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Cuccinelli, feds reach agreement with US Airways and American Airlines to pursue merger, keep Va. prices competitive, maintain service to Va. airports

WASHINGTON (November 12, 2013) - Today, Virginia Attorney General Ken Cuccinelli announced a settlement in his challenge to the proposed merger of US Airways and American Airlines that will allow the merger to go forward if the combined airline will divest 104 take-off and landing slots at Reagan National Airport to other airlines and will continue service for the next five years to every Virginia airport currently served by the two airlines.

The divestiture at Reagan National is part of a settlement with Virginia, the U.S. Department of Justice, and other plaintiff states. The settlement also calls for additional slot divestitures at LaGuardia airport in New York and gate divestitures at Boston Logan, Chicago O'Hare, Dallas Love Field, Miami International, and Los Angeles International airports. The entry of new carriers will introduce competition on routes departing from these airports, which is expected to bring down prices for consumers.

In a supplemental agreement with the plaintiff states - not including the Department of Justice, the airlines further agreed to continue to serve every airport in Virginia now served by the two airlines for the next five years. They also agreed to continue to operate hubs for three years at their current hub locations in Philadelphia, Charlotte, John F. Kennedy International Airport in New York, Miami, Chicago O'Hare, Phoenix, and Los Angeles.

Since 2008, several other major airlines have merged, including Delta and Northwest, United and Continental, and Southwest and AirTran. Each of those mergers has resulted in a significant reduction in capacity and, in some cases, abandonment of service on certain routes to and from Virginia airports, with the result that consumers faced less flying options and higher prices.

Cuccinelli, as part of a coalition of six states, the District of Columbia, and the U.S. Department of Justice Antitrust Division, filed a complaint on August 13 in federal court challenging the pending merger of US Airways and American Airlines on the grounds that it would reduce competition and raise fares for Virginia consumers because airlines could cut service and raise prices with less fear of competitive responses from rivals. A trial was scheduled to start November 25.
"The merger, as it was proposed, would have significantly reduced competition and posed too big of a threat of higher fares for Virginia consumers. That would have been especially true at Reagan National Airport, where the combined airline would have held 69 percent of the takeoff and landing slots - almost six times more than its closest competitor," said Cuccinelli. "We are satisfied that this agreement will maintain the competition necessary to keep routes open and keep prices lower for consumers."

Without access to the slots, other airlines could not have entered the market at Reagan National or expanded the number of flights they offered.

Cuccinelli was joined in the supplemental settlement by the attorneys general of Arizona, the District of Columbia, Florida, Michigan, Pennsylvania, and Tennessee.

Assistant attorneys general Sarah Oxenham Allen and Matt Hull represented the commonwealth in this matter.

More about Attorney General Cuccinelli
Photos of the attorney general
A copy of this news release may be found on the attorney general's web site here.

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