BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Applications of	)	
	)	
FRONTIER AIRLINES, INC.	)	
SOUTHWEST AIRLINES CO.	)	
US AIRWAYS, INC.	)	**Docket DOT-OST-2000-7182**
	)	
INSIDE PERIMETER SLOT EXEMPTIONS	)	
under 49 U.S.C. § 41718(b)	)	

CONSOLIDATED REPLY OF SOUTHWEST AIRLINES CO.
AND MOTION FOR LEAVE TO FILE

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March 29, 2012

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Applications of **FRONTIER AIRLINES, INC.** **SOUTHWEST AIRLINES CO.** **US AIRWAYS, INC.** INSIDE PERIMETER SLOT EXEMPTIONS under 49 U.S.C. § 41718(b)	)	**Docket DOT-OST-2000-7182**

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Southwest Airlines[1] files this Consolidated Reply in order to address certain inaccurate, misleading, and in some cases completely false statements contained in pleadings recently filed by US Airways and Frontier in this proceeding.[2] Southwest seeks leave to file this document pursuant to Rule 6 of the Department's Rules of Practice (14 CFR §302.6). Good cause exists because this Reply will correct the record in several important respects and thereby contribute to a more accurate and informed basis for the Department to render its decision. Further, this Reply is narrowly tailored to address only certain misleading and incorrect statements that are related to material issues in this proceeding.

[1] Common names of airlines are used herein.
[2] Specifically, this document is being filed in response to certain statements in US Airways' Consolidated Answer and Frontier's Answer, both filed March 20, 2012; US Airways' Additional Comments filed March 22; and Frontier's Reply filed March 23.

REPLY TO US AIRWAYS:

1. US Airways' Criticisms of Southwest's Traffic Forecast Are Misleading and Erroneous

US Airways' Consolidated Answer (at p. 13) claims that "Southwest overstates its effect on both stimulation and fares, resulting in unsustainable service." These criticisms, and the data US Airways uses to support them, are misleading and in some respects patently false. Southwest's industry-changing history of dramatically expanding new markets by the introduction of low fares is well-known to the Department. Yet, in claiming that Southwest will not be able to achieve its forecast traffic stimulation in this case, US Airways relies on a tiny sample of data -- just four markets in "Figure 7(a)" -- that is both inaccurate and misleading. In fact, none of the four markets in Figure 7(a) proves US Airways' claims.

The first two markets in Figure 7(a) (BDL-DEN and CHI-ONT) are fundamentally different from DCA-OKC because they both were served with low fares by Southwest on a connecting and through service basis prior to Southwest's introduction of nonstop service. In CHI-ONT, Southwest's share of the local O&D traffic was 43% prior to its nonstop, and in BDL-DEN Southwest's share was 20% of the traffic before its nonstops (Exhibit WN-SR-101). Consequently, these markets had already been stimulated by low fares prior to Southwest's nonstop service. The average market fare after Southwest's nonstops in both markets was essentially the same as the prior average fare so further price stimulation understandably did not occur (Exhibit WN-SR102, p. 1). Nevertheless, both markets did grow significantly after the introduction of Southwest's nonstop service – *i.e.,* 50% in the case of BDL-DEN and 57% in CHI-ONT. This growth all was due to “service stimulation” since average fares did not change (Exhibit WN-SR-102, p. 2).[3]

The other two markets in Figure 7(a) are even less relevant, since US Airways used grossly incorrect time periods for measuring traffic stimulation as a result of Southwest’s entry. In the case of LIT-PHX, Southwest began nonstop service in March 1994, but US Airways measured traffic stimulation in the 12 months ending Q1 2011 – a 17 year omission. Similarly, Southwest entered BHM-PHX in December 1999, but US Airways calculated stimulation during the 12 months ending Q3 2010 – 14 years later.

A more representative sample of markets for purposes of Southwest’s DCA-OKC proposal would be markets with high fares prior to Southwest’s nonstop entry, for that is precisely the situation with DCA-OKC. The current average DCA-OKC fare (for connecting or through-plane service) is $271, while Southwest’s projected average fare for nonstop service is $163 (Exhibit WN-119), a 40% reduction. Attached Exhibit WN-SR-103 contains an analysis of eight markets that Southwest entered since January 2009 with fare reductions of 40% or more. As the exhibit shows, dramatic traffic stimulation occurred in all eight markets as a result of Southwest’s low fares, ranging from 56% to over 4,000%, with an eight-market average of 214%.

The empirical data in Exhibit WN-SR-103 suggests that Southwest’s forecast traffic stimulation of 137% for DCA-OKC is entirely reasonable. US Airways’ Figure 7(a) and the corresponding text attacking Southwest’s price stimulation in new nonstop markets are entirely unfounded and should be disregarded.

[3] By contrast, Southwest’s forecast service stimulation for its DCA-OKC proposal is a conservative 28%. Exhibit WN-202, Line 3.

2. US Airways' Under-Utilization of DCA Slots Cannot be Explained by "Commuter Slots"

US Airways' March 22 Additional Comments assert (at p. 2) that Southwest's allegation that US Airways uses slots inefficiently at DCA "distorts the facts" because Southwest fails to distinguish between unrestricted "air carrier slots" and "commuter slots" that are restricted to aircraft with 76 seats. This claim is baseless. As Exhibit WN-SR-104 shows, 71% of US Airways' 460 slots at DCA are unrestricted "air carrier slots." Yet US Airways operates only 27% of its DCA flights with mainline jet aircraft (Exhibit-R-112). This fact alone demonstrates that US Airways grossly under-utilizes its DCA slots.

Beyond this, Southwest has calculated that the aircraft size used on US Airways' "air carrier slots" averages only 88 seats (Exhibit WN-SR-104). This confirms the inefficient use of US Airways' DCA slots, and cannot be explained by irrelevant references to the "commuter slot" restriction. The undeniable fact is that US Airways routinely schedules small commuter and RJ aircraft for slots where no size restriction applies. To cite the most recent egregious example, US Airways obtained 84 unrestricted DCA slots from Delta in the slot swap approved by the Department in October 2011. US Airways has added 13 new DCA routes with 48 of those slots -- every one of which is with RJ aircraft, averaging just 53 seats (Exhibit WN-R-114).

US Airways touts itself as "the number one small community provider at DCA."[4] This is a highly misleading statement. US Airways is not expanding its small community service for the public good as it implies, but rather because that type of high-fare, low-competition service is an integral part of US Airways' business model for Washington

[4] Consolidated Answer of US Airways, Inc., at page 4.

DC. US Airways' transparent strategy at DCA has been to avoid competition and charge high fares to the greatest extent possible; and if it can connect captive passengers at DCA from one monopoly segment to another, so much the better. While service to small communities is one goal of U.S. public policy, to do so on this scale at one of the most desirable and capacity-restricted airports in the country is enormously wasteful.

US Airways' strategy has even led to the creation of a "hub" at DCA, an airport uniquely designed to serve local traffic to and from the nation's capital. Hubs by their very nature process millions of connecting passengers who have no interest or reason to be at the hub airport, other than to change planes. In fact, 37% of all passengers processed by US Airways at DCA are connecting or through passengers. Therefore, of US Airways' 460 total slots, the equivalent of 170 slots are consumed by traffic that has no desire to be in Washington (Exhibit WN-SR-105).

Baseless accusations against Southwest cannot hide these unfortunate facts, which is another reason why US Airways does not deserve yet another pair of slots that it will under-utilize with RJ aircraft in furtherance of wasteful DCA operations.

3. US Airways' Description of the Decisional Criteria In This Case is Incorrect.

Not content merely with the opportunity to compete with limited incumbents for the slot exemptions that are at issue in this case, US Airways has advanced a novel argument that the limited incumbent/new entrant decisional criterion of AIR-21"does not apply" to this case at all (Consolidated Answer of US Airways at p. 2). Consequently, under US Airways' theory, only four criteria apply, and US Airways allegedly meets three of them (*Id.* at pp. 2-3).

US Airways has misinterpreted the applicable law. Of the 20 slot exemptions that Congress authorized the Department to allocate pursuant to 49 U.S.C. § 41718, six were designated for "air transportation to small hub airports and non-hub airports" without regards to new entrant or limited incumbent status. *See* 49 U.S.C. §41718(c)(3)(A). However, this provision is not applicable. The slot exemptions at issue here are authorized for service to "medium hub and smaller airports," which are governed by § 41718(c)(3)(B), which does not eliminate the limited incumbent/new entrant criterion. Consistent with this interpretation, the Department enumerated all *five* criteria in its February 17, 2012 Notice, including the limited incumbent/new entrant qualification.[5] So, while US Airways is indeed eligible to compete for the slot exemptions in this case notwithstanding its Large Incumbent status, the limited incumbent/new entrant criterion of AIR-21 remains one of five possible carrier-selection factors that apply in this case.

Finally, US Airways also is incorrect in its claim that OKC should be considered a "medium hub" for purposes of this case (Consolidated Answer at p. 2). OKC is classified as a "small hub" in the FAA's most current Terminal Area Forecasts, and therefore must be considered as such for purposes of the case. The fact that OKC was classified as a "medium hub" in 1997 is irrelevant since the slot exemptions at issue may be used for service to "medium hub *or smaller airports*" (see above). OKC is obviously an eligible airport under this standard (which US Airways acknowledges), and thus its 1997 classification is no longer relevant.

[5] DOT Notice at p. 2.

<u>REPLY TO FRONTIER</u>:

1. **<u>Frontier's After-the-Fact Traffic Forecast and Fare Savings Are Contrived and Not Credible</u>**

Frontier's March 5 Application in this proceeding, which consisted of 13 pages touting the alleged benefits of Frontier's proposed DCA-SDF service, contained <u>no fare proposal, no traffic forecast, and no calculation of fare savings</u> – in other words, no economic impact or benefits analysis at all. Southwest's Application, on the other hand, included all these essential elements of a serious service proposal for scarce DCA slot exemptions. Southwest projected an average fare of $163 in the DCA-OKC market (a 40% reduction from current fares), a detailed and transparent traffic forecast that projected stimulation of 55,000 new passengers, and a fully explained estimate of consumer fare savings of $8.2 million annually (Exhibits WN-117 through -121).

It was only in Frontier's March 20 Answer -- more than two weeks later, and with the benefit of having all of Southwest's economic analysis during that time -- that Frontier for the first time presented a proposed fare and assumed traffic for its DCA-SDF proposal.[6] Also in Frontier's March 20 Answer was an estimate of fare savings that – surprise – exceeded the fare savings calculation that Southwest had submitted 15 days earlier.

Frontier's filing of an application devoid of any economic analysis, followed by a submission more than two weeks after having the benefit of Southwest's fully documented proposal, smacks of gamesmanship that should have no place in a Department carrier-selection proceeding. Frontier's actions are a disservice to the Department and the parties, who rightly expect all applicants to present the essential

[6] Frontier assumed its passenger traffic by simply assigning a 75% load factor to its proposal without analysis (Exhibit F9-R-2).

elements of their proposals at the beginning of the process in an open and transparent way.

In any event Frontier's after-the-fact economic projections have no credibility and should be disregarded. As shown in Exhibit WN-117, Southwest estimated that fare savings of $8.2 million will accrue to passengers annually from its proposed DCA-OKC service. Frontier's belated estimate of $9.9 million in fare savings from DCA-SDF service was computed on a different, more inflated basis than Southwest used. Re-running Southwest's model using Frontier's methodology would increase Southwest's DCA-OKC savings to $11.1 million annually (Exhibit WN-SR-106).

Further, Frontier touts the fact that the $103 fare it contrived for rebuttal purposes is lower than Southwest's DAL-OKC fare of $163. This is true in absolute dollars but entirely irrelevant, since the DCA-OKC route is 1,158 miles but DCA-SDF is only 474 miles. When the two applicants' fares are compared on a per-mile basis, it is revealed that *Frontier's yield (fare-per-mile) would be 54% higher than Southwest's* (Exhibit WN-SR-107). Thus, Frontier's claims of having "lower fares" are not only invalid but the opposite is true: Southwest will offer by far the better fare value to passengers.[7]

2. <u>Frontier's Claim that BWI and DCA Serve the Same Market is Erroneous & Contrary to the DOT's Own Findings</u>

Frontier repeatedly attempts to discredit Southwest's DCA-OKC proposal by claiming that Baltimore-Washington International (BWI), like DCA, is just part of the "WAS" market that should be used for purposes of comparing the applicants' proposals

[7] Frontier also argues in its Answer that it really has only 12 DCA slots because 8 of its 20 are operated (on its behalf) by Republic (Answer of Frontier at pp. 3, 18). Following Frontier's logic it would then be the case that Southwest has zero DCA slots, since all 25 of Southwest's slots are operated by its wholly-owned subsidiary AirTran Airways. Thus, if Frontier's theory is accepted, it must also be true that Southwest is applying in this case not as a limited incumbent, but <u>as a new entrant</u>.

in this case (*see, e.g.*, Frontier Answer at pp. 17-21). This, it hopes, would make Southwest an incumbent in its own proposed market. But Frontier's claim is contrary to the Department's own empirical analysis of airline competition in the Washington/Baltimore area, in which the Department has found DCA to be a separate market from both BWI and Washington Dulles (IAD). This issue was a central question in the recent DL/US "Slot Swap" proceedings, as Delta and US Airways argued strongly that competition from carriers at IAD and BWI should assuage concerns over US Airways' increasing dominance and monopolization at DCA. The Department (supported by the Antitrust Division of the Department of Justice (DOJ)) rejected that argument. Based on an extensive analysis of carrier pricing at all three airports, the Department concluded that "for a large portion of passengers, especially time-sensitive passengers…Washington area airports are not effective substitutes for each other."[8] Specifically, DOT found that the "average yield in all markets at DCA is 27 cents per mile, vs. 17 cents at Dulles and 14 cents at BWI."[9] The Department also concluded that "if the airports were effective economic substitutes for all passengers, [DOT] would expect to see a greater self-equalizing of yields and the yield spreads would not differ so significantly."[10] Similarly, the Department found that disparities in fare levels between the three airports were significant and persistent, and found "no evidence of any significant substitutability existing among… Washington area airports." Only eight

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[8] Grant of Petition with Conditions (DL/US Slot Swap 1), 75 Fed. Reg. 26322, 26333 (May 11, 2010); Department of Justice Comments, p. 16 (March 24, 2010) and Department of Justice Reply Comments pp. 9-11 (April 5, 2010), filed in Docket FAA-2010-0109.

[9] Id. at 26333.

[10] Id.

months ago, the Department reaffirmed these findings in its July 28, 2011 Notice in the revised Slot Swap proceeding.[11]

The factors examined by the Department demonstrate convincingly that neither airlines nor passengers consider the three Washington/Baltimore area airports to be economic substitutes for one another. This not only is true due to each airport's unique geographic location, but it also reflects the distinct high-density pockets of population within the regions, and the lengthy and often unpredictable travel times between downtown DC and outlying areas in the region. Otherwise, why would JetBlue have paid $40 million for 8 slot pairs at DCA in the DL/US Slot Swap case auction? If airport access in the region is interchangeable and passengers do not have strong airport preferences, then the market value of DCA slots would be minimal. Such is clearly not the case.

Frontier does not even acknowledge the Department's recent and extensive analysis of airline competition in the Washington/Baltimore area, much less address the Department's findings in a serious way. Instead, Frontier mindlessly repeats its unsupported refrain that BWI, IAD, and DCA are all part of a single, self-serving "WAS" market that must be used to compare applications in this case. Frontier's argument is self-serving and erroneous, and should be rejected once again, as both the DOT and DOJ have done in the past.

3. <u>Frontier's March 23 Reply is Baseless</u>

Both US Airways and Frontier filed pleadings objecting to the discussion in Southwest's March 20 Response addressing the interlocking commercial relationships between US Airways and Frontier's parent company Republic Airways Holdings.

[11] Grant of Petition with Conditions (DL/US Slot Swap No. 2), 76 Fed. Reg. 45313, 45327-28 (July 28, 2011).

Frontier even goes so far as to say that Southwest's "falsehoods" should be "stricken from the record" (Frontier Reply at p.1). These objections[12] are completely misguided and have no merit.

The extensive commercial and contractual relationships among Frontier, Republic, and US Airways are both highly unusual in the airline industry and highly relevant to this proceeding. As Southwest pointed out in its Response, if Frontier were to be awarded the DCA-SDF route it would be competing against affiliated companies within its own Republic Holdings family that are already operating the DCA-SDF route for US Airways (Exhibit WN-R-207). Southwest raised the logical and legitimate question whether this unusual circumstance would affect the vigor of competition on that route. This is hardly a surprising question. Given that the majority of Republic Holdings' business is contract flying, and that US Airways accounts for 43% of that business and is by far the largest customer of Republic Holdings (Exhibit WN-R-210), would it be surprising that Republic Holdings would not want one of its subsidiaries to cause economic losses to that customer? Particularly when Holdings, according to several media reports,[13] is in the process of trying to sell that same subsidiary because it loses money and does not fit into Republic's contract flying business model?

This is an issue of the very real *economic incentives* that could well affect both Frontier and its parent company Republic Holdings in the event Frontier is awarded the DCA-SDF route, and therefore is a perfectly legitimate matter for the Department's

[12] Reply of Frontier, March 23, 2012 and Additional Comments of US Airways, March 22, 2012. US Airways' filing is not only confused but irrelevant, since Southwest did not address the question whether US Airways is or is not competing vigorously with Frontier. Rather, Southwest's concern is that *Frontier* may have an economic incentive not to compete aggressively against US Airways because of the potential conflict of interest within Frontier's own corporate family, that of Republic Holdings. Consequently, US Airways' Additional Comments should be disregarded.

[13] See, e.g., "Republic Hones Its Pitch to Sell or Spin Off Frontier," Wall Street Journal (Feb. 7, 2012), at p. B4.

consideration. Judging from the rhetoric in its March 23 Reply it appears that Frontier "doth protest too much" against Southwest's raising of this issue. If anything deserves to be "stricken" from the record in this case it is Frontier's deliberately delayed and contrived economic forecasts, which as noted above are a flagrant abuse of the Department's process. But Southwest is not requesting that the Department strike anything, as we are confident it is fully capable of according all evidence its appropriate weight and credibility.

CONCLUSION

The record of this proceeding demonstrates that Southwest's proposal for DCA-OKC-DAL service will not only satisfy the maximum number of decisional criteria but will provide far greater benefits to the public than the proposals of either Frontier or US Airways. We therefore urge the Department to grant the two slot exemptions at issue to Southwest to enable it to initiate the first-ever nonstop service between DCA and OKC, with single plane service beyond to Dallas Love Field.

Respectfully submitted,

Robert W. Kneisely

March 29, 2012

CERTIFICATE OF SERVICE

I hereby certify that on March 29, 2012, a copy of the foregoing was served via e-mail on the following persons:

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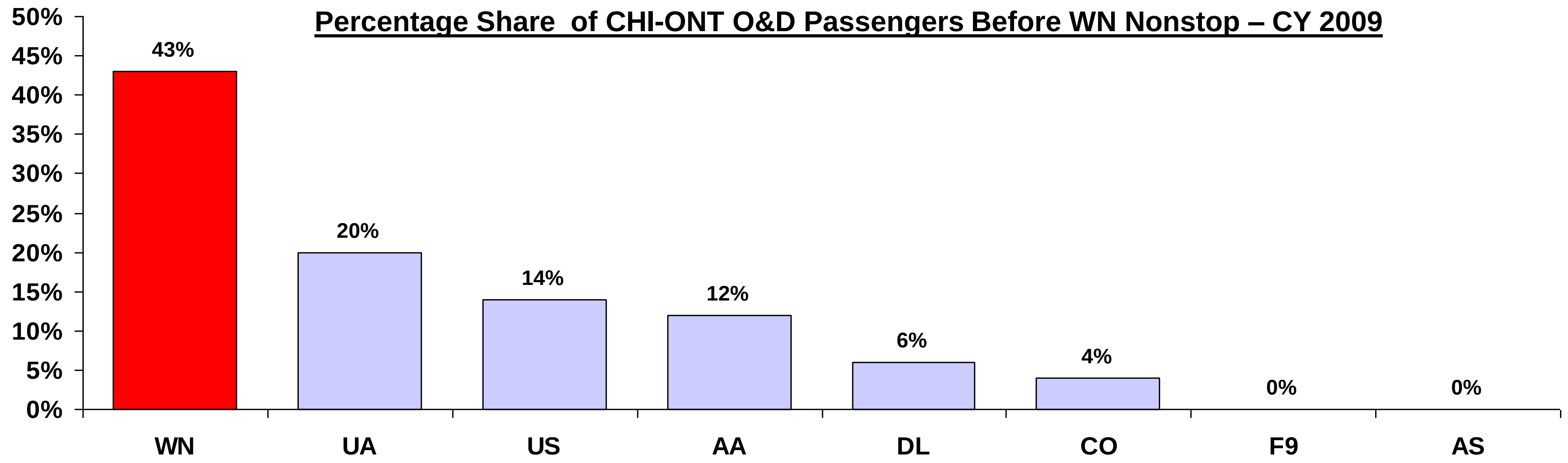
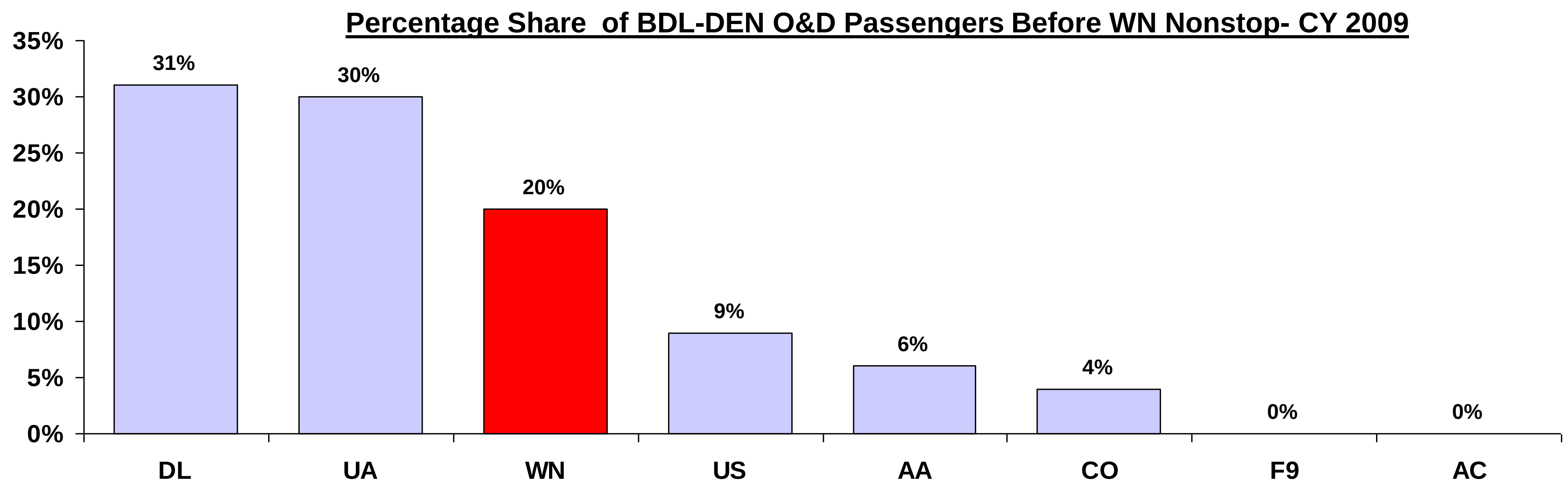
Southwest Carried Significant Shares of Traffic in US Airways' Figure 7(a) Markets Before Nonstop Service





Source: U.S. DOT, Origin-Destination Passenger Survey, via Diio, LLC.

The Southwest Markets in US Airways' Figure 7(a) Already Had Low Fares Before Southwest's Nonstop, So the Traffic Increases Were Due to Service Stimulation Alone

Fares In New Southwest Nonstop Markets

	Market Fare **Before Nonstop**	Market Fare **After Nonstop**	Current WN Yield Curve Fare
BDL-DEN	$172	$173	$180
CHI-ONT	$183	$181	$181

The Southwest Markets in US Airways' Figure 7(a) Already Had Low Fares Before Southwest's Nonstop, So the Traffic Increases Were Due to Service Stimulation Alone

O&D Passengers In New Southwest Nonstop Markets

	Fared O&D Passengers Before Nonstop	Fared O&D Passengers After Nonstop	**% Increase**	Period Before	Period After
BDL-DEN	89,527	134,691	**50%**	CY 2009	YE Q1 2011
CHI-ONT	79,228	124,140	**57%**	CY 2009	YE Q1 2011

Southwest's Estimated Service Stimulation in its DCA-OKC Forecast = 28%[1]

NOTE: THE OTHER TWO MARKETS CITED IN FIGURE 7(a), BHM-PHX AND LIT-PHX, HAVE BEEN SERVED BY WN SINCE DECEMBER 1999 AND MARCH 1994, RESPECTIVELY. BHM-PHX had no service in just February 2009 and LIT-PHX was temporarily suspended from September 2008-July 2009. Therefore, citing these market examples is completely invalid. Also note that US calculated the CHI-ONT traffic increase incorrectly.

1/ See Southwest Application, Appendix 1.
Source: U.S. DOT, Origin-Destination Passenger Survey, via Diio, LLC; Consolidated Answer of US Airways, Figure 7; WN yield curve from WN Application, Appendix 6.

In Eight Nonstop Markets Entered by Southwest Since 2009 Where Average Fares Declined by at Least 40%, Traffic Increased by an Average of 214%

	Period		O&D Passengers		Average Fare		Change	
Market	Before	After	Before	After	Before	After	Passengers	Fare
BNA-ECP	**YE Q1 2010**	**YE Q2 2011**	**1,251**	**54,609**	**$331.93**	**$121.51**	**4264.7%**	**-63.4%**
ECP-MCO	**YE Q1 2010**	**YE Q2 2011**	**2,163**	**44,844**	**$251.86**	**$102.25**	**1972.8%**	**-59.4%**
BWI-ECP	**YE Q1 2010**	**YE Q2 2011**	**6,569**	**73,116**	**$230.83**	**$124.86**	**1013.0%**	**-45.9%**
ECP-HOU	**YE Q1 2010**	**YE Q2 2011**	**3,150**	**35,010**	**$247.92**	**$157.95**	**1011.5%**	**-36.3%**
SFO-SNA	**YE Q1 2009**	**YE Q2 2010**	**187,637**	**747,658**	**$149.73**	**$72.42**	**298.5%**	**-51.6%**
BWI-LGA	**YE Q1 2009**	**YE Q2 2010**	**20,034**	**77,328**	**$154.20**	**$86.80**	**286.0%**	**-43.7%**
MCI-MKE	**YE Q3 2009**	**CY 2010**	**73,076**	**149,134**	**$155.91**	**$91.34**	**104.1%**	**-41.4%**
BOS-PHL	**YE Q2 2009**	**YE Q3 2010**	**162,652**	**253,045**	**$222.20**	**$132.54**	**55.6%**	**-40.4%**
			456,532	**1,434,743**	**$179.56**	**$93.33**	**214.3%**	**-48.0%**

Note: All HOU markets include IAH and HOU, All ECP markets include ECP and PFN.
Source: U.S. DOT, Origin-Destination Passenger Survey, via Diio, LLC.

US Airways' Average Aircraft Size Used for Its DCA Air Carrier Slots Is Only 88 Seats

1.	US Airways Average DCA Aircraft Size	78.4
2.	US Airways Average DCA Commuter Aircraft Size	54.9
3.	US Airways Commuter Slots as % of Total Slots	29%
4.	US Airways Unrestricted Air Carrier Slots as % of Total Slots	71%
5.	**Average Aircraft Size for US Airways Air Carrier Slots**	**88.0**

Line 1/ From OAG, week of June 11-17, 2012.

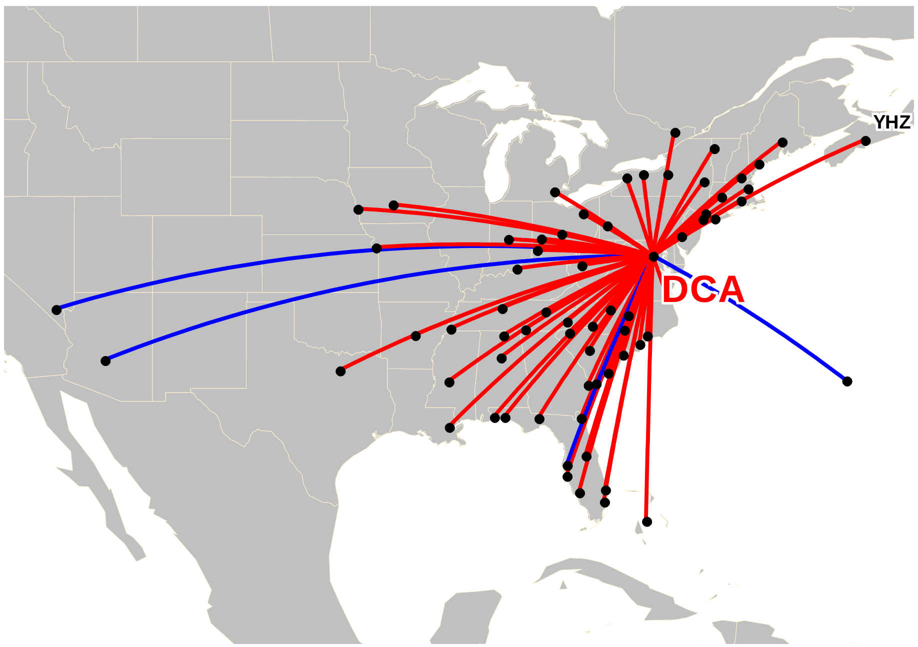
Line 2/ From OAG, week of June 11-17,2012. Includes US aircraft with 76 or fewer seats only.

Line 3/ From FAA Slot Reports, Current and Future, dated 2-13-2012 and OAG schedules June 2012. US Has 327 air carrier slots and 133 commuter slots.
Line 4/ From FAA Slot Reports, Current and Future, dated 2-13-2012 and OAG schedules June 2012. US Has 327 air carrier slots and 133 commuter slots.
Line 5/ (Line 1 – (Line 2 x Line 3))/ (Line 4). Assumes that commuter slots are operated at the US's commuter aircraft average aircraft size at DCA.

Docket OST-2000-7182
Exhibit WN-SR-105

US Airways Wastes 170 DCA Slots to Accommodate Connecting Traffic

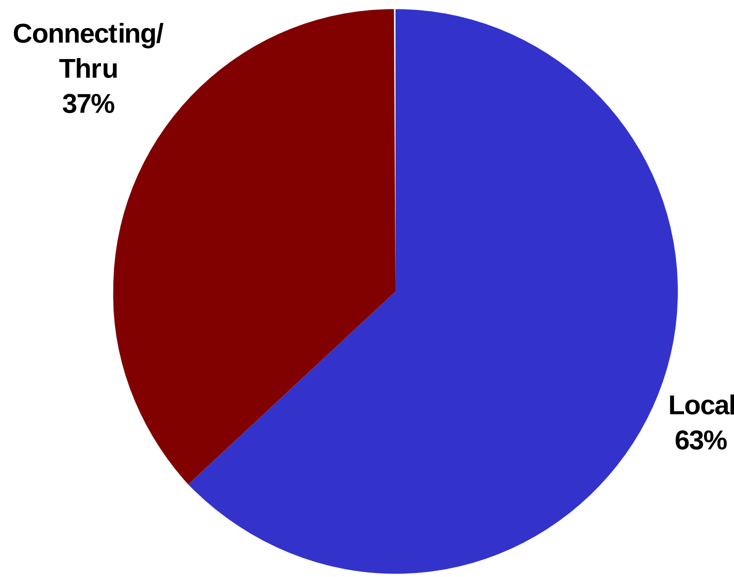
US Airways' DCA Network



Weekly Departures	1,414
Ave. Seats per Departure	78
Current DCA Slots	460

Mainline/Large Aircraft	(blue line)
RJ/Commuter Aircraft	(red line)

Distribution of US Airways' DCA Onboard Passengers

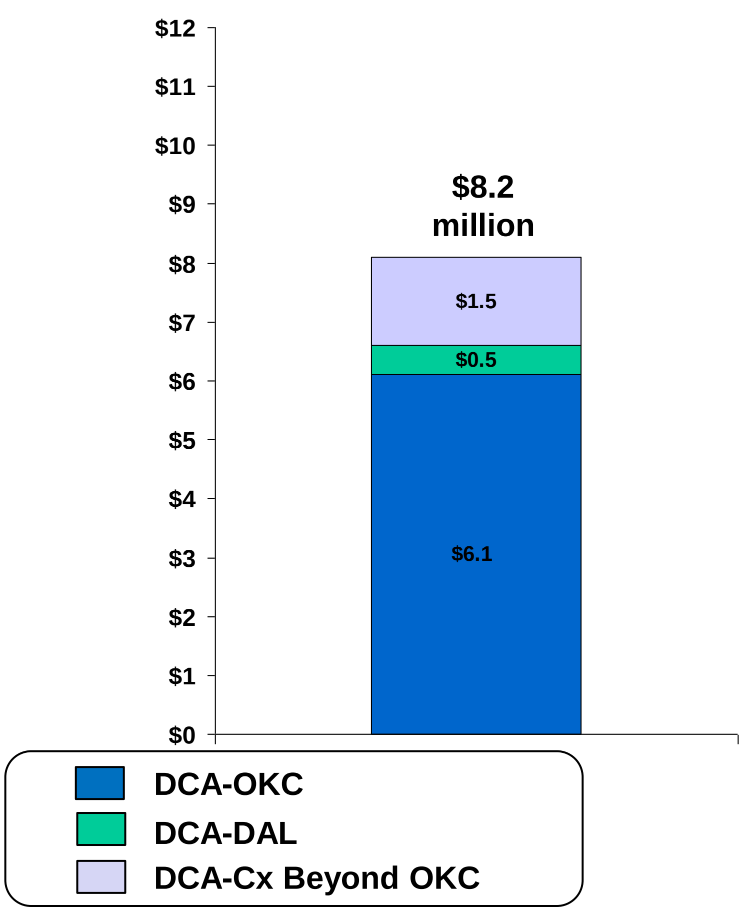


Total US Slots	460
Percent Connecting/thru Pax	37%
Equivalent Slots Used for Non-Washington Pax (460 x 37%)	170

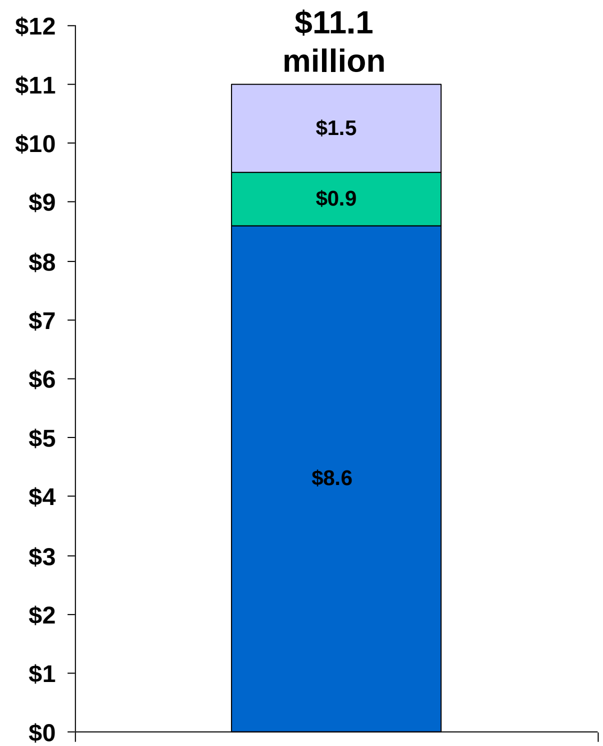
Source: OAG Schedules for the week of June 11th through the 17th, 2012; U.S. DOT, O&D Survey and T-100 data, via Diio, LLC.

Frontier's Fare Savings Methodology Produces Annual Savings Exceeding $11 Million for Southwest's Route Proposal

WN Consumer Fare Savings- Southwest Method (Millions)[1]



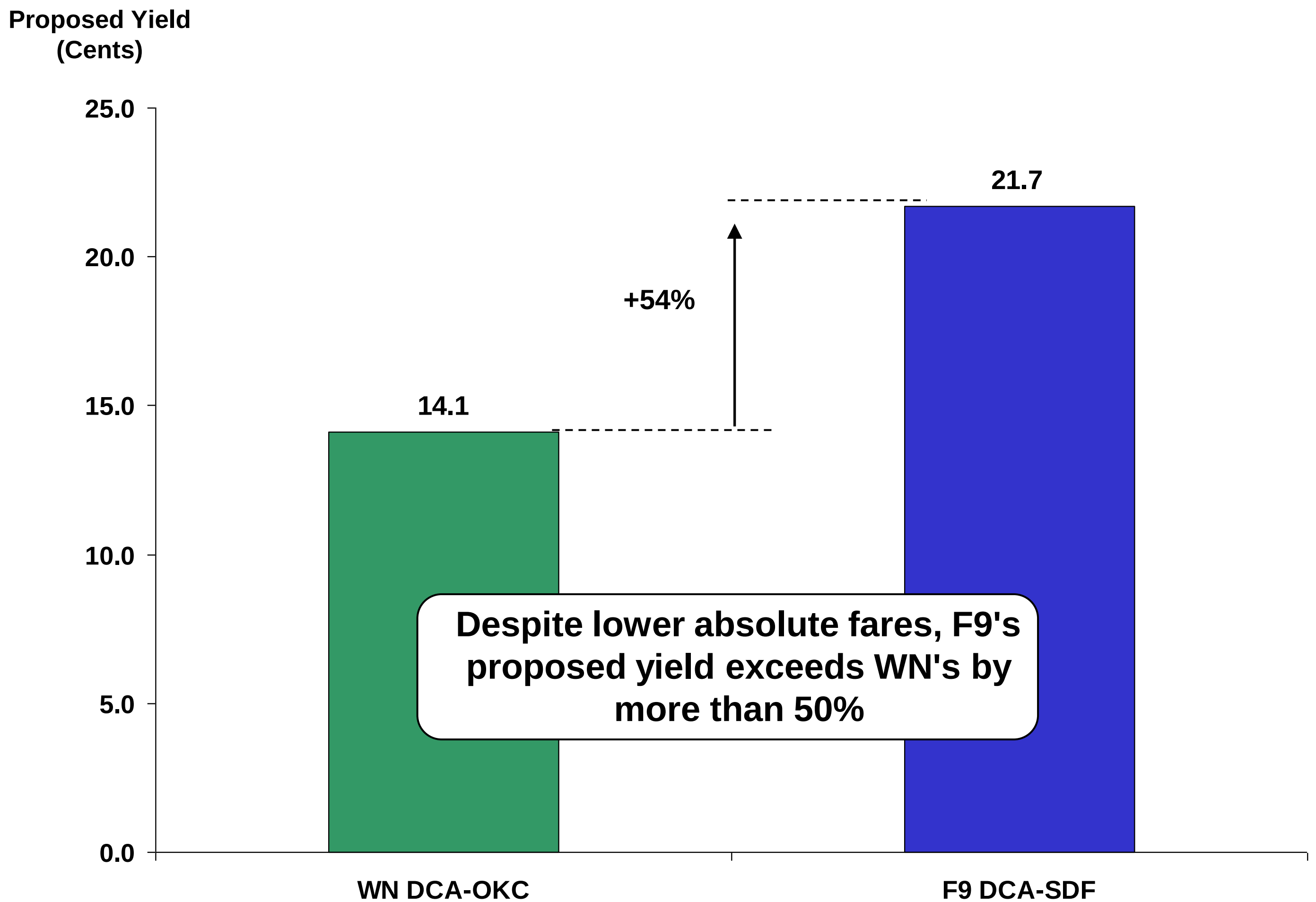
WN Consumer Fare Savings- Frontier's Method (Millions)[2]



1/ Exhibit WN-117
2/ In accordance with economic theory for estimating the savings to new customers, Southwest multiplied the number of newly generated passengers by 50% of the fare difference (savings). This is illustrated is Southwest's Application, Appendix 1, page 4, and it is a method used by FAA. Frontier on the other hand included 100% of the fare difference in its savings calculation.

Docket OST-2000-7182
Exhibit WN-SR-107

Frontier's Comparison of Fares is Highly Misleading



	WN DCA-OKC	F9 DCA-SDF
Nonstop Miles	1,158 miles	474 miles
Fare	$163	$103

Source: U.S. DOT, O&D Survey and Schedule data, YE Q3 2011, via Diio, LLC.