



NATIONAL MEDIATION BOARD
WASHINGTON, DC 20572

(202) 692-5000

In the Matter of the
Application of the

Association of Professional Flight
Attendants & Association of Flight
Attendants-CWA

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

involving employees of

AMERICAN AIRLINES, INC. AND
US AIRWAYS, INC.

41 NMB No. 38

CASE NO. R-7401
(File No. CR-7126)

FINDINGS UPON
INVESTIGATION

July 29, 2014

This determination addresses the application filed jointly by the Association of Professional Flight Attendants (APFA) and the Association of Flight Attendants-CWA (AFA). APFA and AFA request the National Mediation Board (NMB or Board) to investigate whether American Airlines, Inc. (American) and US Airways, Inc. (US Airways) (collectively the Carriers or the New American) are operating as a single transportation system for the craft or class of Flight Attendants.

The investigation establishes that American and US Airways constitute a single transportation system for the Flight Attendant craft or class.

PROCEDURAL BACKGROUND

On January 10, 2014, American notified the Board that “on December 9, 2013, American Airlines Group, Inc., (formerly known as AMR Corporation) and US Airways Group, Inc., implemented a merger agreement dated February 13, 2013, resulting in the former’s acquisition of the latter, including its wholly-owned subsidiary US Airways, Inc.” On June 9, 2014, APFA and AFA jointly

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 APFA at American under the Board's certification in NMB Case No. R-6869. At US Airways, the Flight Attendants craft or class is represented by AFA under the Board's certification in NMB Case No. R-3496.

APFA and AFA assert that American and US Airways 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 June 20, 2014, the Carriers submitted the requested information and their initial position statement and supplemented their position by letter dated July 7, 2014. On July 3, 2014 and July 8, 2014, APFA and AFA, respectively filed an initial position statement. In addition, the Board has taken administrative notice of the Carrier's filings in *American Airlines/US Airways*, 41 NMB 90 (2014) and in NMB File No. CR-7110, an application for a single carrier determination involving the Pilots craft or class at the New American.

ISSUES

Are American and US Airways operating as a single transportation system? If so, what are the representation consequences?

CONTENTIONS

APFA and AFA

APFA and AFA state that, based on the progress to date on integration of operations, the Carriers have taken sufficient actions to create a single transportation system under the Railway Labor Act. In addition, APFA and AFA state that on December 20, 2013, the Organizations entered into an AFA/APFA Seniority Integration Protocol and have adopted an integration formula they are working jointly to implement. The Organizations expect to finalize the list soon after American issues its annual Pre-Merger American Flight Attendant seniority list.

American and US Airways

The Carriers also state that American and US Airways comprise a single transportation system for the craft or class of Flight Attendants within the meaning of the NMB's case law. According to the Carriers, the corporate merger involving American and US Airways became effective on December 9, 2013. The Carriers are commonly owned and have combined management at the officer level. All senior management, including those responsible for labor

relations, flight operations, and personnel functions, hold the same position at both Carriers. Customer communications, advertising and other marketing efforts describe the “New American” as a combined company. These customer communications emphasize that the New American will be integrating operations in stages over the next year and will combine into one airline after obtaining a single operating certificate from the FAA. The Carriers also state that they are “steadily moving forward” with the integration of their policies and practices, routes and schedules, livery, and customer service functions.

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.

American and US Airways are common carriers as defined in 45 U.S.C. § 181, First.

II.

APFA and AFA 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

Prior to the merger, American was a wholly-owned subsidiary of AMR Corporation (AMR). American is headquartered in Dallas-Fort Worth, Texas and operates approximately 1900 flights a day. American has hubs in Dallas-Fort Worth; Miami; Chicago-O'Hare; Los Angeles; and New York-JFK. Pre-merger US Airways was a wholly-owned subsidiary of US Airways Group with its headquarters in Tempe, Arizona. US Airways operates more than 1,200 flights per day and has hubs in Charlotte, North Carolina; Philadelphia, Pennsylvania; Phoenix, Arizona; and at Washington, DC's Reagan National Airport.

On February 13, 2013, AMR and US Airways Group entered into an Agreement and Plan of Merger (Merger Agreement) under which the former would acquire the latter, including its wholly-owned subsidiary US Airways. In March 2013, the Carriers announced the creation of the Integration Management Office (IMO) to manage the integration of the two companies, including developing the master plan and timeline for the integration. Following governmental and shareholder approvals, the Merger Agreement became effective on December 9, 2013.

As of May 31, 2014, according to American's records, APFA represented 15,685 Flight Attendants. As of May 31, 2014, according to US Airways' records, AFA represented 8,387 Flight Attendants at US Airways.

Common Corporate Ownership

Pursuant to the Merger Agreement, AMR was renamed American Airlines Group, Inc. (AAG), and American and US Airways are now wholly-owned subsidiaries of AAG. US Airways remains a wholly-owned subsidiary of US Airways Group. American and US Airways are now operating under the "American Airlines" name.

All of the outstanding stock of AMR Corporation has been converted into common stock in AAG, and each outstanding share of common stock of US Airways Group has been exchanged for one newly-issued share of AAG common stock. AAG, American, US Airways Group, and US Airways made their first consolidated filing with the Securities and Exchange Commission on December 9, 2013. That filing included a description of the closing of the merger and provided notice that AAG's stock would be traded on the NASDAQ Global Select market as AAL instead of on the OTCBQ marketplace as AAMRQ. The Carriers also issued press releases announcing the closing of the merger and addressing stock distribution matters.

Also beginning on December 9, 2013, common shares issued by AAG have been traded on the NASDAQ Global Select Market under the ticker symbol “AAL” and convertible preferred shares have been traded on the same market under the ticker symbol “AALCP.” In addition, a common investor relations website for AAG has been created.

Common Board of Directors

AAG has a single board of directors. Doug Parker, the former Chairman and Chief Executive Officer of US Airways Group and US Airways, is now Chief Executive Officer of AAG and Chairman of the Board of AAG.¹ He is also Chief Executive Officer of American and US Airways Group. The AAG Board of Directors also includes John T. Cahill (Lead Independent director), James F. Albaugh, Jeffrey D. Benjamin, Michael J. Embler, Matthew J. Hart, Alberto Ibarguen, Richard C. Kraemer, Denise M. O’Leary, Ray M. Robinson, and Richard P. Schifter. The AAG Board of Directors held its first meeting on January 21-22, 2014, and its quarterly meeting on April 22-23, 2014.

American and US Airways have common Boards of Directors. The three members of each company’s Board of Directors are Doug Parker, Scott Kirby, and Steve Johnson. Kirby is the former President of US Airways and is now President of AAG, American, US Airways Group, and US Airways. Johnson is the former US Airways Executive Vice President, Corporate and Government Affairs and is now AAG’s Executive Vice President, Corporate Affairs. A common directors and officers liability insurance policy covers the officers and directors of AAG and each of its subsidiaries.

Common Management

All Officers, Executive Vice Presidents, Senior Vice Presidents, and Vice Presidents for the Carriers and substantially all Managing Directors and Directors, have been named. These individuals have taken responsibility for managing the New American’s combined workforce of approximately 92,000 employees. The New American has finalized the designs for its combined administrative organization. Recruiting to fill the non-executive positions is expected to be completed by summer 2014.

The executive offices have been combined and many former US Airways senior executives and managers have relocated or are in the process of relocating to the American offices in Fort Worth, Texas, which is the headquarters of the combined Carriers. The first work group to integrate, Revenue Management, has already completed its move to Fort Worth. The

¹ Tom Horton, the former Chairman, President, and Chief Executive officer of AMR Corporation and American, held the position of non-executive Chairman of the Board of AAG until June 3, 2014.

leadership for each of the New American's airport operations has been announced and is in place.

The Carriers have also implemented policy changes at the Fort Worth corporate headquarters that reflect the integration of the corporate cultures of American and US Airways. The New American has held two quarterly "State of the Airline" webcast meetings for the combined carrier at its corporate headquarters. In late April 2014, general managers from stations and hubs across the combined network gathered in Dallas-Fort Worth for a three-day airport operations conference.

Financial Integration

AAG reports its financial results on a consolidated basis, with separate reporting for American and US Airways. On January 28, 2014, AAG reported its fourth quarter and full year 2013 results including GAAP financial results that contained US Airways data for the period from the closing of the merger on December 9, 2013 through December 31, 2013. AAG reported its first quarter 2014 results on April 24, 2014, which included a complete quarter of post-merger GAAP consolidated results for AAG. According to the declaration of Paul Jones, Senior Vice President, General Counsel and Chief Compliance Officer for AAG, American, US Airways Group and US Airways, in the first quarter of 2014, US Airways Group and US Airways discontinued filing separate periodic and current financial reports with the SEC.

The Carriers have completed purchase accounting and reporting requirements for the New American and have aligned financial statement accounts and accounting policies. Starting January 1, 2014, the New American elected to use one firm to audit both Carriers' finances. The Finance groups of American and US Airways are under the direction of a single officer to ensure consistency.

The Carriers continue to integrate their procurement programs, including the negotiation with suppliers for consolidated services. At Phoenix and JFK, airport third-party suppliers, including janitorial, aircraft cabin cleaning and wheelchair services have been consolidated. The Carriers expect to consolidate these services at several other major airports by the end of the third quarter of 2014. Their respective resource approval, commitment, and disbursement processes have been aligned, including those related to capital expenditures, expense projects, contracts, leases, and dispositions. Jones states that significant progress has been made in the alignment of cargo handling contracts, with supplier selections completed by the end of the second quarter of 2014. The Carriers are also in the process of consolidating ramp handling and other suppliers including fuel and aircraft parts.

Centralized Control of Labor Relations

There is a single management group responsible for labor relations at the Carriers. Paul Jones, former Vice President, Legal Affairs for US Airways is now Senior Vice President, General Counsel and Chief Compliance Officer for AAG, American, US Airways Group and US Airways. In this role, Jones is responsible for labor relations at the merged carrier. Al Hemenway, former Vice President of Labor Relations for US Airways, is now the Vice President of Labor Relations for the Carriers. Jones and Hemenway have overall responsibility for, among other things, collective bargaining negotiations, the administration of collective bargaining agreements, the grievance and arbitration process, and all other aspects of labor relations. According to Jones, all positions in the Labor Relations department have been filled.

Labor Protection Provisions and Interim Agreements

The unions representing several crafts or classes of employees at American and/or US Airways have engaged in negotiations with one or both of the Carriers to determine or expedite the process for determining common terms and conditions of employment.

Flight Attendants

On December 20, 2013, APFA and AFA entered into a Seniority Integration Protocol Agreement. In a June 9, 2014 letter submitted with the application, APFA's General Counsel Mady Gilson stated the two unions "anticipate that a final integrated list will be completed in the near future."

On February 28, 2014, AFA's US Airways membership ratified an Agreement for Bargaining and Representation that required AFA and APFA to jointly file a single carrier application with the NMB within six months of the December 9, 2013 merger effective date and under which AFA would not contest APFA's request to be certified as the bargaining representative of the craft or class of Flight Attendants on the New American. AFA's membership also ratified a Negotiations Protocol Agreement (Protocol Agreement) among the New American, APFA, and AFA. Under the Protocol Agreement, if negotiations for a Joint Collective Bargaining Agreement are unsuccessful, the parties will engage in final and binding interest arbitration that meets certain conditions.

In late April 2014, APFA, AFA and the New American finalized a Merger Transition Agreement (Flight Attendant Transition Agreement) that will be in place until the effective date of a JCBA. The Transition Agreement supplements the existing Flight Attendant collective bargaining agreements and includes, *inter alia*, furlough protection, certain fence provisions, and a reciprocal jumpseat agreement. In accordance with the terms of the Transition Agreement, the Organizations and the New American have been negotiating for

a JCBA since April 24, 2014 and have reached Tentative Agreements on twelve sections of a JCBA.

Pilots

American, US Airways, and the Allied Pilots Association (APA) and the US Pilots Association (USAPA), the organizations representing their respective Pilot groups, have established and, where practicable, implemented, post-merger terms and conditions of employment for the American and US Airways pilots. The Pilot Transition Agreement contains common terms and conditions of employment that are applicable to both pilot groups. The MTA consists of the collective bargaining agreement approved on December 19, 2013 by the Bankruptcy Court in *In Re AMR Corporation, et al.*, jointly administered Ch. 11 Case No. 11-15463 (SHL) (“2012 AA-APA CBA”), as amended by and pursuant to the provisions of the 2013 Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement (MOU) between US Airways, American, APA, and USAPA and entered into in anticipation of the American and US Airways merger. The Pilot Transition Agreement became effective on December 9, 2013. Per an agreement between the Carriers, APA, and USAPA, the pilot seniority integration negotiation process and arbitration process must conclude no later than 24 months after the December 9, 2013 merger effective date, including a final and binding arbitration if necessary.

Ground Service Employees

Pursuant to a January 25, 2013, Memorandum of Understanding between the Transport Workers Union (TWU), US Airways, and American (TWU MOU), the TWU will file a single carrier application for each of the following crafts or classes no later than six months after December 9, 2013: Fleet Service Employees; Flight Simulator Technicians; Ground School and Simulator Instructors; Maintenance Control Technicians; Dispatchers; Material Logistics Specialists (formerly Stock Clerks); and Mechanics and Related Employees. The International Association of Machinists and Aerospace Workers (IAM) represents Mechanics and Related Employees, Fleet Service Employees, Maintenance Control Technicians, and Material Logistics Specialists at US Airways. If TWU is certified as the representative of a work group following the single carrier process, the parties have agreed to begin negotiations for an applicable JCBA no later than 30 days following certification and to negotiate for a “transition planning agreement” addressing operational integration issues “as soon as reasonable and practical.”

Pursuant to the TWU MOU, the TWU’s internal seniority-integration process will apply to the crafts or classes that TWU represents at both American and US Airways. The IAM, the TWU, US Airways, and American have also reached an agreement regarding the method to be used for integrating the seniority lists of the four ground service employee groups represented by IAM

at US Airways and TWU at American. For all seven ground groups, any integrated seniority list that results from this process will be implemented following the implementation of a JCBA applicable to such group.

Common Personnel Policies

The Human Resources functions of the New American have been combined under Elise Eberwein, Executive Vice President, People and Communications. The leadership team reporting to Ms. Eberwein, including all Vice Presidents and Managing Directors of the various human resources functions, has been named, and they have assumed their roles. Effective January 1, 2014, the Carriers implemented a number of common personnel policies applicable to management, support staff, and other non-represented employee groups at American and US Airways. These policies include a single company seniority policy for US-based employees, a common vacation scheduling policy, and common holiday schedules. On January 1, 2015, a common vacation accrual and usage policy will be put into effect for all management and support staff at both carriers. The combined Human Resources Department is in the process of harmonizing the Carriers' other personnel policies and procedures and will be implementing additional common policies as they are developed. According to Paul Jones, the Human Resources Department has nearly completed the first version of a common employee handbook for both Carriers. This handbook will be available to employees in the third quarter of 2014. The Carriers have also selected a health and welfare benefit administrator for employees of both Carriers, and an investment advisor for the New American's 401(K) plan.² The Carriers also expect to fully align their diversity strategies by the end of the third quarter of 2014. Details of all policies are made available to employees and employees can email questions to merger.questions@aa.com.

All former US Airways employees have been assigned a lifetime American employee number. Although former US Airways employees will keep their existing US Airways employee identification numbers, they will soon be able to use their American employee identification numbers for logging into the US Airways employee intranet system and for access to certain American facilities and programs.

On December 10, 2013, employees of both American and US Airways became eligible for zero-fare interline flights on the other airline. The Carriers have also aligned aspects of the non-revenue travel system so that they are uniform between the two Carriers. Aligned policies include pass privileges for family and friends, free coach travel, new employee travel, discounted positive-

² The Carriers state that a prior submission and declaration from Paul Jones erroneously stated that a single unemployment insurance vendor had been selected. The New American expects to make this vendor selection by the end of 2014.

space travel, retiree travel eligibility, travel dress code, minimum age for first class travel, and age for dependent travel. Employees of each Carrier have also been provided with additional details regarding future, common travel enhancements. Beginning in the summer of 2014, both Carriers will board employees under a uniform priority system by check-in time and web check-in for flights will also be available. The AMR Travel Club, a membership organization, has opened its scholarship program to dues-paying US Airways employees and retirees.

In early January 2014, a joint careers page became available to all employees that permits them to view and apply for open positions at both Carriers as internal candidates. The process for internal posting of US-based management and support staff positions is uniform between the two Carriers. To the extent feasible, the content of new employee orientation programs has been aligned. New flight attendants at both carriers are now being trained at the same location. In May and June 2014, the New American conducted joint Captain Leadership Trainings with newly promoted captains from both carriers.

The merged Carrier has also implemented operational and financial incentive programs for employees. For example, through the “Operations Olympics” program, employees of both carriers will be awarded 50 dollars for each number one ranking against the Carriers’ biggest competitors in on-time arrivals, baggage performance, and customer satisfaction. Additionally, approximately 2,000 management employees are participating in a common 2014 short-term compensation program that provides annual bonuses based on achieving certain annual pre-tax earnings goals.

Common Employee Communications

American’s internet system, Jetnet, will be the intranet resource for employees of the combined Carrier and during integration, identical updates and news will be posted on both legacy systems. As of December 9, 2013, all officers of AAG and US Airways groups received access to Jetnet. On December 9, 2013, employees of the Carriers with email access were able to share calendars, schedule meetings, and send instant messages to each other. All of the Carriers are found in the New American’s global address book. Substantially all US Airways employees who had a usairways.com email address now also have an aa.com email address. For a period of time, emails sent to a usairways.com address will be forwarded to the intended recipient at his or her aa.com address. All outgoing email communications will be from aa.com.

Since February 2013, the Carriers have distributed “Arrivals,” a weekly newsletter for employees of both US Airways and American that provides information, updates, and insights about the merger. Since the merger,

combined daily news updates have been distributed to employees of both Carriers. The Carriers also publish a joint benefits newsletter with features about benefits, wellness, and 401(k) savings.

FAA Operating Certificate

The Carriers are working toward obtaining their single operating certificate from the Federal Aviation Administration (FAA). On January 2 and 3, 2014, the FAA approved the American and US Airways FAA Transition Plan for moving to a single operating certificate. The FAA's approvals state that the estimated issuance date for the New American's single operating certificate is on or about April 6, 2015. The plan for achieving a single operating certificate includes nine revision cycles. Each cycle is a step toward achieving FAA approval. As of late April 2014, the Carriers have commenced the fifth of the nine approved revision cycles.

Routes and Schedules

On January 13, 2014, the Carriers launched the first phase of a codeshare between American and US Airways that enabled customers to purchase tickets for select codeshare flights for travel beginning on January 23, 2014 on either carrier's website or other distribution channels. In early February 2014, the Carriers expanded their pre-existing codeshare agreement to include all flights within the combined network, pending government approval in certain international markets. As a benefit of the codeshare, customers are now able to make reservations for both American and US Airways flights on American's website. To ensure that customers and their luggage will make their scheduled connections between codeshare flights, the Carriers have revised minimum connection times.

US Airways has ended its codeshare relationship with United Airlines, and no flights after March 30, 2014 have been flown under that codeshare. As of March 31, 2014, New American customers were no longer able to earn miles or receive Star Alliance Gold or Silver benefits from a flight with a Star Alliance Partner. In early April 2014, US Airways joined the codeshare arrangement among Atlantic Joint Business members American, British Airways, Iberia, and FinnAir as an affiliate member, and expects to maintain that status until a single operating certificate is obtained.

In June 2014, the Carriers began to harmonize their networks by increasing mainline flying between legacy US Airways and legacy American hubs. The New American expects to maintain all hubs currently served and will align service at those hubs. The New American will operate hubs in Charlotte, Chicago, Dallas-Fort Worth, Los Angeles, Miami, New York-JFK, Philadelphia, Phoenix, and Washington Reagan National. American has announced changes to its scheduling practices so that they are similar to those

of US Airways. These changes include “re-banking” its hubs, varying its schedule according to demand and optimizing operational performance. In Miami, the Carriers have announced a re-banked schedule that will be implemented on August 19, 2014. Subsequently, the Carriers anticipate implementing a re-banked schedule in Chicago and Dallas-Fort Worth. The Carriers’ Network Planning team has made plans and taken steps to redeploy aircraft within each legacy system to optimize the strength of the new network. The first phase of aircraft redeployment has been announced and commenced on July 2, 2014.

Integration of Operations

According to Jones the integration of the Carriers’ various technologies including their three Crew management systems is a complex undertaking and impossible to efficiently implement in advance of a single operating certificate. The Carriers have however taken steps to integrate passenger functions before issuance of the single operating system. In this regard, the Carriers are now co-located at total of 70 airports. This includes co-location of operations involving the Carriers’ regional partners. At New York-JFK, ticket counters and gates are now side-by-side. At Phoenix, each airline’s ticket and check-in counters, gates, baggage services, customer service operations, and aircraft maintenance operations are co-located. In Miami, US Airways’ ticketing, check-in, and baggage services are adjacent to American’s and flights are operated out of adjacent concourses, enabling easier connections. Cargo operations have been co-located in more than 60 cities including New York-JFK, Phoenix and Chicago.

Several aircraft modification initiatives are underway with the goal of aligning the US Airways and American aircraft designs. For example, beginning in August, the new American intends to modify the galleys on 19 American A319 aircraft to align certain characteristics to the existing 93 US Airways A319 aircraft. The New American has also aligned the manner in which Technical Operations evaluates and communicates with Network Planning regarding aircraft access for scheduled and unscheduled maintenance.

The New American has also announced that it plans to build a new integrated operations control center in Fort Worth. This construction is expected to begin in late summer of 2014 with completion anticipated in the third quarter of 2015.

The New American has also created the Technology Integration Management Office (TIMO), a joint organizational structure to manage information technology integration. TIMO works alongside the Carriers’ business units to assess technology requirements and systems work necessary to implement integration milestones. TIMO has determined what technology

systems will be used for the New American. For example, the New American has reached a master services agreement with Sabre, American's current Passenger Services System provider, for the New American's reservation system. Implementation of a single integrated Passenger Service System with a single website is projected by the end of the fourth quarter of 2015. It is also projected that reservations centers will be fully integrated by the end of 2016. The New American has also determined that American's Boeing procedures and Flight Operations Manual and US Airways' Airbus procedures will be used at the merged Carrier.

Frequent Flyer Programs and Customer Service

On January 7, 2014, "Customer Day One," the Carriers announced a more seamless customer experience. The Carriers advertised new common policies and benefits to customers through both airlines' email, sales communications, home pages, arriving pages, social media (Facebook, Google+, Twitter), paid search marketing, and interactive voice recordings on reservations phone lines. All US Airways and American frequent flyers are now able to earn miles when traveling on flights of the other Carrier. Frequent flyers can also use miles from one Carrier's program to book award travel on the other Carrier. American frequent flyer miles can be redeemed for US Airways flights using American's reservations department or through American's website. Additionally all eligible miles and segments earned when flying on either airline will count toward elite status qualification in the program of the customer's choice. Retroactive mileage credit for frequent flyers of one Carrier traveling on the other Carrier on or after January 7, 2014, can be obtained. To facilitate frequent flyer reciprocity, the Carriers have exchanged some frequent flyer customer data.

The New American has issued new frequent flyer award charts at each carrier to harmonize the award benefits and levels in existing programs. For example, the US Airways Dividend Miles program has eliminated blackout dates to be consistent with the AAdvantage program. The Carriers expect to combine their two frequent flyer programs in 2015.

US Airways exited the Star Alliance on March 30, 2014 and joined **oneworld**[®], the alliance of which American is a founding member, on March 31, 2014. US Airways Dividend Preferred members have been sent new membership cards and can enjoy the same **oneworld**[®] benefits as AAdvantage members, such as mileage earning and redemption opportunities, reciprocal elite relationships, and lounge access on other **oneworld**[®] carriers.

Elite members of each airline's frequent flyer program have many benefits on the other carrier, such as priority check-in, complimentary checked bags, complimentary access to preferred seats, priority security, early boarding, and priority baggage delivery. American and US Airways' boarding

announcements have been aligned to accommodate these passengers, and changes were made to closely align the boarding process. Customers with membership at US Airways Clubs are able to access the 35 American Admirals Clubs. Admirals Club members can access all 19 domestic US Airways Clubs. At Washington-Reagan, where each Carrier has a lounge, the Carriers have consolidated the Clubs.

The Carriers have also unified certain customer policies including infant acceptance, unaccompanied minor age ranges, web and airport check-in windows, bereavement fares, and international documents verification. Checked bag fees and bag fee exemptions have been aligned. In instances where a policy alignment has yet to be made, agents have been trained and systems have been programmed to make agents aware of any difference between American and US Airways. The New American has launched a transitional help desk for frontline agents of both Carriers. This help desk is staffed by employees from both American and US Airways and aids agents with their customer policy and procedure questions.

Customers of both American and US Airways now have access to a day-of-travel tool called “Find Your Way” at www.aa.com/findyourway that helps customers navigate airports and directs them to key travel information on the correct carrier’s website. For example, the “Travel Tools” section links customers to information on check-in, reservations, airports, clubs and lounges, notifications, in-flight, destinations, and bags. Each category contains a link titled “American” and another link titled “US Airways.”

The Carriers have also implemented tools to aid customers during the integration process including arrival announcements, updates to the Find Your Way website, and station-specific tools, including “New American is arriving” directional signage that will continue to be updated to reflect progress in the integration process. At all US Airways stations that overlap with American, signage is used that contains both the American and US Airways logos. Each Carrier’s customer reservation phone line has an interactive voice response greeting that states “[t]he merger between US Airways and American Airlines is underway,” and offers callers the opportunity to hear additional details about the merger, before calls are transferred to an agent. Each Carrier’s automated system also directs customers interested in finding out more information on the New American to usairways.com/arriving or aa.com/arriving, respectively. For day-of-travel information, the systems direct customers to usairways.com/findyourway and aa.com/findyourway, respectively.

Customers can access and print their boarding passes for flights on one Carrier via a link on the other Carrier’s website. Each Carrier’s website also recognizes record locator numbers of the other Carrier. US Airways has started migration to American’s re-accommodations system which is used to rebook customers when a flight is cancelled or significantly delayed. The Carriers

expect to be able to re-accommodate customers on each other's fleets by late 2014.

Certain inflight announcements have been made uniform between the carriers. The Carriers now have a single Gogo® inflight wireless internet portal for which customers can apply their monthly and daily passes to inflight internet on either carrier. Since April 2014, American's boarding video, arrival music, and radio stations began playing on US Airways flights. US Airways has expanded its domestic in-flight meal windows to align with those of American. Glassware and linens on both carriers have been aligned. American has committed to retrofitting its existing 777-200 and 767-300 aircraft to include fully lie-flat premium seating similar to the US Airways Envoy Suite, a lie-flat bed in international business class.

The Carriers now report combined operational performance statistics. These statistics are published to employees of both carriers. Beginning with the January 2014 results, the Department of Transportation has reported the Carriers' combined statistics in its monthly Air Travel Consumer Report. An emergency response procedure has been implemented between the Carriers. This procedure ensures that both American and US Airways are available to provide aid to each other and to each other's customers in the event of an emergency.

Livery, Flight Symbols, and Brand Elements

All employees of the New American had the opportunity to vote on their preferred tail livery for the combined fleet of nearly 1,000 aircraft and the resulting selection of the United States flag tail was unveiled in January 2013. American and US Airways have started repainting their aircraft and two US Airways aircraft are in the new livery. A total of 192 aircraft at the combined Carrier are in service with the new livery. The livery, flight symbol, and other brand elements are being rolled out to all stations that have an upcoming co-location. This includes a new back wall for ticketing counters and baggage offices of both Carriers with a peel-off US Airways name/logo that can be removed when integration is complete. These back walls have been installed at the American and US Airways co-located facilities in Phoenix and Miami. According to Jones' declaration, a majority of ticket counters will have these new back walls by the end of the second quarter of 2014.

American and US Airways share a common external recruiting website, www.aacareers.com. All management positions are posted as jobs at American unless there is a specific business reason why the position needs to stay on the US Airways platform. Additionally US Airways recruiters assist American hiring managers with filling vacancies and interface with American's vendor, IBM. The Carriers attend recruiting events together.

Standardized Uniforms

All employees have been issued a commemorative luggage tag that says “New American is Arriving.” This tag displays both carriers’ logos and shows the year “2013.” To celebrate US Airways joining **oneworld**[®], employees at American and US Airways received a new company ID folder featuring the American and **oneworld**[®] logos. Customer service agents, flight attendants, pilots, and non-uniformed employees received a lanyard. Since fleet service employees and tech ops employees work in tight spaces and around aircraft, these employees received an arm badge holder. Additionally, all customer-facing US Airways employees received a pin.

Since March 31, 2014, all US Airways employees have been required to wear the New American/**oneworld**[®] branded lanyards or armbands, and by June 2014, all employees of both carriers will be expected to wear only the approved company ID holders and use only company-approved badge backers. All Star Alliance affiliations and marks have been removed from US Airways employee uniforms.

The Carriers have initiated selection and “wear testing” new uniforms for those employees who wear uniforms. The new uniforms are expected to be in use in operation in the next 18-24 months. As part of this process, the New American has selected the designer for the pilot, flight attendant, and customer service agent 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

Section 19.4 of the Board's Representation Manual (Manual) 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.

The Board recently determined that American and US Airways operate as a single transportation system for the craft or class of Passenger Service in *American Airlines/US Airways*, 41 NMB 90 (2014).

In the instant case, the Carriers are wholly-owned subsidiaries of AAG. AAG has a single board of directors and a common senior management group in place. There is a single group of officers responsible for labor relations at the Carriers. Substantial steps have been taken toward financial integration of the Carriers. The Carriers have obtained approval from the FAA for a transition plan for moving toward a single operating certificate and have completed several of the steps in that plan. Personnel policies and practices have been or are in the process of being integrated. There is a common external recruiting website for hiring.

The Carriers have been aligning schedules in the markets where there are overlapping flights. The Carriers have established a code-sharing agreement. US Airways is no longer a Star Alliance member and has joined **oneworld**[®], the alliance of which American is a founding member. The Carriers have begun the process of merging their frequent flyer programs and members of both Carriers' programs are now able to receive benefits while flying at either Carrier. The Carriers are co-located at 70 airports including New American hubs at New York-JFK, Phoenix, and Miami. Cargo operations have been co-located in more than 60 cities including three of the New American's hubs. The Carriers have adopted a new logo and the first aircraft have begun operating with the new livery. The Carriers have aligned many customer service policies flight services such as in-flight communication and entertainment. The Carriers have begun the process of transitioning to common uniforms.

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

CONCLUSION

The Board finds that American and US Airways are operating as a single transportation system for representation purposes under the RLA. Accordingly, the application filed by APFA and AFA in NMB File No. CR-7126 is converted to NMB Case No. R-7401. 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.

A handwritten signature in cursive script that reads "Mary L. Johnson".

Mary L. Johnson
General Counsel

Copies to:

Paul Jones, Esq.

Cindi Simone

Robert A. Siegel, Esq.

Mady Gilson, Esq.

Laura Glading

Ed Gilmartin, Esq.

Sara Nelson