

EXHIBIT 26



NATIONAL MEDIATION BOARD
WASHINGTON, DC 20572

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In the Matter of the
Application of the

US AIRLINE PILOTS
ASSOCIATION

alleging a representation dispute
pursuant to Section 2, Ninth, of
the Railway Labor Act, as
amended

involving employees of

US AIRWAYS/AMERICA WEST
AIRLINES

35 NMB No. 20

CASE NO. R-7147
(File No. CR-6926)

FINDINGS UPON
INVESTIGATION

January 23, 2008

This determination addresses the application filed by the US Airline Pilots Association (USAPA). USAPA requests the National Mediation Board (NMB or Board) to investigate whether US Airways, Inc. (East) and America West Airlines (West) (collectively the Carriers) are operating as a single transportation system known as US Airways (US Airways).

The investigation establishes that East and West constitute a single transportation system.

PROCEDURAL BACKGROUND

On November 13, 2007, USAPA filed an application alleging a representation dispute involving the craft or class of Pilots.

The Air Line Pilots Association, International (ALPA) represents the Pilots at East through voluntary recognition. *See USAir Inc., and Piedmont Aviation, Inc.*, 16 NMB 412, 418 (1989). At West, ALPA is the certified representative of the Flight Deck Crew Members pursuant to NMB Case No. R-6213, *America West Airlines, Inc.*, 21 NMB 29 (1993).

USAPA asserts that East and West constitute a single transportation system operating as US Airways. The application was assigned NMB File No. CR-6926.

On November 14, 2007, the Board requested that the Carriers provide information regarding their operations, and assigned Cristina A. Bonaca to investigate. On November 29, 2007, the Carriers responded and USAPA additionally filed a position statement. On November 30, 2007, ALPA requested an extension to file its response to the Carriers' submission, and the same day USAPA filed its opposition to ALPA's request for an extension. On December 3, 2007, the Investigator granted both Organizations additional time to respond to the Carriers' position statement. ALPA filed its response on December 17, 2007. USAPA filed a brief response on December 18, 2007.

ISSUES

Are East and West a single transportation system? If so, what are the representation consequences?

CONTENTIONS

USAPA

USAPA notes that the Board has previously determined that East and West are a single transportation system and "anticipates that the Board will follow its established precedent on this matter." See *US Airways/America West Airlines*, 33 NMB 339 (2006) (Stock Clerks); *US Airways/America West Airlines*, 33 NMB 221 (2006) (Flight Dispatchers, Flight Crew Training Instructors, Flight Simulator Engineers); *US Airways/America West Airlines*, 33 NMB 151 (2006) (Passenger Service Employees); *US Airways/America West Airlines*, 33 NMB 49 (2006) (Mechanics and Related Employees, Fleet Service Employees, Maintenance Training Specialists). USAPA urges the Board to make a prompt decision in this matter.

US Airways and America West

The Carriers jointly state that East and West comprise a single transportation system for the craft or class of Pilots for the following reasons: the Carriers are substantially integrated through combined management, labor relations, human resources, and financial operations; and the Carriers are held out to the public as a single carrier through unified media communications,

customer policies, and single branding, among other factors. Except as expressly noted herein, the Carriers incorporate by reference all prior submissions in *US Airways/America West Airlines*, 33 NMB 339 (2006); *US Airways/America West Airlines*, 33 NMB 221 (2006); *US Airways/America West Airlines*, 33 NMB 151 (2006); *US Airways/America West Airlines*, 33 NMB 49 (2006).

ALPA

ALPA submitted a position statement acknowledging that the Carriers' submission "on its face," as well as the prior decisions on other employee groups at East and West, would point towards the Board finding a single transportation system in this matter. However, ALPA urges consideration of the fact that the Pilot groups at East and West continue to work under separate collective bargaining agreements (CBAs) and currently maintain separate pilot operations. ALPA refers to Section IV of the Transition Agreement (TA) currently in place for the East and West Pilots, which provides that "operational integration of the two pilot workforces under the integrated seniority list will not be accomplished until the parties reach a single collective bargaining agreement, unless the parties otherwise agree." ALPA asks the Board to undertake a "complete analysis of all relevant factors, including the state of operational pilot integration, before making a final determination as to single carrier status."

FINDINGS OF LAW

Determination of the issues in this case is governed by the RLA, as amended, 45 U.S.C. §§ 151-188. Accordingly, the Board finds as follows:

I.

East and West are common carriers as defined in 45 U.S.C. § 181.

II.

USAPA and ALPA are labor organizations as provided by 45 U.S.C. § 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 the 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

A. Corporate Transactions

US Airways, its parent company US Airways Group, Inc., and three affiliated companies, emerged from bankruptcy protection under Chapter 11 of the United States bankruptcy code on September 27, 2005.* That same day, pursuant to the US Airways’ plan of reorganization, US Airways Group, Inc. consummated a transaction in which it acquired America West Holdings Corporation and its subsidiary America West Airlines.

On September 26, 2007, West surrendered its Federal Aviation Administration (FAA) operating certificate. All flight operations are now conducted under the East FAA operating certificate. Also on September 26, 2007, America West Holdings Corporation, West’s parent entity, became a wholly owned subsidiary of East, and West ceased to be a separate SEC registrant.

* US Airways Group, Inc., and its domestic subsidiaries, including US Airways, Inc., filed for relief under Chapter 11 of the U.S. bankruptcy code in September 2004.

35 NMB No. 20

As of November 29, 2007, the employee counts for the craft or class of Pilots are as follows:

	Active	Leave	Furlough	Total
Total	4,466	688	161	5,313
East	2,844	537	161	3,542
West	1,622	149	0	1,771

B. Management

East and West have a full slate of common officers and directors. The Carriers' management has been integrated so that all employees in a department ultimately report to a single individual. Depending on the department, the managers are former East employees, former West employees, and in some cases, employees hired post-merger.

Captain Ed Bular serves as the Senior Vice President (SVP), Flight Operations/Inflight for the Carriers, with ultimate responsibility over all East and West Pilots. Captain Bular reports to Executive Vice President (EVP) and Chief Operating Officer (COO) Robert Isom, who is responsible for operations of the entire airline, East and West. Captain Bular has appointed a common slate of management Pilots within the single Flight Operations department for the Carriers, including: Managing Director, Flight Operations Lyle Hogg; Managing Director, Flight Training and Standards Robert Skinner; B757/767 Fleet Captain Ron Arfsten; B737 Fleet Captain Vic Hardy; EMB-190 Fleet Captain Mark Boots; and Airbus Fleet Captain John Hope.

The Carriers' financial management, including tax, financial planning and analysis, accounting, purchasing, treasury, and internal audit departments, has been integrated under Senior Vice President (SVP) and Chief Financial Officer (CFO), Derek J. Kerr. The Carriers' combined accounting department is responsible for preparing the financial statements of both East and West. The Carriers filed with the SEC a single Form 10-K for both the 2005 and 2006 calendar years that was reviewed by one single Disclosure Committee and one single Audit Committee.

C. Labor Relations and Personnel Functions

The Labor Relations departments at East and West have been combined and all labor relations personnel report to E. Allen Hemenway, VP, Labor Relations. Hemenway has daily interaction with organization leaders for both East and West employees, and employees from both East and West serve on the Carriers' negotiating committees with its various labor organizations.

Grievances for East and West Pilots continue to be handled under their respective separate CBAs in accordance with the September 23, 2005 TA signed by the parties. Beth Holdren, Managing Director, Labor Relations-Flight, is responsible for processing both East and West Pilot grievances at the System Board level.

Daniel Pon, VP, Human Resources, has responsibility for all human resource functions at both East and West. Communications with employees, including newsletters, hotlines, and webcasts, have been combined and are available to all of the Carriers' employees.

Certain employee benefits have been standardized. Since September 23, 2005, the Carriers have instituted a combined pass policy applicable to all employees. In addition, the Carriers created a combined employee incentive program, "Hat Trick," under which the Carriers' employees earn monthly bonuses if the Carriers' systemwide performance with respect to on-time arrival, mishandled baggage, and customer complaints rank in the top three among major carriers.

Recruiting at East and West has been integrated and all recruitment personnel report to Denise LaForce, Director, Recruitment, who is responsible for filling all positions at the Carriers. Open positions are posted at both East and West and applicants are required to follow standardized employment application policies.

D. Labor Protection Agreements, Transition Agreements, and Cross-Utilization of Employees

The following CBAs at East or West contain references to labor protection provisions:

East-ALPA (Pilots)
East-AFA (Flight Attendants)
East-IAM (Mechanics and Related Employees)
East-IAM (Fleet Service Employees)
East-IAM (Maintenance Training Specialists)
CWA-IBT Alliance (Passenger Service Employees, single agreement for East and West)
TWU (Dispatchers, single agreement for East and West)
TWU (Flight Simulator Engineers, single agreement for East and West)
West-ALPA (Pilots)
West-AFA (Flight Attendants)
West-IBT (Mechanics and Related Employees)
West-TWU (Fleet Service Employees)
West-IBT (Stock Clerks)

On September 23, 2005, the Carriers reached a TA with ALPA. The TA established: 1) minimum aircraft numbers; 2) distribution of international flying between East and West Pilots; 3) hiring of furloughed East Pilots by West prior to hiring externally; 4) a profit sharing plan; and 5) pay rates for Pilots operating EMB 190 aircraft. Pursuant to the TA, the Carriers are negotiating a single CBA with ALPA.

On December 5, 2005, the Carriers reached an Interim TA with the Airline Customer Service Employee Association, IBT-CWA (the Association). Pursuant to that TA, the Carriers voluntarily recognized the Association as the collective bargaining representative of all of its Passenger Service Employees, East and West. The TA provided that the West Passenger Service Employees would transition to the existing East-CWA CBA, and set forth specific days for pay increases for West Passenger Service Employees to match them to East pay rates. The TA also terminated the West-IBT Section 6 negotiations which had been ongoing prior to the merger. Following the reservation migration on March 3, 2007, the Carriers' Passenger Service workforce became fully integrated.

On January 18, 2006, the Carriers reached a TA with the Association of Flight Attendants-CWA (AFA-CWA) governing many merger-related aspects of the parties' relationship until there is a single CBA covering all Flight Attendants. Pursuant to that TA, the Carriers are currently negotiating the single CBA with AFA-CWA.

On August 31, 2006, the Carriers reached an Interim TA with the International Association of Machinists and Aerospace Workers, AFL-CIO (IAM) as the representative of the Fleet Service Employees. The Fleet Services TA provides for cross-utilization of employees at airports that have both East and West Fleet Service Employees, and additionally provides a mechanism for certain furloughed East employees to fill West Fleet positions and be granted credit for pay longevity based on their East service. The duration of the Fleet Service TA was extended on December 20, 2006.

On November 14, 2006, the Carriers reached an interim TA with the IAM as the representative of the Mechanics and Related Employees. The Mechanics' TA provides that West Mechanics and Related Employees may perform certain work on East aircraft in cities where there are West Mechanics but no East Mechanics, and additionally provides a mechanism for certain furloughed East employees to fill West Mechanic positions and be granted credit for pay longevity based on their East service.

The Carriers reached final TA agreements with the Transport Workers Union (TWU) to transition the West Dispatchers, Flight Simulator Engineers, and Flight Crew Training Instructors to the East CBAs on December 20, 2006, April 19, 2007, and May 2, 2007, respectively. The Dispatchers, Flight Simulator Engineers, and Flight Crew Training Instructors are fully integrated on the Carriers' system.

E. Marketing/Reservations/Ticketing

From the date of the merger, September 27, 2005, through January 3, 2006, the Carriers used co-branded East and West logos and the tagline, "Joining together to create the world's largest low-fare airline," to introduce customers and employees to the combined Carriers and to explain the different ticket counter signage. Effective January 4, 2006, the Carriers replaced this co-brand with the single US Airways brand systemwide, along with a new tagline, "Fly with US." This single brand appears in print marketing materials, on the Carriers' website, in reservations centers, at airports, in in-flight announcements and videos, on outdoor billboards, and on direct mail and e-mail to frequent flyer members. West Flight Attendants now use "US Airways" in all in-flight announcements, and the new US Airways magazine has replaced the former East and West in-flight magazines on all flights.

Beginning in December 2005, the Carriers worked on combining their computerized reservations systems (CRSs) through a migration process. Prior to migration, East used a CRS known as Sabre, and West used a CRS known as SHARES. Migration occurred on March 3, 2007 and created a new combined SHARES CRS. Prior to the migration, both East and West marketed flights operated by West using the HP designator code, and flights operated by East using the US designator code. Following migration, West stopped marketing flights and East marked all flights operated by West and East using the US* and US designator code, respectively. Since the surrender of the West FAA operating certificate on September 26, 2007, all East and West flights are marketed using the US designator code.

East and West hold themselves out to the public as a single airline. Emails sent from either East or West employees identify the sender as "US Airways" with no distinction as to where that employee may have worked before the merger. The stations where both East and West operate have moved to single ticket counters, single customer lines, and single kiosks. On October 5, 2005, all airport clubs were combined so that East and West club members are eligible to use the Carriers' clubs throughout the combined route system.

Media inquiries are directed to a single Corporate Communications office under the supervision of Elise Eberwein, Senior Vice President, People, Communications and Culture. The Carriers have synchronized customer service, baggage claims and fleet service policies so that they are identical for East and West passengers. Relationships with third-party vendors, like skycaps and aircraft cleaners, have also been integrated by terminating and amending contracts to make them applicable to both East and West.

Since 2006, the Carriers' frequent flyer programs and websites have been integrated into a single Dividend Miles frequent flyer program. See www.usairways.com.

F. Routes and Schedules

With the surrender of the West operating certificate, the Carriers sell all points on the combined system under a single designator code. In the summer of 2007, the Carrier converted to a common AirFlight system to generate a single flight schedule for both East and West. The single flight schedule is then sent to the Carriers' two crew management systems for East and West.

G. Uniforms/ID Badges

In December 2005, Captain Bular met with the ALPA uniform committees from East and West to discuss options for a standardized uniform. Pilots were surveyed to determine their uniform preferences during March 2006. Pilots began ordering new standardized uniforms in July 2006, and the delivery of the uniforms to the Pilots began in February of 2007.

Beginning in April 2006, West Pilots exchanged their old West identification badges for the new common US Airways badges. Beginning in January 2007, the East Pilots exchanged their old East identification badges for the new common US Airways badges.

H. Equipment

The Carriers unveiled new livery on August 23, 2005. As of November 11, 2007, 129 West aircraft (98.5 percent of the fleet) and 99 East aircraft (47.4 percent of the fleet) have been repainted in the new livery. All remaining aircraft are scheduled to be repainted during 2008.

I. Insignia and Logos

All West insignia and logos have been eliminated from letterhead, business envelopes, and fax cover sheets and only East insignia and logos are now used. In August 23, 2005, the Carriers implemented a new Heritage logo incorporating the classic logos of four of the largest airlines previously merged into the US Airways system.

The former West signage at the Carriers' headquarters building in Tempe, Arizona, and at the Flight Training center in Phoenix, Arizona has been replaced with East signage. At each domestic station where East and West operate, the Carrier has endeavored to remove all former West insignia and logos, and any that remain are merely the result of oversight, historical value, or are the responsibility of the airport authority.

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. Co.*, 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, Inc.*, 656 F.2d 16, 22 (2d Cir. 1981), the court stated, "[t]he NMB is empowered to . . . decide representation disputes arising out of corporate restructurings."

II.

Single Transportation System

The Board's Representation Manual (Manual) Section 19.4 provides that: "Any organization or individual may file an application, supported by evidence of representation or a showing of interest . . . seeking a NMB determination that a single transportation system exists." Manual Section 19.501 provides the factors for making 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. *Florida N. R.R.*, 34 NMB 142 (2007); *GoJet Airlines, LLC and Trans States Airlines, Inc.*, 33 NMB 24 (2005); *Burlington N. Santa Fe Ry. Co.*, 32 NMB 163 (2005); *Huron & E. Ry. Co., Inc.*, 31 NMB 450 (2004). 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). The Board's substantial integration of operations criteria does not, however, require total integration of operations. *Allegheny Airlines, Inc. and Piedmont Airlines, Inc.*, 32 NMB 21, 28 (2004). Nor, do the existence of "fence" or transition agreements preclude the Board from finding a single transportation system exists. *American Airlines, Inc./TWA Airlines, LLC*, 29 NMB 201, 212 (2002); *Mountain Air Express/Air Wisconsin Airlines Corp.*, 26 NMB 185 (1999); *Continental Airlines/Continental Express*, 20 NMB 326 (1993).

The Board previously determined that East and West operate as a single transportation system for the crafts or classes of Stock Clerks, Flight Dispatchers, Flight Crew Training Instructors, Flight Simulator Engineers, Passenger Service Employees, Mechanics and Related Employees, Fleet Service Employees, and Maintenance Training Specialists. *US Airways/America West Airlines*, 33 NMB 339 (2006); *US Airways/America West Airlines*, 33 NMB 221 (2006); *US Airways/America West Airlines*, 33 NMB 151 (2006); *US Airways/America West Airlines*, 33 NMB 49 (2006). The corporate merger of East and West is complete, and the operational merger of East and West is virtually complete.

Since the merger, East and West have moved inexorably forward to form a single system. West surrendered its FAA operating certificate and is now conducting all flights under East's operating certificate. The Carriers additionally have filed as a single SEC registrant for calendar years 2005 and 2006.

Labor Relations for the Carriers has been integrated into a single department under the leadership of VP E. Allen Hemenway. Many employee benefits for the Carriers have been standardized, including a combined pass policy and a combined employee incentive program. Recruiting at the Carriers has been integrated into a single department under the direction of Denise LaForce, Director, Recruitment.

East and West hold themselves out to the public as a single airline. Airports have single ticket counters, single kiosks, single customer lines, and single airport clubs for East and West passengers. Further, the Carriers' frequent flyer programs and websites have been integrated since 2006. In addition, the Carriers have synchronized customer service, baggage claims, and fleet service policies so they are identical for East and West passengers. Since January 2006, the Carriers have a single US Airways brand and tagline which appears in all marketing materials, including website, print materials, in-flight videos, etc. All West logos have been eliminated from letterhead, and a new Heritage logo has been established for the Carriers.

The Carriers have a combined SHARES CRS reservation system and all East and West flights are marketed using the same designator code, and run from a single flight schedule. A significant portion of the fleet has been painted with the new US Airways livery, and the remaining aircraft are scheduled to be repainted in 2008. A majority of the West signage has been replaced with East signage.

The Carriers have a common slate of officers and directors and an integrated management team. All East and West Pilots are under the direction of Captain Ed Bular, SVP, Flight Operations/Inflight and EVP/COO Robert Isom within a single Flight Operations department. While grievances for East and West Pilots continue to be handled by their respective CBAs, Beth Holdren, Managing Director, Labor Relations-Flight, handles all East and West grievances for the Carriers at the System Board level. In September of 2005, the Carriers reached a TA with ALPA over a number of collectively bargained items and they are currently negotiating a single CBA. As of early January

35 NMB No. 20

2007, Pilots from East and West are wearing a new standardized uniform, and have exchanged their old id badges for a new common US Airways badge.

ALPA requests that the Board delay its determination until a single CBA is in place for the East and West Pilots. The Board believes that delaying its findings in this case would be contrary to the RLA's purpose of promoting labor stability. *American Airlines, Inc./TWA Airlines, LLC*, 29 NMB 201, 212 (2002); *British Airways/British Caledonian Airways*, 16 NMB 17, 25 (1988). The facts presented here overwhelmingly support a finding that East and West are operating as a single system, meeting virtually all of the relevant *Trans World Airlines/Ozark Airlines* indicia of a single system of transportation. 14 NMB 218, 236 (1987); see also Manual Section 19.501. Further, it would be unprecedented for the Board to decline to find a single transportation system due solely to the absence of a single CBA.

Based upon the application of the principles cited above to the facts established by the investigation, the Board finds that East and West operate as a single transportation system for representation purposes for the craft or class of Pilots.

CONCLUSION

The Board finds that East and West are operating as a single transportation system for representation purposes under the RLA. Accordingly, USAPA's application in File No. CR-6926 is converted to NMB Case No. R-7147. Pursuant to Manual Section 19.6, the investigation will proceed to address the representation of the proper craft or class. USAPA and any other interested organizations have 14 days from the date of this determination to file an application supported by a showing of interest of more than fifty (50) percent of the single transportation system or to supplement the showing of interest in accordance with Manual Sections 19.601 - 19.603. The participants are reminded that existing certifications remain in effect until the Board issues a new certification or dismissal. See Manual Section 19.7.

By direction of the NATIONAL MEDIATION BOARD.



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35 NMB No. 20

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