



NATIONAL MEDIATION BOARD
WASHINGTON, DC 20572

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In the Matter of the
Application of

**ASSOCIATION OF FLIGHT
ATTENDANTS-CWA**

alleging a representation dispute
pursuant to Section 2, Ninth, of
the Railway Labor Act, as
amended

involving employees of

**ALASKA AIRLINES, INC. /VIRGIN
AMERICA, INC.**

44 NMB No. 10

CASE NO. R-7478
(FILE NO. CR-7160)

FINDINGS UPON
INVESTIGATION
SINGLE CARRIER
DETERMINATION

March 13, 2017

This determination addresses the application filed by the Association of Flight Attendants-CWA (Organization or AFA-CWA). AFA-CWA requests the National Mediation Board (NMB or Board) to investigate whether Alaska Airlines, Inc. (Alaska) and Virgin America, Inc. (Virgin America) (collectively the Carriers or Combined Carrier) are operating as a single transportation system for the craft or class of Flight Attendants.

The investigation establishes that Alaska and Virgin America constitute a single transportation system.

PROCEDURAL BACKGROUND

On December 30, 2016, pursuant to the NMB's Merger Procedures and NMB Representation Manual (Manual) Section 19.3, the Carriers notified the Board that, on December 14, 2016, Alaska Air Group, Inc. (AAG), parent of Alaska Airlines, Alpine Acquisition Corp. (a wholly owned subsidiary of AAG),

and Virgin America implemented their April 1, 2016 Agreement and Plan of Merger (Merger Agreement), resulting in “AAG’s acquisition of 100 percent of the outstanding shares of Virgin America.” On January 5, 2017, AFA-CWA filed an application alleging a representation dispute involving the craft or class of Flight Attendants at the Carriers.

The Flight Attendants craft or class is represented by AFA-CWA at Alaska under the Board’s certification in NMB Case No. R-3477. The Transportation Workers Union of America (TWU) represents the Flight Attendants craft or class at Virgin America under the Board’s certification in NMB Case No. R-7389.

AFA asserts that Alaska and Virgin America constitute a single transportation system for representation purposes under the Railway Labor Act (RLA or Act). The Board assigned Maria-Kate Dowling to investigate and requested that the Carriers provide information regarding their operations. On January 23, 2017, the Carriers submitted information supplementing their December 30, 2016 notice to the Board and a position statement. AFA-CWA filed a position statement with their application. TWU did not file a position statement.

ISSUE

Are Alaska and Virgin America operating as a single transportation system? If so, what are the representation consequences?

CONTENTIONS

AFA-CWA

AFA-CWA states that the Carriers satisfy the NMB’s requirements for a single transportation system.

Alaska and Virgin America

The Carriers state that the objective of the merger of Alaska and Virgin America is the creation of a single airline and that they are rapidly pursuing that goal. The Carriers state that, while complete integration of flight operations will not be possible until the Federal Aviation Administration (FAA) issues a single operating certificate, Alaska and Virgin America nonetheless constitute a single transportation system within the meaning of the Board’s case law.

FINDINGS OF LAW

Determination of the issues in this case is governed by the Act, as amended, 45 U.S.C. § 151, et seq. Accordingly, the Board finds as follows:

I.

Alaska and Virgin America are common carriers as defined in 45 U.S.C. § 181, First.

II.

AFA-CWA and TWU are labor organizations and/or representatives as defined in 45 USC § 151, Sixth, and § 152, Ninth.

III.

45 U.S.C. § 152, Fourth, gives employees subject to its provisions, “the right to organize and bargain collectively through representatives of their own choosing. The majority of any craft or class of employees shall have the right to determine who shall be the representative of the craft or class for purposes of this chapter.”

IV.

45 U.S.C. § 152, Ninth, provides that the Board has the duty to investigate representation disputes and to designate who may participate as eligible voters in the event an election is required. In determining the choice of the majority of employees, the Board is “authorized to take a secret ballot of the employees involved or to utilize any other appropriate method of ascertaining the names of their duly designated and authorized representatives . . . by the employees without interference, influence, or coercion exercised by the carrier.”

STATEMENT OF FACTS

Background

According to the Carriers, there are approximately 3922 Flight Attendants at Alaska. As previously noted, Alaska’s Flight Attendants are currently represented by the AFA-CWA and Alaska and AFA-CWA are parties to a collective bargaining agreement (CBA) governing the terms and conditions of employment for Alaska’s Flight Attendants. This CBA will become amendable

on December 18, 2019. The Carriers also state that there are approximately 961 Flight Attendants at Virgin America currently represented by TWU. Virgin America and TWU have not yet reached an initial CBA.

Common Corporate Ownership

As a result of the implementation of the Merger Agreement, Alaska and Virgin America are now each wholly-owned subsidiaries of AAG. Common shares of AAG are traded on the New York Stock Exchange (NYSE) under the symbol "ALK." Virgin America shares are no longer listed on the NASDAQ Global Select Market. A common investor relations, media, and customer website for AAG – www.differentworks.com -- has been created.

Common Board of Directors

As of the merger's close on December 14, 2016, AAG's and Alaska's Boards of Directors are each comprised of the following members: Bradley D. Tilden, Chairman; Patricia M. Bedient, Lead Independent Director; Phyllis J. Campbell, Lead Independent Director; J. Kenneth Thompson; Jessie J. Knight, Jr.; Eric K. Yeaman; Dhiren R. Fonesca; Katherine J. Savitt-Lennon; Marion C. Blakely; Helvi K. Sandvik; and Dennis F. Madsen. As of the same date, Bradley D. Tilden also serves as the sole member and Chairman of the Virgin America Board of Directors. Within 90 days of the merger close, the AAG and Alaska Boards of Directors, in their entirety, will constitute the Board of Directors for Virgin America.

Common Management

In a December 14, 2016 press release, Alaska announced that its President and Chief Operating Officer, Ben Minicucci, had become part of Virgin America's Leadership Team. On that same date, an internal memorandum named the remaining post-merger team of corporate officers for Virgin America: Ben Minicucci, President and Chief Operating Officer of Alaska, is now Chief Executive Officer of Virgin America; Brandon S. Pedersen, Executive Vice President, Finance and Chief Financial Officer of AAG and Alaska, is now also Chief Financial Officer of Virgin America; Mark Eliassen, AAG and Alaska's Vice President, Finance and Treasurer, is now also Treasurer of Virgin America; Shannon K. Alberts, AAG and Alaska's Corporate Secretary, is now also Corporate Secretary of Virgin America; and Jeff Butler, Alaska's Vice President of Airport Operations and Customer Service, now also serves as Vice President, Guest and Inflight Services for Virgin America with

responsibility for Airports, Inflight, Call Centers, Corporate Real Estate and Catering.

In addition, Alaska senior executives and senior management have assumed post-merger responsibilities for both companies. Kyle Levine, Alaska's General Counsel and Vice President-Legal, has responsibility for legal functions for the Combined Carrier. Kevin Ger, Alaska's Vice President-Revenue Management, has responsibility for revenue management functions for the Carriers. Shane Tackett, Alaska's Vice President-Revenue and E-Commerce, now has responsibility for those functions for both Carriers. John Kirby, Alaska's Vice President-Capacity Planning, now holds that responsibility for Alaska and Virgin America.

The majority of Virgin America's senior management team will be staying with Virgin America to assist with integration but as the integration effort proceeds, certain Alaska and Virgin America positions will be merged. The Virgin America teammates in headquarters positions and frontline leadership roles who have agreed to stay following the merger will be transitioning to roles at the Combined Carrier over the next 18 months.

Alaska has also established an Integration Management Office (IMO), led by Torque Zubeck for Alaska and Amy Burr for Virgin America. The IMO reports to a steering committee which is currently comprised of Andrew Harrison, Ben Minicucci, Bradley D. Tilden, and Brendon S. Pederson from pre-merger Alaska, and Peter Hunt from pre-merger Virgin America. Currently consisting of more than 90 Alaska and Virgin America employees, the IMO has completed its development of a specific integration plan. As part of this plan, the IMO has defined and is executing the commercial, operational, and enabling goals for the complete integration of the two Carriers.

Seattle, Washington, the location of Alaska's headquarters, will serve as the location of the Combined Carrier's headquarters. The Virgin America offices in Burlingame, California will function as a regional office for the Combined Carrier. The majority of the pre-merger Virgin America senior executives and managers who have accepted offers of continued employment with the Combined Carrier will be relocating to Seattle. As an example, the Carriers state that the Virgin America Revenue Management employees who will continue working for the Combined Carrier are expected to move to Seattle by April 2017. A relocation guide has been provided to Virgin America employees who will be moving to Seattle.

Financial Integration

On December 14, 2016, AAG made its first filing with the Securities and Exchange Commission as parent of both Alaska and Virgin America. AAG's filing, a Form 8-K, included a description of the closing of the merger. AAG will report its financial results on a consolidated basis, with separate reporting for Alaska and Virgin America. On January 10, 2017, AAG reported December and full-year operational results on a combined basis for Alaska and Virgin America. In a January 18, 2017 abbreviated Investor Update, the Carriers reported forecasted consolidated passenger unit revenue (PRASM), total unit revenue (RASM), unit cost excluding fuel (CASMex), estimated economic fuel cost per gallon for the quarter, expected consolidated non-operating expenses, expected weighted-average basic and diluted share counts for the fourth quarter of 2016. A full Investor Update with information about fuel hedge positions, planned capital expenditures, fleet information, and share repurchase activity will be provided in connection with the Carriers' fourth quarter earnings release. Also, as discussed above, the finance groups of both Carriers are under the direction of a single officer, Brandon S. Pedersen, to ensure consistency between the two entities.

Centralized Control of Labor Relations

As previously discussed, following the close of the merger, Alaska's Vice President Labor Relations, Greg Mays assumed responsibility and direction for all labor relations at the Carriers. According to the Carriers, Elizabeth Ryan, Alaska's Managing Director-Labor Relations will become the Managing Director-Labor Relations Air with responsibility for the Pilot, Flight Attendant, and Dispatcher work groups at both Carriers. Ms. Ryan will report to Mr. Mays. Bob Hartnett, Alaska's Director-Labor Relations Ground, now serves as Director, Labor Relations Ground with responsibility for Clerical, Office, and Passenger Service (COPS) employees, Ramp and Stores (RSSA) employees, and Maintenance and Engineering employees at both Carriers. Mr. Hartnett will also report to Mr. Mays. James Stanco will continue to serve in his pre-merger position of Manager-Teammate Relations for Virgin America through mid-March 2017. Mr. Stanco will now report to Mr. Mays and support Ms. Ryan and Mr. Hartnett in their roles. John Goodrich, Alaska's Duty Manger-Station Operations, will now serve as interim Manager-Labor Relations, supporting Virgin America. Mr. Goodrich will be based in Burlingame, California, and will report to Mr. Hartnett.

In February 2017, the Carriers have planned to have Virgin America managers participate in an Alaska management “on-boarding program called LIFT.” According to Mays, this program, facilitated by Alaska senior management, will include “nuts and bolts” training and orientation on subjects including operations, finance, budget, compliance systems, processes, and planning. Mays also states that this program will include a discussion of the Combined Carrier’s leadership and cultural expectations, with a focus on employee supervision, labor relations, performance management, career development, and disciplinary policies.

Labor Protection Provisions and Interim Agreements

According to Mays, the Carriers have been working to determine, or expedite the process for determining, common terms and conditions of employment.

Pilots

The Airline Pilots Association, International (ALPA) is the collective bargaining representative of the pre-merger Alaska pilots under a certification in NMB Case No. R-3548. The CBA currently in effect between Alaska and ALPA has an amendable date of April 1, 2018. ALPA is also the collective bargaining representative of the pre-merger Virgin America pilots under a certification in NMB Case No. R-7430. Virgin America and ALPA have not yet completed negotiations for their initial CBA. ALPA, AAG, Alaska and Virgin America have negotiated a Transition and Process Agreement (TPA) that establishes a negotiation, mediation, and arbitration process to reach a joint collective bargaining agreement (JCBA) governing the terms and conditions of employment for pilots at the Combined Carrier. Negotiations for the JCBA began at the end of January 2017. The TPA also provides a timeline and process for integration of the pre-merger Alaska and Virgin America pilot seniority lists in a manner consistent with ALPA’s Merger Policy. The TPA further provides that ALPA will file a single carrier application with the NMB no later than March 15, 2017, 90 days after the merger close.

Flight Attendants

AFA-CWA was certified as the collective bargaining representative of the pre-merger Alaska flight attendants in NMB Case No. R-3477. The CBA currently in effect between Alaska and AFA-CWA has an amendable date of

December 18, 2019. TWU, the collective bargaining representative of the pre-merger Virgin America flight attendants, was certified in NMB Case No. R-7389. As previously noted, Virgin America and TWU have not yet reached an initial CBA. The current Alaska Flight Attendant CBA makes no provision for a JCBA where, as here, Alaska is the surviving carrier in a merger transaction. AFA and TWU have signed a seniority integration protocol confirming that the seniority lists for the two flight attendant groups will be merged in accordance with the AFA Constitution and Bylaws' Merger Policy.

Ground Service Employees

Alaska's COPS employees are represented by the IAM pursuant to a certification in NMB Case No. R-4416. The COPS CBA currently in effect between Alaska and IAM has an amendable date of January 2, 2019, and makes no provision for a JCBA in the current circumstances. According to Mays, Virgin America voluntarily recognized IAM as the representative of its COPS employees effective on December 14, 2016. Pursuant to a letter of agreement among Alaska, Virgin America, and the IAM, the IAM has filed a single carrier application with regard to the COPS employees with the Board and that case has been docketed as NMB Case No. CR-7166. The letter of agreement also provides that the process for the fair and equitable integration of the pre-merger Alaska and pre-merger Virgin America seniority lists will be implemented immediately following the Board's issuance of a single carrier decision and resolution of the representation consequences of that application. Finally, the letter of agreement also provides that, following the seniority integration process, the provisions of the current COPS CBA between Alaska and IAM will become applicable to all of the Combined Carrier's COPS employees pursuant to a transition agreement.

Dispatchers at Alaska are represented by TWU pursuant to a certification in NMB Case No. R-6020. The Dispatcher CBA currently in effect between Alaska and TWU has an amendable date of March 24, 2019 and makes no provision for a JCBA in the current circumstances. Virgin America's Dispatcher employees are unrepresented.

Alaska's Mechanics and Related craft or class is represented by the Aircraft Mechanics Fraternal Association (AMFA) pursuant to a certification in NMB Case No. R-6572. The CBA between Alaska and AMFA covering this craft or class has an amendable date of October 16, 2016 and also makes no provision for a JCBA in the present circumstances. On December 10, 2016,

Alaska and AMFA reached an agreement in principle on a new CBA. The agreement in principle will be developed into a formal tentative agreement and is expected to be put out for a membership ratification vote in the first quarter of 2017. According to Mays, this agreement in principle, like the CBA, makes no provision for a JCBA. Virgin America's mechanics are unrepresented.

Alaska's RSSA employees are represented by IAM pursuant to the NMB's certification in Case No. R-4416. According to Mays, Virgin America has no equivalent employees.

Common Personnel Policies

By the beginning of 2017, members of Virgin America's Compensation, Benefits, and Back Office Recruiting teams will have fully combined with those of Alaska. Within 180 days of the merger close, Virgin America's Frontline Recruiting and Teammate Relations functions are scheduled to be fully combined with those of Alaska. Tammy Young, Alaska's Vice President of Human Resources, will serve as the single executive responsible for Human Resources at both Carriers. The Combined Carrier is in the process of harmonizing Virgin America's and Alaska's respective personnel policies and procedures. The Combined Carrier will implement the common policies as they are developed and will make the details of those policies and any changes available to employees on each carrier's intranet. As discussed below, the Combined Carrier has taken or will soon take steps to implement common personnel policies and practices.

By the first quarter of 2018, the Combined Carrier expects to have completed the integration of payroll and personnel systems and related technologies. Alaska's performance management process, applicable to management and other non-represented employees, is currently under review. The Combined Carrier expects that a modified process will be incorporated into the 2018 performance management cycle and utilized at both Carriers. An Alaska-Virgin America co-brokering relationship for health benefits oversight will be implemented by the beginning of 2017. Governance of Virgin America's 401(k) plan is scheduled to fully transition to the Combined Carrier by the end of March 2017, and all benefits administration is expected to transition to the Combined Carrier in the second quarter of 2017. All employees of the Combined Carrier are expected to participate in a single enrollment period for the 2018 health and welfare benefits coverage with an enrollment period scheduled for November 2017.

All pre-merger Virgin America employees have been assigned a lifetime Alaska employee number. All Virgin America officers have received Alaska employee badges. While Virgin America employees will keep their Virgin America employee identification numbers for the time being, they will soon be able to use their Alaska employee numbers to log into the Virgin America employee intranet system and to access certain Alaska facilities and programs.

With regard to employee travel policies, qualified Alaska employees and their travel-eligible dependents can use "Zed Zero" to travel on Virgin America through a zero-fare interline agreement at a higher priority than any other airline's employees except for those of Virgin America. Qualified Virgin America employees and their travel-eligible dependents receive the same benefit for traveling on Alaska. Elements of the pre-merger employee travel benefits of Virgin America and Alaska are similar, including seniority-based boarding priorities, unlimited non-revenue travel for employees and eligible dependents, and emergency travel. Other elements, such as discounted travel, special award positive-space travel, and applications of taxes have already been aligned for consistency. Full integration of the travel programs will occur when the Carriers' passenger service systems are integrated. At that time, Virgin America employees will migrate to the Alaska travel program.

At the close of the merger, the Combined Carrier implemented a joint landing page that directs job candidate to the separate career pages of Alaska and Virgin America. The Combined Carrier expects that, by May 2017, employees of each carrier will be able to apply as internal candidates for positions at the other carrier.

Common Employee Communications

On the date the merger closed, the Combined Carrier's senior leadership held a town hall webcast for all employees. Every employee of both carriers received four positive-space passes to be used on either carrier. Certain customer-facing employees were given commemorative pins, luggage tags, and co-branded t-shirts to be worn as part of the employee uniform for the week following the merger. Multiple rounds of "Day1" training, including bulletins, group sessions, and one-on-one trainings, were made available to customer-facing employees to educate them about the changes taking place during the integration process. Also on the date the merger closed, the Combined Carrier established a "war room" to field employee questions and concerns about the merger, and to build upon merger-related fact sheets previously distributed to

customer-facing employees. The Combined Carrier also launched a full-day workshop for all 3,000 Virgin America teammates called "Momentum." Approximately 500-600 Alaska employees are also expected to attend. These workshops will be held during the first few months of 2017 to foster relationships between Virgin America and Alaska employees and develop a fuller appreciation of the strategic direction of the Combined Carrier.

Also on December 14, 2016, Virgin America employees were synchronized into Alaska's electronic directory. The migration of Virgin America employees into the Alaska systems has begun. According to the Carriers, as Virgin America users come online, they will appear in the directory and have calendar visibility and unified communications through email, instant messaging, conferencing and collaboration with Alaska employees. Until Virgin America employees can be migrated to alaskaair.com email addresses, their email will be auto-forwarded between the two systems.

Alaska's intranet system - alaskaworld.com - will be the intranet resource for employees of the Combined Carrier. The Carriers state that during the integration process, identical updates and news will be posted on both Carriers' legacy systems and administrators of both systems will coordinate with regard to topics of common interest.

Pulse, Alaska's employee newsletter application, is now available to all Virgin America employees and provides employees with access to news of company-wide interest. The Carriers state that Pulse will also contain "a Virgin America-focused feed" to address topics of particular interest to Virgin America employees. This Virgin America focused content will also be available to Alaska employees.

FAA Operating Certificate and Operations

The Carriers are working toward obtaining their single operating certificate from the FAA. The Combined Carrier submitted its final Transition Plan to the FAA on December 26, 2016. The Transition Plan contains five Revision Cycles and details the key topics to be addressed while harmonizing manuals for purposes of complete operational integration. The first Revision Cycle's process development and safety review is complete, and has been submitted to the FAA for review prior to implementation. The second Revision Cycle was currently underway and the third Revision Cycle is scheduled to commence on February 22, 2017.

Until the issuance of a single operating certificate and a single designator code, Alaska and Virgin America must conduct flight operations separately under the Alaska and Virgin America names. Nonetheless, as discussed below, the Carriers have taken a significant number of steps to integrate their operations.

A codeshare agreement between Alaska and Virgin America was signed and made effective on December 15, 2016. This codeshare agreement permits each Carrier to market and place its airline designator code on flights operated by the other carrier. Currently, the Carriers have elected to only place Alaska's code on Virgin America flights. Codeshare flights became available for sale on December 19, 2016. The Carriers intend for codesharing to continue as currently implemented until a single operating certificate is obtained from the FAA. Virgin America will join Alaska's codeshare relationship with American Airlines in the first quarter of 2017. The Carriers have already expanded Alaska's existing Global Partners network to include Virgin America.

While the Carriers will be making numerous flight operations decisions as operational integration proceeds, they have already determined that Alaska's Boeing procedures and Flight Operations Manual, and Virgin America's Airbus procedures, will be used for the Combined Carrier. As previously discussed, the Combined Carrier reported its selected actual and forecasted fourth quarter 2016 consolidated operating statistics. The Combined Carrier's network planning process is now coordinated under the leadership of John Kirby, and he is directing short-term capacity planning and longer-term network strategy for the Combined Carrier. Mike McQueen, who reports to Mr. Kirby, is now the Director of Schedule Planning, with direct responsibility for the Schedule Planning and Schedule Distribution functions of the Combined Carrier. The Revenue Management function, including Pricing, Inventory, and Revenue Analysis, has been consolidated under the direction of Shane Tackett. Mr. Tackett has also assumed responsibility for both Carriers' Fare Distribution and E-Commerce functions.

Holding out to the Public

Following the announcement of the merger agreement in April 2016, the Carriers introduced a website, www.FlyingBetterTogether.com, that provided information about the process for integrating the two carriers, including fact sheets about the merger, customer and investor FAQs, and links to the Alaska and Virgin America reservations websites. The www.FlyingBetterTogether.com website was subsequently renamed www.differentworks.com to reflect a theme

of integration. “Different Works” seatback inserts have also been distributed on all Alaska and Virgin America aircraft, describing the benefits of the merger for customers and the Carriers’ frequent flyers. On the day of the merger closing, Alaska and Virgin America passengers received giveaways in “Different Works” packets at the Seattle, San Francisco and Los Angeles airports.

Directional signage has been posted at airports served by both carriers. The purpose of these signs is to announce the merger and direct customers to the facilities of the carrier on which they are booked. Signage will be updated to reflect the integration progress as new policies are announced. The Carriers have also begun the process of co-locating gates to enable smoother connections for their passengers. In Seattle, for example, the Combined Carrier has moved Virgin America’s gates from the B concourse to the D concourse to be closer to Alaska’s D concourse gates. Additionally, Virgin America has moved its operations offices in Seattle to the D concourse. In Boston, Virgin America and Alaska have been co-located into the same terminal with adjoining ticket counters.

Customers can access and print their boarding passes for flights on either carrier from Alaska’s website. The boarding announcements on Alaska and Virgin America have been aligned to accommodate both Carriers’ priority passengers. Additionally, Virgin America’s boarding process has been changed to more closely align it with Alaska’s boarding process.

Inflight Services, such as inflight announcements, are in the process of being made uniform between the Carriers. The Carriers now have a single inflight wireless internet portal, “Gogo®,” for which customers can apply their monthly passes to inflight internet service on either Alaska or Virgin America.

Following the merger close, the Combined Carrier implemented a process allowing customers to be transferred between both Carriers’ call centers. Customers calling either Alaska or Virgin America for reservations are greeted with a recorded message from Jeff Butler, Vice President with responsibility for airport operations and customer service for the Combined Carrier, regarding the merger and the www.differentworks.com website. The Combined Carrier projects that it will implement a single passenger service system (“PSS”) based on Alaska’s existing PSS in the second half of 2018 and that reservations centers will be fully integrated in the fourth quarter of 2018.

Frequent Flyer Programs

Following the merger closing, Alaska and Virgin America each sent their frequent flyer members an update on the merger close, and described the benefits each would receive as a result of the merger. Alaska welcomed Virgin America Elevate loyalty program members into its Mileage Plan. All frequent flyers on one carrier are now able to earn frequent flyer miles when traveling on the other carrier. On December 19, 2016, the Virgin America Elevate members who also had Alaska Mileage Plan accounts were informed that their accounts were being linked. On January 9, 2017, Elevate members who were not already Mileage Plan members were invited to activate new Mileage Plan accounts. Upon Mileage Plan account activation or linkage, Virgin America Elevate elite members' status was automatically matched by the Alaska Mileage Plan through the end of 2017. Also beginning on January 9, 2017, frequent flyers have been able to use miles from one carrier's program to book award travel on the other carrier. Alaska frequent flyer miles are now redeemable for Virgin America flights using Alaska's reservations department or through the www.alaskaair.com website. Similarly, Virgin America frequent flyer miles are now redeemable for Alaska flights using Virgin America's reservations department or through the www.virginamerica.com website. The Carriers expect to fully combine their frequent flyer programs by the end of March 2018.

Customers with day passes to Virgin America's four Lofts and Clubhouses are able to access the four Alaska Board Rooms at the same locations. Members of the Alaska Board Rooms program, as well as customers with Board Room day passes, now receive complementary access to the Virgin America Lofts and Clubhouses.

Brand Elements and Livery

In April 2016, when the merger agreement was signed, the Carriers released announcements that "Alaska Air Group to Acquire Virgin America, Creating West Coast's Premier Carrier." During the merger process, the Carriers' adopted the slogan "Different Works" to reflect a theme of integration in recognition that, while Alaska and Virgin America may seem different on the surface, they are in fact fundamentally similar. Alaska also adopted Virgin America's stated purpose of "Creating an Airline People Love." On December 20, 2016, Alaska issued an internal press release announcing this combined statement of purpose. The Combined Carrier continues to market itself as the "West Coast's Premier Carrier."

The Combined Carrier has conducted focus groups, surveys and a “Values Jam” to confirm that, while the legacy carriers have differences, there is a lot of common ground. The Combined Carrier is also considering the different attributes of each airline’s brand to determine which attributes are the most differentiated compared to its competition. The Combined Carrier intends to make a decision regarding these elements in early 2017.

The “Different Works” marketing campaign has been implemented by the Combined Carrier through a special livery, billboards, television commercials, the differentworks.com website, and other electronic marketing techniques. On December 14, 2016, the Carriers unveiled an Alaska/Virgin America “More to Love” livery on a special commemorative co-branded airplane to celebrate the close of the merger.

Standardized Uniforms

All Alaska and Virgin America employees have been issued a commemorative pin and luggage tag displaying the signature colors and logos of both Carriers. Prior to the merger announcement, Alaska was in the process of redesigning employee uniforms. Since the merger announcement, the Carriers have undergone qualitative and quantitative research with Virgin America frontline teammates with respect to uniforms. The Carriers intend to consider the information gathered during this process as it moves forward with the design of a standardized uniform. Accordingly, for now, Alaska and Virgin America employees will continue to wear their own distinctive uniforms.

DISCUSSION

I.

The Board’s Authority

45 U.S.C. § 152, Ninth, authorizes the Board to investigate disputes arising among a carrier’s employees over representation and to certify the duly authorized representative of such employees. The Board has exclusive jurisdiction over representation questions under the RLA. *General Comm. of Adjustment v. M.K.T. R.R.*, 320 U.S. 323 (1943); *Switchmen's Union of N. Am. v. Nat'l Mediation Brd.*, 320 U.S. 297 (1943). In *Air Line Pilots Ass’n, Int’l v. Texas Int’l Airlines*, 656 F.2d 16, 22 (2d Cir. 1981), the court stated, “the NMB is

empowered to . . . decide representation disputes arising out of corporate restructurings.”

II.

Single Transportation System

Manual Section 19.4 provides that: “Any organization or individual may file an application, supported by evidence of representation or a showing of interest . . . seeking a determination whether a single system of transportation exists.”

In *Trans World Airlines/Ozark Airlines*, the Board cited the following indicia of a single transportation system:

[W]hether a combined schedule is published; how the carrier advertises its services; whether reservation systems are combined; whether tickets are issued on one carrier’s stock; if signs, logos and other publicly visible indicia have been changed to indicate only one carrier’s existence; whether personnel with public contact were held out as employees of one carrier; and whether the process of repainting planes and other equipment, to eliminate indications of separate existence, has been progressed.

Other factors investigated by the Board seek to determine if the carriers have combined their operations from a managerial and labor relations perspective. Here, the Board investigates whether labor relations and personnel functions are handled by one carrier; whether there are a common management, common corporate officers and interlocking Boards of Directors; whether there is a combined workforce; and whether separate identities are maintained for corporate and other purposes.

14 NMB 218, 236 (1987).

The Board finds a single transportation system only when there is substantial integration of operations, financial control, and labor and personnel functions. *Delta Air Lines/Northwest Airlines*, 36 NMB 36 (2009); *Burlington N. Santa Fe Ry. Co.*, 32 NMB 163 (2005); *Huron and Eastern Ry. Co., Inc.*, 31 NMB 450 (2004); *Portland & Western R. R., Inc.*, 31 NMB 71 (2003). Further, the Board has noted that a substantial degree of overlapping

ownership, senior management, and boards of directors is critical to finding a single transportation system. *Precision Valley Aviation, Inc., d/b/a Precision Airlines and Valley Flying Serv., Inc., d/b/a Northeast Express Reg'l Airlines*, 20 NMB 619 (1993). In *Delta Air Lines/Northwest Airlines*, above, the Board found a single transportation system where the FAA had accepted the carriers' plan for transition to a single operating certificate; there was a single board of directors; the carriers and the union had reached an agreement on seniority integration; and management and human resources positions had been integrated.

In the instant case, Alaska and Virgin America are wholly-owned subsidiaries of AAG. Bradley D. Tilden, Chairman of the AAG and Alaska Board of Directors currently serves as the sole member and Chairman of the Virgin America. By mid-March 2017, the Alaska and Virgin America will have identical boards of directors. The Carriers have common management, including their CEOs, CFOs, Treasurers, Corporate Secretaries and numerous Vice Presidents. The finances of the Carriers are under the direction of a single officer and are reported on a consolidated basis. Labor relations are under the direction of a single executive and under the control of a single management group. Personnel and human resources functions will be consolidated under the direction of a single Vice President in the second quarter of 2017, and all benefits administration is expected to transition to the Combined Carrier in the second quarter of 2017.

The Combined Carrier submitted its final Transition Plan to the FAA on December 26, 2016. Until issuance of a single designator code and operating certificate, the Carriers will to the maximum extent feasible, continue to integrate passenger-related functions. To date, the Carriers have nonetheless taken a number of significant steps to hold themselves out to the public as a single transportation system. The Carriers continue to regularly communicate to the public and their customers, through traditional and social media, that they are combining into a single airline. The Carriers have started to integrate routes and schedules through their code-sharing relationship. The Carriers have integrated capacity planning and network strategy. Customer operations have been integrated including recognition of each other's frequent flyer programs and the integration of Virgin America's frequent fliers into Alaska's frequent flyer program. Reciprocal lounge access and co-location of gates, ticket counters, and offices has begun at airports where both Alaska and Virgin America have operations.

Based upon the application of the principles to the facts established by the investigation, the Board finds that Alaska and Virgin America are a single transportation system for representation purposes in the Flight Attendant craft or class.

CONCLUSION

The Board finds that Alaska and Virgin America are operating as a single transportation system for representation purposes under the RLA. Accordingly, AFA-CWA's application in File No. CR-7160 is converted to NMB Case No. R-7478. Pursuant to Manual Section 19.6, the investigation will proceed to address the representation of these crafts or classes. Any Intervenor has 30 days from the date of this determination to file an application supported by a showing of interest of at least 50% of the single transportation system in accordance with Manual Sections 19.601 and 19.603. The participants are reminded that under Manual Section 19.7, existing certifications remain in effect until the Board issues a new certification or dismissal.

By direction of the NATIONAL MEDIATION BOARD.



Mary L. Johnson
General Counsel