



NATIONAL MEDIATION BOARD
WASHINGTON, DC 20572

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In the Matter of the
Application of the

CWA/IBT ASSOCIATION

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. 23

CASE NO. R-7395
(File No. CR-7121)

FINDINGS UPON
INVESTIGATION

June 19, 2014

This determination addresses the application filed by the CWA/IBT Association (Association). The Association requests that the National Mediation Board (NMB or Board) 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.

The investigation establishes that American and US Airways constitute a single transportation system.

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 April 3, 2014, the Association filed an application alleging a representation dispute involving the craft or class of Passenger Service Employees at the Carriers.

The Passenger Service Employees at US Airways are represented by the Association under Board certification in NMB Case No. R-7085.¹ *US Airways/America West Airlines*, 33 NMB 180 (2006). The Passenger Service Employees at American are unrepresented.

The Association asserts that American and US Airways constitute a single transportation system for representation purposes under the Railway Labor Act² (RLA or Act). The Board assigned Eileen M. Hennessey to investigate and requested that the Carriers provide information regarding their operations. On April 23, 2014, the Carriers submitted the requested information and their initial position statement. The Association by a letter dated April 23, 2014, notified the Board that it is in agreement with the Carriers that American and US Airways constitute a single transportation system and requested that the Board continue to process its application. In addition, the Board has taken administrative notice of the Carriers' filings in NMB File No. CR-7110, an application for a single transportation 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

The Association

The Association states that based upon the standards governing the establishment of a single transportation system as set forth in the Board's Representation Manual (Manual) Section 19.501 and *Trans World Airlines / Ozark Airlines*, 14 NMB 218 (1987), the Carriers are now a single transportation system for the purposes of the Passenger Service Employees craft or class.

American and US Airways

The Carriers state that American and US Airways comprise a single transportation system for the craft or class of Passenger Service Employees. According to the Carriers, the corporate merger involving American and US Airways became effective on December 9, 2013. The Carriers state that the

¹ The Board certified the Airline Customer Service Employee Association - IBT / CWA as the bargaining representative. CWA and IBT changed the name to the CWA/IBT Association on March 5, 2014.

² 45 U.S.C. § 151, *et seq.*

objective of this corporate merger is the creation of a single airline operating under the American name and they are rapidly pursuing that goal. The Carriers are now commonly owned. They 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 Federal Aviation Administration (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. Accordingly, the Carriers state that they now constitute a single transportation system within the meaning of the NMB’s case law.

FINDINGS OF LAW

I.

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

II.

The Association is a labor organization and/or representative 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, Philadelphia, Phoenix, and at Washington-Reagan National.

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 March 21, 2014, according to American's records, there were approximately 8,580 American employees covered by the Association's application. The Carriers state that given that the Passenger Service Employees craft or class is unrepresented at American, the number of American employees covered by the application is its best estimate of the scope of the craft or class as it pertains to American employees. As of March 30, 2014, according to US Airways' records, the Association represented approximately 6,535 US Airways employees in the Passenger Service Employees craft or class. US Airways and the Association are parties to a collective bargaining agreement (CBA) which governs the terms and conditions of employment of US Airways Passenger Service Employees.

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. Tom Horton, the former Chairman, President, and Chief Executive Officer of AMR Corporation and American, is now non-executive Chairman of the Board of AAG. Doug Parker, the former Chairman and Chief Executive Officer of US Airways Group and US Airways, is now Chief Executive Officer of AAG and 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 Tom Horton, Doug Parker, and Steve Johnson. 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 and have taken responsibility for the management of the Carriers. As previously noted, Doug Parker, former Chairman and Chief Executive Officer of US Airways Group and US Airways, is now Chief Executive

Officer of AAG, American, and US Airways Group. Scott Kirby, former President of US Airways, is now President of AAG, American, US Airways Group, and US Airways. He is also Chief Executive Officer of US Airways. Robert Isom, former Executive Vice President and Chief Operating Officer of US Airways, is now Executive Vice President and Chief Operating Officer of AAG, American, US Airways Group, and US Airways, and he is also Chief Executive Officer of US Airways. Steve Johnson, former US Airways Executive Vice President, Corporate and Government Affairs, is now Executive Vice President, Corporate Affairs of AAG, American, US Airways Group, and US Airways. Derek Kerr, former Executive Vice President and Chief Financial Officer of US Airways, is now Executive Vice President and Chief Financial Officer of AAG, American, US Airways Group, and US Airways. Elise Eberwein, former Executive Vice President, People, Communications and Public Affairs for US Airways, is now Executive Vice President, People, Communications and Public Affairs for AAG, American, US Airways Group, and US Airways. Maya Leibman, former Senior Vice President – Technology and Chief Information Officer for American, is now Senior Vice President – Technology and Chief Information Officer of AAG, American, US Airways Group, and US Airways. Beverly Goulet, former Chief Restructuring Officer, Senior Vice President and Chief Integration Officer of American is now Senior Vice President, Chief Integration Officer AAG, American, US Airways Group, and US Airways. Paul Jones, former Vice President, Legal Affairs for US Airways, is now Senior Vice President, General Counsel and Chief Compliance Officer of AAG, American, US Airways Group, and US Airways. William Ris, former Senior Vice President – Government and Regulatory Affairs for American, is now Senior Vice President, Government Affairs of AAG, American, US Airways Group, and US Airways.

Senior Management positions are held by the same individuals at both American and US Airways. Andrew Nocella, former Senior Vice President of Marketing and Planning for US Airways, is now Senior Vice President and Chief Marketing Officer for the New American. Keith Bush, former Senior Vice President, Finance for US Airways, is now Senior Vice President, Finance for the New American. Arthur Torno, former Vice President, Mexico, Caribbean and Latin America for American, is now Senior Vice President, Mexico, Caribbean and Latin America for the New American. Suzanne Boda, former Senior Vice President, Airport Customer Service, International and Cargo for US Airways, is now Senior Vice President of Asia, Canada, Europe and Cargo for the New American. Tim Campbell, former integration consultant, is now Senior Vice President, Air Operations for the New American. Kenji Hashimoto, former President, Cargo for American, is now Senior Vice President of Regional Carriers for the New American. David Seymour, former Senior Vice President, Operations, for US Airways, is now Senior Vice President, Technical Operations for the New American. Thomas Trenga, former Senior Vice President, Revenue Management for US Airways, is now Senior Vice President, Revenue Strategy for the New American. Kurt Stache, former Vice President of Strategic Alliances for American is now Senior Vice President, Alliances and Partnerships for the

New American. Edward Bular, former Senior Vice President, Flight Operations, for US Airways, is now the New American's Senior Vice President, Single Operating Certificate. Kerry Philipovitch, former Senior Vice President, Customer Experience for US Airways, is now Senior Vice President, Customer Experience for the New American with responsibility for Customer Planning, Reservations, and Airport Customer Service. In addition, forty-eight New American Vice Presidents have also been named, each of whom holds the same position with both American and US Airways.

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. One of the first work groups to integrate, Revenue Management, has already completed its move to Fort Worth. 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.

Financial Integration

Beginning January 1, 2014, American and US Airways elected to use one firm to audit the New American's finances. In his declaration, Paul Jones, Senior Vice President, General Counsel and Chief Compliance Officer for AAG, American, US Airways Group and US Airways, states that AAG will report 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 generally accepted accounting principles (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. The Carriers have completed purchase accounting and reporting requirements for the New American and have aligned financial statement accounts and accounting policies.

The Carriers continue to integrate their procurement programs, including the negotiation with suppliers for consolidated services. Airport customer services contracts have been consolidated at Phoenix and New York-JFK. The Carriers are in the process of consolidating ramp handling, cargo handling, and other procurement contracts including fuel. Their respective resource approval, commitment, and disbursement processes have been aligned, including those related to capital expenditures, expense projects, contracts, leases, and dispositions.

The Finance groups of American and US Airways are under the direction of a single officer to ensure consistency. Derek Kerr, former Executive Vice President and Chief Financial Officer of US Airways, is now Executive Vice President and Chief Financial Officer of AAG, American, US Airways Group, and US Airways. Keith Bush, former Senior Vice President, Finance for US Airways, is now Senior Vice President, Finance for the Carriers.

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 (CBA), the grievance and arbitration process, and all other aspects of labor relations.

On February 11, 2014, the New American announced additional leaders of the labor relations team. As of that date, Beth Holdren, formerly Managing Director of Labor Relations (Flight) at US Airways, became the Managing Director of Labor Relations (Flight) for the Carriers' Pilots craft or class. Cindi Simone, formerly Managing Director of Labor Relations (InFlight) at US Airways, became the Managing Director of Labor Relations (InFlight) for employees in the Carriers' Flight Attendant craft or class. Taylor Vaughn, formerly Managing Director of Labor Relations (InFlight) at American, became the Managing Director of Labor Relations (Customer Service) for the employees in the Carriers' Passenger Service Employees and Fleet Service Employees crafts or classes, as well as their employees in Canada and Bermuda who perform similar functions. On that date, the Carriers also named Jim Weel, formerly Managing Director of Labor Relations (Ground) at American, as the Managing Director of Labor Relations (Tech Ops) with responsibility for the Mechanic and Related Employees, Stock Clerks, Maintenance Training Instructors, Flight Crew Training Instructors, Flight Simulator Engineers, and Dispatchers crafts or classes.

Labor Protection Provisions and Interim Agreements

According to Jones, prior to the December 9, 2013 closing of the merger transaction, American and US Airways and the organizations representing their respective Pilot groups had negotiated a Merger Transition Agreement (MTA) or multi-year agreement for terms and conditions of employment applicable to the Pilots at both airlines upon the closing of the merger. Jones states that the two airlines had also negotiated a process for Flight Attendants and several groups

of ground employees to arrive at common terms and conditions of employment on a relatively expedited basis following a single-carrier determination and certification of a representative by the NMB.

Pilots

The Pilot MTA, among the Carriers and the two unions representing the Pilots of the respective airlines, contains the common terms and conditions of employment that are already applicable to both Pilot groups. The MTA, which became effective on December 9, 2013, consists of the 2012 pre-merger American Pilot CBA, as amended by and pursuant to the provisions of a Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement (“Pilot MOU”).

Absent agreement to, or ratification of, a Joint CBA (“JCBA”) within a specified limited time-frame, the Pilot MOU provides that the terms of the Pilot JCBA will be imposed through “final and binding” interest arbitration. Because of limits on the interest arbitrator’s jurisdiction contained in the Pilot MOU, the material post-merger terms and conditions of employment for the legacy US Airways and American Pilots have already been established. The Pilot MOU also prescribes that the Pilot seniority-integration negotiation and arbitration process, pursuant to the McCaskill-Bond statute and the Pilot MOU, shall begin “as soon as possible” after the close of the merger and must conclude no later than 24 months after the December 9, 2013 merger effective date, including a final and binding arbitration if necessary.

Flight Attendants

In April 2012, US Airways and the Association of Professional Flight Attendants (APFA), the organization representing American’s Flight Attendant craft or class, negotiated a Conditional Labor Agreement, which as modified by a December 31, 2012 Memorandum of Understanding and clarified by February 12 and April 11, 2013 Letters of Clarification, provided for the terms and conditions of employment that would be applicable to American’s Flight Attendants following the merger. According to Paul Jones, on or about December 19, 2013, APFA and the Association of Flight Attendants (AFA), the representative of US Airways’ flight attendants, reached an agreement for bargaining and representation that would require both unions to jointly file a single-carrier petition within six months of December 9, 2013, and under which AFA would not contest APFA’s request to be certified by the NMB as the collective-bargaining representative of the merged Flight Attendant craft or class. On February 28, 2014, AFA’s membership ratified a Negotiations Protocol among New American, APFA, and AFA. Under this protocol agreement, if negotiations for a Flight Attendant JCBA are unsuccessful, the parties will engage in final binding interest arbitration to obtain an award that meets certain conditions. The resulting Flight Attendant JCBA is expected to be

implemented no later than early 2015, following completion of the Flight Attendant seniority-integration process.

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. The Carriers have also selected a single unemployment insurance vendor, a health and welfare benefit administrator for employees of both Carriers, and an investment advisor for the New American's 401(K) plan. The content of new employee orientation programs has been aligned. 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. Officers have also received American badges.

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-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.

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' employees are found in the New American's global address book. Almost all US Airways employees' email has been moved to an aa.com email address.

Beginning in 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. As of December 8, 2013, employees of both Carriers received combined daily news updates.

FAA Operating Certificate

The Carriers are working toward obtaining their single operating certificate from the 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 will begin 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. 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 will commence on July 2, 2014.

Frequent Flyer Program and Customer Service

Until issuance of a single designator code and operating certificate, the Carriers must conduct their flight operations separately under the American and US Airways names. According to Jones, the Carriers have nonetheless taken a number of significant steps to hold themselves out to the public as a single transportation system by adopting common marketing, markings, and insignia.

These steps began when the merger agreement was announced in February 2013. At that time, coinciding with the announcement of the creation of the "New American Airlines," the Carriers introduced a common website NewAmericanArriving.com to provide information about the process of integrating American and US Airways. The common website now forwards directly to American's website www.aa.com because customer information regarding the integration process is contained on American's website or on the "Find Your Way" page accessible from each Carrier's websites.

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 left 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.

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 are also being aligned.

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.

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. In April 2014, American’s boarding video, arrival music, and radio stations are scheduled to play 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 are now co-located at a total of 58 airports, including New American hubs at New York-JFK, Phoenix, and Miami. 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.

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.

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 four legacy US Airways aircraft are in the new livery. A total of 206 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 and more than 20 other airports. 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 the 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" of new uniforms for those employees who wear uniforms. The new uniforms are expected to be in use 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 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.

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 58 airports including New American hubs at New York-JFK, Phoenix, and Miami. The Carriers have adopted a new logo and the first aircraft have begun operating with the new livery. The Carriers have begun the process of transitioning to common uniforms.

It is well-settled that the Board's criteria for substantial integration of operations do not require total integration of operations. *US Airways/ America West Airlines*, 33 NMB 49 (2006). In this case, the integration is substantial. The Carriers have clearly combined their operations from a managerial and labor relations perspective. The FAA has approved the New American's single operating certificate plan and steps have been completed under that plan. Additional plans are underway for further integration in every area where it has not yet occurred. Further, the Carriers have informed their customers of the merger through pre-flight announcements, both Carriers' websites, magazines, and social media (Facebook, Google+, Twitter). The submissions of the Carriers establish that the integration has continued to progress since the filing of the Association's application.

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 Passenger Service Employees 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 Association's application in NMB File No. CR-7121 is converted to NMB Case No. R-7395. Pursuant to Manual Section 19.6, the investigation will proceed to address the representation of these crafts or classes. The Incumbent and any Intervenor have 30 days from the date of this determination to file an application supported by a showing of interest of at least 50 percent of the single transportation system in accordance with Manual Sections 19.601 and 19.602. 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.



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