



January 19, 2006

Dear Representative:

As you may know, Virgin America has filed an application with the U.S. Department of Transportation (DOT) to operate as a U.S. airline and has asked many Members of Congress to support its application. On behalf of the Transportation Trades Department, AFL-CIO (TTD), I am writing to provide an overview of our concerns with this application and to strongly urge you to reject Virgin America's attempts to garner your support for its application as submitted.

First, there are many questions as to whether this proposed new airline complies with current rules limiting foreign ownership and control of U.S. airlines. Second, we are committed to ensuring that Virgin America's application is reviewed thoroughly and that the true nature of its investment scheme and management structure is completely understood. And third, our vigorous participation in this proceeding is focused on protecting the jobs and interests of U.S. airline employees and stopping any foreign entity seeking entry into our marketplace from running afoul of longstanding foreign ownership and control requirements.

Based on the questions raised by the application, Continental Airlines filed a motion, formally supported by TTD and others, asking DOT to require Virgin to submit additional information to address the question of who owns and controls the proposed airline. While DOT has not ruled on this request, it has suspended the deadlines in this proceeding and issued an order providing interested parties with a mechanism to review the voluminous confidential information filed by Virgin America.

Under current law, foreign interests cannot own more than 25 percent voting stock or 49 percent equity in a U.S. airline. Furthermore, U.S. airlines must be under the "actual control" of U.S. citizens. TTD and our affiliated unions have long taken the position that these rules have served our nation, its aviation system and its workers well while allowing measured foreign involvement in our aviation industry.

It is no secret that Sir Richard Branson, founder and Chairman of the Virgin Group, has been an outspoken critic of America's rules and regulations and has been vocal in expressing his desire to weaken current ownership limitations to make it easier for him to launch and run a U.S. airline. In fact, as far back as 1998, Mr. Branson stated that, with respect to investing in a U.S. airline, the "... Virgin brand is so important ... **we would be reluctant to go ahead unless we could have direct control**" (emphasis added). Given Mr. Branson's desire to start a U.S. airline that he directly controls, transportation labor has always said that any airline proposed by Virgin must be carefully reviewed and evaluated to ensure it is indeed owned by and under the actual control of U.S. citizens.

Transportation Trades Department, AFL-CIO

888 16th Street, NW • Suite 650 • Washington, DC 20006 • tel: 202.628.9262 • fax: 202.628.0391 • www.ttd.org
Edward Wytkind, President • Michael A. Ingrao, Secretary-Treasurer



As indicated above, TTD contends that the application Virgin America submitted to DOT does not adequately answer the fundamental question of who ultimately controls the company and that additional information is needed before a decision can be rendered. From what we do know, it appears that Mr. Branson, a British citizen, and Virgin Atlantic, a foreign airline, developed the Virgin America concept and was directly involved in assembling the management team and making key operational decisions. Through an intermediary investment vehicle, Virgin Group has taken a large ownership stake in Virgin America and it appears that Virgin America would depend on the expertise offered by Virgin Atlantic if it were to operate as a U.S. airline. Finally, the business relationship between Virgin America and Virgin Atlantic, as well as other foreign airlines in the Virgin Group, needs to be fully understood.

The question of who owns and controls a U.S. airline is not simply an esoteric issue. If foreign interests are able to control U.S. airlines, national security concerns are implicated, outsourcing could become even more prevalent and collectively bargained wage and working standards would be threatened. For these reasons, TTD is opposing the DOT's proposal (offered in a separate proceeding) to change the rules regarding what constitutes actual control of U.S. airlines. To date, over 110 Members of the House have cosponsored legislation (H.R. 4542) that would stop the DOT for one year from moving forward with these ill advised changes.

While Virgin America's application was filed under the current rules, consideration of the application without a full understanding of the ownership and control structure of the company would likewise undermine and weaken these protections. Simply put, Virgin America must adhere to the rules in place today and not attempt to use the application process to bend the rules or otherwise evade the requirement that U.S. citizens actually control U.S. airlines.

Please do not hesitate to contact me or Larry Willis at 202/628-9262 if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Wytkind', with a stylized flourish at the end.

Edward Wytkind
President