



THE SECRETARY OF TRANSPORTATION
WASHINGTON, DC 20590

September 5, 2024

[Address Block]

Dear [Airline CEO]:

Airline rewards programs have become a meaningful part of the U.S. economy and a major part of the airline business model, by some measures developing a financial significance that rivals or even outweighs the operation of flights. These programs can shape how customers interact with airlines, and many Americans reportedly have point balances substantial enough that they amount to part of their savings.

Given the economic importance of rewards in the aviation sector, the Department of Transportation (DOT or Department) has initiated a review to examine the fairness, transparency, predictability, and competitiveness of airlines' rewards programs. DOT has authority under 49 U.S.C. § 41712 to investigate and take action against airlines and ticket agents for unfair or deceptive practices and unfair methods of competition in air transportation or the sale of air transportation.

The rewards programs of the largest four U.S. carriers – American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines – play an outsized role in shaping the policies, practices, and participation in the airline rewards market due to their size, scale, scope, and membership. Accordingly, as part of our review, the Department is seeking more specific data to better understand the largest rewards programs and identify potential competition or consumer protection issues or risks, and I have enclosed an order to file a report responsive to our questions. Our goal with this inquiry is to ensure that customer rewards are protected from any practices that would diminish their value, benefit, or availability.

If you have questions or requests related to the Special Order, please reach out to Jennifer Howard, DOT's Chief Competition Officer (jennifer.howard@dot.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Buttigieg", is written over a light blue circular stamp.

Pete Buttigieg

Enclosure: Order to File a Special Report

ORDER TO FILE A SPECIAL REPORT

DOT is seeking Special Reports containing information and documents responsive to the questions specified in this Order pursuant to the Department's authority under 49 U.S.C. § 41708 whereby the Secretary may require an air carrier to file annual, monthly, periodical, and special reports with the Secretary, in the form and way prescribed by the Secretary, under oath; to provide specific answers to questions on which the Secretary considers information to be necessary; and to file with the Secretary a copy of each agreement, arrangement, contract, or understanding between the carrier and another carrier or person related to transportation.

Therefore, [AIRLINE] (Recipient) is ordered to file with the Department, no later than 90 days after date of service, a Special Report containing the information and documents specified herein. The Special Report is required to be subscribed and sworn by an official of the Recipient who has prepared or supervised the preparation of the report from books, records, correspondence, and other data and material in your possession.

Your written report should restate each item of this Order with which the corresponding answer is identified. If any question cannot be answered fully, please provide the information that is available and explain in what respects and why the answer is incomplete. The Special Report and all accompanying documentary responses must be Bates-stamped. The Recipient is required to respond to this Order using information in the Recipient's possession, custody, or control, including information maintained in a central data repository to which the Recipient has access. The Recipient should not seek any responsive information and data from separately incorporated subsidiaries or affiliates or from individuals (other than in their capacity as the Recipient's employee or as the Recipient's agent). However, the Recipient should provide information relating to separately incorporated subsidiaries or affiliates if the Recipient already has possession, custody, or control of such information.

No later than 14 days from the date of service, the Recipient should contact Department staff and indicate whether all of the information required to respond to this Order is in the Recipient's possession, custody, or control. If certain information is not in the Recipient's possession, custody, or control, no later than 14 days from the date of service, the Recipient also must: (1) identify, both orally and in writing, each question or sub-question that the Recipient is not able to fully answer because information is not in the Recipient's possession, custody, or control, and (2) for each, provide the full names and addresses of all entities or individuals who have possession, custody, or control of such missing information.

Confidential commercial or financial information will be reported by the Department on an aggregate or anonymous basis. The Recipient may request confidential treatment for any information contained in the Special Report pursuant to 14 CFR 302.12. Any request for such treatment should describe in detail how you actually or customarily treat the information as private, and how disclosure of the information would harm your commercial or financial interests.

SPECIFICATIONS

For the purposes below, “rewards programs” include credit card rewards programs, loyalty programs, frequent flyer programs, and any consumer incentive programs affiliated with [AIRLINE]. “Rewards points” include points, miles, and other units of value that are awarded or procured as part of [AIRLINE]’ rewards program and can be redeemed for money, goods, services, or other benefits.

1. As of July 31, 2024, please separately identify and describe each of [AIRLINE]’ rewards programs including its features, terms and conditions, policies, procedures, partnerships, and/or practices, quantify the membership and activity volume, and provide supporting documents. For each rewards program, please provide a narrative response and relevant current data on the following:
 - a. identify and describe each membership level or status category,
 - b. describe the actions, purchases, and/or rewards points a consumer must take to become a member and maintain membership status in each level or category,
 - c. identify and describe each benefit or reward that is available as part of the rewards program, including but not limited to, lounge access, one-way flight (domestic and/or international), roundtrip flight (domestic and/or international), class upgrade, in-flight services, ancillary services, third-party products or services, or any product or service that is offered to rewards members,
 - d. describe the actions, purchases, and/or rewards points required to obtain, access, use, maintain, and/or redeem each benefit or reward,
 - e. describe how [AIRLINE] determines the number of rewards points required to obtain, access, use, maintain, and/or redeem each benefit or reward,
 - f. provide the amount of money a consumer must spend solely on credit card purchases to obtain each membership level, status, benefit, and reward,
 - g. provide the amount of money a consumer must spend solely on ticket fare purchases to obtain each membership level, status, benefit, and reward.
2. As of July 31, 2024, please separately identify and describe each fee that is associated with each rewards program, including but not limited to those a consumer is required to pay to procure, access, use, transfer, maintain, or redeem their rewards, the rationale for charging that fee, and the associated cost for [AIRLINE] to provide that procurement, access, use, transfer, maintenance, or redemption. To the extent these amounts differ, please explain how and why, and provide accounting records to support any cost rationale.
3. As of July 31, 2024, please separately identify and describe each policy, term, condition, requirement, restriction, limitation, and/or expiration that impacts the availability, access, use, value, features, points to obtain, fees, and/or monetary cost of any membership level, status, benefit, or reward, or impacts the timing, options, processes, and/or channels through which they can be obtained, accessed, used, maintained, or redeemed. As part of the description for each, please identify, explain, and quantify where possible how it impacts any membership level, status, benefit, and/or reward.

4. Please separately identify, describe, and provide supporting documents for each change to any [AIRLINE] rewards program over the past six years, beginning on July 31, 2018, and ending on July 31, 2024, including but not limited to any changes regarding any aspect of [AIRLINE]' rewards programs described in SPECIFICATIONS #1-3. Separately for each change, please provide the following as part of the description:
- a. the reason for the change,
 - b. the process required to implement the change,
 - c. when the change took effect,
 - d. whether, and if applicable, how, and why it applied to each membership level, status, benefits, rewards, and/or rewards point earned prior to the change,
 - e. the total number of rewards customers who were affected by the change,
 - f. the total number of rewards customers in each membership level or status category who were affected by the change,
 - g. the total number of rewards customers with a linked credit card who were affected by the change,
 - h. the total number of rewards points that were affected by the change,
 - i. the total number of rewards points within each membership level or status category that were affected by the change,
 - j. the total number of affected rewards points that were earned through spending on a linked or co-branded credit card and for which [AIRLINE] received compensation from your credit card partner(s),
 - k. the total dollar amount that [AIRLINE] was compensated by your credit card partner for the affected rewards points and the compensation per rewards point,
 - l. the net increase/decrease in the dollar value and/or purchase cost of each affected membership level, status, benefit, reward, and/or reward point,
 - m. the total and average per-account financial net increase/decrease in the dollar value of all rewards customer accounts, of rewards customer accounts in each membership level or status category, and of rewards customer accounts with a linked or co-branded credit card,
 - n. any notification that was provided to existing rewards customers before the change, and if applicable, and when and how that notification was provided,
 - o. any options that were provided to existing rewards customers to avoid the change, preserve their membership level, status, benefits, rewards, and/or rewards points, grandfather in their existing terms, or otherwise prevent any loss,
 - i. if no options were provided, explain why,
 - ii. for each option provided, describe the option, what was preserved and lost, how customers were reimbursed for the loss, and provide the total and per-account average dollar value of the rewards points preserved and lost through that option,
 - p. the number of consumers enrolled in the rewards program 60 days before and after the change,
 - q. the number of consumers at each membership level or status 60 days before and after the policy change,

- r. the number of consumers with a linked or co-branded credit card 60 days before and after the policy change, and
 - s. any change in revenue or asset valuation associated with each change.
5. Please identify what, if any, rewards points have a dynamic dollar value that changes based on variable factors. For each type of rewards point with a dynamic dollar value, please describe when and why the value became dynamic; how often the value changes; how the value is determined, including what variables are used; why each of those variables are used; what, if any, changes have been made to those variables since the value became dynamic for that rewards point; the financial impact on an average rewards customer for each variable change; the average dollar value of each type of reward point prior to becoming dynamic; and how much the average dollar value has changed for each type of reward point per quarter since becoming dynamic.
6. For each of the following questions, please provide narrative responses, including a description of how each specific dollar value was calculated, and provide any documents or records necessary to substantiate your response:
 - a. What is the average dollar value of one reward point if redeemed for money per year since July 31, 2018? What is the dollar cost for a consumer to purchase one reward point on average per year since July 31, 2018? To the extent these amounts differ, please explain how and why, and provide accounting records to support any cost rationale.
 - b. What is the average dollar value of one reward point if redeemed for a one-way domestic ticket, a round-trip domestic ticket, a one-way international ticket, or a round-trip international ticket per year since July 31, 2018? How many rewards points are required to purchase each of the following: a one-way domestic ticket, a round-trip domestic ticket, a one-way international ticket, or a round-trip international ticket on average per year since July 31, 2018? What, if any, is the average price differential between purchasing a ticket with money versus rewards points per year since July 31, 2018? To the extent these amounts differ, please explain how and why, and provide accounting records to support any price differential.
 - c. What is the average dollar value of one reward point if redeemed to procure each ancillary service provided by [AIRLINE] per year since July 31, 2018? How many rewards points were redeemed for each service per year since July 31, 2018? For each ancillary service, please include the ancillary service fee amount and the amount of points required to purchase. To the extent these amounts differ, please explain how and why, and provide accounting records to support any price differential.
 - d. What is the average dollar value of one reward point if redeemed to purchase a product or service through each third-party rewards partner per year since July 31, 2018? How many points were redeemed through each third party and what were the total costs of the products and/or services procured per year

since July 31, 2018? For each third-party partner, please describe the product(s) or service(s) that can be procured with reward points, how many rewards points are required to procure it, how the dollar value is determined and by which party, and how the third party is financially compensated for the rewards point redemption.

- e. How many tickets and ancillary services have been exchanged for rewards points in lieu of monetary refunds per year since July 31, 2018? What is the total monetary price paid by passengers for the tickets and ancillary services that were exchanged for rewards points in lieu of monetary refunds per year since July 31, 2018? How many rewards points have been provided in lieu of refunds for tickets and/or ancillary services per year since July 31, 2018? How many rewards points provided in lieu of refunds for tickets and/or ancillary services expired per year and what was the total dollar value of those expired rewards points per year since July 31, 2018?
- f. How many rewards points are currently outstanding as of July 31, 2024? What is the dollar value of those outstanding rewards?
- g. Since July 31, 2018, how many members have been enrolled in [AIRLINE]' rewards program each year? How many of those members were enrolled via credit card partnership? How many of those members were enrolled through other enrollment channels? Identify each channel and how many were enrolled through it.
- h. Since July 31, 2018, how many rewards points were earned in total each year? How many of those rewards points were earned through credit card partners? How many rewards points did your credit card partner(s) purchase each year, and for each purchase, how much did credit card partners pay for one reward point?
- i. Since July 31, 2018, how many rewards points were earned through [AIRLINE]' loyalty programs such as frequent fliers each year? What was the cost to [AIRLINE] for one reward point earned through loyalty programs each year?
- j. Since July 31, 2018, what was the total number of seats allotted for rewards redemption for upgrades each year? What was the total number of seats allotted for rewards redemption for domestic trips each year? What is the total number of award seats per fare class allotted and redeemed each year?
- k. Since July 31, 2018, how many points were used to make one round-trip on a domestic flight and one round-trip upgrade within the U.S. and Canada (excluding Hawaii) for the five most popular routes each year? Please identify the routes for each year.

1. Since July 31, 2018, how many rewards points have expired or have otherwise been lost or removed each year, how many rewards members or their beneficiaries have experienced the loss or expiration of points each year, what is the overall and on average dollar value to consumers of the lost or expired points each year, what was the cost savings or financial impact of the lost or expired points for [AIRLINE] each year? Under what circumstances can previously revoked rewards be reinstated, how often does this occur, and to what percentage of affected customers?
 - m. How many rewards points did passengers accrue between March 1, 2020, and July 31, 2022? How much compensation did [AIRLINE] receive from credit card rewards partners for those points? How many of those rewards points have been redeemed as of July 31, 2024? How many domestic flight seats, on average, could be procured with those outstanding points?
7. Please identify each merger or acquisition since the inception of [AIRLINE]' rewards program. Separately for each transaction, please provide any agreements, contracts, or records related to partnerships with financial institutions impacted by the merger; and any documents provided to the Board, Chief Executive Officer, or the senior leadership of [AIRLINE] and/or the Board, Chief Executive Officer, or the senior leadership of the merging party regarding the valuation or policies of one or both parties' rewards programs or integration of the two parties' rewards programs. Separately for each transaction, please provide the terms and conditions under each of the merging parties' rewards programs and the combined rewards program, describe any differences between [AIRLINE]' program and the rewards program of the merging party at the time the proposed merger was announced, describe the process for integrating the two rewards programs, and provide answers to the following:
 - a. How many customers were in [AIRLINE]' rewards program and how many customers were in the merging entity's rewards program one year prior to integration? How many rewards points were outstanding in each airline's rewards program one year prior to integration? How long after the merger was consummated were the two rewards programs fully integrated? How many customers were in the combined program and how many rewards points were outstanding one year after integration?
 - b. How many rewards points accrued in the merging entity's rewards program prior to integration were transferred to the combined program and at what ratio were they transferred (for example, 1:1)? What was the average dollar value of a rewards point in the merging entity's rewards program prior to the transfer and what was the average dollar value of that point after the transfer? Were any rewards points not transferred to the combined program from the merging entity's program? If so, why weren't they transferred and how many were lost? How much did the average total dollar value of a customer rewards account change after the transfer?

- c. What terms or conditions changed for customers of the merging entity's rewards program who transferred into the combined program, including but not limited to any changes associated with membership level, status, benefits, rewards, rewards points and/or any other aspect of the rewards programs described in SPECIFICATIONS #1-3? What changed for customers in [AIRLINE]' rewards program when the two rewards programs were integrated? How did each change impact the value of the membership level, status, benefits, rewards, and/or rewards points accrued prior to the transfer? How much did the average dollar value of the rewards points accrued prior to the transfer increase or decrease with each change?
 - d. What was communicated to customers of each merging party prior, during, and after consummation of the transaction about changes to their rewards? What options were customers given to preserve their membership level, status, benefits, rewards, and/or rewards points, grandfather in their existing terms and conditions, or otherwise prevent any loss? If no options were provided, why? If applicable, what options were provided, what was preserved and lost, and how much did the dollar value of the rewards points decrease through that option, if at all. Was any lost value reimbursed, and if so, how much, and if not, why?
 - e. How did each merger impact [AIRLINE]' capacity to deliver rewards as promised and, if applicable, how did [AIRLINE] address each and any gaps?
8. Please provide any contracts, invoices, and/or other documents that reflect your agreement or partnership with financial institutions related to [AIRLINE]' rewards programs for the past six years, beginning on July 31, 2018, and ending on July 31, 2024, including instances where the financial institution made a bulk purchase of airline rewards. Please include any contracts or related documents that pre-date July 31, 2018, if those agreements or documents were in effect on or after July 31, 2018. With each contract, please provide a summary of any changes from the previous contract that might impact the value or consumer experience of the rewards. Please identify and describe any provisions that require [AIRLINE] or a financial institution to provide certain payments, benefits, or rewards to the exclusion of another carrier or financial institution. Please identify and describe any provisions that provide for [AIRLINE] rewards points to be acquired by consumers via transfer or conversion of credit card rewards points, including by online portal, and any provisions that require [AIRLINE] or a financial institution to ensure that transfer or conversion of credit card rewards points, including by online portal, operates properly.
9. Please provide any contracts and/or other documents that reflect your agreement or partnership with U.S. or foreign air carriers related to [AIRLINE]' rewards programs, including as part of a merger, acquisition, joint venture agreement, code share, alliance, or other business deal, for the past six years, beginning on July 31, 2018, and ending on July 31, 2024. Please identify and describe any provisions that require any party to provide certain payments, benefits, marketing, or rewards to the exclusion of any or all other parties.

10. For each year starting on January 1, 2010, please provide the market valuation of [AIRLINE]' rewards programs; describe how [AIRLINE] determined that valuation; and provide supporting documents for any ways that [AIRLINE] relied on, used, or otherwise accounted for the value of your rewards program in your internal or external financial statements and disclosures.
11. Please describe and provide supporting documents for any ways that [AIRLINE] monitors, analyzes, and/or reacts to any U.S. or foreign air carrier's competing rewards program, or has done so, as well as any discussions with any third-party trade associations regarding rewards programs policies and/or practices, beginning on July 31, 2018, and ending on July 31, 2024.
12. Please provide a summary of the complaints received by [AIRLINE] related to your rewards program for each year beginning on July 31, 2018, and ending on July 31, 2024. The summary should include, but is not limited to, a qualitative description of each of the top ten rewards issues complained about for that year and the remedial options for resolution for each issue, the number of complaints received overall and per issue, the average dollar value of the dispute and resolution, and any other facts or figures relevant to understanding the nature of the complaints and their resolution. If [AIRLINE] is notified of complaints to credit card partners about your rewards program, please provide a similar summary for complaints received in this manner related to your rewards program for each year beginning on July 31, 2018, and ending on July 31, 2024.

INSTRUCTIONS

- The information specified in or requested by the Order must be submitted to the Department or before December 4, 2024, by 5:00 PM Eastern time. Instructions regarding submission will be provided by Department staff.
- The Recipient should not include any personally identifiable information that directly identifies any consumer, such as a consumer's name, address, telephone number, Social Security number, or account number.
- The Department may issue follow-up requests in connection with your responses.
- The Recipient's responses shall be accompanied by an affidavit or declaration, made by one or more officers of [AIRLINE] who are authorized to represent the company, affirming that the information is true and accurate and does not contain any omissions that would cause the response to be materially misleading.

By the direction of the Secretary,



Pete Buttigieg
Secretary, Department of Transportation