Swiss/Swissair	24,618	70.65%
			Lufthansa	2,217	6.36%
			United	1,722	4.94%
			British	1,419	4.07%
			American	952	2.73%
			Air France	812	2.33%
			Continental	791	2.27%
			Delta	505	1.45%
			Others	1,810	5.19%
			Total	34,846	100.00%
9	Zurich	Atlanta	Delta	14,223	51.06%
			Swissair /1	10,270	36.87%
			Lufthansa	885	3.18%
			Air France	800	2.87%
			American	542	1.95%
			Continental	520	1.87%
			KLM	179	0.64%
			Others	435	1.56%
			Total	27,854	100.00%
10	Geneva	Washington (IAD)	United	5,649	20.67%
			Swiss/Swissair	5,252	19.22%
			Lufthansa	4,663	17.06%
			British Airways	4,002	14.64%
			Air France	2,841	10.39%
			Delta	1,291	4.72%
			KLM	1,105	4.04%
			Others	2,529	9.25%
				27,332	100.00%
11	Geneva	Los Angeles	Swiss/Swissair	5,637	25.16%
			Air France	3,730	16.65%
			British Airways	3,130	13.97%
			Lufthansa	2,970	13.26%
			KLM	2,591	11.57%
			United	1,090	4.87%
			Alitalia	1,018	4.54%
			American	875	3.91%
			Others	1,361	6.08%
				22,402	100.00%

/1 Only bookings for Swissair and none for Swiss

Source: MIDT May 2001-April 2002

Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
12	Geneva	Boston	Swiss/Swissair	7,555	34.46%
			British Airways	4,434	20.22%
			Lufthansa	2,486	11.34%
			Air France	2,153	9.82%
			KLM	1,158	5.28%
			American	924	4.21%
			Alitalia	873	3.98%
			Others	2,341	10.68%
			Total	21,924	100.00%
13	Geneva	Miami	Air France	5,197	23.99%
			Swiss/Swissair	5,259	24.27%
			British Airways	3,335	15.39%
			Lufthansa	2,070	9.55%
			KLM	1,435	6.62%
			Alitalia	1,150	5.31%
			Iberia	1,126	5.20%
			American	934	4.31%
			Others	1,160	5.35%
				21,666	100.00%
14	Geneva	San Francisco	Lufthansa	3,820	18.68%
			British Airways	3,410	16.68%
			Swiss/Swissair	3,305	16.16%
			Air France	2,991	14.63%
			United	2,745	13.43%
			KLM	2,709	13.25%
			Delta	379	1.85%
			Alitalia	305	1.49%
			Northwest	260	1.27%
			American	240	1.17%
			Others	282	1.38%
			Total	20,446	100.00%
15	Zurich	Dallas/Ft.Worth	American	11,272	62.02%
			Swiss/Swissair	2,065	11.36%
			Delta	1,727	9.50%
			Sabena	796	4.38%
			Lufthansa	737	4.06%
			Continental	615	3.38%
			Air France	516	2.84%
			Others	446	2.45%
			Total	18,174	100.00%

Source: MIDT May 2001-April 2002

Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
16	Geneva	Chicago	Swiss/Swissair	3,562	23.47%
			Lufthansa	2,409	15.87%
			United	1,595	10.51%
			Air France	1,506	9.92%
			British Airways	1,495	9.85%
			KLM	1,475	9.72%
			American	1,459	9.61%
			Others	1,675	11.04%
			Total	15,176	100.00%
17	Zurich	Orlando	Delta	4,568	35.66%
			Swiss/Swissair	2,770	21.62%
			Continental	2,422	18.91%
			American	1,431	11.17%
			Martinair Holland	549	4.29%
			Lufthansa	204	1.59%
			United	169	1.32%
			Others	697	5.44%
			Total	12,810	100.00%
18	Zurich	San Diego	Delta	3,514	28.13%
			American	3,218	25.76%
			Swiss/Swissair	2,758	22.08%
			Continental	1,307	10.46%
			Lufthansa	432	3.46%
			Air Canada	382	3.06%
			British Airways	339	2.71%
			Others	542	4.34%
			Total	12,492	100.00%
19	Zurich	Denver	Delta	2,283	18.90%
			Lufthansa	2,269	18.78%
			Swiss/Swissair	1,779	14.73%
			American	1,662	13.76%
			Continental	1,503	12.44%
			United	862	7.14%
			Air Canada	783	6.48%
			British Airways	600	4.97%
			Others	338	2.80%
			Total	12,079	100.00%
20	Zurich	Seattle	SAS	2,013	18.56%
			British Airways	1,701	15.68%
			Delta	1,698	15.66%
			Swiss/Swissair	1,193	11.00%
			American	897	8.27%
			Continental	830	7.65%
			KLM	765	7.05%
			Others	1,749	16.13%
			Total	10,846	100.00%

Source: MIDT May 2001-April 2002

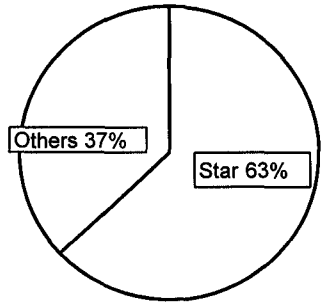
Top 25 U.S. - Switzerland Markets

MARKET RANK	Switzerland	U.S.	CARRIER	BOOKINGS	BOOKINGS PERCENT
21	Zurich	Las Vegas	Swiss/Swissair	3,097	28.67%
			American	2,543	23.54%
			Delta	2,321	21.49%
			Continental	1,562	14.46%
			Lufthansa	586	5.42%
			KLM	152	1.41%
			United	146	1.35%
			Others	395	3.66%
			Total	10,802	100.00%
22	Zurich	Houston (IAH)	Continental	2,412	25.82%
			Lufthansa	1,397	14.96%
			Air France	1,120	11.99%
			American	1,082	11.58%
			Swiss/Swissair	1,091	11.68%
			KLM	793	8.49%
			Delta	767	8.21%
			Others	678	7.26%
			Total	9,340	100.00%
23	Zurich	Detroit	Northwest	2,207	23.95%
			Lufthansa	2,172	23.57%
			KLM	1,077	11.69%
			Swiss/Swissair	1,108	12.03%
			Delta	781	8.48%
			British Airways	598	6.49%
			Continental	587	6.37%
			American	348	3.78%
			Others	336	3.65%
			Total	9,214	100.00%
24	Zurich	Tampa	Delta	4,350	49.29%
			Continental	1,669	18.91%
			Swiss/Swissair	1,448	16.41%
			American	757	8.58%
			Northwest	126	1.43%
			United	106	1.20%
			Others	370	4.19%
			Total	8,826	100.00%
25	Basel	New York (JFK & EWR)	Lufthansa	5,261	32.85%
			Swiss/Swissair	4,708	29.40%
			Air France	2,279	14.23%
			British Airways	1,858	11.60%
			Continental	580	3.62%
			Delta	431	2.69%
			American	322	2.01%
			Others	574	3.58%
			Total	16,013	100.00%

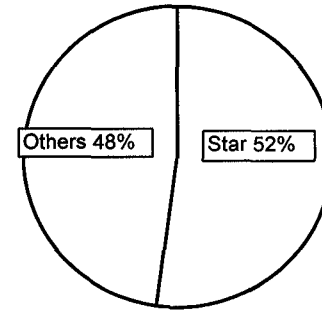
Source: MIDT May 2001-April 2002

Home Country Market Shares
By Alliance

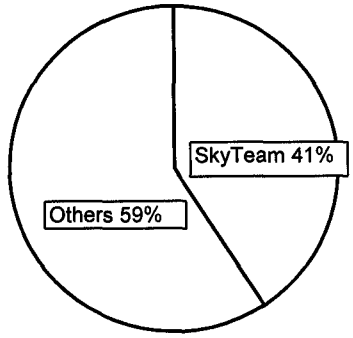
U.S. - Austria



U.S. - Denmark



U.S. - France



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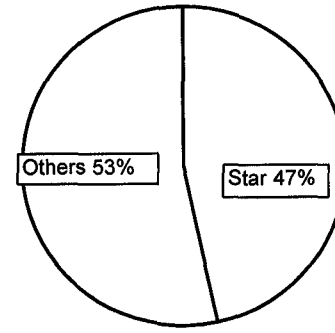

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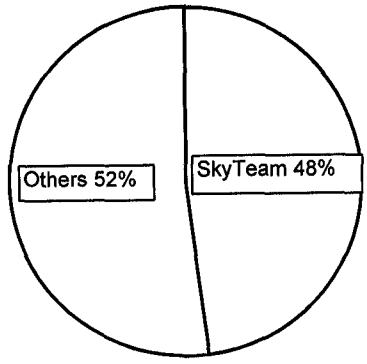
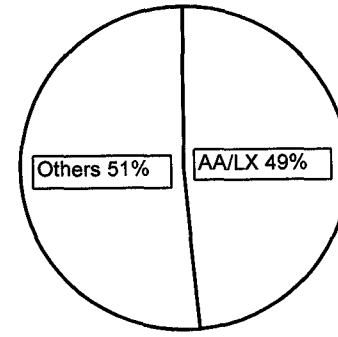


U.S. - Switzerland



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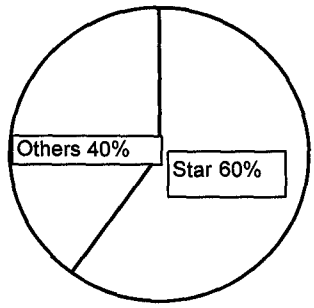
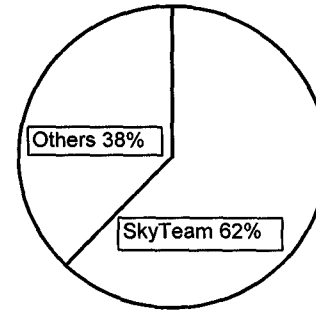
Similar New York- Europe Market Shares
By Alliance

NYC - Copenhagen



NYC - Milan



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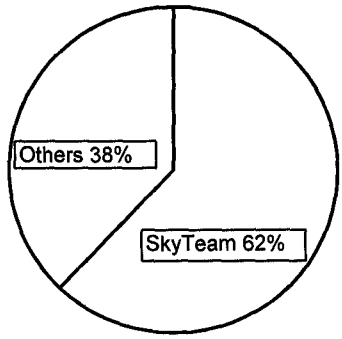

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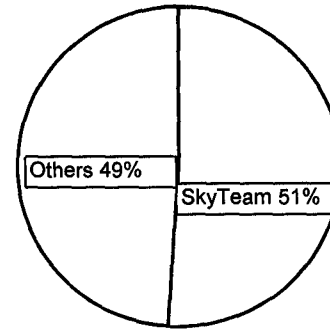

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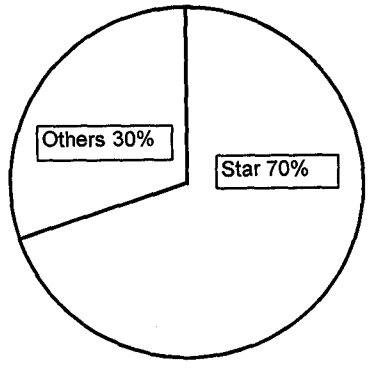

Source: MIDT May 2001-April 2002

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by email on all persons named below.

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June 28, 2002