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October 9, 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:

My clients have reviewed AAPSIC's recent submissions in the SLI process. They have the following initial comments and requests for additional information.

COMMENTS AND CONCERNS

1. AAPSIC has apparently revised its proposed integrated seniority list to eliminate certain of the matters I addressed in prior letters. In particular, APPSIC's new proposed list no longer puts the last 124 FTPs with the US Air Third List pilots and now integrates these FTPs ahead of the Third List pilots together with other American pilots in Ratio 5 applying to Group I CA/Group II FO. AAPSIC's brief does not explain why it made this change, but does note that the FTPs are being treated the same as other American pilots. AAPSIC Prehearing Statement (September 19, 2015) at p. 19 fn 12. While the Ninth Circuit's decision in *Addington* was the reason for filing revised pre-hearing statements, *Addington* only affected the US Airways side of the SLI process.¹ We would appreciate AAPSIC's explanation for this change.

2. AAPSIC's basic approach using "career expectations," instead of "longevity," is inherently fairer. Generally, my clients agree on that approach.

3. AAPSIC has apparently withdrawn from its prior stipulation stating, "service at regional affiliates (including American Eagle) is not credited for purposes of longevity." Since we have not seen this stipulation, it is uncertain if AAPSIC can withdraw from it, if the other parties have accepted this withdrawal or if this withdrawal will become an issue in the arbitration. If we would be sure that preserving "pre-merge career expectation" was to be used as the sole standard for integration purposes, then the existence of that stipulation would be irrelevant. However, the other two parties to the SLI are strongly pushing for longevity to be used as the overriding integration

¹ Except insofar as *Addington* reaffirmed the duty of fair representation in the seniority list integration context and the duty not to discriminate against discrete pilot groups.

metric. We would therefore appreciate confirmation that this stipulation is no longer part of the SLI process for any party. We would also appreciate statement as to AAPSIC's 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.

4. While we are encouraged to see these important changes, due to the fact that there is a chance that some form of longevity will be part of the equation in the final integrated seniority list, it is important that AAPSIC is prepared to make a stand that the 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.

5. 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:

- 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 fact is that once a FTP had solidified a clear career path with American very few if any FTPs would take a job offer to go to USAir or Am West. The FTP's American "mainline" career path expectation was clearly superior to the USAir pilots "mainline" career path expectation.

- 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 management openly wore American Airlines ID's and were compensated by AA, and had AA retirements.
- FTPs were training at the same mainline training facility (Flight Academy) in simulators and rooms right next to the mainline AA pilots.
- 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. This is a form of "sweat equity" in the career expectations the FTPs had in the American/Eagle system that should be recognized in any final integrated seniority list, including lists that may use longevity as a factor in addition to (or even in place of) career expectations.

6. We are concerned, however, that AAPSIC's witness list² does not include any FTP who could testify to the matters noted above to show that the career expectations and working conditions of FTPs at Eagle were equivalent to American pilots already flying at American and superior to USAir pilots. We reiterate: Putting this information forward in the SLI process is critical to protecting the rights of FTPs in this process, particularly both under the career expectations approach AAPSIC has adopted and to refute arguments by USAir pilots that their "mainline" experience should count and Eagle experience of FTPs should not count in forming a final integrated seniority list.

² David Brown, Bruce Case, Timothy Daudelin, Donald S. Garvett, Jalmer Johnson, Per Lovfald and Mark Stephens.

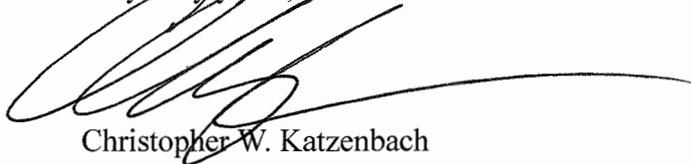
REQUESTS FOR INFORMATION

Throughout the above comments, I have noted matters as to which we need additional information. In summary, the information we need is as follows:

- A. A copy of the “longevity” stipulation and evidence that this stipulation is no longer being relied upon or asserted by any party in the SLI process.
- B. An explanation for AAPSIC’s change in position, from integrating some of the FTPs with USAir Third List pilots to the current proposal.
- C. An explanation as to AAPSIC’s position as to whether time flying at Eagle should be part of any longevity metric. If longevity would be a factor, we request AAPSIC’s explanation as to how a longevity metric should be calculated and what time should be included/excluded (with particular reference to time at Eagle).
- D. An explanation as to whether or not AAPSIC will be presenting any of the information noted in section 5 above, or any other information as to the FTPs’ employment at Eagle that would support including time flying at Eagle as part of any factor or metric for an integrated seniority list, as an aspect of career expectations, longevity or other metric or factor that might be used.
 1. If AAPSIC will not be presenting any of the information noted in section 5 above, or any other information as to the FTPs’ employment and career expectations at Eagle in moving to American, an explanation why AAPSIC will not be presenting this information.
 2. If AAPSIC will be presenting any of the information noted in section 5 above, or any other information as to the FTPs’ employment and career expectations at Eagle in moving to American, what witnesses will be used and what information will AAPSIC be presenting.

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

Very truly yours,



Christopher W. Katzenbach

cc. Edgar N. James, James & Hoffman, PC; Jeffrey B. Demain, Altshuler Berzon LLP