



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – April 17, 2014

FLIGHT CENTRE APPEALS ACCC TEST CASE JUDGMENT

THE Flight Centre Travel Group (FLT) has appealed against the Federal Court's decision to uphold the ACCC's competition law test case against it.

The company today formally lodged a notice of appeal covering both:

- The court's judgment in the ACCC's favour after the October 2012 hearing; and
- The \$11million in penalties that were handed down after the subsequent penalty hearing, which concluded in February 2014

FLT believes the judgment contains errors and inappropriate extensions of the law.

In its appeal, FLT will also contend that the penalties are manifestly excessive given the circumstances and the lesser penalties handed down in other cases, where the law was knowingly breached and there was a clear impact on the market.

In the judgment, the court divided airfares into two components – firstly, a flight component (referred to as an international passenger air travel service) and secondly a distribution and booking services component. The court ruled that FLT was an agent for airlines in relation to the air travel service but competed with airlines for distribution services, overturning the traditional notion that FLT acted solely as an agent for its suppliers.

"When the ACCC initiated legal action in 2012, we considered the case ironic given that FLT pioneered airfare discounting in Australia," FLT managing director Graham Turner said.

"We also expressed surprise, based on our view that the case related to legitimate discussions between FLT and some airlines to ensure it had access to all fares that were released to the market.

"Having access to all fares is important because it ensures our customers are not disadvantaged.

"Given that travel agents book about 80% of international flights in Australia, this also benefits travellers in general because it means special offers are available from more than one source.

"Our right to seek access to fares is acknowledged in the undertaking accepted by the Court which states that 'nothing in the undertaking prevents Flight Centre from merely requesting that an international airline make an airfare available to it either through a Global Distribution System or otherwise'.

“We look forward to the appeal, which we believe will be heard late this calendar year.”

While FLT will appeal the judgment and the penalties imposed, it will naturally abide fully with the Federal Court’s decision and the undertaking prohibiting any repetition of the conduct.

As announced previously, neither the judgment nor the undertaking have created a need for fundamental changes within FLT, as any such changes that would have been required as a result of the judgment were made proactively after the ACCC launched its initial investigation in 2009 and well before it initiated its test case.

ENDS Media and investor enquiries to Haydn Long 0418 750454