

Docket No. 13-15000

In the
UNITED STATES COURT OF APPEALS
for the
NINTH CIRCUIT

US AIRWAYS, INC.,

Plaintiff-Appellant

vs.

Don ADDINGTON, John BOSTIC, Mark BURMAN, Afshin IRANPOUR,
Roger VELEZ, Steve WARGOCKI, Michael J. SOHA; Rodney Albert
BRACKIN; and George MALIGA, individually and representing a class
of persons similarly situated (the “West Pilots”); and US AIRLINE
PILOTS ASSOCIATION, an unincorporated association,

Defendants-Appellees.

On appeal from the United States District Court for
the District of Arizona, No. 2:10-CV-1570-PHX-ROS,
Honorable Roslyn O. Silver, United States District Judge

**WEST PILOTS’ OPPOSITION TO MOTION OF US AIRLINE
PILOTS ASSOCIATION TO EXPEDITE BRIEFING SCHEDULE
AND FOR PRIORITY HEARING DATE**

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Defendants-Appellees Addington, *et al.* (collectively, “West Pilots”) oppose the motion by US Airline Pilots Association (“USAPA”) to expedite this appeal.

A. Background¹

In 2005, US Airways (a bankruptcy debtor) and America West Airlines merged to form a new airline also called US Airways. The pilots on both sides of that merger (the “East Pilots” from US Airways and the “West Pilots” from America West) agreed to an arbitrated merger of their separate seniority lists. That arbitration was conducted by George Nicolau and an award creating a merged seniority list (the “Nicolau Award”) was announced in May 2007. US Airways accepted the Nicolau Award in December 2007.

The East Pilots immediately repudiated their agreement to treat the Nicolau Award as final and binding. In mid 2007, they formed a single-airline union, USAPA, to oust the multi-airline union that was representing these pilots, the Airline Pilots

¹ Other than as noted, these background facts are recounted in *Addington v. US Airline Pilots Ass’n*, 606 F.3d 1174, 1177-79 (9th Cir. 2010); *see also* P. Jones, Letter to NMB (Nov. 28, 2012) (attached as Ex. “1” to Motion) (Dkt. 7-2).

Association (“ALPA”). They did so because their majority status in the post-merger airline allowed them to control a single-airline union that only represented US Airways pilots. At the time, ALPA (which they could not control) was ordering them to use the Nicolau Award list.

USAPA succeeded ALPA as the bargaining representative. Under East Pilot control, USAPA also repudiated the agreement to honor the Nicolau Award. In September 2008, the West Pilots filed an action to compel USAPA to do otherwise. *Addington v. US Airline Pilots Ass’n*, No. 2:08-CV-1633-PHX-NVW, 2009 WL 2169164, at *7 (D. Ariz. Jul. 17, 2009).

After a 10-day trial, a jury found that USAPA breached the duty of fair representation because its sole objective for repudiating the Nicolau Award was to benefit East Pilots at the expense of West Pilots, rather than to benefit the bargaining union as a whole. *Id.* The court ruled that “[t]he West Pilots remain entitled to a union that will not abrogate the Nicolau Award without a legitimate purpose.” *Id.* at *28. And it explained that “[a]ny waiver of that right must be ‘consensual.’” *Id.*

USAPA appealed. This Court vacated the judgment on the basis of lack of ripeness. *Addington*, 606 F.3d at 1184. But in so doing, this Court cautioned USAPA that unless it “bargain[ed] in good faith pursuant to its DFR, with the interests of all members—both East and West—in mind,” there would be “an unquestionably ripe DFR suit, once a contract is ratified.” *Id.*, at 1180 n.1.

On July 27, 2010, US Airways filed a declaratory judgment action, claiming that it required guidance, *inter alia*, as to whether it would be liable if it entered into a collective bargaining agreement with USAPA that did not implement the Nicolau Award. *US Airways, Inc. v. Addington*, No. 2:10-CV-01570-PHX-ROS, Complaint (D. Ariz. Jul. 26, 2010) (Doc. 1). USAPA argued that the matter was still not ripe.

The District Court was constrained by the Ninth Circuit’s ripeness ruling. It stated, for example, “Pursuant to the Ninth Circuit’s decision, any claim for breach of the duty of fair representation will not be ripe until a collective bargaining agreement is finalized.” *Id.*, Order at 7:20 to 7:23 (Oct. 11, 2012)

(Doc. 193). Nonetheless, the District Court provided additional guidance by ruling that USAPA's date-of-hire "seniority proposal" (a method of seniority integration that Mr. Nicolau found was neither fair nor equitable because it put more than a thousand East Pilots who were on furlough ahead of hundreds of active West Pilots) would "breach its duty of fair representation" unless it was "supported by a legitimate union purpose." *Id.*, Amended Judgment, 1 (Dec. 4, 2012) (Doc. 206). The Court stopped just short of ruling that USAPA did not and could never have such legitimate purpose.

US Airways appealed, seeking more concrete judicial guidance. Neither the West Pilots nor USAPA filed a notice of cross appeal.

Two months after the District Court entered final judgment, USAPA, Allied Pilots Association ("APA," the union representing the American pilots), US Airways and AMR (the parent of American Airlines) entered into an agreement called the "Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement" (the "MOU") that sets the stage for a

merger between US Airways and AMR. See A. Jacob, *Declaration*, at ¶ 4 (providing copy of MOU). The MOU allows the airlines to merge and integrate pilot operations without providing further opportunities for ratification or rejection by USAPA's members. MOU, at ¶ 27. On February 8, 2013, 75% of USAPA's membership ratified the MOU. A. Jacob, *Declaration*, at ¶ 5 (providing copy of announcement of results of ratification vote).

B. Argument

USAPA is a rogue, lame-duck union that was effectively voted out of existence by its members on February 8, 2013, when they voted to ratify the MOU. In all likelihood, US Airways and American will complete their merger by the end of 2013. See USAPA, Motion at 5. Shortly after that, the NMB will certify that the new airline is a single carrier. That will put the pilots from both airlines into a single craft with a single bargaining agent.

Because American is a much larger union, once the new airline obtains single carrier status its pilots will have the political power to choose their union, APA, as the bargaining representative. That will leave USAPA with no bargaining unit to

represent. It will then cease to exist as a labor union. *See Bass v. International Broth. of Boilermakers*, 630 F.2d 1058, 1066 (5th Cir. 1980) (holding that an entity was not a union because “[i]t has no members. It represents no one in collective bargaining. It does not deal with employers concerning conditions of employment on behalf of any employees.”).

USAPA’s motion suggests that it will seek some kind of affirmative relief based on facts that were never before the District Court. USAPA, Motion at 8 (repeatedly referring to events in the US Airways – American merger that occurred well after final judgment). This Court does not consider such matters on appeal. *See Southwest Center for Biological Diversity v. United States Forest Service*, 307 F.3d 964, 975 (9th Cir. 2002) (“This court narrowly construes F.R.A.P. 10(e) and normally will not allow the record on appeal to be supplemented with material not considered by the trial court.”). It should not do so here.

It is hard to fathom why now USAPA wants an expedited decision on its breach of the duty of fair representation—its duty to honor the Nicolau Award. For more than four years, USAPA

vigorously fought against having any such judicial determination. Now, USAPA wants this Court to make that determination on an expedited basis. And it wants that determination to be based upon changed circumstances as if this were the proper forum to consider a Rule 60(b)(6) motion. Fed. R. Civ. P. 60(b). It is not.

If USAPA wants reconsideration based on changed circumstances, it must ask the District Court “whether it wishes” to provide Rule 60(b) relief and, if that court indicates it does, USAPA must then ask this Court to remand. *Williams v. Woodford*, 384 F.3d 567, 586 (9th Cir. 2004) (explaining that this is the only proper way “[t]o seek Rule 60(b) relief during the pendency of an appeal”).

USAPA has further problems because it did not file a notice of cross-appeal. And it provides no basis to be excused from doing so. *See Mendocino Env'tl. Ctr. v. Mendocino Cnty.*, 192 F.3d 1283, 1298-1300 (9th Cir. 1999) (recognizing that there is limited discretion to hear a late filed cross-appeal). USAPA, therefore, has no standing to seek affirmative relief on this appeal. It surely has no basis to seek such relief based on evidence that was never

addressed by the District Court. And, in all likelihood, it will soon lack standing altogether to appear here (as it does) on behalf of East Pilot interests. In short, USAPA has no legitimate basis to seek relief, let alone expedited review. This Court, therefore, must deny USAPA's motion for expedited review.

USAPA also proposes a briefing schedule as follows: (1) US Airways and the West Pilots file separate but concurrent opening briefs; (2) USAPA answers; and then (3) US Airways and the West Pilots file separate but concurrent replies. The West Pilots do not oppose that request.

C. Conclusion

The West Pilots respectfully request that this Court deny USAPA's Motion for expedited review.

DATED: March 5, 2013

Respectfully submitted,

/s/ Andrew S Jacob

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US AIRWAYS, INC. v. ADDINGTON, et al.
APPEAL NO. 13-1500

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system on March 5, 2013. I certify that the following participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system:

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And a copy of the foregoing was sent via first class mail on
March 5, 2013 to:

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DATED: March 5, 2013.

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US AIRWAYS, INC. v. ADDINGTON, et al.
APPEAL NO. 13-1500

DECLARATION BY ANDREW S. JACOB IN SUPPORT OF WEST
PILOTS' OPPOSITION TO USAPA'S MOTION TO EXPEDITE
REVIEW

I, Andrew S. Jacob, declare the following to be true based upon my personal knowledge and information under penalty of perjury pursuant to 28 U.S.C. § 1746:

1. I was one of the attorneys representing the West Pilot Class in CV 2:08-CV-1633-PHX-NVW and 2:10-CV-01570-PHX-ROS that were litigated in the United States District Court, District of Arizona.

2. I am one of the attorneys representing the West Pilot Class on this appeal.

3. I am one of the attorneys representing the West Pilot Class in their ongoing efforts to defend the Nicolau Award during the pending merger of US Airways and American Airlines.

4. Attached as Exhibit "1" is a true and correct copy of the "Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement," (the "MOU") that was the subject of a

ratification vote by the membership of the US Airline Pilots Association (“USAPA”).

5. Attached as Exhibit “2” is a true and correct copy of a letter dated February 8, 2013, from USAPA President Gary Hummel that reports the result of the MOU ratification vote and that was circulated among the membership of USAPA on or about that date.

DATED: March 4, 2013.

s/ Andrew S. Jacob

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US AIRWAYS, INC. v. ADDINGTON, et al.
APPEAL NO. 13-1500

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system on March 5, 2013. I certify that the following participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system:

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DATED: March 5, 2013.

s/ Andrew S. Jacob

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MEMORANDUM OF UNDERSTANDING

REGARDING

CONTINGENT COLLECTIVE BARGAINING AGREEMENT

Pursuant to this Memorandum of Understanding Regarding Contingent Collective Bargaining Agreement (this "Memorandum"), US Airways, Inc. and any successor (collectively, "US Airways"), American Airlines, Inc. ("American"), Allied Pilots Association ("APA"), and US Airline Pilots Association ("USAPA"), and with US Airways, American, and APA, the "Parties"), hereby agree as follows:

1. US Airways and APA agreed to a Conditional Labor And Plan Of Reorganization Agreement executed April 13, 2012 and as amended from time-to-time (the "CLA"). Upon the Memorandum Approval Date (as defined in Paragraph 18), this Memorandum shall supersede and replace the CLA. This Memorandum provides a process for reaching:

(a) a Merger Transition Agreement (the "MTA") between APA and an entity ("New American Airlines") formed in connection with a plan of reorganization ("POR") for such of those AMR Corporation-related debtors required to effectuate a combination of American and US Airways (the "Merger"). The MTA shall consist of the collective bargaining agreement between American and APA approved on December 19, 2012 by the Bankruptcy Court in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL) (the "2012 CBA"), as amended pursuant to the provisions of this Memorandum;

(b) a Joint CBA (the "JCBA") to apply to a merged workforce composed of pilots employed by American and US Airways.

2. The negotiation and interest arbitration processes provided in this Memorandum will be binding and apply to all Parties as of the Memorandum Approval Date. The results of the negotiation and interest arbitration processes will be binding and apply to all Parties as provided herein. Notwithstanding the foregoing, any changes made to the MTA prior to the implementation of the JCBA will apply with equal force to all pilots.

3. Beginning on the effective date of the POR (the "Effective Date"), pilots employed by US Airways shall be paid in accordance with the provisions of the MTA that are generally applicable to pilots employed by New American Airlines. The eligibility of US Airways pilots for a defined contribution plan accrual shall commence on the Effective Date, and US Airways' contribution to the retirement plan beginning on the Effective Date shall be calculated by multiplying an eligible pilot's eligible compensation under the applicable retirement plan by the percentage contribution made by New American Airlines to its pilots' defined contribution retirement plan.

4. It is the intent of the Parties that, as of the Effective Date, the terms and conditions of employment for pilots employed by New American Airlines and US Airways will be set by the MTA (as defined in Paragraph 1(a)) and in accordance with the process specified herein. The Parties further understand,

however, that it will take some period of time for those terms to be implemented. Accordingly, except for those terms specifically identified in Paragraph 3, the Parties agree that each term of the MTA shall be applicable to all US Airways pilots at the earliest practicable time for each such term, and such terms, when applicable, shall govern and displace any conflicting or wholly or partially inconsistent provision of the former US Airways pilot agreements or the *status quo* arising thereunder. Once the MTA has been fully implemented, it shall fully displace and render a nullity any prior collective bargaining agreements applicable to US Airways pilots and any *status quo* arising thereunder.

5. US Airways, and its successors, if any, shall continue to recognize and treat with USAPA as the representative of the pilots employed by US Airways until another representative for the pilot craft or class is certified by the National Mediation Board (the "NMB"). Subject to the provisions of Paragraph 27, negotiations to convert this Memorandum and the MTA into the JCBA and any implementation or other interim agreement, if any, shall be conducted with USAPA and APA jointly, until such time as one union is certified by the NMB to be the collective bargaining representative of the combined pilot craft or class. At that time, the duly-certified representative shall have exclusive authority to negotiate on behalf of the pilots with respect to the JCBA. It is the Parties' intention that the JCBA shall replace any and all prior collective bargaining agreements for USAPA; however, for APA, the JCBA shall be an amendment to the MTA.

6. During the period US Airways is obligated to bargain with USAPA, it will provide information requested by duly authorized representatives of USAPA's Negotiating Advisory and Merger Committees that is reasonably related to the Merger, subject to the execution of standard confidentiality agreements by USAPA and/or affected individuals upon US Airways' request. US Airways will similarly provide such information on such conditions to APA. Notwithstanding the foregoing, US Airways shall continue to supply information pursuant to Attachment M of the Basic East Agreement in matters unrelated to the Merger.

7. US Airways shall reimburse USAPA for expenses incurred after May 1, 2012, as well as for all flight pay loss, incurred in developing and carrying out the functions specified in this Memorandum. The reimbursement provided to USAPA pursuant to the preceding provisions shall not be more than \$1.5 million. In addition, New American Airlines and US Airways shall reimburse the merger representatives involved in the seniority integration process in an aggregate not to exceed \$4 million. However, any such reimbursement shall not include expenses or flight pay loss associated with litigation against US Airways, American, New American Airlines, or their affiliates, related entities or successor(s), if any, or with respect to the current seniority dispute at issue in the United States District Court for the District of Arizona or to influence the representation choices of their employees or affect their organization rights under Section 2, Ninth of the Railway Labor Act. The reimbursement for expenses related to seniority list integration shall be made no later than 30 days after presentation of an integrated seniority list to US Airways and New American Airlines that complies with the provisions of Paragraph 10, including the obligation to produce an integrated seniority list within the time limitations in Paragraph 10 unless such failure is caused by the airline(s). Reimbursement for expenses, other than for seniority list integration, shall be made no later than 30 days after submission of an invoice in a suitable form so long as USAPA or APA have submitted the invoice within 45 days of the later of the date when the expense was incurred or the date when APA's Board of Directors approves this Memorandum, or USAPA's membership ratifies this Memorandum, as applicable. All expenses for flight pay loss shall be paid directly by the airlines and USAPA and APA shall provide supporting information to support the flight pay loss claim. US Airways and New American Airlines shall also make positive space transportation available to members of USAPA's

8. The protections in this Paragraph begin on the Effective Date and last until the earlier of eighteen (18) months after US Airways and the New American Airlines obtain a single operating certificate, or the date on which a JCBA and integrated seniority list are in effect. From the Effective Date until the effective date of the JCBA, the terms and conditions of employment of the New American Airlines and US Airways pilots shall be governed by the MTA.

- a. The New American Airlines pilots and US Airways pilots will perform work in accordance with the MTA, including flying and training, and neither airline will interchange pilots between their operations. Neither New American Airlines nor US Airways may utilize in its flight operations or flight training operations a pilot employed by the other airline, except : (i) for pilots hired from one airline by the other pursuant to Paragraphs 8(i) and 8(j); (ii) as may be needed to comply with conditions prescribed by the Federal Aviation Administration for the purpose of transition to, and eventual operation under, a single operating certificate; or (iii) to train pilots who will make up the initial cadre of check airmen for a new fleet type. APA and USAPA, as applicable, shall support the efforts of US Airways and New American Airlines to obtain regulatory approval for the Merger and issuance of the single operating certificate.
- b. Except for the circumstances described in paragraph (a) above, no pilot of New American Airlines or US Airways will fly as a crewmember on an aircraft in the Fleet of the other airline. The "Fleet" of each airline shall be defined to include all aircraft in the service of or stored by the airline, or on order or option by the airline, on the Memorandum Approval Date. A list of all aircraft in the respective Fleets of American and US Airways as of the Memorandum Approval Date is included as Attachment A. All orders, options, and anticipated returns set forth in the airlines' fleet plans as of the Memorandum Approval Date are included as Attachment B.
- c. In the event that American/New American Airlines or US Airways acquires aircraft not listed in Attachments A or B as a replacement for an existing aircraft, that aircraft shall be designated as American Airlines or US Airways based upon the aircraft being replaced. For purpose of this section, "replacement" means that the newly acquired aircraft can be matched, on a one-to-one basis, to an aircraft that has left or will leave the service of the airline within six (6) months before or after the new aircraft enters service.
- d. With respect to new aircraft not listed on Attachments A or B and not assigned under Paragraph 8(c) above, the pilots of each airline will operate any of their respective unique aircraft types. As to all other aircraft, the following procedure will be applied: the airline will provide notice to APA and USAPA, if applicable, of its intent to acquire any such aircraft not less than 270 days prior to such aircraft entering service, and will inform the organization(s), to the extent known, of the type, model and number of such aircraft, the type of engines on them, their ETOPS capability, if any, and the extent to which such aircraft will be used as replacements for other aircraft then or previously operated. The representative(s) of the New American Airlines and US Airways pilots will promptly determine which pilot group will operate such aircraft or will implement binding arbitration, if necessary, to determine the allocation of such flying; the pilot representative(s) shall notify the airlines of the results of this process no later than thirty (30) days after receiving notice from the airlines. If the airlines do not agree with the position of the labor representative(s), the dispute will be resolved pursuant to final and binding interest arbitration with a decision issued no later than 120 days prior to the date when the aircraft is scheduled to be placed in service. The standard to be applied by the arbitrator will be the fair and equitable allocation of flying between the two pilot groups giving

e. The total number of aircraft block hours scheduled to be flown by mainline US Airways East pilots (excluding Group I aircraft) during any rolling 12-month look-back period shall be no less than 664,426. The total number of aircraft block hours scheduled to be flown by mainline US Airways West pilots during any rolling 12-month look-back period shall be no less than 436,850. The number of widebody positions, either maintained or pay protected, for US Airways pilots shall be no less than 291 US Airways widebody captain positions and 475 US Airways widebody first officer positions. A pay-protected pilot under this Paragraph 8(e) shall not be eligible for additional pay protection under Paragraph 12(a). In the event a pilot is eligible for pay protection under both Paragraphs 8(a) and 12(a), such pilot shall be entitled to whichever pay protection produces the higher pay and shall also fulfill one of the minimum number of widebody positions required herein.

f. The total number of aircraft block hours scheduled to be flown by mainline New American Airlines pilots (excluding Group I) in any rolling twelve month look back period shall be no less than 1,995,663 hours.

g. Commencing when the total number of US Airways aircraft in Equipment Group I equals 31, subsequent Group I aircraft shall be delivered on a ratio of two (2) Group I aircraft to New American Airlines for every one (1) Group I aircraft to US Airways.

h. For purposes of this Paragraph 8, block hours scheduled to be flown for a given month shall be determined by reference to an airline's flight schedule as published for sale 30 days prior to the first day of the month. US Airways shall furnish the block hour data to USAPA, if applicable, and APA no later than 30 days prior to the first day of each month.

i. New American Airlines will not hire new pilots if pilots at US Airways are on furlough unless the most junior pilot on the American Airlines Pilots' System Seniority List has been offered a position at the New American Airlines.

Effective when the most junior pilot on the American Airlines Pilots' System Seniority List has been offered a position at New American Airlines, future positions at New American Airlines will be offered to furloughed US Airways pilots to the extent consistent with the terms of the April 9, 2010 Opinion and Award in FLO-0108 and September 14, 2011 Preferential Hiring Agreement entered into pursuant to that Award. Prior to making offers under this provision, US Airways, New American Airlines and the pilot representative(s) shall agree to the order in which any such offers shall be made to US Airways pilots. A furloughed US Airways pilot who declines a position as a New American Airlines pilot retains the right to be offered a position in a future New American Airlines new-hire class and also retains the right to be recalled to, or otherwise offered a position with, US Airways.

A US Airways pilot who accepts a position at New American Airlines:

(1) will be treated as junior to all pilots who are on the American Airlines Pilots' System Seniority List on the Effective Date, but pilots on the US Airways seniority list employed by New American Airlines under this provision will be ranked among themselves in the order of their acceptance of positions with New American Airlines, and

(2) will be considered an employee of New American Airlines during the period prior to the expiration of the protections in this Paragraph 8 and be subject to the MTA, and

- EXHIBIT 1**
- (3) will retain, accrue and be entitled to use his/her combined longevity at both airlines for all purposes, including but not limited to, pay (excluding furlough pay, which will be calculated based on time at New American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
 - (4) cannot return to US Airways for up to eighteen (18) months from the date of employment as a pilot for New American Airlines, and
 - (5) will retain his/her position on the US Airways seniority list, and
 - (6) will not be required to serve a probation period as a pilot for New American Airlines, and
 - (7) will not receive furlough pay from US Airways with respect to the period of service as a pilot for New American Airlines, and
 - (8) will be subject to any applicable background checks and employment requirements for New American Airlines pilots returning from furlough.

j. US Airways will not hire new pilots if pilots at New American Airlines are on furlough unless the most junior US Airways pilot has been offered recall or another position with US Airways and all New American Airlines pilots on furlough have been offered a position at US Airways.

Effective when the most junior US Airways pilot has been offered recall or another position with US Airways, future positions at US Airways will be offered to furloughed New American Airlines in seniority order. A furloughed New American Airlines pilot who declines a position as an US Airways pilot retains the right to be offered a position in a future US Airways new-hire class and also retains the right to be recalled to New American Airlines in accordance with his/her American Airlines seniority.

A New American Airlines pilot who accepts a position at US Airways:

- (1) will be treated as junior to all pilots who are on the US Airways seniority list on the Effective Date, but pilots on the American Airlines Pilots' System Seniority List employed by US Airways under this provision will be ranked among themselves in seniority order, and
- (2) will be considered an employee of US Airways during the period prior to the expiration of the protections in this Paragraph 8 and be subject to the terms and conditions set forth in the MTA (as provided in Paragraphs 3-4 of this Memorandum), and
- (3) will retain, accrue and be entitled to use his/her combined longevity at both airlines for all purposes, including but not limited to, pay (excluding furlough pay, which will be calculated based on time at New American Airlines only), benefits, vacation accrual, and eligibility towards retirement contributions and health and welfare participation, and
- (4) cannot return to New American Airlines for up to eighteen (18) months from the date of employment as a pilot for US Airways, and
- (5) will retain his/her position on the American Airlines Pilots' System Seniority List, and
- (6) will not be required to serve a probation period as a pilot for US Airways, and
- (7) will not receive furlough pay from New American Airlines with respect to the period of service as a pilot for US Airways, and

(8) will be subject to any applicable background checks and employment requirements for US Airways pilots returning from furlough.

k. No pilot base other than St. Louis shall be closed prior to October 1, 2013.

l. Neither New American Airlines nor US Airways will establish TDY positions at a pilot domicile of the other airline.

m. All Shuttle flying between DCA, LGA and BOS shall be performed by US Airways pilots.

n. All existing flying between PHX and Hawaii shall be performed by US Airways pilots.

o. All Trans-Pacific (Asia) flying shall be performed by pilots on the American Airlines Pilots' System Seniority List.

p. All of the provisions of this Paragraph 8 shall be subject to Paragraph 21.

9. Nothing herein shall prevent placement of the "US" code on flights operated by American or New American Airlines (or by any other airline when displaying the "AA" code), or placement of the "AA" code on flights operated by US Airways (or by any other airline when displaying the "US" code), immediately upon the Effective Date, and it is expressly agreed that US Airways and American or New American Airlines may do so. Subject to the provisions of this Memorandum, immediately upon the Effective Date, US Airways and New American Airlines or their successors (if any) may move forward with obtaining and utilizing a single operating certificate, and otherwise combining the operations of the two carriers, except for those measures that are dependent upon implementation of an integrated seniority list.

10. a. A seniority integration process consistent with McCaskill-Bond shall begin as soon as possible after the Effective Date. If, on the date ninety (90) days following the Effective Date, direct negotiations have failed to result in a merged seniority list acceptable to the pilots at both airlines, a panel of three neutral arbitrators will be designated within fifteen (15) days to resolve the dispute, pursuant to the authority and requirements of McCaskill-Bond. That arbitration proceeding will commence no later than 60 days after the designation of the arbitrators, or as soon thereafter as practicable given the availability of the designated arbitrators, provided that it is understood that, in no event, shall the seniority integration arbitration proceeding commence prior to final approval of the JCBA pursuant to the deadlines and procedures in Paragraph 27 below. The panel of arbitrators will render its award within six (6) months of the commencement of the arbitration, and in any event not later than 24 months after the Effective Date.

b. The panel of arbitrators may not render an award unless it complies with all of the following criteria: (i) the list does not require any active pilot to displace any other active pilot from the latter's position; (ii) furloughed pilots may not bump/displace active pilots; (iii) except as set forth in Paragraphs 12 and 13 below, the list does not require that pilots be compensated for flying not performed (e.g., differential pay for a position not actually flown); (iv) the list allows pilots who, at the time of implementation of an integrated seniority list, are in the process of completing or who have completed initial qualification training for a new category (e.g., A320 Captain or 757 First Officer), or who have successfully bid such a position but have not been trained because of conditions beyond their control (such as a company freeze), to be assigned to the positions for which they have been trained or successfully bid, regardless of their relative standing on the integrated seniority list; and (v) it does not contain conditions and restrictions that materially increase costs associated with training or company paid move as specified in the JCBA.

EXHIBIT "1"

- c. The integrated seniority list resulting from the McCaskill-Bond process shall be final and binding on APA and USAPA (and/or the certified bargaining representative of the combined pilot group), the company(ies) and its(their) successors (if any), and all of the pilots of American/New American Airlines and US Airways.
- d. During the McCaskill-Bond process, including any arbitration proceeding, US Airways, American or New American Airlines, or their successors (if any), shall remain neutral regarding the order in which pilots are placed on the integrated seniority list, but such neutrality shall not prevent said carriers from insuring that the award complies with the criteria in Paragraph 10(b)(i)-(v).
- e. The obligations contained in this Paragraph shall be specifically enforceable on an expedited basis before a System Board of Adjustment in accordance with Paragraph 20, provided that the obligations imposed by McCaskill-Bond may be enforced in a court of competent jurisdiction.
- f. A Seniority Integration Protocol Agreement ("Protocol Agreement") consistent with McCaskill-Bond and this Paragraph 10 will be agreed upon within 30 days of the Effective Date. The Protocol Agreement will set forth the process and protocol for conducting negotiations and arbitration, if applicable, and will include a methodology for allocating the reimbursement provided for in Paragraph 7. The company(ies) will be parties to the arbitration, if any, in accordance with McCaskill-Bond. The company(ies) shall provide information requested by the merger representatives for use in the arbitration, if any, in accordance with requirements of McCaskill-Bond, provided that the information is relevant to the issues involved in the arbitration, and the requests are reasonable and do not impose undue burden or expense, and so long as the merger representatives agree to appropriate confidentiality terms.
- g. This Memorandum is not a waiver of any argument that participants may make in the seniority integration process. Nor do the provisions of this Memorandum constitute an admission as to the appropriate allocation of flying following the expiration of the protections in Paragraph 8 of this Memorandum, or the manner in which the respective pre-merger carriers would have operated in the absence of a merger, or the job entitlements or equities that arguably underlie the construction of an integrated seniority list, or for any other purpose. This Memorandum may be offered into evidence or shown to a mediator as background information and to describe the actual operations of the separate carriers prior to expiration of the protections in Paragraph 8 of this Memorandum.
- h. US Airways agrees that neither this Memorandum nor the JCBA shall provide a basis for changing the seniority lists currently in effect at US Airways other than through the process set forth in this Paragraph 10.
- i. Nothing in this Paragraph 10 shall modify the decision of the arbitration panel in Letter of Agreement 12-05 of the 2012 CBA.
11. a. During the term of the MTA, US Airways shall not furlough any pilots who have established and maintain seniority on the US Airways mainline system as of the Effective Date. USAPA will

provide, by name, East Pilot "X" and West Pilot "Y" who will be the most junior US Airways pilots afforded this furlough protection. US Airways shall not furlough any such pilot in anticipation of the transaction that results in the formation of New American Airlines or of the operationally merged carrier consisting of New American Airlines and US Airways. The parties intend that this furlough protection will be part of the status quo during contract negotiations pursuant to Section 6 of the Railway Labor Act for a successor agreement to the JCBA.

b. New American Airlines shall not furlough any pilots during the term of the MTA whose names appear on the American Airlines' Pilots System Seniority List as of the Effective Date and who are not: (i) on furlough as of the Effective Date; (ii) junior to the least senior active pilot on the Effective Date. This protection includes American Eagle pilots with American Airlines seniority numbers when they flow up and become active employees at New American Airlines and who are senior to the most junior active pilot on the Effective Date. The parties intend that this furlough protection will be part of the status quo during contract negotiations pursuant to Section 6 of the Railway Labor Act for a successor agreement to the JCBA.

c. This Paragraph 11 is subject to Paragraph 21.

12. a. Any US Airways pilot as of the Effective Date who is thereafter involuntarily displaced to a lower paying position shall be pay protected. The pay protections of this Paragraph shall continue unchanged if the affected pilot(s) suffer(s) multiple displacements, but shall end whenever such pilot(s) can hold the position from which the pilot was originally displaced or an equivalent or greater pay position. USAPA will provide, by name, East Pilot "X" and West Pilot "Y" who will be the most junior US Airways pilots afforded this pay protection. The final version of this pay protection provision, including its duration, will be substantively the same as in the MTA.

b. If any currently-active New American Airlines pilot is involuntarily displaced to a Group I aircraft, the pilot's hourly pay rate shall not be reduced. This pay protection shall terminate if and when the involuntarily-displaced pilot can hold a position at the same or higher pay rate.

If any currently-active New American Airlines pilot is displaced from his bid position to another bid position within his base, or to a bid position at a different base, that pilot will be pay protected against a pay rate reduction unless:

1. That pilot could have been awarded a displacement within his base to a bid position of equal or greater pay, but elected a displacement to a lower paying bid position. (A lateral displacement (International / Domestic, and vice versa) is considered a displacement of equal pay); or

2. No bid position of equal or greater pay was available at his current base, and that pilot elected not to be awarded a displacement at a new base to a bid position which would have provided that pilot equal or greater pay when compared to the bid position displaced from. (A lateral displacement to a different base (International / Domestic, and vice versa) is considered a displacement of equal pay).

This pay protection shall terminate if and when the displaced pilot could return or advance to a position in any base at the same or higher pay rate from which the pilot was initially displaced.

The value and treatment of this pay protection shall be governed by Paragraph 24.

13. Commencing on the date of single operating certificate for US Airways and New American Airlines or their successors (if any), all pilots, who have established and maintain seniority on the US Airways mainline system and who are eligible for furlough protection pursuant to Paragraph 11 above, will be paid in accordance with the Group I pay rates as set forth in Paragraph 22 when flying a Group I aircraft except for the following pay protection: a Group I captain shall be paid at Group III first officer pay rates unless the captain can hold a Group III first officer or higher-paying position; a Group I first officer shall be paid at Group II first officer pay rates unless the first officer can hold a Group II first officer or higher-paying position.

14. USAPA agrees to waive all change of control provisions, including, but not limited to, Section 1.D in the East collective bargaining agreement, LPPs, daily minimum utilization, and minimum fleet requirements in the East and West collective bargaining agreements and in the Transition Agreement conditioned upon the occurrence of the Effective Date.

15. US Airways agrees that it will comply with the East and West CBAs and the Transition Agreement until the Effective Date.

16. US Airways shall provide a bridge of Short Term Disability ("STD") coverage for thirty-six (36) months for eligible former America West pilots who remain employed by US Airways and have not forfeited their seniority rights as of the Effective Date. This STD coverage shall begin at the time the eligible former America West pilots are covered by New American Airlines' long-term disability plan. Eligibility for this coverage shall be determined according to the terms of the America West STD plan; the coverage shall contain, at a minimum, the plan design features in Appendix B of the current America West collective bargaining agreement except that the Maximum Benefit Duration shall be up to 90 days of a disability.

17. Any US Airways pilot with a sick leave balance in excess of 1000 hours as of the Effective Date shall be allowed to use the sick leave for illness or injury in excess of 1000 hours until the pilot's sick leave balance is reduced to 1000 hours or less. For US Airways pilots with a sick leave balance in excess of 1000 hours, their sick leave accruals on or after the Effective Date will be treated the same as American Airlines pilots under the MTA.

18. a. This Memorandum shall become effective (the "Memorandum Approval Date") upon the date when all of the following have occurred: (i) approval by APA's Board of Directors; (ii) approval by US Airways' Board of Directors; and (iii) approval by AMR Corporation's Board of Directors. If all of these approvals do not occur, this Memorandum shall be null and void in its entirety and as to all Parties.

b. This Memorandum shall become applicable to USAPA upon the later of (i) the

Memorandum Approval Date; and (ii) USAPA's Board of Pilot Representatives' recommending that USAPA's membership ratify this Memorandum and USAPA's membership's subsequent ratification of this Memorandum. USAPA will inform the Parties whether its Board of Pilot Representatives has agreed to recommend that its membership ratify the MTA on or before January 4, 2013. If recommended, the ratification vote of USAPA's membership shall be completed no earlier than approval of the Merger by AMR Corporation's Board of Directors and no later than 60 days after such approval (if any). If such recommendation and ratification do not timely occur, this Memorandum shall be of no force or effect as to USAPA but shall remain in full force and effect as to the other parties.

c. For purposes of clarity, this Memorandum shall be null and void in its entirety and as to all Parties if the Merger is not consummated.

d. This Memorandum will only apply to this Merger, and will apply to this Merger regardless of its corporate structure. This Memorandum shall not affect or have any applicability to American's stand-alone plan or any merger or transaction other than this Merger.

e. If this Memorandum or the MTA is deemed to be unenforceable or nullified, in whole or in part, for any reason after the Effective Date, USAPA and APA agree that the terms and conditions of employment for the pilots employed by US Airways and New American Airlines will be as provided in the 2012 CBA as modified by the process in Paragraph 24 of this Memorandum.

19. It is the intent of the Parties that, notwithstanding anything to the contrary in this Memorandum, Paragraphs 8, 9, 18(e), and the results obtained through the process identified in Paragraph 24, shall remain in effect after the Effective Date even if this Memorandum is subsequently deemed to be unenforceable or nullified for any reason, and that these provisions are severable from the other terms of this Memorandum. The parties shall meet and confer within fifteen (15) days after this provision is triggered to agree upon replacement protections for the provisions held to be unenforceable or nullified, and provided further that if replacement protections are not agreed upon by the Parties within thirty (30) days thereafter, either party may submit the dispute to binding arbitration on an expedited basis in accordance with the procedure described in Paragraph 20 of this Memorandum. The interest arbitrator shall be charged with constructing alternatives having the same economic value as, and operating effects comparable to, the unenforceable or nullified MOU provisions they are replacing.

20. Except as expressly provided otherwise in this Memorandum, any dispute over the interpretation or application of this Memorandum shall be resolved in accordance with this provision. Any such dispute shall be arbitrated on an expedited basis directly before a specially-created one-person System Board of Adjustment consisting of arbitrator Richard Bloch or Ira Jaffe, whoever shall be available to hear the dispute earliest. If Arbitrator Bloch or Jaffe declines to serve in this capacity or is not available to resolve the dispute, another neutral arbitrator shall be selected. The dispute shall be heard no later than thirty (30) days following the submission to the System Board (subject to the availability of the arbitrator), and shall be decided no later than thirty (30) days following the first day of the hearing, unless otherwise agreed to in writing.

21. The provisions described in Paragraphs 8 and 11 shall not apply in circumstances where the Company's non-compliance is caused in substantial part by Conditions Beyond The Company's Control. "Conditions Beyond The Company's Control" shall include, but not be limited to, the

following: (1) an act of God; (2) a strike by any United Company employee group or the employees of a Commuter Air Carrier operating pursuant to an authorized codeshare arrangement with the company; (3) a national emergency; (4) involuntary revocation of the company's operating certificate(s); (5) grounding of a substantial number of the company's aircraft; (6) a reduction in the company's operation resulting from a decrease in available fuel supply caused by either governmental action or by commercial suppliers being unable to meet the company's demands; and (7) the unavailability of aircraft scheduled for delivery.

22. Pilot hourly pay rates shall be in accordance with the 2012 CBA Section 3 and Supplement A.

23. Section 9 of the 2012 CBA shall be modified as follows: (1) vacation accrual and value (i.e., how accrual translates to days off) shall be computed in accordance with the existing program for US Airways (West) pilots; and (2) New American Airlines minimum monthly vacation obligation will be 5.0% of the awarded vacations for the year (i.e., total accrued vacations less floated vacations), or 2.75% of the total accrued vacation, whichever is lower.

24. a. APA is entitled to modifications to the 2012 CBA valued at an average of \$87 million/year over six years.

b. APA will provide its list of proposed modifications, and corresponding valuations with underlying documentation and modeling, within twenty-one (21) days of APA's Board of Directors' approval of this Memorandum. APA, American, and US Airways will negotiate with respect to the means by which the modifications identified in Paragraph 24(a) will be achieved and the appropriate valuation of each APA proposed modification. To the extent the parties are unable to reach an agreement as to the appropriate modifications and valuations, US Airways and American shall offer final and binding interest arbitration, and the APA shall accept such proffer, to resolve the dispute. Richard Bloch shall serve as the arbitrator. If Arbitrator Bloch declines to serve in this capacity or is not available to resolve the parties' dispute, the parties shall select another arbitrator. The arbitration decision on any contested modifications or valuation issues shall be issued no later than 60 days after APA provides its list of proposed modifications and corresponding valuations with underlying documentation and modeling; provided, however, that the arbitrator shall not have jurisdiction to modify any of the provisions of Paragraph 25 of this Memorandum. In resolving contested valuation issues, the arbitrator will take into consideration economic cost and, where warranted, balance sheet liability. For example, with regard to an item such as retiree medical benefits, balance sheet liability will be considered in addition to economic cost.

c. APA agrees that Supplement X regarding profit sharing is hereby eliminated from the 2012 CBA, and that profit sharing shall not be part of APA's proposed modifications referred to in this Paragraph.

d. The pay protection described in Paragraph 12 shall be valued at \$12 million for each year of protection, and shall count against the total value of the modifications provided for in Paragraph 24(a).

e. Flights over sixteen (16) hours will be manned with two (2) Captains and two (2) First Officers.

25. Section 1 (Recognition and Scope) of the MTA shall be the 2012 CBA as modified in a. through f. below.

- a. The maximum number of commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 75%.
- b. The maximum number of large regional commuter aircraft as a percentage of the Mainline Narrow-Body Fleet shall not exceed 30% through 2014, 35% in 2015 and 40% thereafter.
- c. Codeshare modified to accommodate full AA/US codesharing plus 15% codesharing with domestic air carriers, both exclusive of AS and HA carve outs.
- d. Existing CRJ900s and E175s fleet in operation at US grandfathered from 76 seat limitation.
- e. Accommodate US Shuttle as provided in CLA.

f. Baseline for international flying set to number of international block hours scheduled during the previous 12 months by AA/US combined.

26. APA shall file a single carrier petition with the NMB as soon as practicable after the Effective Date, when APA determines that the facts support the legal requirements for the filing of a petition but in no event later than four months after the Effective Date. If and when the NMB makes a single-carrier finding, the single carrier acknowledged by the NMB and the certified representative shall be governed by this Memorandum.

27. If and when the NMB makes a single-carrier finding, the organization certified to represent the pilots of the single carrier, the single carrier acknowledged by the NMB and the certified organization shall promptly engage or re-engage in negotiations to achieve a JCBA to be applicable to the carrier that will be the product of the Merger. In the event that such negotiations are not completed within 30 days of the NMB's certification, New American Airlines will offer final and binding interest arbitration under Section 7 of the RLA, and the organization will accept such proffer, to resolve once and for all the terms of the JCBA. The arbitration decision shall be issued no later than 60 days after the close of the 30-day negotiation period. A panel of three arbitrators led by Richard Bloch shall serve as the arbitrators for this process. If Arbitrator Bloch declines to serve in this capacity or is unable to resolve the parties' dispute, the parties shall select another arbitrator. The arbitrator's jurisdiction and award will be limited to fashioning provisions which are consistent with the terms of the MTA, including provisions which implement the terms of the MTA or facilitate the integration of pilots under the terms of the MTA. The arbitrator's award specifically shall adhere to the economic terms of the MTA and shall not change the MTA's Scope terms (Paragraph 25 of this Memorandum) or the modifications generated through the process set forth in Paragraph 24 of this Memorandum.

28. US Airways and USAPA agree to be bound and abide by the arbitration decision contemplated by Letter of Agreement 12-05 of the 2012 CBA. Nothing in the MTA shall modify the decision of the arbitration panel thereunder.

29. Attachment C summarizes the timelines prescribed by this Memorandum for the creation of the MTA, JCBA, and integrated seniority list and shall not prevent the Parties from developing the JCBA earlier.

EXHIBIT "1"

30. This Memorandum is ultimately subject to approval by the Bankruptcy Court in In Re AMR Corporation, et al., jointly administered Ch. 11 Case No. 11-15463 (SHL) in connection with the Merger.

APA:

ALLIED PILOTS ASSOCIATION

By: _____

Name: _____

Title: _____

USAPA:

US AIRLINE PILOTS ASSOCIATION

By: _____

Name: _____

Title: _____

American:

AMERICAN AIRLINES, INC.

By: _____

Name: _____

Title: _____

US Airways:

US AIRWAYS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT "1"

ATTACHMENT A

A list of all aircraft in the service of or stored by American Airlines, Inc., and US Airways, Inc. as of the Memorandum Approval Date will be provided to APA and USAPA within two days after the Memorandum Approval Date and be made a part of this Memorandum.

EXHIBIT "1"

ATTACHMENT B

A list of all aircraft orders, options, and anticipated returns set forth in the fleet plans of American Airlines, Inc. and US Airways, Inc. as of the Memorandum Approval Date will be provided to APA and USAPA within two days after the Memorandum Approval Date and be made a part of this Memorandum.

ATTACHMENT C

COMMENCE JCBA PRE MERGER POR	MOU <u>Execution</u>	-AMR -US Airways -APA → 21 Days For List of Valuation Modifications -USAPA → Recommendation Decision by 01/04/13; If Recommended, Membership Ratification Vote Completed Between AMR Board Approval Of Merger and 60 Days Thereafter	<u>Board Approval</u>		60 Days From APA list Of Valuation Modifications Agreement Reached On Valuation - Or - Conclusion Of Interest Arbitration	= MTA By agreement - Or - Arbitrator's Decision



ON AND AFTER MERGER POR	<u>POR</u> MTA in effect For APA and USAPA If USAPA Ratifies or MTA In Effect For APA and USAPA Under Status Quo JCBA Negotiations Begin	4 months	At NMB Discretion, But Projected 6-8 Months From Petition	30 days	60 days	= JCBA
		APA Petition For Single Carrier Status	NMB Single Carrier Finding	* JCBA Negotiation Complete -Or- If Not Complete →	JCBA Interest Arbitration Before Panel of 3 Arbitrators	

* JCBA negotiations shall begin as soon as practicable after the POR and may be completed anytime between the POR and the deadline of 30 days past NMB Single Carrier finding.

ON AND AFTER MERGER POR	<u>POR</u> Seniority Integration Process Begins	30 days	APA and USAPA Seniority Integration Protocol Agreement	90 days From POR	15 Days	60 Days But Not Before JCBA Effective	6 Months and No Later Than 24 Months After POR	Integrated = Seniority List
		Direct Negotiations Between APA and USAPA	Panel of 3 Arbitrators Designated	Integrated Seniority List Arbitration Commences	Arbitration Panel Renders Award			

From: USAPA Communications <Communications@usairlinepilots.org>
Date: February 8, 2013, 1:46:29 PM MST
To:
Subject: USAPA President's Message
Reply-To: USAPA Communications <Communications@usairlinepilots.org>



February 8, 2013

1. President's Message - MOU Passes

USAirlinePilots.org

USAPA

200 E. Woodlawn Road, Suite 250
Charlotte, NC 28217

US AIRLINE PILOTS ASSOCIATION

Fellow Pilots,

Today, your union ratified the MOU with 75% of the members voting to approve the agreement.

This is an historic vote. Should the merger of American Airlines and US Airways occur, your endorsement of this MOU now establishes a clear path forward for the pilots of US Airways, highlighted with \$1.6 billion in economic improvements for you over the next six years. Of no less importance, your ratification also insures that your union will arrive at the merger as equal partners with APA in pay, benefits and working conditions – which is of paramount importance during any integration process.

Ten months ago when this process began, USAPA was relegated to the sidelines and ignored. Your union adopted an aggressive strategy and began working with other unions at US Airways to establish the Union Labor Coalition. We used an assertive communications and media approach, consulted with experts in mergers, visited Capitol Hill frequently, filed a legal motion in the American Airlines bankruptcy hearing and made our voice heard. As a result, your union was an equal participant in five-party negotiations that included the management of the two airlines, APA, USAPA and the UCC.

Perhaps most importantly, we learned how to work together, East and West, North and South, and with the leadership at APA. Our BPR, Negotiating Committee and Officers came together with one goal in mind – to achieve the best deal possible in a merger scenario for you and your families.

In the past, US Airways management has refused serious standalone negotiations with your union until seniority integration was resolved. Since management put that argument aside in the MOU negotiations, they can no longer use it as an excuse should the merger not occur.

The next step is finding out whether there will be a merger with American Airlines in bankruptcy. We expect that answer soon. If so, we will begin further negotiations with the parties to the MOU regarding the JCBA and finally, seniority integration.

Regards,

A handwritten signature in black ink, appearing to be "C. J. ...", written in a cursive style.

EXHIBIT "2"

Gary Hummel
USAPA President

To adjust your email preferences or to opt out of communications, please visit the [Account Settings](#) section of the website.

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