

NOTICE 321 OF 2009**COMPETITION COMMISSION****APPLICATION FOR AN EXEMPTION**

Notice is hereby given in terms of Section 10(6)(a) of the Competition Act, No. 89 of 1998, as amended ("the Act"), that South African Airways (Pty) Ltd (herein referred to as "SAA"), a state owned company, registered in terms of the Company Act of 1973, has applied to the Competition Commission ("the Commission"), in terms of Section 10(1) of the Act, to be exempted from certain provisions of Chapter 2 of the Act. SAA is active in the business of providing cargo and passenger air transportation services in South Africa, the African region and internationally.

SAA's application is in respect of a new joint Star Alliance product called the Meeting Plus Program. This product is similar to two other Star Alliance products called the Convention Plus and the Corporate Plus Programs.

It is important to note that the Commission granted SAA an exemption to join the Star Alliance and to participate in the two Star Alliance joint programs mentioned above in 2006. The current exemption endures for a period of five (5) years, ending in December 2010.

The objective of the Meeting Plus Program is to capture business and increase revenue for participants in the corporate meeting market. The program allows Star Alliance airlines to offer a joint Star meeting product in instances where organisers of international meetings call for bids for an official airline to offer air transport services for a particular meeting. The alliance members offer meeting organisers a support programme and a package of discounts off published fares for purchase by meeting delegates.

The participation of SAA in the joint Meeting Plus Program will, amongst other things, entail the following:

- Routes and schedule coordination with other members of the alliance;
- Information exchange, which will include information on airfare discounts that alliance members will offer to delegates;
- Cooperation in marketing, sales and distribution activities, including joint bids for government and corporate contracts.

SAA's participation in the joint Meeting Plus Program may constitute a prohibited practice, in contravention of Section 4(1) of the Act in view of the fact that alliance members are in a horizontal relationship.

SAA argues that its participation in the program will contribute to the following objectives:

- The maintenance and promotion of exports [section 10(3)(b)(i)];
- A change in productive capacity necessary to stop decline in an industry [section 10(b)(iii)].

The exemption is sought for a period of ten (10) years.

The Notice is published in terms of Section 10(6)(b) of the Act to allow interested parties to make written representations to the Commission as to why the exemption should not be granted. All representations must reach the Commission within 20 business days from the date of the publication of this notice.

Such representations should be directed to either:

Mr Shadrack Rambau / Ms Neo Chabane
Competition Commission of SA
Enforcement and Exemptions Division,
Private Bag X23,
Lynnwood Ridge, 0040

Facsimile: (012) 394 4263 / (012) 394 4276

Email: shadrackr@compcom.co.za / neoc@compcom.co.za

In correspondence kindly refer to the following case number: 2009Feb4281