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December 21, 2015

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In Re: Integration of Seniority Process For American Airlines/U.S. Airways
Pilots – Protection Of Interests of American Airlines Flow-Through Pilots

Dear Mr. Kennedy:

In my October 9, 2015 letter, I addressed the need for AAPSIC to address longevity issues as they concern the Flow-Through Pilots (“FTPs”). Both of the other merger committees have used substantial longevity factors in their proposals. The East Committee has proposed a merger using 55% status and category and 45% longevity. The West Committee has proposed 65% status and category and 35% longevity. ASPSIC has proposed purely status and category, adjusted for superior career expectations at American Airlines.

The hearings in January will present the parties’ challenges to the various proposals. This is the opportunity for AAPSIC to address the use of longevity in the East and West Committees’ proposals. I understand that AAPSIC’s position is that longevity is inappropriate because the American and East seniority lists were not based on date-of-hire (typical “longevity”) but represented an amalgam of prior seniority integrations (AAPSIC Brf. pp. 18-19, 65-66), the Nicolau list was likewise not longevity based but actually increased the West pilots seniority by as much as 17 years above the date of hire (p. 66) and there is no consistent or reliable “date-of-hire” information (pp. 67-68). While I might agree that these are compelling factors against using longevity, there is no guarantee that the arbitrators will share AAPSIC’s position. Because the East and West Committees both argue for a longevity factor and prior seniority list integration decisions have incorporated longevity—even if the cases are distinguishable—there is a significant possibility that a longevity factor will be used in a final seniority list.

SECOND REQUEST FOR AAPSIC’S POSITION ON LONGEVITY FOR FTPS

My clients reiterate what they have said before: Service at American Eagle should count towards longevity and AAPSIC needs to put on evidence supporting that point.

We have asked AAPSIC to state its current position how service at Eagle should (or should not) be a factor in developing a final seniority list in the event that some form

of longevity is a factor. We have not received any response. AAPSIC's brief does not address this issue at all, possibly because AAPSIC has rejected use of longevity.

THE EAST AND WEST COMMITTEE PROPOSALS ON LONGEVITY USE
STANDARDS AND ASSUMPTIONS THAT PARTICULARLY HARM FTPS
SENIORITY POSITION

As we also see the issues, if longevity is a factor, how is longevity to be calculated for the pilots who came to American through mergers or under the Flow-Through Agreement? Since AAPSIC has not stated a position—other than to reject longevity altogether—it is presently the East and West Committees who have identified the factors they feel appropriate. AAPSIC's position on these factors is, as noted above, unknown.

The East Committee proposal would give USAir pilots seniority from the date of hire at USAir, but restrict the TWA, Reno Air and FTPs to seniority based on the date they began flying for American (or TWA-LLC). East Brf. pp. 33-38. The East proposal also excludes furlough (*id.* p. 33) and flow-back time at Eagle from seniority (*id.* pp. 37-38), while including flow-back time for USAir pilots flying at MidAtlantic Airlines (MDA) on the theory that MDA was a “division” of USAir using USAir's operating certificate (*id.* at 36-37). We believe that including MDA time only benefits East pilots and not any West pilots at USAir.

The West Committee proposal apparently uses the date of hire as a mainline pilot, either at American or another mainline carrier (e.g., TWA), but not the date of hire at a non-mainline carrier such as Eagle. West Brf. at AII pp. 6, 8-9. The West Committee states: “AAPSIC agrees with this approach” (*id.* at AII p. 6) and specifically notes that AAPSIC is “the former Eagle pilots representative in this process” (*id.* at AII p. 6 fn. 4). The West proposal deducts furlough time (*id.* at AII pp. 7-8), except for TWA pilots when at TWA (*id.* at AII p. 9).

Including all mainline flying time at prior mainline carriers particularly harms the FTPs seniority position and job expectations. In effect, this jumps TWA-LLC and USAir pilots ahead of the FTPs and/or results in dragging down the credited longevity for the combined group of TWA-LLC and FTPs pilots relative to the USAir pilots. Additionally, the remaining FTPs of the 154 FTPs who were awarded seniority dates of April 30, 2008 in the FLO-0903 arbitration are put at the bottom of the resulting West proposed seniority list, ahead of only the 20 most recently-hired pilots with December 2013 hire dates. In effect, these FTPs have entirely lost the benefit of the seniority date awarded in the FLO-0903 arbitration.

In sum, under both the East and West proposals, longevity is constructed in ways that particularly harm the FTPs.

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- The East proposal gives credit for TWA-LLC flying prior to TWA pilots being placed on furlough, excludes all Eagle flying time, but includes MidAtlantic flying time for USAir pilots.
 - The West proposal gives TWA-LLC pilots, including Staplees, credit for all mainline flying, but excludes all Eagle time for FTPs. The West proposal undoes the seniority award in FLO-0903.
 - The effect of the various proposals is evident from looking at the resulting FTPs' placement. All lists have seniority numbers to 15019. Janette McMurtrie (the first of the FTPs awarded seniority under FLO-0903) is number 14317 on the AAPSIC list, but is number 14744 on the East list and 14889 on the West List. In other words, excluding Eagle time from the longevity calculation drops McMurtrie 427 places on the East list and 572 places on the West list.

AAPSIC MUST PRESENT ARGUMENT AND EVIDENCE THAT EXCLUDING
EAGLE TIME IS ARBITRARY AND INEQUITABLE IN THIS CASE

Because there is a chance that some form of longevity will be part of the equation in the final integrated seniority list, and the East and West proposals significantly harm the FTPs seniority positions, it is important that AAPSIC take the position and present evidence that any longevity for purposes of an integrated seniority list includes time flying as an Eagle Captain under the terms of Supplement W.

Longevity in this sense would apply to both FTPs and other AA pilots (including TWA pilots) who were flying at Eagle as "flow-back" pilots. Longevity for this purpose would also include time an Eagle Captain was bumped from his/her position because of a flow-back under Supplement W.

As we stated in our October 9 letter, we believe that there is overwhelming evidence to support that the time that a FTP was flying as a Captain at Eagle (including time if bumped in a flow-back) should be viewed as de-facto "mainline time" for the purposes of longevity. This is even more the case when viewed in comparison to the pilots that are being credited for mainline longevity for their relationships and flying duties at the other carriers. For example, and to repeat what we said in our October 6 letter:

- In 1997 APA was arguing strongly that all of the jet flying jobs at AMR were mainline jobs. The President's Emergency Board's findings in 1997 expressly note APA's position. American subsequently ended up flying F100s with just 56 seats as part of the mainline carrier, although this type of aircraft/configuration would typically been considered a regional jet like the other regional jets being flown at Eagle. In fact, it was configured with *less* passenger seats than the Eagle regional jets the Eagle pilots were flying.

- AMR wanted to fly their newly ordered regional jets under the less expensive Eagle operating certificate. APA struck the airline over the issue. An Emergency Board was formed, which ruled that those jets would be allowed to be flown by the Eagle division, citing company economics, not equipment differential as the underlying reason. APA then came back saying that since it still believed that flying belonged to American mainline pilots, they needed to be able transfer pilots into that equipment in the event of a furlough at American, and as a quid pro quo, they agreed that the pilots operating that “regional” jet equipment were to be treated as de-facto mainline pilots, being issued American seniority numbers and having rights to transfer into all of the other American mainline equipment.
- A FTP while flying as an Eagle Captain under Supplement W had a career path, expectation and agreement to transfer to much higher paying American equipment. Held-back FTPs were already on the American pilot seniority list and others without American seniority numbers were awaiting a training class so that they too could move to American. In contrast, the future value of a USAir pilot’s expected career was worth substantially less. The FTP’s American “mainline” career path expectation was clearly superior to the USAir pilots “mainline” career path expectation. The fact is that once a FTP had solidified a clear career path with American, no FTPs would take a job offer to go to USAir, AmWest or most other smaller “mainline” carriers—as that would mean giving up the favorable seniority position the FTPs already had at AA and the greater career opportunities at AA in exchange for starting over at the bottom with another carrier.
- The FTPs were being compensated more than many USAir FOs and more than some USAir Captains. So, in addition to having superior career path expectations, an FTP’s Jet Captain position was superior to the USAir “mainline” jobs in a basic metric of total compensation.
- The USAir merger committees propose that both Captains and F/Os flying EMB190 regional jet equipment at USAir are to be credited for “mainline longevity” accrual, yet American Eagle Captains holding AA seniority numbers, flying regional jet equipment, should not be credited for “mainline longevity” accrual. There is no logical basis for making that distinction.
- Eagle and AA had a close and integrated relationship as subsidiaries of AMR, Inc.
 - Eagle management openly wore American Airlines ID’s, was compensated by AA and had AA retirement benefits.

- FTPs were training at the same mainline training facility (Flight Academy) in simulators and rooms right next to the mainline AA pilots.
- AA management lobbied the Eagle pilots to accept the Flow-Through Agreement and the related Eagle/ALPA CBA.
- In staying at Eagle, and being subject to displacement because of flow-backs, the FTPs suffered significantly to preserve their career expectation that, eventually, they would flow-up to American with the advantage of their previously-awarded AA seniority numbers. This is a form of “sweat equity” in the career expectations the FTPs had in the AA/Eagle system. The use of longevity in airline seniority list mergers is generally justified as reflecting pilots’ “sweat equity” in the airline. Excluding the “sweat equity” of the FTPs in any final integrated seniority list that uses longevity as a factor would be contrary to the entire “sweat equity” theory that justifies the use of longevity in the first place.

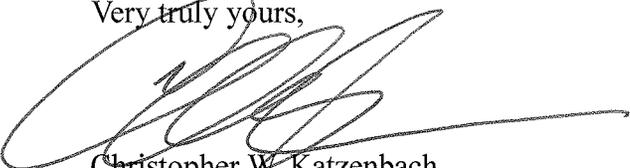
Please advise me as to AAPSIC’s position on the above matters, whether AAPSIC will advocate that Eagle flying time be included in any longevity calculation and the evidence AAPSIC intends to present on that issue.

If AAPSIC intends to accept the point (as the West Committee asserts) that Eagle flying time is excluded from longevity calculations, please advise me as to the reasons for AAPSIC’s position. In this regard, I am already aware that AAPSIC opposes any use of longevity. What I want to know is (a) does AAPSIC agree or disagree with the position that Eagle time does not count for any longevity calculation that might be used and (b) the reasons for AAPSIC’s position on this issue.

AAPSIC’s silence on this issue will simply serve to affirm the West Committee’s position that Eagle time should be excluded, particularly (as the West Committee noted) AAPSIC is the FTPs’ representative in the proceeding. Accordingly, silence is not a neutral option, but a *de facto* concession that Eagle time should be excluded. The reasons why AAPSIC should make such a concession are critical for understanding AAPSIC’s position and determining if AAPSIC’s actions are taken in good faith in accord with the standards applicable to its (and APA’s) duty of fair representation.

As always, thank you for your prompt attention to these matters.

Very truly yours,



Christopher W. Katzenbach