

Exhibit B

This is the Leonidas update for Thursday, September 9, 2010.

Late Tuesday afternoon, the West attorneys filed our response in the company's declaratory action suit. You can read our response [here](#). We suggest having a copy of the company's complaint nearby as our response frequently references numbered paragraphs in the complaint. You can download another copy of the company complaint [here](#). The crux of our response is that we agree ("admit" in legal parlance) to claim I of the company's complaint, and disagree ("deny") to claims II and III.

Claim I asks the federal court to declare that use of a non-Nicolau seniority list violates the Railway Labor Act. Now, the RLA does not speak to the exact situation at issue here – whether a union must use an arbitrated seniority list that was accepted by the company. Legislation is rarely drafted with such precision to fit exact circumstances as it is impossible for legislatures (Congress in the case of federal law such as the RLA) to legislate beforehand for every conceivable circumstance. Plus, to do so is really encroaching on the judiciary; the reason we have judges is to resolve disputes by applying the law to facts. The better course is to craft laws which embody principles that are specific enough to address the aims of the legislature, but general enough to be applied by judges to the myriad of circumstances that might arise in the future. Section 2, First of the RLA codifies the Unfair Labor Practice (ULP). Congress thought it desirable to prevent either a union or an airline/railroad from bargaining unfairly as such conduct could interrupt interstate commerce.

It is under the ULP doctrine that the company is suing for declaratory relief as they are locked in mediated contract talks with USAPA. Attendant to these mediated negotiations are the following facts:

1. There was a binding arbitration to resolve seniority;
2. The arbitration result was accepted by the company in accordance with the Transition Agreement;
3. USAPA refuses to recognize the arbitrated list and instead insists on DOH;
4. USAPA was sued by the West class and was found to have breached their duty to fairly represent the West;
5. USAPA appeals and gets *Addington* overturned on ripeness only;
6. Company is bound to negotiate in good faith under the RLA, but the company has a competing concern about future liability from a Hybrid DFR action should the company acquiesce to a non-Nicolau list. The merits decision in *Addington* came from a unanimous jury verdict rendered within hours of receiving the case.
7. Alone, USAPA continues to insist that the 9th decision granted them complete freedom to negotiate without regard to the existence of an arbitrated seniority list which, by the very nature of the arbitration process is inherently free of conflicting interests.

USAPA has essentially forced the company into choosing either acquiescence to a DOH list with subsequent Hybrid DFR litigation, or threatened East disruptions of company operations if they don't acquiesce to DOH demands.

USAPA's unreasonableness is clear on its face. The nine jurors who decided *Addington* came from all walks of life, yet all nine jurors agreed unanimously that DOH in lieu of the arbitrated list constituted a DFR breach. Two of the appellate judges reversed the trial court on a timing technicality but they left the merits decision untouched. USAPA's belief that it can somehow prevail on the merits in DFR II is reminiscent of Sonny Liston climbing back into the ring with Mohammad Ali for a rematch. Liston went down harder and faster the second time than he did in the first fight. What is different with USAPA is that they are going into fight number two as if they had actually won on the merits in the first fight. Earth to USAPA: you were handed a technical victory by split decision. What is not lost on anyone is how fast USAPA hit the canvas in DFR I.

The trouble for the company is that their liability under a Hybrid DFR action is linked to USAPA. It is this inconvenient truth that has never been communicated to the East pilots, and it is outright wrong for USAPA to maintain that the company could care less which seniority list is presented. By law, the company has to care and they obviously have a concern over not using the arbitrated list which they have already agreed to use. Otherwise, they would not have filed the declaratory action in the first place.

Claim I of the company's complaint asks for a declaration from the court that use of a non-Nicolau list is a ULP. As defendants we admit (agree) that use of a non-Nicolau list is a ULP. We deny (disagree) that use of a non-Nicolau list is not a ULP (claim II of the company's complaint). Finally, we deny (disagree) that the company has a right to immunity regardless of what is or is not a ULP.

Addington considered whether USAPA acted fairly with respect to the West pilots by substituting the arbitrated seniority list with the DOH list and it was shown that the motive to use a DOH list was illicit. Fairness is again being litigated in the company's declaratory action, but the question is whether it is fair for USAPA to insist on using DOH at the negotiating table when acquiescence by the company to USAPA's demand risks Hybrid DFR liability for the company. We think the answer is pretty clear – yes it is unfair – and we speak with the support of case law which says so in dictum. See *Air Wisconsin v. Sanderson*. <http://openjurist.org/909/f2d/213/air-wisconsin-pilots-protection-committee-v-r-sanderson>

Together, claims I and II bring before a federal court almost the exact same issue that was litigated under *Addington*. Hence, the facts that are relevant in the company's declaratory action are nearly identical to the facts admitted into evidence in *Addington*: the Nicolau Arbitration, the Transition Agreement, and USAPA's illicit intentions to ignore the Nicolau in lieu of DOH. Ergo, the issue before the federal court in the company's action will be the same as what was before the jury in May of 2009.

The second part of our filing is a cross-claim against USAPA; it is called a cross-claim because it is against a party that is also a defendant. The cross-claim is a carbon copy of the original *Addington* complaint against USAPA. The reason we are making this cross-claim before there is a ratified contract is due to a legal doctrine that conflicts with the

9th's opinion. We filed the original *Addington* before there was a ratified contract because we were concerned that the statute of limitations would run had we waited for the completion of contract talks. Filing a claim after the statute of limitations has run completely bars the plaintiff from litigating the claim regardless of the merits. Statute of limitations is not a concern this time, but a different legal doctrine now presents itself through the company's declaratory action and it is called Issue Preclusion.

The idea behind issue preclusion is that claims should be litigated once and, like the statute of limitations, issue preclusion can be a complete bar to future litigation. This doctrine even applies regardless of whether an interested party litigated or not. If someone has an interest in the issue being litigated and if the interested party knew or should have known of the litigation, then the Rules of Civil Procedure compel non-litigants to at least try to intervene in the lawsuit. Since the company's declaratory action raises an issue that is nearly identical to what we raised in *Addington* and what we will raise against USAPA in DFR II, then we must assert our claim now, in the company's declaratory action, otherwise we risk being barred from raising the DFR claim in the future. If you're scratching your head wondering how this situation could be possible in light of the 9th ruling that our claim will not be ripe until there is a ratified contract, well you are not alone. The issue preclusion conflict is but one scenario that illustrates why the ripeness decision created more complications than it did to make things clearer. How ironic it is that the decision which seemed to move DFR II back actually accelerated it.

USAPA hasn't answered as they filed a motion to dismiss the company's complaint in lieu of a response, and you can read that motion [here](#).

We now await a decision from Judge Silver as to whether the company's case will be transferred to Judge Wake. Usually, cases are transferred before any substantive decisions are made, and USAPA's motion to dismiss calls for a decision as to the substance of the company's complaint. Either way, the West is prepared to litigate DFR II. Make no mistake about it, DFR II is upon us. Your generous support since the 9th decision has made our presence in this legal fight possible. The end game is close at hand. Let's get this done and put DOH away for good. Click [here](#) to contribute.

Sincerely,

Leonidas, LLC