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**BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.**

Joint Application of)
)
DELTA AIR LINES, INC.)
KOREAN AIR LINES CO., LTD.)
SOCIÉTÉ AIR FRANCE)
ALITALIA-LINEE AEREE ITALIANE-S.P.A.)
CZECH AIRLINES)
)
Under 49 U.S.C. §§ 41308 and 41309)
for approval of and antitrust immunity)
for alliance agreements)

OST-02-11842-1

**JOINT APPLICATION OF
DELTA AIR LINES, INC.,
KOREAN AIR LINES CO., LTD.,
SOCIÉTÉ AIR FRANCE,
ALITALIA-LINEE AEREE ITALIANE-S.P.A.,
AND CZECH AIRLINES
FOR APPROVAL OF AND ANTITRUST IMMUNITY
FOR ALLIANCE AGREEMENTS**

March 13, 2002

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FOR APPROVAL OF AND ANTITRUST IMMUNITY
FOR ALLIANCE AGREEMENTS**

Delta Air Lines, Inc. ("Delta"), Korean Air Lines Co., Ltd. ("KAL"), Societé Air France ("Air France"), Alitalia-Linee Aeree Italiane-S.p.A. ("Alitalia"), and Czech Airlines ("CSA") (collectively, the "Joint Applicants"), including their

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respective affiliates,^{1/} hereby jointly apply, under 49 U.S.C. §§ 41308 and 41309, for approval of and antitrust immunity for: (i) a bilateral alliance cooperation agreement between Delta and KAL (Exhibit JA-1); (ii) a multilateral alliance coordination agreement among the Joint Applicants (Exhibit JA-2);^{2/} and (iii) existing and future agreements between and among the Joint Applicants concerning the activities contemplated by or in furtherance of the cooperation and coordination agreements, such as implementing agreements and other transactions undertaken by the Joint Applicants pursuant to the cooperation and coordination agreements.^{3/} These agreements are collectively referred to herein as the (“Alliance Agreements”).

^{1/} The Joint Applicants request that any Order granting immunity make clear that the immunity extends to their corporate affiliates. *See, e.g.*, Order 96-6-33, June 14, 1996, Appendix A.

^{2/} The coordination agreement is substantially identical to the November 1, 2002 coordination agreement executed by Delta, Air France, Alitalia and CSA, for which the Department granted approval and antitrust immunity on January 18, 2002 (Order 2002-1-6 Docket OST-01-10429), but with KAL as an additional named party. Delta, Air France, Alitalia and CSA contemplate that their separate November 1, 2001 Coordination Agreement will continue in effect as a stand-alone agreement. Accordingly, the Department’s evaluation of the new five-party coordination agreement should not disturb or affect the four-party agreement.

^{3/} Copies of all existing agreements encompassed by this request for antitrust immunity are being filed with the Department (or have already been filed with the Department in connection with its review of the Delta/Air France/Alitalia/CSA alliance in Docket OST-2001-10429). Copies of any future agreements will be submitted to the Department for review and prior approval in accordance with the procedures established by the Department in its Order granting antitrust immunity to the proposed alliance.

The Joint Applicants request that antitrust immunity be effective at the earliest possible date, for a period of at least five years. Consistent with Department precedent in similar alliance cases involving end-to-end partnerships with no U.S. nonstop overlap routes, the Joint Applicants urge the Department to proceed directly with the issuance of a Final Order. *See, e.g.*, Order 2000-10-12 at 5 (Northwest/Malaysian) (“We have determined that the proposed alliance presents no significant competitive issues requiring further consideration. We therefore will dispense with the issuance of an Order to Show Cause and issue a Final Order . . .”); *see also*, Order 2001-5-1 (Continental/COPA).

I. INTRODUCTION AND SUMMARY

The addition of KAL to the Delta/Air France/Alitalia/CSA immunized alliance group is an important step toward bringing enhanced competition and efficiency to the U.S.-Asia marketplace. Delta is a strong international competitor over the transatlantic and between the U.S. and Latin America. However, Delta has a very limited presence in Asia. At present, Delta serves just a single transpacific route: Atlanta-Tokyo.

By forming an immunized alliance with KAL, Delta will gain access to KAL’s U.S.-Korea transpacific network, and will be able to offer customers access to scores of cities throughout Asia via KAL’s Seoul hub. KAL, in turn, will become a more effective U.S.-Asia competitor by gaining improved access to hundreds of additional U.S. cities through Delta’s extensive U.S. network. Together, Delta and KAL will be

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able to offer U.S.-Asia travelers and shippers a much more competitive and comprehensive network than either carrier is capable of providing individually.

The global competitive benefits of the Delta/KAL alliance are further enhanced by their proposed joint immunized relationship with Air France, Alitalia and CSA. While the focus of the Delta/KAL relationship is on transpacific traffic,^{4/} the joint participation of European partners will facilitate the creation of an alliance with true global reach and capabilities. KAL fills an important gap by enabling Delta and its partners to offer alliance customers comprehensive access to destinations across Asia – a region where none of the existing alliance partners has a significant presence.

The proposed Delta/KAL alliance and the addition of KAL to the Delta/Air France/Alitalia/CSA global immunized alliance group is pro-competitive and pro-consumer. It will provide substantial public benefits and synergies by combining the respective U.S. and Asian networks of Delta and KAL into a single integrated system. Significantly, the end-to-end combination of Delta and KAL involves no U.S.-Asia nonstop overlap routes whatsoever. Although the Joint Applicants will continue to retain their corporate and national identities, the grant of antitrust immunity will enable

^{4/} KAL does not serve any U.S.-Europe routes, and its addition to the existing alliance group is not expected to have any appreciable effect on transatlantic traffic flows. Transatlantic routings are not a practical routing for most passengers traveling between and beyond the U.S. and Korea. For example, the great circle distance between Chicago and Seoul is approximately 6,500 miles, whereas a transatlantic Chicago-Seoul routing via Paris is over 3,000 miles longer at 9,700 miles.

the Joint Applicants to plan and coordinate services over their collective route network as if there had been an operational merger.

The proposed alliance is fully consistent with U.S. international aviation policy, which encourages global arrangements between U.S. and foreign airlines to benefit consumers and enhance competition.^{5/} The U.S.-Korea open skies agreement specifically allows for this type of airline alliance, and the Korean Government emphasized – in an April 23, 1998 Memorandum of Consultations between the United States and the Republic of Korea – its expectation that Korean-designated carriers would receive favorable consideration in forming immunized alliances with U.S. airlines.

The importance and benefits of improved alliance network competition were underscored by the Department's report on *International Aviation Developments*, which concluded that "alliance-based networks are the principal driving force behind transatlantic price reductions and traffic gains."^{6/} Approval of the Alliance Agreements and the grant of antitrust immunity will extend similar benefits to transpacific routes,

^{5/} See e.g., Statement of United States International Air Transportation Policy, 60 Fed. Reg. 21841, May 3, 1995.

^{6/} *International Aviation Developments: Transatlantic Deregulation, The Alliance Network Effect* (Second Report), U.S. Department of Transportation, Office of the Secretary, October 2000; and *International Aviation Developments: Global Deregulation Takes Off* (First Report), U.S. Department of Transportation, Office of the Secretary, December 1999 ("DOT Reports").

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and will enable the Joint Applicants to form an expanded global alliance that will significantly increase alliance-based network competition.

In the absence of immunity, it would be impossible for the carriers to engage in the close level of coordination necessary to integrate their activities into a truly effective alliance network. Because the proposed cooperation and coordination activities contemplated by the Alliance Agreements would expose the Joint Applicants to the risk of challenge on antitrust grounds, the Joint Applicants cannot and will not proceed without antitrust immunity. Thus, antitrust immunity is necessary to achieve the pro-competitive and pro-consumer benefits of the proposed alliance.

Delta and KAL, along with the other Joint Applicants, consider the alliance to be of vital strategic importance as they strive to compete with other global alliances. Star, oneworld and Wings each enjoy a substantially greater U.S.-Asia presence than SkyTeam. United and Northwest are the dominant U.S. flag carriers to Asia, and each is already involved in an antitrust immunized relationship with a transpacific partner. American, Cathay Pacific and Qantas are all members of oneworld, and American also codeshares with JAL, one of the largest Pacific rim carriers.

KAL considers that entering into an immunized alliance with Delta and gaining improved access to U.S. domestic flow traffic will strengthen KAL's competitiveness in the highly competitive transpacific marketplace. Delta views its relationship with KAL as key to Delta's strategic objective of establishing a greater competitive presence in Asia.

There are no significant competitive, commercial or aeropolitical distinctions between the proposed alliance and the other transpacific (and transatlantic) alliances that have already been approved by the Department.⁷¹ Uniform, consistent and fair application of regulatory policy requires the Department to accord the Joint Applicants the same antitrust immunized alliance privileges that have already been granted to United, Northwest, and their respective transpacific alliance partners.

The proposed alliance, as set out in the Alliance Agreements and more fully described below, will involve coordination in such areas as marketing, sales, advertising, codesharing, frequent flyer programs, route and schedule planning, pricing, seat inventory, revenue management, revenue sharing, procurement, ground handling, airport facilities and support services, cargo and mail services, ticketing, information technologies, and distribution programs.

The alliance will benefit all constituencies. It will significantly improve consumer convenience and choice, produce operating efficiencies and cost savings that will create enhanced value for passengers and shippers, increase competition in thousands of city-pairs worldwide, and generate economic benefits for communities across the networks of the Joint Applicants. Improved air services will increase

⁷¹ See, e.g., Order 2001-4-2 (United/Air New Zealand); Order 2000-10-12 (Northwest/Malaysian); see also, Order 93-1-11 (Northwest/KLM); Order 96-5-27 (United/Lufthansa); Order 96-6-33 (Delta/Swissair/Sabena/Austrian); Order 96-11-1 (United/Lufthansa/SAS); Order 99-12-5 (Northwest/Alitalia/KLM); Order 2001-1-19 (United/Lufthansa/SAS/Austrian/Lauda).

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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. Delta and KAL employees will benefit from growth opportunities at each of their respective employers, and shareholders will enjoy improved returns resulting from synergies, cost efficiencies, and market growth.

II. DESCRIPTION OF THE AGREEMENTS

This Joint Application involves the following Alliance Agreements: (i) a bilateral alliance cooperation agreement between Delta and KAL (Exhibit JA-1); (ii) a multi-lateral coordination agreement among Delta, KAL and the other Joint Applicants (Exhibit JA-2); and (iii) implementing agreements in furtherance of the alliance. These agreements are comparable to those the Department has approved and immunized in other proceedings; they provide a general framework for subsequent definitive agreements covering all major functional areas of the airlines' operations.

If the proposed alliance is approved and antitrust immunity is granted, Delta, KAL and the other Joint Applicants will then proceed to coordinate and integrate their operations in areas such as marketing, pricing, scheduling, planning, joint services, and related matters. Notwithstanding such cooperation and joint operations, each airline will retain its separate identity, brand, ownership, and control.

The Alliance Agreements will enable the five carriers to enter into multi-party discussions and agreements to coordinate activities between and among themselves, and

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thereby avoid the inefficiencies, risks and costs of coordinating a multi-party, global alliance through a series of bilateral discussions and agreements.

Alliance cooperation between Delta, KAL and the other Joint Applicants will include, for example, joint advertising and marketing programs, joint fare promotions, joint bids for government and corporate travel accounts, joint cargo marketing and sales, joint revenue sharing on certain routes, and code-sharing, flight and price coordination between and among the Joint Applicants -- such as between Delta and KAL on transpacific services.

Under the Alliance Agreements, the Joint Applicants will continue to be independent companies, but will have the ability to discuss and plan coordinated service over their route networks, either bilaterally or among all five carriers, with a view to offering the public broader and more efficient travel options, permitting the five carriers to better serve the public and to compete effectively with other international carriers and carrier alliances.

A. Areas of Coordination.

The Alliance Agreements at issue contemplate the following key coordination activities:

1. Marketing and Sales Programs. The coordination and integration of sales and third-party marketing activities of the carriers and the establishment of joint marketing programs creating a seamless air transportation system (including frequent flyer and other similar programs) and selling a single product or set of products. This

will enable the carriers to gain substantial efficiencies by developing a coordinated approach to sales and marketing, by establishing cooperative sales programs and by deploying the carriers' resources in the most efficient and productive manner.

2. Coordinated Schedules. The coordination of airline schedules, flight networks, route planning, and information systems to maximize sales through the interconnection of the carriers' systems.

3. Codesharing. Delta and KAL plan to conduct reciprocal codeshare operations on U.S.-Korea routes and behind and beyond KAL's Seoul hub and U.S. gateways. Delta already holds blanket codeshare authority with KAL.^{8/} Under the proposed alliance arrangement, Delta and KAL will expand their codeshare activities, thereby improving the variety and choice of online services available to U.S.-Asia travelers and shippers. For the reasons explained below, antitrust immunity will substantially enhance the benefits of the existing and future codeshare arrangements between the parties.

^{8/} See, Statement of Authorization approval dated August 6, 1998 (#98-394). KAL currently codeshares on Delta, and Delta markets mail-only codeshare service on KAL. Delta has completed a codeshare safety audit of KAL in accordance with the DOT/FAA February 29, 2000 guidelines, which as been reviewed and approved by FAA. In accordance with the terms of their blanket statement of authorization, Delta and KAL will separately inform the Department of their codeshare service plans.

4. Sharing of Revenue/Earnings. The sharing and/or pooling of revenues and earnings in particular alliance markets to ensure that each carrier is fairly compensated for both the value of its respective service and its contribution to the joint enterprise in order to maximize the incentive of each party to pursue services, sales and marketing initiatives for the benefit of the alliance.
5. Coordinated Commission Programs. The coordination of commission programs, including but not limited to agency, corporate and group commissions.
6. Standard Form Contracts. The coordination and standardization of contracts with respect to service providers, travel agents, general sales agents, corporations, organizations and individuals.
7. Joint Use of Accounting Data and Information Systems. The sharing, joint use and coordination of accounting data, information systems, information with respect to marketing, fares, frequent flyer programs, costs and revenues to assist in the development of the proposed alliance.
8. Coordinated Service Standards and Procedures. The development of mechanisms to promulgate, review and enforce the provision of uniform service standards such that the coordinated programs of the carriers will be considered to be seamless and transparent to the customer.
9. Joint Advertising/Media Programs. The establishment of joint advertising and media programs that would jointly promote the alliance as a seamless, worldwide transportation network.

10. Joint Identities. The development of a joint identity or identities through jointly developed service marks which may include a single, master identity and/or individual local identities, the harmonization of existing identities and service marks of the applicants, the use of the jointly developed identities on aircraft exteriors and interiors, employee uniforms, facilities and ground equipment, stationery and other similar material.

11. Coordinated Pricing and Inventory Control. The establishment of common pricing and inventory control with respect to all coordinated services, including but not limited to retail fares, prorates, wholesale net fares and corporate discount programs.

12. Coordinated Cargo Programs. The development of coordinated cargo sales and marketing, including, but not limited to the joint venture cargo alliance activities contemplated by the Limited Liability Company Agreement for U.S. Cargo Sales Joint Venture, LLC, among Delta, KAL and Air France.

The foregoing areas of coordination will allow Delta, KAL and the other Joint Applicants to generate significant efficiencies and provide a broader range of enhanced and more competitive passenger and cargo services. The benefits and efficiencies of the alliance cannot be achieved absent antitrust immunity.

B. Improvements and Efficiencies.

The proposed alliance would allow the carriers to develop mechanisms to enhance efficiencies, reduce costs and provide better service to the traveling and shipping public in the following ways:

1. Increased Transpacific Service and Online Connections. The integration and coordination of Delta's and KAL's respective U.S. and Asian hub networks will generate greater levels of traffic support. Consequently, the carriers will be able to expand service and frequency on U.S.-Asia routes. The alliance will be able to link Delta's extensive network of cities in the Americas with the many destinations in Asia served by KAL beyond its Seoul hub. Exhibit JA-3.

Delta and KAL would have the potential to offer online service in nearly 10,000 city-pairs world-wide. *Id.* This would create a comprehensive alliance network that will be better positioned to compete with the larger U.S.-Asia networks of United, Northwest, and American and their respective partners. The service and competitive enhancements of the Delta/KAL network can only be accomplished on an efficient basis through coordination and integration of schedules and route planning, combined network planning, and the establishment of a common financial objective.

2. Expanded Access to Beyond and Behind Gateway Markets. The creation of joint services having a common financial objective is essential to the Joint Applicants' ability to expand online service, particularly in behind and beyond gateway markets. The establishment of services with a common financial bottom line, involving

marketing, sales, prices and the allocation of revenues and earnings cannot be accomplished without antitrust immunity. In the absence of immunity, competitors cannot discuss and agree to integrated network coordination and must develop prorated arrangements in the context of "arms-length" negotiations to divide revenues between transpacific and behind/beyond segments. Such a process often leads to a division of revenue that fails to accommodate one carrier's passengers on the connecting airline's route network. In short, the absence of a common financial objective effectively forecloses online access at competitive prices for passengers traveling behind and beyond the gateway cities.

The GAO Report on international airline alliances concluded that: "With immunity, Northwest and KLM can develop formulas to set fares in all markets and, according to Northwest and KLM representatives, quickly enact fare reductions to attract traffic."^{9/} GAO further observed that: "[w]ithout immunity, airlines that are significant competitors cannot discuss pricing issues and must develop prorated agreements in 'arm's length' negotiations to divide revenues, a cumbersome process when thousands of city-pairs are involved." GAO Report at 29. Antitrust immunity will permit the Joint Applicants to more efficiently divide revenues and gain better access to each others' behind gateway city-pairs.

^{9/} GAO Report, April 1995, GAO/RCED-95-99 ("GAO Report").

3. Better Coordinated Hubs and Transpacific Schedules. An immunized alliance will be able to offer a greater variety of transpacific services. The alliance will be able to coordinate the respective networks of each carrier to achieve more efficient network services and maximize service options for the traveling and shipping public. In the absence of immunity, the Joint Applicants independently schedule their services to maximize their individual positions, rather than those of the network. An antitrust-immunized alliance arrangement will establish common economic objectives that will allow the Joint Applicants to use their resources more effectively.

4. Expansion of Discount Fares. Currently, each carrier offers deep discount fares that are only available for travel on that carrier's system. The common financial objective of the alliance will enable the Joint Applicants to expand the availability of deep-discount fares to cover their entire combined networks.

5. Availability of Discount Seats on Transpacific Segments. The common financial objective of the alliance arrangements also will enable the Joint Applicants to provide greater levels of discount seats than would otherwise be available. Under the current arms-length codeshare arrangements, each carrier's incentive is to maximize the return on each seat operated on its system. Consequently, if demand is high, neither carrier has the incentive to release seats to its codeshare competitor for resale by that carrier. The common financial "bottom line" and coordinated pricing component of the alliance arrangement is essential to enabling the carriers to maximize network benefits by jointly filling seats at price efficient levels.

6. Inventory Control. The coordinated alliance can develop uniform and coordinated control of seat inventory to maximize management of capacity, thereby increasing utilization and efficiency, and reducing costs for the benefit of the traveling public.

7. Reduced Sales, Marketing and Reservations Costs. The alliance will permit the carriers to maximize economic efficiencies by coordinating sales, marketing, reservations and airport services and reducing redundant costs in those areas.

8. More Effective Equipment Utilization. The alliance will permit the carriers to optimize utilization of their aircraft. By coordinating their services, the carriers will be able to optimize the use of aircraft on routes where demand is higher and utilize smaller equipment on thinner routes.

9. Integrated Cargo Network. Shippers will also benefit from the proposed immunized alliance. Freight will move on the most efficient U.S.-Asia routing, whether that be on a KAL freighter or in the bellies of one of the Joint Applicants' combination aircraft.

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

The Department has discretion to grant antitrust immunity to agreements approved under Section 41309 if it finds that immunity is required by the public interest. 49 U.S.C. 41308. In relevant part, the controlling statute provides that the

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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 U.S.C. 41309(b).

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 (1) the Department concludes that antitrust immunity is required in the public interest and (2) the parties will not proceed with the transaction absent antitrust immunity. *See*, Order 2000-10-12 at 10 (Northwest/Malaysian); Order 2001-3-4 at 17 (United/Air New Zealand).

The proposed Alliance Agreements clearly satisfy this two-part test. First, the alliance is in the public interest since it will not substantially reduce or eliminate competition, but rather will stimulate more vigorous competition and expanded consumer choice. Second, Delta, KAL and the other Joint Applicants unequivocally state that they will not carry out the collaboration, coordination and integration activities contemplated by the Alliance Agreements without antitrust immunity. In these circumstances, the Department should promptly approve and grant antitrust immunity to the Alliance Agreements.

IV. APPROVAL OF THE ALLIANCE AGREEMENTS WILL PROMOTE THE PUBLIC INTEREST

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

Substantial public benefits will accrue from an integrated alliance among Delta, KAL and the other Joint Applicants. Those benefits, which closely mirror those

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achieved by other, previously immunized 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 increased availability of lower fares.

There is strong evidence, well known to the Department, demonstrating that international alliances generate substantial benefits for consumers. As observed by Charles A. Hunnicutt, former Assistant Secretary for Aviation and International Affairs, "[w]e have found that international alliances enhance, not reduce, competition. We have also determined that they have produced additional valuable public benefits, such as providing millions of consumers and thousands of communities with improved air service and lower fares" (remarks before the World Travel and Tourism Annual Conference, Berlin, Germany, March 8, 1999). Mr. Hunnicutt specifically noted that "the improved service and competition offered by alliances have lowered fares in many international aviation markets." *Id.*

The full network and consumer benefits of the Delta/KAL alliance cannot be realized 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 96-5-26 at 26 (Delta/Swissair/Sabena/Austrian) ("the potential antitrust liability

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for an agreement of this volume may deter the applicants from integrating their services as intended by the alliance agreements unless they have antitrust immunity”); Order 96-5-12 at 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,” which allows the participants “to more closely integrate their operations and marketing than they otherwise would for fear of legal reprisal”).

Legal, operational, and financial obstacles effectively preclude the formation of integrated international route networks either by merger or by the unilateral expansion of a single carrier’s system. *See*, Statement of United States International Air Transportation Policy, 60 Fed. Reg. 21841, 21842, May 3, 1995. Expansion by alliance remains the only option, and the feasibility of alliance formation is predicated on securing antitrust immunity. Delta, KAL and the other Joint Applicants submit that the full public benefits offered by their proposed alliance cannot be obtained absent antitrust immunity. The establishment of a fully integrated alliance network depends on the ability of alliance carriers to coordinate prices, seat inventory, routes and schedules and sales and marketing programs; 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 challenge on

antitrust grounds. Therefore, the Joint Applicants have determined that it is not feasible to proceed with their proposed alliance absent antitrust immunity.

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

In evaluating antitrust immunized alliances, the Department's policy is to "apply the standard Clayton Act test used in examining whether mergers will substantially reduce competition in any relevant market." Order 2001-5-1 at 7 (Continental/COPA). The Department considers whether the alliance "will substantially reduce competition by eliminating actual or potential competition. . . so that [the parties to the alliance] would be able to raise prices above competitive levels or reduce service below competitive levels." *Id.* The proposed alliance would not give rise to any such negative competitive effects.

1. Global Competition.

The proposed alliance will significantly enhance competition in the global air transport services 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 at 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 online services to a vast array of city-pair markets, on a global basis." *Id.* The

addition of KAL to Delta's immunized alliance group will create additional consumer choice and enhance competition in the global aviation marketplace.

2. U.S.-Asia.

Delta operates only a single nonstop U.S.-Asia flight (Atlanta-Tokyo), and KAL does not operate any nonstop service in that city-pair. Thus, there is no competitive U.S.-Asia nonstop overlap between Delta and KAL. As such, the combination of Delta and KAL will only serve to improve competition in the U.S.-Asia market by enhancing the competitive presence of two carriers who compete with other carriers that have a much larger share of the transpacific marketplace.

There is vigorous competition in the U.S.-Asia marketplace, with 30 carriers operating hundreds of flights across the Pacific. JA-4. KAL operates 7.0% of U.S.-Asia frequencies and 7.2% of U.S.-Asia seats. Delta operates 0.9% of U.S.-Asia frequencies and 0.7% of seats. Together, Delta and KAL comprise 7.9% of U.S.-Asia frequencies and 7.9% of U.S.-Asia seats. JA-4.^{10/}

By comparison to other transpacific competitors, Delta and KAL would rank fifth -- behind United/Air New Zealand (21.4% of seats and 18.7% of frequencies), Northwest/Malaysia (13.6% of seats and 11.7% of frequencies), JAL (8.5% of seats and 8.8% of frequencies), and Air Canada (7.1% of seats and 9.7% of frequencies).

^{10/} With the exception of three weekly flights operated by Air France between Los Angeles and Tahiti, none of the other Joint Applicants operate any transpacific flights.

Id. Furthermore, as noted above, there are 30 carriers currently serving transpacific routes. *Id.* Thus, there are more than adequate numbers of competitors to provide ample market discipline and ensure vigorous competition.

In granting antitrust immunity to the Northwest/Malaysia alliance, the Department found that “[t]he U.S.-Far East Market is highly competitive in terms of service.” Order 2000-10-12. Moreover, in assessing the competition impact of the proposed combination, the Department stated:

“The most significant structural consideration with respect to the proposed alliance is that Northwest and Malaysia are not major transpacific competitors. For that reason, it is unlikely that the public would lose any significant service because of the proposed alliance. Approval of the alliance will only nominally increase the presence and share of the new partnership in the U.S.-Far East market.” *Id.* at 7.

The Department’s findings apply with even greater force to the proposed arrangement between Delta and KAL. Exhibit JA-5 lists the transpacific routes served, respectively, by Delta and KAL. That exhibit reflects that Delta does not serve Korea and that there is no competitive overlap between Delta and KAL. Accordingly, the carriers are not “major transpacific competitors.” Moreover, in terms of U.S.-Asia seats and frequencies, the combination of Delta and KAL would add only a single nonstop flight to KAL’s existing network. The combined Delta/KAL transpacific network would be smaller than either the Northwest/Malaysia or United/Air New Zealand networks, both of which were approved and received antitrust immunity from the Department.

Virtually every significant transpacific city-pair route is or can be served by multiple U.S. and/or Asian carriers on either a nonstop, single-plane or one-stop connecting basis. The proposed alliance will compete directly with the established carriers and alliance groups providing online service to and from points in Asia, and will provide improved inter-gateway competition for passengers traveling to and from a number of major population centers in Asia.

In sum, Delta is a very small transpacific competitor, and the combination of Delta and KAL will enable the two carriers to compete more effectively against larger transpacific carriers and their respective alliances. Competition on U.S.-Asia routes is intense, and will remain so as passengers reap the benefits of an ever-increasing range of competitive alternatives, including nonstop and connecting services. The proposed alliance will enhance competition and help foster a dynamic transpacific market.

3. U.S.-Korea.

Delta does not operate service between the United States and Korea, and there will be no reduction in U.S.-Korea competition as a result of the proposed alliance. Thus, the proposed alliance is a procompetitive and pro-consumer end-to-end combination. When the Department approved a similar arrangement between United and Austrian, where United did not operate any direct service to Austria, the Department found that “the proposed transaction would not result in any significant loss of competition in the U.S.-Austria market.” Order 96-11-1 at 15. The same conclusion is warranted here.

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The proposed alliance will not result in any loss of competition on U.S.-Korea routes. Furthermore, as demonstrated in exhibits JA-7 and JA-8, alternative competitive services are plentiful. Asiana provides nonstop U.S.-Korea service. Northwest and United both provide one-stop service to Korea via Japan. In addition, numerous foreign carriers provide fifth-freedom connecting services to Korea via other Asian gateways.

The open skies agreement between the United States and Korea assures competitive discipline by allowing any U.S. or Korean carrier to serve the market without restriction. Furthermore, the proposed combination will enable Delta and KAL to achieve the very network and alliance competition benefits contemplated by the United States and Korea when they entered into an open skies agreement. As explained by the Department in granting antitrust immunity to United and Air New Zealand:

“the proposed integration, coupled with the open skies regime, will not enable United/ANZ either to impede competition or to increase fares above, or lower service below, competitive levels. As previously determined, even if a transaction creates a partnership with a preponderant market share, the transaction would not substantially reduce competition if competitors have free and open access to the marketplace. This is precisely the type of market envisioned and promoted by the U.S.-New Zealand open skies accord. Despite the large market share held by United’s foreign partner in its homeland market, we see no barriers to entry in the U.S.-New Zealand market.” Order 2001-3-4 at 12.

Given the absence of Delta service on U.S.-Korea routes, there are no competitive concerns raised by the combination of Delta and KAL in the U.S.-Korea marketplace.

4. City-Pairs.

Delta does not operate any service between the United States and Korea, and Delta and KAL do not currently compete on any overlapping U.S.-Asia city-pair routes. Accordingly, there will be no reduction in competition on any city-pair route operated by either of the two carriers. Delta plans to begin codesharing on KAL's transpacific flights in May, 2002, at which time the carriers anticipate that antitrust immunity will already be in effect.^{11/}

Competition Summary

The addition of KAL as an immunized alliance partner will not substantially reduce or eliminate competition in any relevant market. Competition will remain vigorous in the global air service market, in the U.S.-Asia market, the U.S.-Korea

^{11/} Under the operative codeshare agreement that will be in place, neither Delta nor KAL guarantees the purchase of a specified number of seats allocated to it by the other. The Department has found that under such arrangements, "the partners do not incur a risk incentive to price compete . . . [and that] the proposed transaction would not result in any significant loss of competition . . ." Order 2001-1-19 at 10 (United/Austrian). For the same reasons, no loss of competition will occur on any future Delta/KAL city-pair codeshare routes.

market, and on all transpacific city-pair routes. Indeed, such competition will only be enhanced by approval of this application.

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

Korea was one of the United States' first open skies partners in Asia. Secretary Mineta has affirmed that he is "committed to pursuing all reasonable options for moving international aviation liberalization forward"^{12/} and approval of the Joint Applicants' request is fully consistent with that objective. The commercial benefits of antitrust immunized alliances have proved a powerful tool for promoting liberalization.

Many advancements of international aviation have resulted from these U.S. initiatives – which are specifically detailed in the Department's Statement of International Air Transportation Policy. The U.S. open skies initiative has generated more than 50 open skies bilateral agreements between the U.S. and major trading partners in Asia, Europe, Africa and the Americas. The Department has described open skies as "a critical element of our international aviation policy" and that "Open skies agreements assure the most liberal operating environment for air services." Order 99-4-17 at 19.

^{12/} Remarks as Prepared for Delivery, U.S. Secretary of Transportation Norman Y. Mineta, Global Air & Space 2001, International Business Forum & Exhibition, Washington, D.C., May 8, 2001 (p. 4).

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, in effect, 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 at 20-21). The Department stated 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.*

The addition of KAL to a global immunized partnership with Delta and the other Joint Applicants will enhance alliance competition by providing additional travel options to consumers and more effectively compete with the other global alliances that are already in place. Approval of this Joint Application will also accelerate liberalization of the U.S.-Asia marketplace, and thus help to achieve the objectives of the Department's Asian Open Skies Initiative.

When the Department approved the first immunized alliance between Northwest and KLM alliance in 1993, the Department was highly 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.

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 at 12.

The U.S.-Korea open skies agreement and the substance of U.S. open skies policy provide equally compelling support for the Department’s approval and grant of antitrust immunity to Delta and KAL. Denial of this Joint Application would be antithetical to the spirit and intent of the open skies agreement. In fact, the U.S.-Korea Memorandum of Consultations (April 23, 1998) states that the Republic of Korea “stressed” the importance of “sympathetic and expeditious consideration” of any antitrust immunity request for U.S. and Korean air carrier alliances. The U.S. Government noted the concerns and stated that any such application would “be given due consideration on a non-discriminatory basis.” *Id.* at 3-4.

VI. OTHER APPROVAL ISSUES AND CONDITIONS

A. Computer Reservations Systems.

The grant of antitrust immunity here should also cover the coordination of (1) the presentation and sale of the carriers’ airline services in computer reservations systems, and (2) the operations of their respective international reservations systems. 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. The

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same conclusion applies with equal force in this proceeding. *See*, Order 93-1-11 at 15-16. The Joint Applicants 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 at 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 Department's five-year terms of approval for similar alliances. *See, e.g.*, United/Air New Zealand (Order 2001-4-2); Northwest/Malaysian (Order 2000-10-12); Delta/Air France/Alitalia/CSA (Order 2002-1-6).

C. IATA Tariff Coordination.

In conjunction with the Department's approval and grant of antitrust immunity to their alliance, the Joint Applicants are prepared to consent to the imposition of the now-standard condition prohibiting participation in certain IATA tariff coordination activities. *Id.*

D. Use Of Common Service Name Or Brand.

The Joint Applicants are prepared to accept a condition equivalent to that imposed on other immunized alliances; if they choose to operate under a common airline name or brand, they will seek separate approval from the Department prior to such operations. *Id.*

E. O&D Survey Data Reporting Requirement.

The Joint Applicants are also prepared to accept a condition whereby KAL would be required to report full-itinerary Origin-Destination Survey data of airline passenger traffic for all passenger itineraries containing a U.S. point, with the understanding that such data will be handled on a confidential basis by the Department. The Joint Applicants would accept such a data reporting condition consistent with that imposed on other immunized alliances. *Id.*

VII. ADDITIONAL INFORMATION

In order to expedite the Department's review of the application, the Joint Applicants are providing the following additional information, modeled after information the Department has requested in recent similar antitrust immunity proceedings and the Department's guidance to the carriers. *See, e.g.,* Order 99-5-10.

1. Transpacific Routes and Services.

The transpacific nonstop routes of the Joint Applicants between Asia and North America are set forth in Exhibit JA-5 and JA-6. As noted in the exhibit, KAL plans to commence three weekly nonstop flights between Atlanta and Seoul beginning on May 21, 2002. Delta and KAL have no other immediate plans to make service or equipment changes as a result of the proposed alliance.¹³⁷ The parties may make both

¹³⁷ Independent of this application, KAL is working to restore its transpacific services to pre-September 11 levels.

service and equipment changes in the future, after they receive immunity and are able to discuss the coordination of services.

2. Codeshare Partners.

A complete list of Delta's international codeshare partners is set forth in Exhibit JA-10. A complete list of KAL's international codeshare partners is set forth in Exhibit JA-12. Delta and KAL state that none of their other existing codeshare relationships is expected to significantly affect transpacific traffic flow, nor do they have any plans under consideration to implement any additional codeshare or marketing agreements in the next year that would significantly affect transpacific traffic flow.

3. SkyTeam Alliance.

The Joint Applicants are each members of the SkyTeam Alliance. The Joint Applicants will continue to participate in SkyTeam. The Joint Applicants' relationships with non-immunized SkyTeam members (and other non-immunized codeshare partners) will continue to be managed on an independent arms-length basis, just as they have been in the past.

4. Other Antitrust Immunized Relationships.

There are no other partners currently under immediate consideration. However, the Joint Applicants anticipate that Aeromexico may join the alliance as an antitrust immunized partner at some point in the future.

5. Exchange of Equity.

The proposed arrangement does not involve any cross-ownership between the Joint Applicants.

6. Competitive Airport and Facilities Access.

Airport access, including necessary facilities, is generally available at Seoul for U.S. flag carriers seeking to begin or increase service. As at all busy international airports, there may be some congestion at peak hours. However, KAL is unaware of any U.S.-flag carrier wishing to launch service to Korea that has not been able to do so because of airport access constraints.

7. CRAF Commitments.

The proposed alliance will have no impact on Delta's CRAF commitments.

8. Labor Issues.

The transaction raises no significant labor issues. Delta and KAL will remain independent carriers. The Joint Applicants believe that the long-term impact of the transaction will be positive for all existing employees and for the creation of new jobs, and no significant impact on unionized employees is anticipated under the Alliance Agreements.

9. Traffic Data.

a) Origin & Destination (O&D) traffic data for KAL's top 100 markets with a U.S. gateway as a passenger origin or destination point are provided in Exhibit JA-13. This exhibit covers the time period for the 12 months ended December 31, 2001.

KAL states that the source of the data is KAL ticket coupons that were collected by KAL and processed by KAL's revenue accounting team.

b) Exhibit JA-11 shows the traffic carried by Delta and KAL in transpacific markets where they compete on a nonstop, online connecting, or codeshare basis.

Delta and KAL note that even this modest level of theoretical competitive overlap is overstated, given that Delta is now operating less transpacific service than it did in 2001.

10. Document Production.

The Joint Applicants are submitting separately, under a joint motion for confidential treatment, internal documents comparable to those requested by the Department in recent antitrust immunity proceedings. A detailed description of the Joint Applicants' document production is set forth in exhibit JA-14. The Joint Applicants also incorporate by reference their previous submission of alliance and other corporate documents in Docket OST-01-10429, which have already been reviewed and approved by the Department.

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CONCLUSION

For the foregoing reasons, Delta, KAL and the other Joint Applicants urge the Department to approve their alliance, as set forth in the Alliance Agreements, under 49 U.S.C. 41309, and to grant antitrust immunity under 49 U.S.C. 41208.

Respectfully submitted,


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Joint Application has been served this 13th day of March, 2002, upon each of the following persons in accordance with the Department's rules.

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Alexander Van der Bellen

Execution Version

COOPERATION AGREEMENT

This Cooperation Agreement ("Agreement"), effective on the date specified on the signature page hereto (the "Effective Date"), is between:

Korean Air Lines Co., Ltd., having its principal office at 41-3 Seosomun - dong, Chung-gu, Seoul, Korea, (hereinafter referred to as "Korean"); and

Delta Air Lines, Inc., a Delaware corporation, having its principal office at 1030 Delta Boulevard, Atlanta, Ga., 30320, USA (hereinafter referred to as "Delta").

In this Agreement, Delta and Korean may each be individually referred to as a "Party" and may collectively be referred to as the "Parties".

Recitals

Delta and Korean are parties to certain commercial arrangements, including codesharing and other agreements that have been designed to benefit customers and enhance each carrier's ability to compete in the market for international air transportation services (the "Commercial Agreements"); and

The Parties desire to strengthen their marketing and commercial arrangements and improve their ability to offer enhanced air transportation services to the public and the communities they serve or may choose to serve through improved coordination of their commercial activities and marketing programs and the optimized use of the resources of Delta and Korean; and

Delta and Korean desire the opportunity to strengthen their airline alliance and commercial arrangements consistent with competition laws, and recognize that applicable competition laws and regulations place limits on their ability to develop and implement coordinated commercial and airline programs; and

The United States Government and the Government of the Republic of Korea have concluded and executed an "Open Skies" bilateral air services agreement, and the parties wish to take full advantage of the commercial opportunities presented thereby by filing this Agreement for approval and antitrust immunity; and

Delta and Korean, through the operation of an antitrust immunized alliance, will have the opportunity to generate efficiencies and synergies for each carrier in air transportation markets worldwide and make each carrier a stronger competitor in the global air transportation marketplace; and

The Parties wish to establish a framework for the commercial opportunities and air transportation marketing programs they desire to coordinate as part of the Parties' commercial cooperation following the receipt of antitrust immunity, as set forth herein.

In consideration of the premises and the mutual covenants and agreements herein contained, Delta and Korean agree, subject to all necessary approvals and grant of antitrust immunity from the requisite government authorities, to enter into this Agreement under the terms and conditions set forth herein.

ARTICLE 1: SCOPE OF THE AGREEMENT

1.1 Delta and Korean hereby agree to establish a legal framework under which the Parties may expand and enhance their current cooperative marketing efforts as set forth in the Commercial Agreements.

1.2 The enhanced commercial cooperation contemplated under this Agreement will be implemented through mutually agreed commercial arrangements that will be designed to enhance the level of cooperation for the Parties' sales, marketing and cargo activities, generate efficiencies for each carrier and make each carrier a stronger competitor in the global air transportation marketplace.

1.3 The implementation of this Agreement shall be consistent with the terms of the Commercial Agreements, as those agreements may be amended from time to time.

1.4 Articles 2 and 3 set forth the commercial areas in which the Parties plan to engage in coordinated commercial and marketing programs through the development of additional agreements, including, without limitation, agreements to further define and implement Passenger Programs and Cargo Programs (as those terms are defined in Article 2.1 and Article 3, hereof).

ARTICLE 2: COOPERATION IN PASSENGER PROGRAMS

2.1 Delta and Korean desire, as part of their commercial cooperation, to market both carriers' air transportation of passengers through cooperative, joint marketing operations and programs (the "Passenger Program"). The Passenger Program will contain those joint sales and marketing elements mutually agreed upon by the Parties, and a framework for those arrangements is set forth in Article 2.2, below.

2.2 The first stage of the Passenger Program consists of the existing codeshare, frequent flyer and lounge exchange agreements in effect between the Parties. Upon the approval and grant of antitrust immunity for this Agreement, the Parties intend to negotiate enhanced commercial arrangements for a comprehensive marketing and sales program or programs throughout the worldwide air transportation systems of Delta

and Korean. The Parties expect to review and implement numerous commercial arrangements for the second stage of the Passenger Program, including, without limitation, opportunities for commercial cooperation in the following areas:

(A) A combination of Delta and Korean sales personnel, including a common staff, authorized to represent both Delta and Korean, independently and jointly, in marketing their products to customers and travel agents for sales of the services offered by both carriers. The joint marketing program may be structured as a joint venture of the Parties as if Delta and Korean were a single entity selling a single product or set of products identified with the Service Marks (as defined in Article 4) of either or both entities or with jointly developed Service Marks.

(B) For the products to be jointly developed or marketed pursuant to this Agreement, the Parties shall consult as necessary from time to time throughout the term hereof and may reach agreement, among other things, on:

(1) the establishment of fare rules and fares to be charged and revenue management and inventory control practices and procedures, including systems, by each Party with respect to all coordinated Passenger Program products including all fare programs, prorates and fare products such as opaque fares, non-opaque fares, Internet fares, tour operator fares, consolidator fares, meeting fares, wholesale net fares and corporate discount programs;

(2) coordination of schedules, third party marketing, network planning, and information systems between the Parties to maximize sales possibilities by connecting services between the Delta and Korean systems;

(3) the establishment of agreements and procedures for the sharing and/or pooling of revenues or earnings in particular markets, according to such formula as may be agreed by the Parties; and

(4) the establishment of joint marketing programs, including frequent flyer and similar programs.

(C) The establishment of a coordinated distribution program, including travel agent and other distribution programs and commissions and discount schedules, including agency, corporate, group, and override commissions and/or discounts to be agreed upon from time to time by Delta and Korean throughout the term hereof.

(D) The use of standard form contracts for sales to travel agencies, general sales agents, corporations, organizations and individuals.

(E) The use of service contracts between the parties and standard service contracts with third parties to avoid redundancy and ensure that the

delivery of services is consistent with the joint products and joint identities of the Parties.

(F) The assignment of specific personnel from both carriers, at various levels, with authority to resolve disputes or waive conditions.

(G) The establishment of Passenger Program management committees to oversee, among other things, project development, budgets, and directions.

(H) The joint use of passenger, marketing, fare, frequent flyer, cost, revenue and accounting data and information systems available to the Parties, consistent with applicable laws governing each Party.

(I) The development of standard terms for additional codesharing and other cooperative contracts.

(J) The creation of mechanisms to promulgate, police and enforce Passenger Program quality and service standards and to ensure that Passenger Program products are viewed as seamless and transparent to the customer.

(K) The establishment of ancillary programs, including, without limitation, travel packages, coordination of facilities, information systems, or mail service to enhance the products marketed by the Parties.

(L) The establishment of policies, procedures, information systems, and other programs that would otherwise facilitate the Passenger Program.

(M) The establishment of advertising and media programs that would jointly promote Delta and Korean as a seamless, worldwide transportation system.

(N) The entry of either carrier into new markets, as regulatory requirements permit, in order to expand the combined presence of Delta and Korean throughout transportation markets worldwide.

(O) The development of a joint identity through jointly developed Service Marks, which may include (i) a single, master identity and individual local identities, (ii) harmonization of the existing identities and trademarks and/or Service Marks of the Parties, (iii) the use of the master and local identities on the aircraft exteriors and interiors, employee uniforms, facilities and ground vehicles, business cards and stationery of the Parties, and (iv) such other terms as are mutually agreeable to the Parties.

(P) The Parties shall also explore and pursue other mutually agreed opportunities for coordination and operational efficiencies from joint utilization of either Party's services and facilities, whenever feasible.

2.3 The parties shall expand the Passenger Program so as to allow their marketing forces throughout the world to aggressively sell and market the products and services of Delta and Korean both independently and jointly. Any expansion of these programs shall be subject to mutual written consent of Delta and Korean.

ARTICLE 3: COOPERATION IN CARGO PROGRAMS

In addition to the Passenger Program described in Article 2 above, the cooperative marketing operations and programs of Delta and Korean shall include coordination of their cargo activities, including joint cargo sales and marketing programs and cargo joint venture arrangements (the "Cargo Program"). The terms of the Cargo Program will include those elements on which the Parties mutually agree, including, without limitation, elements equivalent to those set forth in Article 2.2, hereof and the marketing of both carriers' air transportation of cargo through cooperative, joint marketing operations.

ARTICLE 4: SERVICE MARKS

4.1 For purposes of this Agreement, "Service Marks" shall mean the name, logos, promotions, designs, artworks, or other symbols or devices describing or identifying Delta or Korean, respectively, or jointly, or the services, products, or programs of either or both carriers, whether or not previously registered as trademarks or service marks in the United States, the Republic of Korea, or any other country.

4.2 The Service Marks of Delta and Korean are and shall remain the property of each carrier. Delta and Korean shall each retain the right to change its Service Marks at any time during the term of this contract in its sole discretion. During the term of this Agreement, each Party may authorize the other to use its Service Marks in advertising and in promoting sales and joint marketing programs under this Agreement; provided, however, that all such uses shall be subject to the prior approval by the owner of the Service Mark. The right of one Party to use the other's Service Marks is non-exclusive, non-assignable, and non-transferable. Upon the termination of this Agreement, for any reason, each Party shall immediately cease using the other's Service Marks in any manner whatsoever, except to the extent explicitly permitted under this Agreement or any other relevant agreement between the Parties.

4.3 Neither Party shall sell or license the Service Marks of the other without the prior written consent of the other Party.

4.4 Each Party represents and warrants to the other that its Service Marks do not infringe upon the trademarks, tradenames, service marks, similar rights, or rights therein of any third party.

ARTICLE 5: IMPLEMENTATION OF THIS AGREEMENT; COOPERATION WITH AFFILIATED CARRIERS

5.1 All aspects of commercial cooperation hereunder, including the Passenger Program, the Cargo Program and the use of Service Marks shall be subject to the prior review and written approval of both Delta and Korean.

5.2 The Parties agree that the participation of a Party's "Affiliated Carriers" will enhance their ability to offer coordinated passenger and cargo programs in competition with other international airline alliances over a larger hub and spoke network for the benefit of a greater number of customers. For the purposes of this Agreement, "Affiliated Carriers" shall mean those commuter and other airlines operating flights under a Party's two letter designator code pursuant to a codesharing arrangement.

5.3 The Parties will include Affiliated Carriers in the passenger and cargo cooperation contemplated in this Agreement for those flights operated under a Party's two letter designator code, subject to the mutual agreement of the Parties and the receipt of all necessary government approvals. Each Party agrees that the inclusion of the other Party's Affiliated Carriers will be pursuant to this Agreement and will not require the execution of separate Cooperation Agreements. The Parties will work with one another to reach mutual agreement on the coordination of passenger and cargo activities with Affiliated Carriers, including, *inter alia*, the manner, timing and extent to which the terms of this Agreement apply to such Affiliated Carriers.

5.4 The participation of any Affiliated Carrier in the commercial cooperation made permissible by this Agreement shall automatically terminate upon the termination of this Agreement.

ARTICLE 6: GOVERNMENTAL AND REGULATORY APPROVALS

6.1 In carrying out this Agreement, the parties will comply with all necessary government laws, regulations, and requirements, including, but not limited to, the applicable competition laws.

6.2 The Parties shall take all necessary steps, in cooperation with each other, to obtain all approvals, if any, from government authorities in the United

States and the Republic of Korea and any other appropriate governmental authority, in order to carry out the terms of this Agreement.

6.3 In the event that any governmental agency or regulatory body having jurisdiction over the subject matter hereof shall require any material condition or limitation to this Agreement, the Parties shall negotiate in good faith to make such amendments to this Agreement as shall be necessary to achieve the purposes and objectives of this Agreement. If (i) any such condition or limitation, in the reasonable judgment of either Party, is fundamental to the intent of such Party and the operation of this Agreement, and (ii) the Parties, acting in accordance with this Section 6.3 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, then such Party shall have the right to declare that this Agreement shall not enter into effect or to terminate this Agreement upon thirty (30) days advance written notice to the other Party

6.4 In the event that any necessary governmental approval is withdrawn or any governmental order issued, or there is any change in applicable statutes, laws, or regulations governing the operations contemplated by this Agreement which would materially affect the rights, benefits, and/or obligations of the Parties hereto, the Parties shall comply therewith, and shall not be liable to each other for failure to fulfill any obligations under this Agreement that may be inconsistent with such changes, orders, statutes, laws, or regulations. In such circumstance, the Parties shall negotiate in good faith to make such amendments to this Agreement as may be necessary and sufficient to achieve the purposes and objectives of this Agreement. If (i) any such change in government approvals, orders, statutes, laws or regulations, in the reasonable judgment of either Party, would have a material adverse effect on the operation of this Agreement, and (ii) the Parties, acting in accordance with this Section 6.4 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, then such Party shall have the right to terminate this Agreement upon thirty (30) days advance written notice to the other Party.

ARTICLE 7: SEVERABILITY

7.1 If any non-material provision contained in this Agreement shall be held to be invalid or unenforceable in any respect in any jurisdiction, such invalidity or unenforceability shall not affect the other provisions hereof which can be given effect without the invalid provision, and to this end the provisions of this Agreement are intended to be and shall be deemed severable.

7.2 The Parties agree to use their best efforts to replace such invalid or unenforceable provision with a valid and enforceable provision having, to the maximum extent possible, the same economic or practical effect.

7.3 If (i) in the reasonable judgment of either Party any provision or provisions held to be invalid and unenforceable is or are fundamental to the intent of such Party and the operation of this Agreement, and (ii) the Parties, acting in accordance with Section 7.2 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, then such Party shall have the right to terminate this Agreement upon giving thirty (30) days' written notice thereof to the other Party.

ARTICLE 8: APPLICABLE LAW

This Agreement shall in all respects be governed by and interpreted in accordance with the laws of the State of New York (without regard to principles of conflicts of law), including all matters of construction, validity and performance applicable to contracts made and to be performed therein.

ARTICLE 9: DISPUTE RESOLUTION

9.1 In respect of any dispute, controversy, or claim, of any and every kind or type, whether based on contract, tort, statute, regulations, or otherwise, arising out of, connected with, or relating in any way to this Agreement, the relationship of the Parties, the obligations of the Parties or the operations carried out under this Agreement (unless agreed otherwise by the Parties in a separate written agreement), including without limitation, any dispute as to the existence, validity, construction, interpretation, negotiation, performance, non-performance, breach, termination, or enforceability of this Agreement (each of the foregoing a "Dispute"), the Parties will first consult and negotiate with each other in good faith in an attempt to resolve the Dispute by submitting such matter to a Dispute Resolution Committee made up of two (2) management representatives (Vice Presidents, Directors) designated by each Party. The Dispute Resolution Committee will meet as required (in person or by telephone) at a mutually agreed time and location to review Disputes and make recommendations. In addressing any Dispute, the Dispute Resolution Committee will obtain input from a broad spectrum of representatives of the Parties. If such efforts are unsuccessful to reach a consensus for resolution of such matter within thirty (30) days after a written notice has been served by one Party to the other for this purpose, such Dispute shall be settled through final, binding and confidential arbitration.

9.2 Any Dispute submitted for arbitration shall be finally referred to and settled by binding and confidential arbitration according to and in accordance with the UNCITRAL Arbitration Rules (the "Arbitration Rules"), which Arbitration Rules are deemed to be incorporated by reference herein, except as they may be modified herein or by mutual agreement of the Parties. In the event of a conflict between the Arbitration Rules and the provisions of this Agreement,

the provisions of this Agreement shall prevail. The appointing authority shall be the International Court of Arbitration of the International Chamber of Commerce (ICC) acting in accordance with the ICC Rules of Arbitration for that purpose, to the extent not inconsistent with Clause 9.3.

9.3 The arbitration, including the rendering of the award, shall be conducted by three (3) arbitrators; provided, however, that the arbitration may be conducted by only one (1) arbitrator if the Parties so agree in advance of the arbitration and are able to agree upon a single, mutually acceptable individual. A Party initiating the arbitration (the "Claimant") shall appoint an arbitrator in its request for arbitration (the "Request"). The other Party (the "Respondent") shall appoint an arbitrator within thirty (30) days of receipt of the Request and shall notify the Claimant of such appointment in writing. If within thirty (30) days of receipt of the Request by the Respondent, the Respondent has not appointed an arbitrator, then that arbitrator shall be appointed by the ICC. The first two (2) arbitrators appointed in accordance with this provision shall appoint a third arbitrator within thirty (30) days after the Respondent has notified the Claimant of the appointment of the Respondent's arbitrator or, in the event of a failure by the Respondent to appoint, within thirty (30) days after the ICC has notified the Parties (and any arbitrator already appointed) of its appointment of an arbitrator on behalf of the Respondent. When the third arbitrator has accepted the appointment, the two (2) arbitrators making the appointment shall promptly notify the Parties of the appointment. If the first two (2) arbitrators appointed fail to appoint a third arbitrator or to so notify the Parties within the time period prescribed above, the ICC shall appoint the third arbitrator and shall promptly notify the Parties of the appointment. The third arbitrator shall act as chairman of the arbitration tribunal (in accordance with the Arbitration Rules). Each of the arbitrators shall be, to the extent appropriate, knowledgeable about the legal, marketing and other business aspects of the airline industry (and provided that such persons are then available) and fluent in the English language. If a Party does not object to an arbitrator within seven (7) days of appointment, such arbitrator shall be conclusively presumed to have such qualifications. The arbitration proceedings shall take place in London, England or other location as mutually agreed by the Parties, and shall be conducted in the English language provided that all translation costs relating to documentation required in the proceedings shall be shared equally between or among all Parties involved in the Dispute no matter what the outcome of the arbitration. The fees for arbitrators shall be those provided in the Scales of Arbitrator's Fees attached to the ICC Rules of Arbitration.

9.4 In order to facilitate the comprehensive resolution of related Disputes, either of the Parties may, within thirty (30) days after the commencement of any arbitration, apply to consolidate that arbitration proceeding with any one or more arbitration proceedings previously commenced pursuant to this Agreement (or the Global Airline Alliance Agreement relating to the SkyTeam Alliance, if Delta and Korean are at that time parties to such agreement). Such application shall be

made to the arbitration tribunal in the earliest filed arbitration among those that the Party seeks to consolidate (the "First Tribunal"), which shall have the sole power to determine such issue. The First Tribunal shall not consolidate such arbitrations unless it determines that (1) there are issues of fact and law common to the two proceedings so that a consolidated proceeding would be more efficient than separate proceedings; and (2) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the case the arbitration proceedings are consolidated, the First Tribunal shall serve as the tribunal for all consolidated proceedings.

9.5 Unless a Party challenges the appointment of any arbitrator, the Parties agree to use all reasonable endeavors to complete the arbitration within 120 days commencing from the date the last arbitrator accepts his or her appointment. In the event of a challenge, the 120 day period shall begin to run from the date the ICC resolves the challenge and, if necessary, appoints another arbitrator. Any decision or award of the arbitrator(s) shall be based solely on the terms of this Agreement, the evidence submitted by the Parties and/or obtained by the arbitrator(s) in accordance with the Arbitration Rules and the substantive governing law applicable hereto.

9.6 The Parties waive any right to appeal the arbitration award, to the extent a right to appeal may be lawfully waived. Each Party retain the right to seek judicial assistance: (a) to compel arbitration; (b) to obtain interim measures of protection pending arbitration; and (c) to enforce any decision of the arbitration panel, including the final award.

9.7 Notwithstanding the above, Disputes involving purely financial matters will be arbitrated pursuant to the arbitration procedures set forth above, but with each Party involved in the Dispute submitting their version of a proposed resolution and the arbitration panel choosing one or the other as the most appropriate resolution.

ARTICLE 10: EXECUTION AND TERMINATION

10.1 This Agreement shall be effective, subject to necessary government approvals, from the Effective Date set forth below and remain in effect concurrent with the Codesharing Agreement between the Parties; provided, it may be terminated at an earlier date in accordance with Article 6 or Article 7 hereof.

10.2 In the event of termination of this Agreement, each Party agrees to fulfill all obligations which accrued hereunder prior to the termination becoming effective.

10.3 NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, PUNITIVE, SPECIAL OR EXEMPLARY DAMAGES, INCLUDING LOST PROSPECTIVE ECONOMIC ADVANTAGE, LOST PROFITS, OR ANY UNWIND COSTS ARISING FROM ANY PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, OR ANY TERMINATION OF THIS 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 EACH OTHER PARTY REGARDING SUCH DAMAGES

ARTICLE 11: FORCE MAJEURE

11.1 Neither Party shall be liable in respect of any failure to fulfill its obligations under this Agreement if such failure is due to reasons beyond its reasonable control, including, but not limited to, governmental interference, direction or restriction, war or civil commotion, strikes, lock-out, labor disputes, public enemy, blockade, insurrections, riots, acts of nature, accidents to the aircraft in the course of operating, involuntary aircraft grounding or mandatory downtime imposed by a government authority, epidemics or quarantine restrictions ("Force Majeure").

11.2 In any such case the obligation of the affected party to perform such obligations will be suspended or limited (to the extent circumstances permit performance) (except for the obligation to pay any amounts due and payable to the other Party (and that became due and payable prior to the date of the Force Majeure)) until such circumstances shall have ceased and neither Party shall be held to pay any damage or cost of whatever kind (except for any accrued rights and liabilities) in respect of such affected obligations.

11.3 If either Party is affected by Force Majeure, it shall immediately notify, in writing, the other Party of the nature and extent of the circumstances in question and in such case the Parties shall discuss and agree on the action to be taken.

ARTICLE 12: CERTIFICATION, REGISTRATION FEES

All certification, filing or registration fees or duties which may be assessed in connection with this Agreement under the national law of either Party to this Agreement are payable by that Party.

ARTICLE 13: NOTICES

Unless otherwise expressly set forth in this Agreement, all notices, reports, and other communications required or permitted hereunder or thereunder to be given to or made upon either Party hereto shall be in writing, and shall 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 acknowledgements 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) effective upon receipt. For the purposes of notice, the addresses of the Parties shall be as set forth below; provided, however, that either Party shall 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.

Notices to Delta shall be addressed to:

Alliance Marketing (Dept. No. 761)
Delta Air Lines, Inc.
1030 Delta Boulevard
Atlanta, GA 30320
USA
Attention: SVP- International and
Alliances
Facsimile No. 404-715-4411

with a copy to:

Law Department (Dept. No. 971)
Delta Air Lines, Inc.
1030 Delta Boulevard
Atlanta, GA 30320
USA
Attention: SVP-General Counsel
Facsimile No. 404-715-2233

Notices to Korean shall be addressed

to:
Korean Air Lines Co., Ltd.
1370 Gonghang-dong
Kang Seo Ku, Seoul
Korea
Attention: Managing Vice President -
International Relations
Facsimile: (02) 771-0452
SITA: SELBRKE

with a copy to:

Korean Air Lines Co., Ltd.
1370 Gonghang-dong
Kang Seo Ku, Seoul
Korea
Attention: Vice President - Passenger
Marketing
Regional Headquarters, Americas
Facsimile: (213) 484-5799
SITA: LAXRSKE

ARTICLE 14: MISCELLANEOUS

14.1 Waiver

No failure to exercise and no delay in exercising, on the part of either Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof, nor shall 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 either Party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by either Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.

14.2 Assignment

Neither Party hereto shall assign or transfer or permit the assignment or transfer of this Agreement without the prior written consent of the other Party. Any purported assignment or transfer without such consent shall be null and void and of no force or effect.

14.3 Public Announcements

The Parties intend to coordinate all permitted public announcements, press releases or other information provided to the media regarding this Agreement and any related agreements, and each Party agrees to use reasonable efforts to review any such materials with the other party before distributing those materials to media representatives or any other person.

14.4 Expenses

Each of the Parties hereto shall bear its own lawyers', accountants' and other fees, costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and any of the transactions contemplated hereby or thereby.

14.5 Representations and Warranties

Each Party represents and warrants to the other, as of the date hereof:

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. The execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by it, and, assuming due authorization, execution and delivery by the other party hereto, this Agreement 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 shall not: (i) contravene, conflict with or cause a default under (A) any applicable law, rule or regulation binding on it (assuming that any necessary regulatory 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.

C. The execution, delivery and performance by it of this Agreement does 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 Regulatory Approval, any trustee or holder of any of its indebtedness or obligations, any stockholder or any other person or entity.

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

14.6 Indemnification

Subject to Section 10.3, each Party agrees to indemnify the other Party, its directors, officers, agents and employees (collectively, the "Indemnified Parties") against, and agrees to protect, save and keep harmless each thereof from, any and all liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, out-of-pocket costs, expenses and disbursements (including reasonable legal fees and expenses) of whatsoever kind and nature (collectively the "Claims"), imposed on, incurred by, or asserted against the Indemnified Parties relating to or arising out of any breach by such Party of this Agreement, unless such liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs, expenses or disbursements arise out of or are attributable to the gross negligence

or willful misconduct of an Indemnified Party (or a director, officer, agent or employee thereof).

14.7 Independent Contractor

Each Party hereto is an independent contractor. Nothing in this Agreement is intended or shall 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. Each Party will remain an entirely separate corporate entity and, unless otherwise expressly provided herein, will retain independent decision making and managerial authority regarding all matters.

14.8 Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and permitted assigns.

14.9 Sovereign Immunity

Each Party acknowledges that the transactions contemplated by this Agreement involve commercial activity carried on throughout the world. To the extent that either Party hereto or any of its property is or becomes entitled at any time to any immunity, on the grounds of sovereignty or otherwise, from any legal action, suit, arbitration proceeding or other proceeding, from set-off or counterclaim, from the jurisdiction of any court of competent jurisdiction, from service of process, from attachment prior to judgment or after judgment, from attachment in aid of execution or levy or execution resulting from a decree or judgment, from judgment or from jurisdiction, that Party for itself and its property does hereby irrevocably and unconditionally waive all rights to, and agrees not to plead or claim any such immunity with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement or the subject matter hereof. Such agreement shall be irrevocable and not subject to withdrawal in any and all jurisdictions, including under the Foreign Sovereign Immunities Act of 1976 of the United States of America.

14.10 No Third Party Beneficiary

All rights, remedies and obligations of the Parties hereunder shall accrue and apply solely to such Parties and their successors and assigns and there is no intent to benefit any third Parties.

14.11 Further Assurances

Each Party will cooperate fully with the other Party, and shall 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 law, or may be reasonably requested by the other Party to carry out and effectuate the purposes of this Agreement.

14.12 Other

- (a) Unless otherwise specified in this Agreement, all references in this Agreement to "herein", "hereof", "hereto", "hereby", and "hereunder" shall 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" shall mean "including without limitation" or "include without limitation", respectively. References herein to the termination of this Agreement (or words of similar import) shall mean the termination of this Agreement by exercise of termination rights.
- (b) The captions appearing in this Agreement 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 provisions hereof.
- (c) This Agreement is the product of negotiations between the Parties and shall be construed as if jointly prepared and drafted by them, and no provision hereof shall be construed for or against any Party by reason of ambiguity in language, rules of construction against the drafting Party or similar doctrine.
- (d) This Agreement may be executed by one or both of the Parties hereto on any number of separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Execution may be effected by delivery of facsimiles of signature pages (and the Parties shall follow such delivery by prompt delivery of originals of such pages).
- (e) This Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof, and, as of the Effective Date, terminate and supersede all prior or contemporaneous agreements, discussions, undertakings and understandings, whether written or oral, expressed or implied, between the Parties with respect to the subject matter hereof and thereof.

14.11 Survival

The provisions of Articles 8, 9, 12, 13, and 14 shall survive the termination of this Agreement as necessary in order to permit the Parties to satisfy any obligations hereunder following such termination.

[The remainder of this page is intentionally left blank.]

[Signature Page to the Cooperation Agreement between Delta Air Lines, Inc. and
Korean Air Lines Co., Ltd.]

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
Effective Date set forth below

Delta Air Lines, Inc.

By: 
Paul G. Matsen
SVP - International & Alliances

Korean Air Lines Co., Ltd.

By: 
J.H. Lee
Executive VP Passenger Sales & Traffic

Effective Date: February 18, 2002

**COORDINATION AGREEMENT
(AF, AZ, DL, OK, KE)**

This Coordination Agreement (this "Agreement"), effective on the date specified on the signature page hereto (the "Effective Date"), is by and among:

Alitalia-Linee Aeree Italiane S.p.A., having its registered office at Viale A. Marchetti 111, 00148 Roma, Italy (hereinafter referred to as "Alitalia"); and

Czech Airlines, Plc., having its registered office at K letisti 42, 160 00, Prague, Czech Republic (hereinafter referred to as "CSA"); and

Société Air France, a société anonyme, having its registered office at 45 rue de Paris, 95747 Roissy CDG CEDEX, France (hereinafter referred to as "Air France"); and

Korean Air Lines Co., Ltd., having its principal office at 41-3 Seosomun - dong, Chung-gu, Seoul, Korea, (hereinafter referred to as "Korean"); and

Delta Air Lines, Inc., a Delaware corporation, having its principal office at 1030 Delta Boulevard, Atlanta, Ga., 30320, USA (hereinafter referred to as "Delta").

In this Agreement, Air France, Alitalia, CSA, Korean or Delta may each be individually referred to as a "Party" and may collectively be referred to as the "Parties".

Recitals

Alitalia, CSA, Air France and Delta are parties to that certain Coordination Agreement dated November 1, 2001 (as amended, supplemented or otherwise modified and in effect from time to time, the "November 2001 Coordination Agreement"), which, among other things, establishes a contractual framework for commercial cooperation and integration of their respective airline systems; and

On January 22, 2002, the U.S. Department of Transportation granted antitrust immunity to the November 2001 Coordination Agreement and related agreements; and

Alitalia, CSA, Korean, Air France and Delta desire to enter into this agreement, on terms identical in all material respects to those set forth in the November 2001 Coordination Agreement, for the purpose of expanding the antitrust immunized alliance to include Korean and to ensure that all of the Parties hereto at all times will enjoy all of the benefits available to an antitrust immunized alliance; and

In furtherance of that objective, each of Korean, Alitalia, CSA and Air France has, as of the Effective Date, entered into a Cooperation Agreement with Delta, and with one another (collectively, the "Cooperation Agreements"); and

The Cooperation Agreements provide the opportunity to strengthen the bilateral commercial cooperation between each of Alitalia, CSA, Delta, Korean, and Air France, with one another, as described in said agreements,

The Parties view each of the Cooperation Agreements as complementary of the others; and

The Parties desire the opportunity to enhance their current bilateral cooperative marketing efforts by establishing a legal framework under which any two or more of the Parties may coordinate their Passenger Programs and Cargo Programs activities (as described in the Cooperation Agreements) in order to improve the coordination of air transportation services offered by the Parties while maximizing overall efficiencies; and

The United States Government has concluded and executed "open skies" bilateral air services agreements with the Governments of Italy, France, Korea and the Czech Republic, the home countries of Alitalia, Air France, Korean, and CSA, respectively; and

The Parties wish to take full advantage of the commercial opportunities presented by the establishment of "open skies" bilateral aviation agreements between the Government of the United States and the Governments of Italy, France, Korea and the Czech Republic by filing this Agreement for approval and antitrust immunity; and

Through the operation of an antitrust immunized alliance that will permit commercial cooperation between and among any two or more of the Parties, the undersigned carriers will have the opportunity to generate efficiencies and synergies for their worldwide air transportation operations making each carrier a stronger competitor in the global air transportation marketplace; and

The Parties view this Agreement as establishing a contractual framework for commercial cooperation and integration of the airline systems of the Parties following the receipt of antitrust immunity, as set forth herein.

In consideration of the premises and the mutual covenants and agreements herein contained, the undersigned Parties agree, subject to all necessary approvals and grant of antitrust immunity from the requisite government authorities, to enter into this Agreement under the terms and conditions set forth herein:

ARTICLE 1. SCOPE OF THIS AGREEMENT

1.1 The undersigned Parties hereby agree to establish a legal framework under which any two or more of the Parties may expand and enhance their current cooperative marketing efforts.

1.2 The enhanced commercial cooperation contemplated under this Agreement will be implemented through mutually agreed commercial arrangements that will be designed to enhance the level of passenger and/or cargo cooperation between or among any two or more of the Parties.

1.3 Articles 2 and 3 set forth the commercial areas in which the Parties plan to engage in coordinated commercial activities, through the development of additional agreements and marketing programs, including, without limitation, agreements to further define and implement coordination of their air transportation and cargo products and services offered to passengers and shippers. The implementation of these coordinated passenger and cargo programs will be managed, by mutual agreement, between or among any two or more of the Parties.

1.4 Any combination of two or more of the Parties may engage in conduct described in Articles 2 and 3; provided, nothing in this Agreement addresses or limits the ability of a signatory to any particular Cooperation Agreement to discuss and agree on matters within the purview of that Cooperation Agreement.

ARTICLE 2: COOPERATION IN PASSENGER PROGRAMS

Any two or more of the Parties may, as part of their enhanced commercial cooperation, agree to engage in cooperative programs and coordinated activities to market and sell the carriers' passenger air transportation products and services through cooperative, joint marketing agreements and programs. The cooperative marketing programs will contain those joint sales and marketing elements mutually agreed upon by two or more of the Parties (including any elements of the "Passenger Program" as described in the Cooperation Agreements). This includes, without limitation, programs designed to coordinate and reach agreements in the areas of sales, fares, seat allocations, revenue management, schedules, flights, route networks, joint marketing programs, frequent flyer programs, distribution programs, Internet distribution, travel agent programs, travel agent and GSA compensation, form agreements, revenue sharing cost sharing, joint purchasing, computer systems, information sharing, facilities, information systems, quality and service standards, consumer marketing programs, advertising, budgets, business plans and other related passenger matters.

ARTICLE 3: COOPERATION IN CARGO PROGRAMS

In addition to the commercial cooperation described in Article 2 above, any two or more of the Parties may engage in cooperative programs and coordinated activities related to cargo air transportation products and services, including the coordination of all marketing and sales activities related to the carriers' cargo air transportation products and activities, including joint cargo sales, cooperation in cargo marketing programs and cargo joint venture arrangements. The terms of the cooperative arrangements for the cargo program will include those elements mutually agreed upon by two or more of the Parties (including any elements of the "Cargo Program" as described in the Cooperation Agreements) and the coordinated marketing and sale of cargo air transportation products and services. This includes, without limitation, programs designed to coordinate and reach agreements in the areas of sales, rates, cargo allocations, revenue management, schedules, flights, route networks, joint marketing programs, customer reward programs, distribution programs, Internet distribution, freight forwarder programs, freight forwarder and GSA compensation, form agreements, revenue sharing cost sharing, joint purchasing, computer systems, information sharing, facilities, information systems, quality and service standards, customer marketing programs, advertising, budgets, business plans and other related cargo matters.

ARTICLE 4: IMPLEMENTATION OF THIS AGREEMENT; COOPERATION WITH AFFILIATED CARRIERS

4.1 All aspects of commercial cooperation hereunder, including those areas outlined in Article 2 and Article 3, shall be subject to the prior review and written approval of the Parties engaged in the cooperation activity.

4.2 The Parties agree that the participation of a Party's "Affiliated Carriers" will enhance their ability to offer coordinated passenger and cargo programs in competition with other

international airline alliances over a larger hub and spoke network for the benefit of a greater number of customers. For the purposes of this Agreement, "Affiliated Carriers" shall mean those commuter and other airlines operating flights under a Party's two letter designator code pursuant to a codesharing arrangement.

4.3 The Parties will include Affiliated Carriers in the passenger and cargo cooperation contemplated in this Agreement for those flights operated under a Party's two letter designator code, subject to the mutual agreement of two or more of the Parties and the receipt of all necessary government approvals. The Parties agree that the inclusion of another Party's Affiliated Carriers will be pursuant to this Agreement and will not require the execution of separate subsidiary agreements. The Parties will work with one another to reach mutual agreement on the coordination of passenger and cargo activities with Affiliated Carriers, including, *inter alia*, the manner, timing and extent to which the terms of this Agreement apply to such Affiliated Carriers.

4.4 The participation of any Affiliated Carrier in the commercial cooperation made permissible by this Agreement with any Party shall automatically terminate with respect to that Party upon termination of the Cooperation Agreement between that Party and the Party that is the Parent of such Affiliated Carrier.

ARTICLE 5: GOVERNMENTAL AND REGULATORY APPROVALS

5.1 In carrying out this Agreement, the Parties will comply with all necessary government laws, regulations, and requirements, including, but not limited to, the applicable competition laws.

5.2 The Parties shall take all necessary steps, in cooperation with each other, to obtain all approvals, if any, from government authorities in the United States, France, Italy, Korea, the Czech Republic, the European Union, or any other appropriate governmental authority, in order to carry out the terms of this Agreement.

5.3 In the event that any governmental agency or regulatory body having jurisdiction over the subject matter hereof shall require any material condition or limitation to this Agreement, the Parties shall negotiate in good faith to make such amendments to this Agreement as shall be necessary to achieve the purposes and objectives of this Agreement. If (i) any such condition or limitation, in the reasonable judgment of a Party, is fundamental to the intent of that Party and the operation of this Agreement, and (ii) the Parties, acting in accordance with this Section 5.3 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, then such Party shall have the right to withdraw from this Agreement upon a further thirty (30) days advance written notice to the other Parties, which action shall not effect a termination of this Agreement; provided that two or more Cooperation Agreements remain in effect.

5.4 In the event that any necessary governmental approval is withdrawn or any governmental order issued, or there is any change in applicable statutes, laws, or regulations governing the operations contemplated by this Agreement which would materially affect the rights, benefits, and/or obligations of the Parties hereto, the Parties shall comply therewith, and shall not be liable to each other for failure to fulfill any obligations under this Agreement that may be inconsistent with such changes, orders, statutes, laws, or regulations. In such circumstance, the Parties shall negotiate in good faith to make such amendments to this Agreement as may be

necessary and sufficient to achieve the purposes and objectives of this Agreement. If (i) any such change in government approvals, orders, statutes, laws or regulations, in the reasonable judgment of a Party, would have a material adverse effect on the operation of this Agreement, and (ii) the Parties, acting in accordance with this Section 5.4 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, then such Party shall have the right to withdraw from this Agreement upon a further thirty (30) days advance written notice to the other Parties, which action shall not effect a termination of this Agreement; provided that more than two Parties remain Parties to this Agreement.

ARTICLE 6: SEVERABILITY

6.1 If any non-material provision contained in this Agreement shall be held to be invalid or unenforceable in any respect in any jurisdiction, such invalidity or unenforceability shall not affect the other provisions hereof which can be given effect without the invalid provision, and to this end the provisions of this Agreement are intended to be and shall be deemed severable.

6.2 The Parties agree to use their best efforts to replace such invalid or unenforceable provision with a valid and enforceable provision having, to the maximum extent possible, the same economic or practical effect.

6.3 If (i) in the reasonable judgment of a Party any provision or provisions held to be invalid and unenforceable is or are fundamental to the intent of such Party and the operation of this Agreement, and (ii) the Parties, acting in accordance with Section 6.2 are unable to agree upon a suitable replacement provision within thirty (30) days of receiving notice thereof from such Party, such Party shall have the right to withdraw from this Agreement upon a further thirty (30) days' prior written notice to the other Parties, which action shall not effect a termination of this Agreement; provided that more than two Parties remain Parties to this Agreement.

ARTICLE 7: APPLICABLE LAW

This Agreement shall in all respects be governed by and interpreted in accordance with the laws of the State of New York (without regard to principles of conflicts of law), including all matters of construction, validity and performance applicable to contracts made and to be performed therein.

ARTICLE 8: DISPUTE RESOLUTION

8.1 In respect of any dispute, controversy, or claim, of any and every kind or type, whether based on contract, tort, statute, regulations, or otherwise, arising out of, connected with, or relating in any way to this Agreement, the relationship of the Parties, the obligations of the Parties or the operations carried out under this Agreement, including without limitation, any dispute as to the existence, validity, construction, interpretation, negotiation, performance, non-performance, breach, termination, or enforceability of this Agreement (among (or between) two or more Parties to this Agreement)(each of the foregoing a "Dispute"), the Parties will first consult and negotiate with each other in good faith in an attempt to resolve the Dispute by submitting such matter to a Dispute Resolution Committee made up of two (2) management representatives (Vice Presidents,

Directors) designated by each Party. The Dispute Resolution Committee will meet as required (in person or by telephone) at a mutually agreed time and location to review Disputes and make recommendations. In addressing any Dispute, the Dispute Resolution Committee will obtain input from a broad spectrum of representatives of the Parties. If such efforts are unsuccessful to reach a consensus for resolution of such matter within thirty (30) days after a written notice has been served by one Party to the other for this purpose, such Dispute shall be settled through final, binding and confidential arbitration.

8.2 Any Dispute submitted for arbitration shall be finally referred to and settled by binding and confidential arbitration according to and in accordance with the UNCITRAL Arbitration Rules (the "Arbitration Rules"), which Arbitration Rules are deemed to be incorporated by reference herein, except as they may be modified herein or by mutual agreement of the Parties. In the event of a conflict between the Arbitration Rules and the provisions of this Agreement, the provisions of this Agreement shall prevail. The appointing authority shall be the International Court of Arbitration of the International Chamber of Commerce (ICC) acting in accordance with the ICC Rules of Arbitration for that purpose, to the extent not inconsistent with Clause 8.3.

8.3 The arbitration, including the rendering of the award, shall be conducted by three (3) arbitrators mutually agreed by the Parties or, in the absence of such agreement, designated by the ICC; provided, however, that the arbitration may be conducted by only one (1) arbitrator if the Parties so agree in advance of the arbitration and are able to agree upon a single, mutually acceptable individual. The arbitration proceedings shall take place in London, England or other location as mutually agreed by the Parties, and shall be conducted in the English language provided that all translation costs relating to documentation required in the proceedings shall be shared equally between or among all Parties involved in the Dispute no matter what the outcome of the arbitration. The fees for arbitrators shall be those provided in the Scales of Arbitrator's Fees attached to the ICC Rules of Arbitration.

8.4 In order to facilitate the comprehensive resolution of related Disputes, either of the Parties may, within thirty (30) days after the commencement of any arbitration, apply to consolidate that arbitration proceeding with any one or more arbitration proceedings previously commenced pursuant to this Agreement (or the Global Airline Alliance Agreement relating to the SkyTeam Alliance, the disputing Parties are at that time parties to such agreement). Such application shall be made to the arbitration tribunal in the earliest filed arbitration among those that the Party seeks to consolidate (the "First Tribunal"), which shall have the sole power to determine such issue. The First Tribunal shall not consolidate such arbitrations unless it determines that (1) there are issues of fact and law common to the two proceedings so that a consolidated proceeding would be more efficient than separate proceedings; and (2) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the case the arbitration proceedings are consolidated, the First Tribunal shall serve as the tribunal for all consolidated proceedings.

8.5 Unless a Party challenges the appointment of any arbitrator, the Parties agree to use all reasonable endeavors to complete the arbitration within 120 days commencing from the date the last arbitrator accepts his or her appointment. In the event of a challenge, the 120 day period shall begin to run from the date the ICC resolves the challenge and, if necessary, appoints another arbitrator. Any decision or award of the arbitrator(s) shall be based solely on the terms of this Agreement, the evidence submitted by the Parties and/or obtained by the arbitrator(s) in accordance with the Arbitration Rules and the substantive governing law applicable hereto.

8.6 The Parties waive any right to appeal the arbitration award, to the extent a right of appeal may be lawfully waived. Each Party retains the right to seek judicial assistance: (a) to compel arbitration; (b) to obtain interim measures of protection pending arbitration; and (c) to enforce any decision of the arbitration panel, including the final award.

8.7 Notwithstanding the above, Disputes involving purely financial matters will be arbitrated pursuant to the arbitration procedures set forth above, but with each Party involved in the Dispute submitting their version of a proposed resolution and the arbitration panel choosing one of the proposals as the most appropriate resolution.

ARTICLE 9: EXECUTION AND TERMINATION

9.1 This Agreement shall be effective, subject to necessary government approvals, from the Effective Date set forth below and remain in effect for each Party concurrent with each of the Cooperation Agreements entered into by that Party; provided, a Party may withdraw from this Agreement at an earlier date in accordance with Article 5 or Article 6 hereof. The withdrawal of a Party from this Agreement shall not effect a termination of this Agreement; provided that two or more Cooperation Agreements remain in effect.

9.2 In the event of a withdrawal of a Party from this Agreement, or a termination of this Agreement, each Party agrees to fulfill all obligations which accrued hereunder prior to the termination becoming effective.

9.3 NO PARTY WILL BE LIABLE TO ANY OTHER PARTY FOR ANY CONSEQUENTIAL, PUNITIVE, SPECIAL OR EXEMPLARY DAMAGES, INCLUDING LOST PROSPECTIVE ECONOMIC ADVANTAGE, LOST PROFITS, OR ANY UNWIND COSTS ARISING FROM ANY PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, OR ANY TERMINATION OF THIS 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 EACH OTHER PARTY REGARDING SUCH DAMAGES.

ARTICLE 10: FORCE MAJEURE

10.1 No Party shall be liable in respect of any failure to fulfill its obligations under this Agreement if such failure is due to reasons beyond its reasonable control, including, but not limited to, governmental interference, direction or restriction, war or civil commotion, strikes, lock-out, labor disputes, public enemy, blockade, insurrections, riots, acts of nature, accidents to the aircraft in the course of operating, involuntary aircraft grounding or mandatory downtime imposed by a government authority, epidemics or quarantine restrictions ("Force Majeure").

10.2 In any such case the obligation of the affected Party to perform such obligations will be suspended or limited (to the extent circumstances permit performance) (except for the obligation to pay any amounts due and payable to the other Party or Parties (and that became due and payable prior to the date of the Force Majeure)) until such circumstances shall have ceased

and no Party shall be held to pay any damage or cost of whatever kind (except for any accrued rights and liabilities) in respect of such affected obligations.

10.3 If a Party is affected by Force Majeure, it shall immediately notify, in writing, the other Parties of the nature and extent of the circumstances in question and in such case the Parties shall discuss and agree on the action to be taken.

ARTICLE 11: CERTIFICATION, REGISTRATION FEES

All certification, filing or registration fees or duties which may be assessed in connection with this Agreement under the national law of a Party to this Agreement are payable by that Party.

ARTICLE 12: NOTICES

Unless otherwise expressly set forth in this Agreement, all notices, reports, and other communications required or permitted hereunder or thereunder to be given to or made upon a Party hereto shall be in writing, and shall 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) effective upon receipt. For the purposes of notice, the addresses of the Parties shall be as set forth below; provided, however, that a Party shall 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 Parties in the manner set forth above. Notices to a Party shall be to the address specified in the Cooperation Agreement.

ARTICLE 13: MISCELLANEOUS

13.1 Waiver

No failure to exercise and no delay in exercising, on the part of a Party, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof, nor shall 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 a Party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by a Party of any term or provision of this Agreement shall be deemed to have been made unless expressed in writing and signed by such Party.

13.2 Assignment

No Party hereto shall assign or transfer or permit the assignment or transfer of this Agreement without the prior written consent of the other Parties. Any purported assignment or transfer without such consent shall be null and void and of no force or effect.

13.3 Public Announcements

The Parties intend to coordinate all permitted public announcements, press releases or other information provided to the media regarding this Agreement and any related agreements, and each Party agrees to use reasonable efforts to review any such materials with the other Parties before distributing those materials to media representatives or any other person.

13.4 Expenses

Each of the Parties hereto shall bear its own lawyers', accountants' and other fees, costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and any of the transactions contemplated hereby or thereby.

13.5 Independent Contractor

Each of the Parties hereto is an independent contractor. Nothing in this Agreement is intended or shall 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 another Party), partnership, joint venture or fiduciary relationship between or among the Parties. No Party hereto or any of its affiliates has any authority to act for or to incur any obligations on behalf of or in the name of any other Party hereto or any of its affiliates. Each of the Parties will remain an entirely separate corporate entity and, unless otherwise expressly provided herein, will retain independent decision making and managerial authority regarding all matters.

13.6 Representations and Warranties

Each Party represents and warrants to the other Parties, as of the date hereof:

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. The execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by it, and, assuming due authorization, execution and delivery by each of the other Parties hereto, this Agreement 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 shall not: (i) contravene, conflict with or cause a default under (A) any applicable law, rule or regulation binding on it (assuming that any necessary regulatory 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.

C. The execution, delivery and performance by it of this Agreement does 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 Regulatory Approval, any trustee or holder of any of its indebtedness or obligations, any stockholder or any other person or entity.

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

13.7 Indemnification

Subject to Section 9.3, each Party agrees to indemnify each of the other Parties, its directors, officers, agents and employees (collectively, the "Indemnified Parties") against, and agrees to protect, save and keep harmless each thereof from, any and all liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, out-of-pocket costs, expenses and disbursements (including reasonable legal fees and expenses) of whatsoever kind and nature (collectively the "Claims"), imposed on, incurred by, or asserted against the Indemnified Parties relating to or arising out of any breach by such Party of this Agreement, provided that, in no event shall the indemnifying Party be required to indemnify another Party against any liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs, expenses or disbursements to the extent that such liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs, expenses or disbursements arise out of or are attributable to the gross negligence or willful misconduct of such Party (or a director, officer, agent or employee thereof).

13.8 Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their successors and permitted assigns.

13.9 Sovereign Immunity

All Parties acknowledge that the transactions contemplated by this Agreement involve commercial activity carried on throughout the world. To the extent that a Party hereto or any of its property is or becomes entitled at any time to any immunity, on the grounds of sovereignty or otherwise, from any legal action, suit, arbitration proceeding or other proceeding, from set-off or counterclaim, from the jurisdiction of any court of competent jurisdiction, from service of process, from attachment prior to judgment or after judgment, from attachment in aid of execution or levy or execution resulting from a decree or judgment, from judgment or from jurisdiction, that Party for itself and its property does hereby irrevocably and unconditionally waive all rights to, and agrees not to plead or claim any such immunity with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement or the subject matter hereof. Such agreement shall be irrevocable and not subject to withdrawal in any and all jurisdictions, including under the Foreign Sovereign Immunities Act of 1976 of the United States of America.

13.10 No Third Party Beneficiary

All rights, remedies and obligations of the Parties hereunder shall accrue and apply solely to such Parties and their successors and assigns and there is no intent to benefit any third parties.

13.11 Further Assurances

Each Party will cooperate fully with the other Parties, and shall do and perform such further acts and execute and deliver such further instruments and documents, as may be required by applicable law, or may be reasonably requested by any other Party to carry out and effectuate the purposes of this Agreement.

13.12 Other

(a) Unless otherwise specified in this Agreement, all references in this Agreement to “herein”, “hereof”, “hereto”, “hereby”, and “hereunder” shall 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” shall mean “including without limitation” or “include without limitation”, respectively. References herein to the termination of this Agreement (or words of similar import) shall mean the termination of this Agreement by exercise of termination rights.

(b) The captions appearing in this Agreement 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 provisions hereof.

(c) This Agreement is the product of negotiations between the Parties and shall be construed as if jointly prepared and drafted by them, and no provision hereof shall be construed for or against any Party by reason of ambiguity in language, rules of construction against the drafting Party or similar doctrine.

(d) This Agreement may be executed by any of the Parties hereto on any number of separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Execution may be effected by delivery of facsimiles of signature pages (and the Parties shall follow such delivery by prompt delivery of originals of such pages).

(e) This Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof, and, as of the Effective Date terminates and supersedes all prior or contemporaneous agreements, discussions, undertakings and understandings, whether written or oral, expressed or implied, between the Parties with respect to the subject matter hereof and thereof, except with respect to the November 2001 Coordination Agreement which remains valid and in effect for agreements among Air France, Delta, Alitalia, and CSA.

13.13 Survival

The provisions of Articles 7, 8, 11, 12, and 13 shall survive the termination of this Agreement as necessary in order to permit the Parties to satisfy any obligations hereunder following such termination.

[The remainder of this page is intentionally left blank.]

[Signature Page to the Coordination Agreement between Delta Air Lines, Inc., Alitalia-Linee Aeree Italiane S.p.A., Société Air France, Czech Airlines Plc, and Korean Air Lines Co., Ltd.]

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 Effective Date set forth below

Delta Air Lines, Inc.

Société Air France

By: 
Paul G. Matsen
SVP - International & Alliances

By: _____
Dominique Patry
VP International Affairs and
Alliances

Alitalia-Linee Aeree Italiane S.p.A.

Czech Airlines, Plc

By: _____
Giorgio Callegari
Vice President Alliances &
International Relations

By: _____
Vaclav Kral
Executive Vice President - Marketing

Korean Air Lines Co., Ltd.

By: 
J.H. Lee
Executive VP Passenger Sales & Traffic

Effective Date*: February 18, 2002

*Note - Notwithstanding the Effective Date specified above, the Parties acknowledge that the implementation of this Agreement is subject to the receipt of all required government approvals.

Linee Aeree Italiane S.p.A., Société Air France, Czech Airlines, S.p.A.,
Korean Air Lines Co., Ltd.]

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Société Air France

By: _____
Paul G. Maxson
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Dominique Patry
VP International Affairs and Alliances

Alitalia-Linee Aeree Italiane S.p.A.

Czech Airlines, Plc

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Giorgio Callegari
Vice President Alliances & International Relations

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Delta Air Lines, Inc.

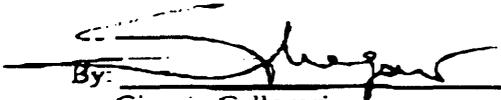
Société Air France

By: _____
Paul G. Matsen
SVP - International & Alliances

By: _____
Dominique Patry
VP International Affairs and Alliances

Alitalia-Linee Aeree Italiane S.p.A.

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By: 
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Delta Air Lines, Inc.

Société Air France

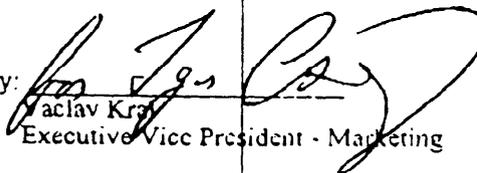
By: _____
Paul G. Matsen
SVP - International & Alliances

By: _____
Dominique Patry
VP International Affairs and Alliances

Alitalia-Linee Aeree Italiane S.p.A.

Czech Airlines, Plc

By: _____
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Vice President Alliances & International Relations

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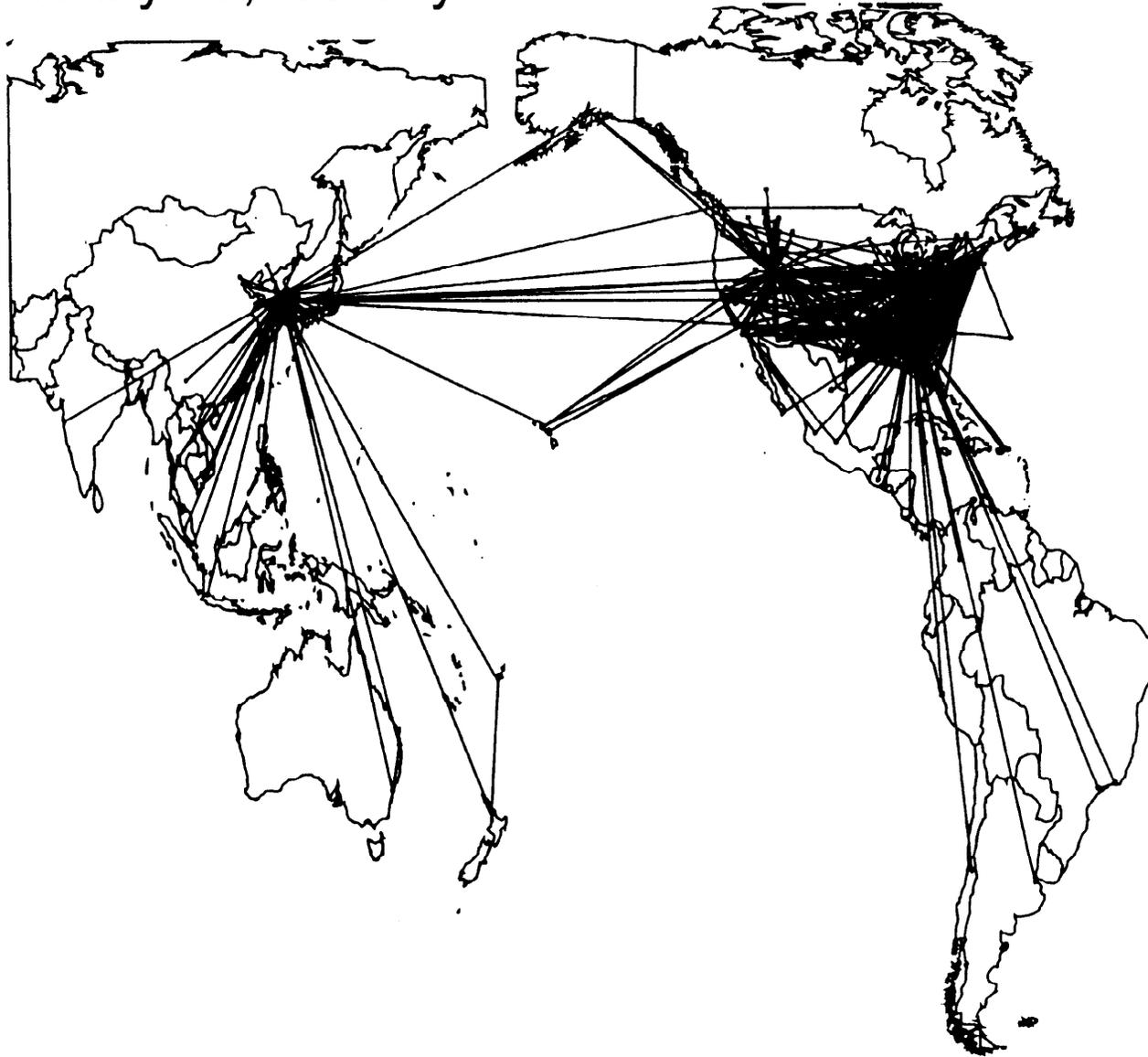
Korean Air Lines Co., Ltd.

By: _____
J.H. Lee
Executive VP Passenger Sales & Traffic

Effective Date*: February 18, 2002

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Delta and KAL Will Create a New Network Linking Nearly 10,000 City-Pairs in Asia and the Americas



**There are 30 Carriers Operating 759 Weekly Nonstop Round-Trip
Flights Between North America and the Asia/Pacific Region**

<u>Carrier</u>	<u>Weekly R/T Seats</u>	<u>Seat Share</u>	<u>Weekly R/T Frequencies</u>	<u>Frequency Share</u>
UA	47,488	18.3%	119	15.7%
NW	32,484	12.5%	82	10.8%
AC	18,450	7.1%	74	9.7%
JL	22,000	8.5%	67	8.8%
KE	18,653	7.2%	53	7.0%
NH	16,545	6.4%	46	6.1%
CI	15,383	5.9%	40	5.3%
BR	8,916	3.4%	31	4.1%
SQ	10,753	4.1%	31	4.1%
QF	11,536	4.4%	29	3.8%
CX	8,157	3.1%	25	3.3%
AA	5,856	2.3%	24	3.2%
NZ	8,096	3.1%	23	3.0%
OZ	4,894	1.9%	17	2.2%
CO	4,560	1.8%	16	2.1%
CA	3,825	1.5%	12	1.6%
JO	2,400	0.9%	8	1.1%
DL	1,806	0.7%	7	0.9%
MH	2,814	1.1%	7	0.9%
MU	2,366	0.9%	7	0.9%
RG	2,002	0.8%	7	0.9%
TG	2,835	1.1%	7	0.9%
FJ	1,560	0.6%	5	0.7%
PR	1,250	0.5%	5	0.7%
CZ	1,168	0.5%	4	0.5%
IW	1,040	0.4%	4	0.5%
TN	920	0.4%	4	0.5%
AF	1,230	0.5%	3	0.4%
PH	154	0.1%	1	0.1%
HA	290	0.1%	1	0.1%
	259,431	100.0%	759	100.0%

Source: OAG Schedule, April 2002

**DL and KAL Serve
Only 10 Nonstop U.S.-Asia Transpacific Routes**

<u>Carrier</u>	<u>North America City</u>	<u>Asia City</u>
DL	ATL	NRT
KE	ANC	ICN
KE	DFW	ICN
KE	HNL	ICN
KE	IAD	ICN
KE	JFK	ICN
KE	LAX	ICN
KE	LAX	NRT
KE	ORD	ICN
KE	SFO	ICN

Source: OAG Schedule, April 2002

*Note: ATL-ICN 3x/week service begins 21 May 2002

US-Korea Nonstop Service

KE Eastbound Operated Flights									
Carrier	Flt. Number	Origin	Destination	Dept. Time	Arrival Time	Aircraft	DAYS	Ops/Week	Seats
KE	85	ICN	ANC	1855	935	744	_W-FS-	3	376
KE	35	ICN	DFW	1040	950	772	M-W-F--	3	301
KE	51	ICN	HNL	2010	950	772	M-WT--S	4	301
KE	93	ICN	IAD	1115	1200	744	_T-T-S-	3	376
KE	81	ICN	JFK	1100	1140	744	MTWTFSS	7	376
KE	11	ICN	LAX	2020	1520	744	MTWTFSS	7	376
KE	17	ICN	LAX	1500	1000	744	MTWTFSS	7	376
KE	37	ICN	ORD	1130	1020	744	_T-T-S-	3	376
KE	23	ICN	SFO	1640	1110	772	_TW-FSS	5	301

KE Westbound Operated Flights									
Carrier	Flt. Number	Origin	Destination	Dept. Time	Arrival Time	Aircraft	DAYS	Ops/Week	Seats
KE	86	ANC	ICN	425	605	744	--T-SS	3	376
KE	36	DFW	ICN	2350	435	772	M-W-F--	3	301
KE	52	HNL	ICN	1200	1640	772	M-WT--S	4	301
KE	94	IAD	ICN	1400	1730	744	_T-T-S-	3	376
KE	82	JFK	ICN	1330	1700	744	MTWTFSS	7	376
KE	12	LAX	ICN	30	545	744	MTWTFSS	7	376
KE	18	LAX	ICN	1230	1745	744	MTWTFSS	7	376
KE	38	ORD	ICN	1300	1620	744	_T-T-SS	4	376
KE	24	SFO	ICN	1300	1720	772	_TW-FSS	5	301

Source: OAG Schedule, April 2002

*Note: ATL-ICN 3x/week service begins 21 May 2002

US-Korea Nonstop Service

Other Airlines Eastbound Operated Flights									
Carrier	Flt. Number	Origin	Destination	Dept. Time	Arrival Time	Aircraft	Days	Ops/Week	Seats
OZ	222	ICN	JFK*	1940	1930	74M	M-W-FS-	4	270
OZ	202	ICN	LAX	1630	1200	74M	MTWTF-S	6	270
OZ	202	ICN	LAX	1630	1200	747	_----S-	1	400
OZ	204	ICN	LAX	2000	1510	74M	_T-T--S	3	270
OZ	272	ICN	SEA	1700	1050	777	M-W--S-	3	328
OZ	214	ICN	SFO	1930	1400	74M	_T-TF-S	4	270
SQ	16	ICN	SFO	1720	1230	343	MTWTFSS	7	250

Other Airlines Westbound Operated Flights									
Carrier	Flt. Number	Origin	Destination	Dept. Time	Arrival Time	Aircraft	Days	Ops/Week	Seats
OZ	203	LAX	ICN	20	530	74M	M-W-F--	3	270
OZ	201	LAX	ICN	1330	1825	74M	_T-TF-S	4	270
OZ	201	LAX	ICN	1330	1825	747	M-W--S-	3	400
OZ	271	SEA	ICN	1230	1620	777	M-W--S-	3	328
OZ	213	SFO	ICN	100	520	74M	M-W-FS-	4	270
SQ	15	SFO	ICN	1400	1845	343	MTWTFSS	7	250

Source: OAG Schedule, April 2002

*Note: Asiana's (OZ) JFK-ICN return flight stops in ANC, explaining its absence from the Westbound list

The Proposed Alliance Will Face Vigorous Competition on U.S.-Korea Routes

Other Carriers Offer Over 350 Weekly Nonstop, Through or Single Connect Roundtrip Flights

Weekly Nonstop Round-Trip Flights		
<u>Other Airlines</u>	<u>U.S. Gateways</u>	<u>Flights</u>
Asiana	3	17
Singapore Airlines	1	7
TTL		24

Weekly Round-Trip Single-Plane Flights		
<u>Other Airlines</u>	<u>U.S. Gateways</u>	<u>Flights</u>
Northwest	1	7
United	3	21
TTL		28

Weekly Single Connect Round-Trip Flights		
<u>Other Airlines</u>	<u>U.S. Gateways</u>	<u>Flights</u>
Air Canada	9	56
All Nippon	4	21
Asiana	20	61
Continental	2	12
Northwest	15	89
United	13	82
TTL		321
Grand TTL		373

Source: OAG Schedule, April 2002
Note: Includes codeshare services

Current KE on DL Codeshare Cities

<u>City Code</u>	<u>City Name</u>	<u>Country</u>
ATL	Atlanta	USA
BOS	Boston	USA
DFW	Dallas-Fort Worth	USA
HNL	Honolulu	USA
JFK	New York City	USA
LAS	Las Vegas	USA
LAX	Los Angeles	USA
MCO	Orlando	USA
SFO	San Francisco	USA

Source: OAG Schedule, April 2002

Delta Air Lines Codeshares

<u>PARTNER</u>	<u>RELATIONSHIP</u>	
AEROLITORAL	DL on 5D	
AEROMEXICO	AM on DL DL on AM	
AIR FRANCE	AF on DL DL on AF	
AIR JAMAICA	JM on DL DL on JM	
ALITALIA	AZ on DL DL on AZ	
BRITISH EUROPEAN	DL on BE	
CHINA SOUTHERN	CZ on DL DL on CZ	
CSA	OK on DL DL on OK	
EL AL	LY on DL DL on LY	
KOREAN AIR	KE on DL DL on KE	effective May 2002
LAPA	MJ on DL	
ROYAL AIR MAROC	AT on DL DL on AT	
SNCF FRENCH RAIL	DL on SNCF	
SOUTH AFRICAN	SA on DL DL on SA	

Source: OAG Schedule, April 2002

Delta/Korean Air Traffic In Overlap Markets

North American City	Asian City	Overlap Market	Annual MIDT Passengers	
			DL	KE
ANC	BOM	ANCBOM	6	168
ANC	HAN	ANCHAN	0	6
ANC	NRT	ANCNRT	210	457
ANC	SGN	ANCSGN	0	36
ATL	BOM	ATLBOM	15,235	495
ATL	HAN	ATLHAN	43	13
ATL	NRT	ATLNRT	39,324	130
ATL	SGN	ATLSGN	30	332
BOM	YVR	BOMYVR	1	13
BOM	YYZ	BOMYYZ	47	17
BOS	BOM	BOSBOM	1,904	34
BOS	HAN	BOSHAN	0	38
BOS	NRT	BOSNRT	6,155	71
BOS	SGN	BOSSGN	0	7,310
DFW	BOM	DFWBOM	3,111	1,124
DFW	HAN	DFWHAN	0	3
DFW	NRT	DFWNRT	1,644	75
DFW	SGN	DFWSGN	0	433
HAN	YVR	HANYVR	0	2
HNL	BOM	HNLBOM	33	394
HNL	HAN	HNLHAN	0	13
HNL	NRT	HNLNRT	24	360
HNL	SGN	HNLSGN	0	246
IAD	BOM	IADBOM	236	34
IAD	HAN	IADHAN	1	46
IAD	NRT	IADNRT	1,579	126
IAD	SGN	IADSGN	0	5,116
JFK	BOM	JFKBOM	25,704	1,113
JFK	HAN	JFKHAN	1	103
JFK	NRT	JFKNRT	60,720	714
JFK	SGN	JFKSGN	1	10,681
LAS	BOM	LASBOM	119	66
LAS	HAN	LASHAN	0	2
LAS	NRT	LASNRT	37,275	26,514
LAS	SGN	LASSGN	0	21
LAX	BOM	LAXBOM	2,128	10,482
LAX	HAN	LAXHAN	3	113
LAX	NRT	LAXNRT	70,777	87,453
LAX	SGN	LAXSGN	5	3,937
MCO	BOM	MCOBOM	2,023	18
MCO	HAN	MCOHAN	0	12
MCO	NRT	MCONRT	29,995	50
MCO	SGN	MCOSGN	0	123
NRT	YVR	NRTYVR	511	61
NRT	YYZ	NRTYYZ	2,958	50
ORD	BOM	ORDBOM	997	843
ORD	HAN	ORDHAN	0	29
ORD	NRT	ORDNRT	1,239	177
ORD	SGN	ORDSGN	0	3,471
SFO	BOM	SFOBOM	2,218	19,241
SFO	HAN	SFOHAN	1	60
SFO	NRT	SFO NRT	3,031	3,081
SFO	SGN	SFOSGN	0	2,679
SGN	YVR	SGNYVR	0	129
SGN	YYZ	SGNYYZ	0	253
YVR	BOM	YVRBOM	1	220
YVR	HAN	YVRHAN	0	3
YVR	NRT	YVRNRT	587	92
YVR	SGN	YVRSGN	0	113
YYZ	BOM	YYZBOM	52	66
YYZ	NRT	YYZNRT	2,822	77
YYZ	SGN	YYZSGN	0	307

Source: MIDT (CRS) Data CY 2001

Korean Air Lines' Codeshare and Other Marketing Arrangements

<u>PARTNER</u>	<u>MARKET</u>
AIR CANADA	SEL-YVR
AIR CANADA (cargo)	SEL-YVR
AIR CHINA	SEL-PEK; SEL-TAO
AIR FRANCE	SEL-PAR
AIR FRANCE (cargo)	SEL-PAR
ALITALIA	SEL-MIL
ALITALIA (cargo)	SEL-ROM
BRITISH AIRWAYS (cargo)	SEL-LON
CHINA EASTERN	PUS-SHA
CHINA EASTERN (cargo)	SEL-SHA
CHINA NORTHERN	SEL-SHE
DELTA AIR LINES	Various points
GARUDA INDONESIA	SEL-JKT
GARUDA INDONESIA (cargo)	SEL-JKT
HAINAN AIRLINES	SEL-SYX
LUFTHANSA (cargo)	SEL-FRA
MALAYSIA AIRLINES	SEL-KUL
MALAYSIA AIRLINES (cargo)	SEL-KUL
NORTHWEST AIRLINES (mail)	Various points
VIETNAM AIRLINES	SEL-SGN
VIETNAM AIRLINES (cargo)	SEL-SGN

Source: Company records

**Korean Air Lines Traffic for
Top 100 U.S. Gateway Markets**

Exhibit JA-13
Page 1 of 1

City-Pair	Traffic	City-Pair	Traffic
1 SEL LAX	175134	51 OSA NYC	3954
2 SEL NYC	127197	52 HYD SFO	3954
3 TYO LAX	80581	53 SEL MIA	3953
4 SEL HNL	60688	54 BJS NYC	3828
5 SEL WAS	57527	55 TAE LAX	3820
6 MNL NYC	50435	56 OKJ HNL	3699
7 SEL SFO	42679	57 SEL PHX	3693
8 SEL CHI	42157	58 OSA SFO	3544
9 TYO LAS	41290	59 SEL PHL	3264
10 MNL LAX	40096	60 MNL DFW	3248
11 HKG LAX	29666	61 PUS CHI	3071
12 SEL ATL	27263	62 SEL RDU	3050
13 OSA HNL	21794	63 SEL PIT	2850
14 SEL BOS	21711	64 PUS HNL	2798
15 SEL DFW	21514	65 SEL STL	2658
16 HKG NYC	20168	66 SIN LAX	2638
17 OSA LAX	19648	67 BKK HNL	2602
18 BOM SFO	18951	68 TAE NYC	2597
19 SGN BOS	16579	69 SEL IND	2524
20 PUS LAX	16039	70 SEL BWI	2510
21 BKK LAX	15675	71 BKK CHI	2468
22 FUK HNL	15051	72 TYO ANC	2321
23 MNL CHI	13904	73 SEL MSY	2307
24 FUK LAX	12916	74 SEL OGG	2233
25 SEL LAS	12520	75 HKG ATL	2228
26 BOM LAX	11787	76 TYO SAN	2124
27 BKK NYC	11753	77 SEL CMH	2028
28 NGO HNL	10814	78 SEL CLE	2010
29 SGN WAS	8961	79 SIN NYC	2007
30 HKG SFO	8954	80 SEL TPA	1994
31 SEL SAN	8284	81 SHE NYC	1983
32 SEL ORL	8106	82 KOJ LAX	1907
33 HKG HNL	7562	83 AMD LAX	1861
34 SEL HOU	7506	84 PUS ATL	1857
35 BJS LAX	7487	85 PUS SFO	1852
36 SGN CHI	7226	86 PUS DFW	1829
37 PUS NYC	7114	87 SEL MKC	1824
38 BKK SFO	7024	88 MNL HNL	1805
39 SGN NYC	6995	89 SEL GUA	1744
40 SHE LAX	6867	90 SEL BNA	1739
41 JKT LAX	5665	91 PUS WAS	1680
42 SEL DEN	5596	92 SEL MSP	1674
43 MNL ANC	5179	93 AMD SFO	1672
44 SEL DTT	4687	94 SEL SAT	1660
45 SEL ANC	4532	95 SEL KOA	1574
46 HKG CHI	4296	96 HKG DFW	1553
47 JKT NYC	4193	97 HKG WAS	1477
48 BKK WAS	4121	98 SEL SCL	1437
49 MNL SFO	4040	99 OSA ANC	1426
50 SEL AUS	4026	100 TAE HNL	1392

**DOCUMENT PRODUCTION OF
DELTA AIR LINES, KOREAN AIR LINES
AIR FRANCE, ALITALIA AND CSA**

In accordance with the Department's instructions and evidence requests in recent similar antitrust immunity proceedings, the Joint Applicants are providing documents responsive to the following information items. These materials are being submitted separately, under seal, and accompanied by a Motion for Confidential Treatment, pursuant to Rule 12.

1. Complete copies of all "agreements/arrangements," including joint marketing programs (for example, frequent flyer programs, agency override programs, market share programs, and other associated incentive programs, and prorate agreements), among the partners and their affiliates.
2. All studies, surveys, analyses and reports (dated, created or revised since January 1, 2000) completed by or for an officer or director (or individuals exercising similar functions) of Delta, KAL, Air France, Alitalia or CSA that identify, examine, forecast, and/or quantify the effects and benefits of the proposed alliance on U.S.-Asia traffic, service or competition. The documents provided should be complete, with all backup detail, and should include complete analyses with respect to market shares, competition, competitors, fares, markets, potential for traffic growth or expansion into geographic markets. (If not contained in the document itself, include the date of preparation, the name and title of each individual who prepared each document). To the extent such studies, analyses and reports have been prepared, specifically include the following:
 - A. studies, surveys, analyses and reports which compare the partners' schedules before implementation of the proposed alliance with the planned schedules to be implemented after implementation of the proposed alliance (defined as the earliest date at which current alliance service plans are expected to be fully realized). These schedules should include frequency, aircraft type, and number of seats for each operation.
 - B. studies, surveys, analyses and reports which show schedule, frequency, and equipment changes that the parties would expect to make within the first two years of DOT approval of the proposed alliance.
 - C. studies, surveys, analyses and reports discussing any service or operational changes anticipated at the partners' hub airports, resulting from the proposed alliance.

- D. studies, surveys, analyses and reports which list all of the new markets that would receive "first on-line service" as a result of the alliance and which show estimates of the number of passengers that would benefit from this new on-line service and how many of these passengers would be U.S.-originating travelers.
 - E. studies, surveys, analyses and reports which provide a traffic and revenue forecast for all markets that will be affected by the proposed alliance. Studies that identify the extent to which the such existing traffic and revenue forecast(s) for the partners will be the result of stimulation as well as the amount that will be diverted from other U.S. carriers (by carrier) should the proposed alliance be approved.
 - F. studies, surveys, analyses and reports that discuss the impact of the proposed alliance on computer reservations systems displays.
3. All corporate documents (dated, created or revised since January 1, 2000) that address the subject of competition in air travel between the U.S. and Asia, including Korea, as well as air travel beyond or behind Korea to and from the United States.
4. All corporate documents (dated, created or revised since January 1, 2000) that involve plans currently under consideration by any of the Joint Applicants to enter into additional immunized international alliances (with airlines other than the Joint Applicants).