Exhibit A

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revised page 26, rule 17 on 1st revised page 27, rule 18 on 1st revised page 27.

Note 16.—Tariff CAB No. 193 issued by International Air Traffic Corp., Agent: rule 4(L) on 27th revised page 14-A, rule 6(C) on 24th revised page 20, rule 6(E) on 24th revised page 20, rule 6(E) on 24th revised page 21, rule 6(E) on 16th revised page 22, rule 6(E) on 1st revised page 23, rule 14 on 4th revised page 28, rule 15 on 18th revised page 29, rule 16 on 6th revised page 30.

DOCKET 23395, SOUTHERN AIRWAYS, ROUND-ROBIN TOUR—order 71-6-40 adopted June 8, 1971.

On May 12, 1971, Southern Airways, Inc. (Southern), filed an application requesting a waiver of subsections 207.40(b) and 207.40(c) and section 207.41 of the Board's Economic Regulations insofar as Southern would otherwise be prevented from operating one round-trip charter flight for the Southeastern Conference.[1] Of a total of about 40 passengers, only 2 will be members of the Office of the Commissioner of the Southeastern Conference; the remainder will be either sportswriters or sportscasters who have been invited to participate by the Commissioner of the Southeastern Conference.[2] The trip is proposed to be operated with M-404 equipment during the week of August 29 through September 4, 1971, and will be a round robin originating and terminating at Birmingham, Ala. The purpose of the trip is to familiarize the news media with the 10 educational institutions which make up the Southeastern Conference and their football programs.

In support of its application, Southern alleges that the joint tour involving both the educational and press communities constitutes a special and unusual circumstance; that the tour is clearly not adapted to the participants' using scheduled services; that members of the general public are not being solicited; and that, if the waiver is denied, the tour would be severely disrupted or prevented altogether.

No objections have been received.

The Board, upon consideration of the application, has decided to grant the requested waiver. The flight has aspects of a tour and does not readily lend itself to scheduled air transportation, and in fact, no scheduled air carrier has objected to this application. Also, the circumstances of the request are limited—only one flight with 40 passengers—and the passengers have been carefully selected from a small number of companies. Thus, the Board finds that it is in the public interest to grant a waiver of part 207 insofar as it would otherwise preclude operation of the flights authorized herein. Accordingly,

IT IS ORDERED—

1. That the requirements of subsections 207.40(b) and 207.40(c) and section 207.41 of the Economic Regulations be and they hereby are waived to the extent they would otherwise prevent Southern from operating one round-trip flight for the Southeastern Conference in the manner described herein; and

2. That this order may be amended or revoked at any time in the discretion of the Board without hearing.

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[1] The Southeastern Conference is an intercollegiate athletic conference composed of the universities of Alabama, Auburn, Florida, Georgia, Kentucky, LSU, Mississippi State, Tennessee, and Vanderbilt.

[2] The employers of the sportswriters/sportscasters will pay the pro rata share of their employees.

DOCKET 21828, AMERICAN-TRANS CARIBBEAN MERGER—orders 71-6-71 and 71-5-30.

ORDER 71-6-71 ADOPTED JUNE 11, 1971

By order 71-5-30, May 7, 1971, infra, the Board directed American Airlines to submit within 30 days, for final and binding arbitration, all pending disputes with respect to the seniority-list integration of American and TCA pilots and flight engineers. By petition filed May 28, American seeks reconsideration of that order. An answer to American's petition has been filed by the former TCA pilots.

Attached to American's petition is a letter from the Allied Pilots Association (APA), representing American's pilots,[1] stating that APA adheres to its views that the Board does

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[1] APA filed an answer in support of American's petition.

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not have authority to direct arbitration and contending that no such arbitration proceedings can affect its alleged contracts with American with respect to seniority rights. American takes the position that in view of the failure of agreement of one of the interested parties to third-party arbitration of the seniority-list dispute, the arbitration procedure directed by the Board is not feasible and that the Board should appoint a hearing examiner to determine the proper disposition of this matter as it did in the *North Atlantic Route Transfer Case*, 14 C.A.B. 910 (1951), affirmed *Kent* v. *Civil Aeronautics Board*, 204 F.2d 263 (2d Cir. 1953). The former TCA pilots, while asserting a lack of merit in American's petition, nonetheless do not oppose a resolution of the dispute by the Board.

American's petition will be denied. All matters presented by American in its reconsideration petition were fully considered by the Board in reaching its determinations set forth in order 71-5-30.

The Board does not consider it appropriate to entertain this dispute beyond directing compliance with the labor protective conditions imposed as a condition to our approval of the merger. As noted in order 71-5-30, seniority-list disputes are more appropriately resolved by arbitration than by the Board.[2] Furthermore, there is no basis for assuming that the legal effect of an integration of the seniority lists by arbitration would be any different from that which would result from integration by the Board after what would undoubtedly be protracted evidentiary and other proceedings. In either case, any alteration of rights allegedly derived from the collective bargaining agreement would flow from the labor protective conditions imposed upon the merger and, as held in *Kent* v. *Civil Aeronautics Board*, "A private contract must yield to the paramount power of the Board to perform its duties under the statute creating it to approve mergers and transfers of certificates * * * only upon such terms as it determines to be just and reasonable in the public interest."[3]

If American or APA is of the view that the labor protective conditions, or our order 71-5-30 directing compliance with those conditions, are illegal or incapable of performance because of any barrier created by American's contract with APA, the appropriate remedy is to seek judicial review of the Board's orders. We wish to make it clear, however, that the Board would not consider the pendency of any such review proceedings as grounds for postponing the implementation of its directive for arbitration.

The failure of APA to agree to, or the possibility of its refusal to cooperate in connection with arbitration, does not provide any basis for reconsideration of the Board's order. The order specifically provided for protection of APA rights in the event of such a contingency.[4] All groups of pilots or flight engineers desiring to participate in such arbitration proceedings were afforded the opportunity to do so through representatives of their own choosing. In the event APA, as the chosen representative of one of the interested groups of employees, should choose not to avail itself of this opportunity, American was directed to adopt procedures which would "insure, to the maximum feasible extent under the circumstances, that the determination rendered by the arbitral tribunal shall fully consider the interests of such employees." We would hope that APA would cooperate and participate in the arbitral proceedings which we have prescribed. If it chooses not to do so and the decision of the arbitral tribunal should be considered by it to be adverse to its interests, it would have no basis for complaint.

American further urges that reconsideration is warranted because the Board's order fails to sufficiently spell out the specific arbitral procedures to be adopted. We do not agree. There is no reason to believe that there would be any difficulty in agreement upon

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[2] Specifically, we find no merit to APA's contentions that arbitration is an inappropriate means for resolving seniority integration disputes.

[3] *Supra* at 266. Sec. 414 of the Act provides that "Any person affected by any order made under sections 408 * * * of this Act shall be, and is hereby, relieved from * * * all other restraints or prohibitions made by, or imposed under, authority of law, insofar as may be necessary to enable such person to do anything authorized, approved, or required by such order."

[4] We reject the contention that the order is deficient because it fails to specify the parties that will be bound by the arbitral decision. Ordering par. 5 provided, "That the determination of the arbitral tribunal shall be final and binding upon all pilots and flight engineers of American Airlines as to which there exists a dispute with respect to seniority list integration, which has been the subject of the arbitration proceedings provided for herein"; and accordingly, the determination of the arbitral tribunal would similarly be binding on any and all representatives of such employees.

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arbitral procedures by those interested parties who are willing to cooperate in connection with the arbitral proceedings. In the event of failure of such cooperation by any interested party, our order imposes upon American the obligation to adopt such procedures as will provide the maximum fairness to all concerned under the circumstances. We are unpersuaded that any serious difficulty would be encountered by American in meeting this obligation.[5] Should any party fail to cooperate in connection with adoption of appropriate arbitral procedures, it will have no basis for complaint with respect to any reasonably fair procedures which are utilized.[6]

Finally, we take note of American's and APA's implication that an appropriate question for arbitration might be whether the seniority integration plan imposed on the TCA pilots pursuant to the understanding between American and APA was "fair and equitable." We wish to make it absolutely clear, as our previous order stated, that the TCA pilots are not required to accept the American-APA proposal; rather, the TCA pilots have a right to arbitrate the question whether a different or alternative plan for seniority-list integration may be more appropriate. There may be many alternative seniority-list integration plans which could be considered "fair and equitable." Any such plans may be agreed to in negotiations. However, upon failure of agreement by negotiation, the entire question of the appropriate method of seniority-list integration is to be submitted to final and binding arbitration, and the arbitral tribunal is not to be limited or restricted in any way to the question whether a particular proposed plan is "fair and equitable." Any party may, of course, submit any matters it desires to the arbitral tribunal in favor of any particular plan it proposes.

American has also requested that the Board's directives to submit the dispute to arbitration within 30 days and to file reports with respect thereto be stayed. That request is denied. Further, in the absence of extraordinary circumstances, the Board will not entertain any further requests for delay in compliance with the Board's directives. Rather, we shall direct American to meet promptly with interested parties, to submit the seniority-list dispute to arbitration at the earliest practicable date not later than 10 days after the date of service of this order, and to report with respect to such submission within 15 days of the date of service of this order. Subsequent weekly reports will also be provided for in order to facilitate the Board's monitoring of American's compliance with the Board's directives. Accordingly,

IT IS ORDERED—

1. That American shall promptly meet with all parties expressing an interest in the arbitral proceedings directed by order 71-5-30; shall agree upon or, in accordance with the views expressed herein, arrive at appropriate and fair procedures for pursuance of such arbitration; and shall submit the seniority-list integration dispute to arbitration, in accordance with the directives of this order and order 71-5-30, at the earliest practicable date and in any event not later than 10 days from the date of service of this order;

2. That American shall (1) within 15 days after the date of service of this order file in the docket of this proceeding a report setting forth the manner in which it has submitted the disputes to arbitration and any guidelines established to govern the proceeding and (2) submit a report weekly thereafter stating the progress of such arbitral proceeding, such reports to be submitted until such time as hearings on the merits of the seniority-list dispute are actually commenced before an arbitrator or arbitrators, as the case may be;

3. That, except to the extent inconsistent herewith, the provisions of order 71-5-30 shall remain in full force and effect; and the petition for reconsideration filed by American

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[5] In this connection, it may be noted that the services of the National Mediation Board may always be invoked for designation of a neutral and impartial arbitrator.

[6] We find no merit to the contention that a problem exists with regard to representation of the various groups of employees. Our previous order provided that all groups of pilots or flight engineers would be entitled to participate with "representation [i.e., a representative or representatives] of their own choosing." As the TCA pilots point out, the Board has not considered that representation for purposes of its labor protective provisions would necessarily be the same as the certified bargaining representative under the Railway Labor Act. See *Braniff-Mid-Continent Merger Case*, 17 C.A.B. 19, 21-22 (1953). Accordingly, we reject APA's contentions to this effect. Indeed, the suggestion that the majority pilot group should, with the consent of the carrier, be in a position to impose its will upon the minority group is wholly contrary to the objectives of our labor protective conditions.

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Airlines, Inc., and all other requests in this proceeding to the extent inconsistent herewith be and they hereby are denied.

ORDER ADOPTED MAY 7, 1971

By order 70-12-161 served December 31, 1970 (55 C.A.B. 684), the Board approved the merger of Trans Caribbean Airways, Inc., into American Airlines, Inc., subject to the labor protective conditions established by the Board in the *United-Capital Merger Case,* 33 C.A.B. 307 (1961). In the same order the Board denied, without prejudice, a petition filed by the Master Executive Council of the pilots of Trans Caribbean Airways that the Board take certain actions concerning the integration of the pilot seniority lists of the merging carriers.

On February 2, 1971, the Master Executive Council of the pilots of Trans Caribbean Airways (TCA-MEC) filed a petition with the Board requesting that the Board direct American Airlines, the Allied Pilots Association (the certified bargaining agent for the flight personnel of American), and TCA-MEC to submit the matter of integration of the pilot seniority list to final and binding arbitration. The petition also requested that the Board direct American Airlines to provide interim protection for the TCA pilots until an integrated seniority list resulted from either negotiation or arbitration. Answers to the petition were received from American Airlines, the Allied Pilots Association (APA), and the Flight Engineers International Association representing American flight engineers.[1] On February 24, 1971, the General Counsel of the Board requested further submissions from the parties on various points. These have been received.

The merger of Trans Caribbean into American was effectuated on March 8, 1971. The pleadings disclose that the TCA pilots active on that date were integrated into the American Airlines pilot seniority list on a straight date-of-hire basis and were awarded the flying opportunities to which their respective positions on the merged seniority list entitled them; and that American proposes to recall all its furloughed pilots, including those formerly employed by Trans Caribbean, on a basis of last furloughed, first recalled. TCA-MEC takes the position that this method is unfair and inequitable to the active pilots because it results in the downgrading of numerous pilots to lower level positions.[2] It asserts that, contrary to the claims of American and APA, past merger integrations reveal that date-of-hire integration is the exception, not the rule. Further, under the proposed method for recall of the furloughed pilots, all American's furloughed pilots would be recalled before any TCA pilots. TCA-MEC alleges that virtually all the TCA pilots have a date of hire earlier than the American pilots, and apart from other considerations, there is no basis for integrating the active pilots on a date-of-hire basis and employing a different basis for recall of the furloughed pilots.[3] TCA-MEC alleges that, despite requests to do so, APA "has resolutely refused to adopt any procedures leading to a fixed period of negotiation, to be followed by arbitration failing a negotiated settlement." Furthermore, the plan implemented by American Airlines on the effective date of the merger was for all intents and purposes identical to that proposed by APA and subsequently rejected by TCA-MEC.

APA urges denial of the petition, asserting "that the integration of seniority lists for the two pilot groups has already been accomplished on a fair and equitable basis in full compliance with the Board's orders and policies." The date-of-hire concept, it contends, is consistent with longstanding American policy and is the basic premise in prior seniority

[1] The International Brotherhood of Teamsters also filed a pleading generally supporting Board action to assure appropriate seniority integration procedures.

[2] For example, the petitioner alleges that, of 19 TCA DC-8 captains, 11 will be "downgraded" to B-727 captains and 8 to BAC-1-11 captains.

[3] As part of their reply to the General Counsel's letter, the three parties submitted lists of the order of recall for furloughed pilots using both a date-of-hire and length-of-active-service basis. The lists reveal that on a date-of-hire basis, the first 75 pilots recalled would be former TCA personnel, followed by 20 American pilots, 3 TCA, and the last 114 would be American furloughs. On the length-of-active-service listing most favorable to the American pilots, numbers 1-48 would be TCA; 49-67, American; 68-83, TCA; 84-199, with a single exception, American; and 200-212, TCA. On the last-furloughed-first-recalled basis, the first 134 pilots recalled would be from American, while the final 78 would be from TCA.

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determinations, including those made by the Board.[4] Furthermore, APA states that earnings of a former TCA pilot flying for American from the New York base will be higher than its former TCA earnings.[5] Concerning furloughed pilots, APA states that it is simply proposing the basic contract principle of last furloughed, first recalled. In addition, it asserts that most of the TCA furloughs were the result of reduced MAC contract flying, and in view of TCA's financial condition at the time of the furloughs, there was no prospect that the furloughed pilots would be recalled at all. Finally, APA asserts that the Board lacks regulatory authority over the affected labor organizations and that it cannot delegate its authority to integrate the seniority lists to private nongovernmental arbitrators.

American Airlines also urges denial of the petition. It takes the position that the pilots employed by TCA became American employees on the date of the merger and that the proposed treatment of the TCA pilots will give them a number of advantages over their TCA employment. The carrier argues that integrating the seniority lists for active pilots on a date-of-hire basis is appropriate because it preserves as far as possible the reasonable expectations of both pilot groups. Although conceding there will be some "downgrading" as a result of a merger, American asserts that such downgrading is the inevitable result of integrating seniority lists, and adding the former TCA pilots to the American list will also downgrade a number of American pilots. Concerning the furloughed pilots, American argues that the policy of most recently furloughed being recalled first is normal practice of the entire industry and does not unjustly discriminate against former TCA personnel. It asserts that recalling furloughed pilots on either date-of-hire or length-of-service basis would deprive American's furloughed pilots of their reasonable expectations while exceeding those of TCA's furloughed pilots.

Although American opposes grant of the petition, noting particularly that Board integration of the seniority lists would be a lengthy and involved procedure, the carrier nevertheless believes that it would be lawful for the Board to order binding arbitration of questions relating to integration of seniority lists and the recall order of pilots.

Upon consideration of the matters presented, the Board has concluded that it is appropriate to issue an order directing American to submit the dispute with respect to seniority-list integration to final and binding arbitration. On the other hand, we have concluded that, except to the extent indicated hereafter, the petitioner's request for interim relief should be denied.[6]

Although the Board customarily imposes labor protective conditions in merger cases, it has been the Board's longstanding policy that the matters encompassed therein should be resolved by voluntary agreement between the carrier and the labor groups or employees involved or, failing agreement, by arbitration.[7] This policy with respect to seniority integration is reflected in sections 3 and 13 of the labor protective conditions.[8] Furthermore,

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[4] APA also contends that an advantage is being given to flight engineers formerly serving with TCA. These individuals are being allowed to integrate in the flight engineers seniority list on American and will thus be able to have preferential right over American pilots to the third seat in the cockpit. The FEIA takes a similar position, noting that 10 of the 12 TCA flight engineers have agreed to the proposed flight engineers seniority-list integration.

[5] TCA-MEC asserts that this contention is inaccurate. Rather, it is asserted that flight slots resulting from the merger will produce a windfall to American pilots.

[6] TCA-MEC had requested the Board to order American Airlines to retain all active former Trans Caribbean pilots and former Trans Caribbean equipment on the Caribbean or in TCA-originating MAC charter operations until the seniority-list dispute is settled. All the pilots, however, submitted bids to American and are being actively employed by American, albeit in positions they may regard as inferior to which they are entitled.

[7] See *Braniff-Mid-Continent Merger Case*, 15 C.A.B. 708, 717 (1952); *South Pacific-Pan American Route Transfer*, 47 C.A.B. 1071 (1967); *South Pacific-Pan American Labor Protective Conditions*, 44 C.A.B. 820 (1966); *Airlift-Slick Employee Integration*, 47 C.A.B. 1098 (1967); and *Airlift-Slick Employee Integration*, 48 C.A.B. 958 (1968).

[8] Secs. 3 and 13 provide, in pertinent part, that "provisions shall be made for the integration of seniority lists in a fair and equitable manner, including, where applicable, agreement through collective bargaining between the carriers and the representatives of the employees affected"; that "In the event of failure to agree, the dispute may be submitted by either party for adjustment in accordance with section 13"; and that "In the event that any dispute or controversy * * * arises with respect to the protection provided herein, which cannot be settled by the carrier and the employee, or his authorized

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the courts have heretofore recognized both the policy and the predicates upon which it rests—that the Board lacks expertise in labor matters and that seniority is basically a matter for negotiation or arbitration. See *Outland* v. *C.A.B.*, 284 F.2d 224 (D.C. Cir. 1960); *O'Donnell* v. *Pan American World Airways*, 200 F.2d 929, 932 (2d Cir. 1953). Also, in interpreting labor protective conditions imposed by the Interstate Commerce Commission which are virtually identical to section 13 of the United-Capital provisions, the courts have stated that the provisions give "either party * * * the absolute right to select arbitration as a means for settling the dispute and when such selection [is] made the arbitration [is] mandatory upon the other party."[9] The clear import of these decisions is that any affected party has the right to arbitrate any bona fide dispute of a nonfrivolous nature.

Such a dispute exists here. While American appears to have implemented a formula which it and APA consider "fair and equitable," TCA-MEC need not accept this formula. American apparently is unwilling to submit the matter to arbitration. While the duty to arbitrate well might have been enforced by the TCA pilots in judicial proceedings, the Board also has jurisdiction to enter orders to implement the labor protective conditions. In all the circumstances here present, the Board finds that it is appropriate to direct American to proceed promptly to arbitration. APA's contention that the Board lacks jurisdiction to impose an arbitral solution on a labor union is unpersuasive; our order is directed to American, over which we have jurisdiction. In the exercise of that jurisdiction, the Board will act to protect the interests of all the affected employees by directing American to afford all interested labor groups the opportunity to participate in the formulation of the arbitral tribunal and in the subsequent proceedings.[10]

Finally, we are not persuaded that the circumstances here present warrant interim relief from the Board. It appears that the active pilots presently are being afforded seniority rights based on their date of hire. Even though the arbitral tribunal may conclude that there is a more satisfactory solution of the seniority-list dispute, pending determination by that tribunal, it does not appear that the circumstances would create such irreparable injury to the active pilots as to warrant a grant from the Board of the extraordinary interim relief requested. This is particularly true since the requested relief might impinge on the ability of American to efficiently conduct the operations of the merged carrier. While the equities of the American-APA proposals with respect to the furloughed TCA pilots appear much more questionable, any grant of interim relief by the Board might prejudice the ultimate solution by arbitration. Our determination in this respect is not intended to imply that the arbitral tribunal shall not be entitled to render any interim relief that may be considered necessary or appropriate by the arbitrator or arbitrators. Accordingly,

IT IS ORDERED—

1. That American shall within 30 days submit all pending disputes with respect to the seniority-list integration of the American and TCA pilots and flight engineers to a neutral arbitrator or committee of arbitrators;

2. That all groups of pilots or flight engineers who desire to do so shall be entitled to participate in said arbitration proceeding and shall be entitled to representation of their own choosing;

3. That the formation of the arbitral tribunal, its duties, procedure, expenses, etc., shall be agreed upon by American and the respective representatives of all groups of employees who desire to participate in said arbitral proceedings and who cooperate with

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representative, within 30 days after the controversy arises, it may be referred, by either party, to an arbitration committee for consideration and determination, the formation of which committee, its duties, procedure, expenses, etc., shall be agreed upon by the carriers and the employees, or the duly authorized representatives of the employees."

[9] *New Orleans and Northeastern Railway Co.* v. *Bozeman*, 312 F.2d 264, 268 (5th Cir. 1963); *Brotherhood of Loc. Eng.* v. *Chicago & North Western Ry. Co.*, 314 F.2d 424 (8th Cir. 1963), cert. denied, 375 U.S. 819 (1963).

[10] In this connection, we note that there may be a certain divergence of interest between the active and furloughed pilots of both American and TCA, and accordingly we would expect that all such groups of pilots or flight engineers would be entitled to have separate or additional representation in the event they so desire.

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respect thereto; and that failing such agreement American shall make such provisions as necessary to proceed with the arbitration in accordance with paragraph 4 below;

4. That, in the event any group of employees or their representative shall decline to participate in, or fail to cooperate with respect to, said arbitration procedures, the procedures adopted shall be such as to insure, to the maximum feasible extent under the circumstances, that the determination rendered by the arbitral tribunal shall fully consider the interests of such employees;

5. That the determination of the arbitral tribunal shall be final and binding upon all pilot and flight engineers of American Airlines as to which there exists a dispute with respect to seniority-list integration, which has been the subject of the arbitration proceedings provided for herein;

6. That American shall—

(1) Within 35 days after the date of service of this order, file in the docket of this proceeding a report setting forth the manner in which it has submitted the dispute to arbitration and any guidelines established to govern the proceeding;

(2) Upon the rendering of any arbiter's decision, file copies of such decision with the Board; and

(3) Promptly thereafter file with the Board a report setting forth in detail the manner in which the arbitral award has been or will be implemented;

7. That the Board shall retain jurisdiction in the proceeding for the purpose of taking such further action as it may deem necessary or appropriate in the public interest; and

8. That, except to the extent granted, the petition of TCA–MEC and all other requests herein be and they hereby are denied.

DOCKETS 23315, 23396, 16401, DELTA-NORTHEAST-STORER AGREEMENT—order 71–6–78 adopted June 15, 1971.

By joint application filed May 12, 1971, Delta Air Lines, Inc. (Delta), Northeast Airlines, Inc. (Northeast), and Storer Broadcasting Company (Storer) request an exemption from section 408 of the Federal Aviation Act of 1958, as amended, or approval by show-cause or otherwise without the delay of a hearing, to the extent necessary to carry out those provisions of an agreement between Storer and Delta (Storer-Delta agreement), which concern assistance to be provided by Delta and Storer to Northeast pending hearing and decision by the Board on the agreement of merger filed in docket 23315 and any other portions of the Storer-Delta agreement which the Board concludes should be approved prior to its effectuation.[1]

In support of their request, the applicants submit that Northeast cannot meet its obligations as they mature without funds from outside sources, pending approval of the contemplated merger, and it therefore has an immediate need for additional financing and that financing cannot be obtained except under the program for which provision is made in the Storer-Delta agreement. The applicants further submit that Storer and Northeast estimate that the latter's losses may reach or exceed $12 million between May 1, 1971, and the effective date of the pending merger; that it is to this critical deficit that the Storer-Delta agreement and this application are directed; that notwithstanding previous loans by Storer to Northeast, Northeast presently requires such additional cash operating funds principally because of substantial continuing losses in providing services as well as substantial increases in operating costs not offset by equivalent revenue increases;[2] that the funds required, both those to be supplied by Delta and those to be supplied by Storer, are to be used to cover Northeast's operating requirements and the repayment of debt presently owed by Northeast to persons other than Storer, as the same may come due in the ordinary course of business (plus interest thereon) pending completion of the merger proceeding; and that Northeast's need for these operating funds is an immediate and serious one and will be a continuing one until consummation of the proposed merger.

In the Storer-Delta agreement, provision is made for Delta and Storer mutually to pro-

[1] Except for the interim financing provisions, the Storer-Delta agreement relates directly to the Delta-Northeast merger.

[2] Cf. orders 69–9–14, 70–1–38, 70–2–114, 70–11–43, 71–2–34, and 71–4–36, which approved loans by Storer to Northeast for essentially the same reasons.

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