

### **AMERICA'S LARGEST AIRLINES RECEIVED BENEFITS WORTH US\$71.48 BILLION, NEW STUDY SHOWS**

Research commissioned by Etihad Airways, the national airline of the United Arab Emirates, has quantified a range of government and court-sanctioned benefits and concessions received by the three biggest US carriers, Delta Air Lines, United Airlines and American Airlines Group, and other airlines with which they have merged.

These US airlines have received benefits valued at US\$71.48 billion, more than US\$70 billion of which has been since 2000, enabling the nation's three largest carriers to transition from the verge of bankruptcy to today's industry leaders, each achieving multi-billion dollar profits.

Last year, the three big US carriers generated collective net profits of US\$8.97 billion, equivalent to 45 per cent of the total US\$19.9 billion profits achieved in 2014 by the global airline industry. The trend has continued into 2015, with all three major US airlines announcing strong net profits for the first quarter.

The international consultancy The Risk Advisory Group, which conducted the research for Etihad Airways, identified that the majority of benefits which accrued to Delta, United and American came from restructuring under Chapter 11 of the US Federal Bankruptcy Code, yielding them at least US\$35.46 billion, and additional pension fund bailouts totalling US\$29.4 billion from the US Government's Pension Benefit Guaranty Corporation.

Etihad Airways has consistently denied claims by Delta Air Lines, United Airlines and American Airlines that it received subsidies, and has stated publicly that it has received equity and shareholder loans from its sole shareholder, the Government of Abu Dhabi, the largest emirate and capital of the UAE.

Releasing the findings by The Risk Advisory Group, the General Counsel and Company Secretary of Etihad Airways, Jim Callaghan, said today: "We do not question the legitimacy of benefits provided to US carriers by the US government and the bankruptcy courts.

"We simply wish to highlight the fact that US carriers have been benefitting and continue to benefit from a highly favorable legal regime, such as bankruptcy protection and pension

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guarantees, exemptions from certain taxes, and various other benefits. These benefits, which are generally only available to US carriers, have created a highly distorted market in which carriers such as Etihad Airways have to compete.”

Mr Callaghan said the figures produced by The Risk Advisory Group were conservative, quantifiable and credible, and obtained from public records and statements.

Mr Callaghan referred to a 2011 interview, published by America’s National Public Radio, in which a former Vice President of Continental Airlines, Pete Garcia, was quoted as saying: “Bankruptcy, for the airline industry in particular, is just a way to refinance the business. It is a financial move to keep you in business and give you time to renegotiate with your lenders.”

The Risk Advisory Group identified the largest beneficiaries of Chapter 11 restructuring and bailouts from the Pension Benefit Guaranty Corporation as:

- United Airlines, with combined benefits estimated at US\$44.4 billion;
- Delta Air Lines with combined benefits estimated at US\$15.02 billion; and
- American Airlines with combined benefits estimated at US\$12.05 billion.

Of these figures:

- United achieved one-time bankruptcy debt relief totalling US\$26 billion, and pension termination benefits totalling US\$16.8 billion;
- Delta Air Lines achieved bankruptcy debt relief totalling US\$7.9 billion, and pension termination benefits totalling US\$4.55 billion; and
- American Airlines achieved bankruptcy debt relief totalling US\$1.56 billion, and pension termination benefits of US\$8.08 billion.

These figures include restructuring and bailout benefits achieved by other US airlines, since absorbed by Delta Air Lines, United Airlines and American Airlines.

Mr Callaghan said the current claims by United Airlines, Delta Air Lines and American Airlines that they were being harmed by Etihad Airways were baseless, and an attempt to obstruct higher-quality competition.

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“There is no evidence whatsoever of any harm caused by Etihad Airways to any of the three big US airlines,” Mr Callaghan said.

“The US Open Skies policy has delivered more choice and better service for millions of consumers, more airline access to and from America, and record profits for the biggest airlines in the US. It is time to refocus on the real issue here – that the Open Skies policy is delivering the benefits it was designed to deliver, and that everyone is a winner.”

For more information about Etihad Airways’ campaign to keep the skies open, please visit: [www.KeepTheSkiesOpen.com](http://www.KeepTheSkiesOpen.com)

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## About Etihad Airways

Etihad Airways began operations in 2003, and in 2014 carried 14.8 million passengers. From its Abu Dhabi base, Etihad Airways flies to or has announced 111 passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas.

The airline has a fleet of 116 Airbus and Boeing aircraft, and almost 200 aircraft on order, including 69 Boeing 787s, 25 Boeing 777-X, 62 Airbus A350s and eight Airbus A380s.

Etihad Airways has equity investments in airberlin, Air Serbia, Air Seychelles, Aer Lingus, Alitalia, Jet Airways and Virgin Australia, and is in the process of formalizing an investment in Swiss-based Darwin Airline, which trades as Etihad Regional.

Etihad Airways, along with airberlin, Air Serbia, Air Seychelles, Alitalia, Etihad Regional, Jet Airways and NIKI, also participates in Etihad Airways Partners, a new brand that brings together like-minded airlines to offer customers more choice through improved networks and schedules and enhanced frequent flyer benefits. For more information, please visit: [www.etihad.com](http://www.etihad.com).

## About The Risk Advisory Group

The Risk Advisory Group is a leading independent global risk consultancy that helps businesses grow whilst protecting their people, their assets and their brands. By providing

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facts, intelligence and analysis, The Risk Advisory Group helps its clients negotiate complex and uncertain environments to choose the right opportunities, in the right markets, with the right partners. The company was founded in 1997, employs 140 people and has offices in Washington DC, London, Moscow, Al Khobar, Dubai and Hong Kong. For more information please visit [www.riskadvisory.net](http://www.riskadvisory.net)