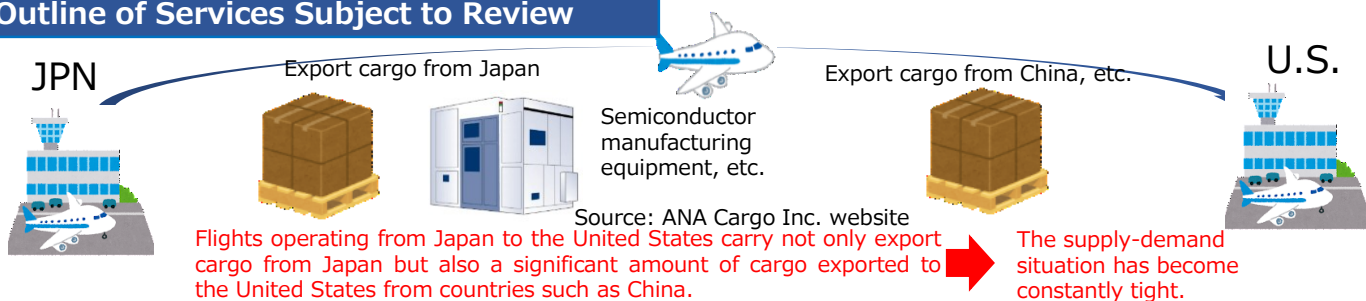


View Point of the Review

Whether the proposed acquisition (the "Transaction") would substantially restrain competition in the market for **international air cargo transportation from Japan to the United States**, where the Transaction is likely to have a significant impact on competition.

Outline of Services Subject to Review



Definition of a Particular Field of Trade

➤ Scope of Services

- Cargo transportation by aircraft (excluding transportation services provided by integrators).
- The "whole cargo market" covers all air cargo, while the "market for large cargo" covers large cargo and hazardous materials, including cargo that cannot be loaded onto passenger aircraft.

➤ Geographical Scope

- Routes from Japan to airports around Los Angeles (including Los Angeles, Seattle, San Francisco, and San Diego)
- Routes from Japan to airports around Chicago (including Chicago, Boston, New York, Washington D.C., Minneapolis, Detroit, Cincinnati, and Atlanta)

Substantial Restraint of Competition

➤ Unilateral Conduct

① The Position of the Parties Group and the State of Competition in the Market, etc.

- The combined market share of the Parties Group after the Transaction (based on 2023 actual results) is approximately 30% in the whole cargo market on the routes from Japan to the airports around Los Angeles, and approximately 35% on the routes from Japan to the airports around Chicago, ranking first in terms of market share in both geographic scopes.
- Regarding the market for large cargo, although the market shares are unknown for both of the routes, the market participants are limited to airlines operating freighters, resulting in a limited number of competitors.
- The Parties Group, both of which operate freighters, have high transport capacity and are in a close competitive relationship.

② Supply Capacity of Competitors

- The supply-demand balance is tight, and the loading rate of each competitor is extremely high, leaving no spare capacity.

The JFTC concluded that it would substantially restrain competition in a particular field of trade.

➤ Coordinated Conduct

- The JFTC concluded that coordinated conduct would not substantially restrain competition.

The Transaction would **substantially restrain competition in the whole cargo market and the market for large cargo on the routes from Japan to the airports around Los Angeles and the routes from Japan to the airports around Chicago.**

Proposed Remedies

- ① The Parties Group will enter into a Block Space Agreement with an independent third party. This agreement will provide a certain amount of cargo space for competitors' flights from Japan to the United States.
- ② Monitoring Trustee will be appointed to conduct continuous performance monitoring and periodical reports to the JFTC on the measures set forth in ① above.

Conclusion

Based on the premise that the Parties would implement their proposed remedies, the JFTC concluded that the Transaction would not substantially restrain competition in any particular field of trade.