



SECTION 45 – MERGER AND FRAGMENTATION POLICY

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SOURCE - Except where noted otherwise, the Merger Policy was adopted/reaffirmed by the November 1986 Board of Directors.

PREAMBLE

The role of ALPA in seniority integration is solely to provide the process by which the affected pilot groups on ALPA airlines arrive at the merged seniority list for presentation to management, through their respective merger representatives, using arbitration if necessary. Responsibility for the merged seniority list falls upon the respective merger representatives with ALPA National in a neutral position on the merits. It must be understood that what appears to be truly "fair and equitable" often differs depending upon the eyes of the beholder and that there may be no consensus of what is "fair and equitable." This policy does not preclude two or more ALPA pilot groups from entering into discussions and/or reaching an agreement without invoking this process. (SOURCE - Executive Board May 1991; AMENDED - Executive Board May 1998)

PART 1 - MERGER POLICY AND PROCEDURES**A. MERGER POLICY CHANGES**

No changes to this policy shall apply to any merger, as defined in Section C1 within the scope of this Merger Policy which is in progress, by virtue of the establishment of a Policy Initiation Date prior to the adoption of such changes, unless specifically mandated to be applied to any such merger. (AMENDED - Executive Board May 1998)

B. PURPOSE AND SCOPE OF MERGER POLICY

REAFFIRMED - Executive Board May 1996

1. The fundamental purpose of this policy is to provide protection for the employment rights and interests of ALPA flight deck crew members in an orderly, expeditious, and equitable manner. This policy recognizes that the scope of a viable ALPA Merger Policy under deregulation may not be defined in terms of particular types of transactions. Under these circumstances, this policy shall be applicable when the Executive Council, in its judgment, determines that there is sufficient operational integration between or among two or more ALPA airlines that there is a need for a merged seniority list to adequately protect the employment rights and interests of the flight deck crew members. (AMENDED – Executive Board May 1998)
2. This policy shall also be applicable under the terms and conditions and to the extent provided in Part 2, Carrier Fragmentation Policy. (SOURCE - Executive Board May 1998)
3. Issues as to application or interpretation of Merger Policy shall be determined by the Executive Council. (SOURCE - Executive Board May 1998)

C. MERGER POLICY DEFINITIONS

1. "Merger" means any transaction to which this policy is determined to be applicable under Section B 1 of this policy. (SOURCE - Executive Board May 1998)
2. Policy Initiation Date (PID) means the date on which the respective MEC Chairmen and the Executive Council determine that a reasonable probability of a merger being consummated exists or the date on which the Executive Council determines that a reasonable probability of a merger being consummated exists, whichever is earlier. Seniority list integration procedures will commence on the Policy Initiation Date. (AMENDED - Executive Board May 1998)

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3. "ALPA airline" or "ALPA carrier" means an airline whose pilots are represented by ALPA. (SOURCE - Executive Board May 1998)

D. ACTIONS TAKEN UPON DETERMINATION OF MERGER

1. Upon determination of the PID, reasonable efforts shall be made to provide affected flight deck crew members access to appropriate employee protective provisions which will allow the transfer of employment and seniority rights from one company to another and provide for management acceptance of the merged single seniority list arrived at pursuant to this policy. (AMENDED - Executive Board October 1991; Executive Board May 1998)
2. When the Policy Initiation Date has been determined, the President shall convene a joint meeting of the MEC Chairmen and the merger representatives of each affected airline and orient the participants on the provisions of this policy. (AMENDED - Executive Board May 1998)
3. Each MEC is encouraged to have a standing Merger Committee at all times. The Merger Committee for each MEC shall consist of two or three merger representatives elected by the MEC from its seniority list. In the event an MEC fails to elect merger representatives within ten days following the Policy Initiation Date, the President may, at his discretion and subject to an opportunity for the affected MEC to be heard by him, appoint any member of ALPA in good standing from the affected airline to fill any merger representative vacancy. These representatives shall have complete and full authority to act for and on behalf of the flight deck crew members of their respective airlines for the purpose of concluding a single flight deck crew member seniority list, which shall not be subject to ratification. Nothing herein is intended to limit the discretion of respective MECs in the selection or replacement of their merger representatives prior to the election of merged MEC officers. (AMENDED - Executive Board May 1998)
4. The President shall take reasonable measures to provide that the flight operations, equipment, and existing flying of each company party to a merger shall remain separated until such time as the pilot seniority lists and the employment agreements are merged, or until the MECs of the affected pilot groups mutually agree otherwise. Any dispute shall be decided by the Executive Council. (AMENDED - Executive Board May 1998)
5. The President will send a letter to all pilots involved in a merger (upon the establishment of a PID) clearly indicating what Association Merger Policy is intended to accomplish. (SOURCE - Executive Board May 1991)
6. Each MEC will attempt to negotiate payment or reimbursement by management of expenses and flight pay loss incurred during implementation of merger policy. (AMENDED - Executive Board May 1998)
7. After determination of the PID and prior to the required time for merging of MECs under this policy, the involved MECs may, with approval of the Executive Council, voluntarily enter into an agreement to establish an Interim Joint Governance Council (IJGC) which will function as a single MEC for purposes of making joint decisions on defined subjects relating to the merger other than seniority integration. Each involved MEC must separately ratify a proposed IJGC agreement. (SOURCE - Executive Board September 2000)
8. Upon determination of the PID or thereafter, the President may approve an agreement between or among the ALPA Master Executive Councils involved in the merger which provides for an expedited schedule to complete the processes set forth in Parts 1.E. through 1.H. and 1.L. below, including shortening time periods, commencing negotiations and/or mediation-arbitration during the processing of employment data requirements, utilizing a neutral facilitator from the outset, utilizing a combined mediation-arbitration process rather than a separate negotiations process followed by mediation-arbitration, using a single neutral rather than an Arbitration Board, providing for informal or conference style proceedings before the mediator-arbitrator rather than formal hearings or a combination thereof, and limiting the participation of legal counsel in the mediation-arbitration process.

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- a. The President may also approve an agreement of the type described in Section D.8 above prior to determination of the PID, provided that such agreement includes a provision that the respective MEC Chairmen will expeditiously request Executive Council approval of a PID.
- b. MECs may enter into this type of agreement for a merger which is in progress as of the date of adoption of this amendment to policy by the Executive Board. (SOURCE – Executive Board May 2005)

E. COMPILATION OF EMPLOYMENT DATA

1. Each MEC will maintain a system seniority list including at least the following data: seniority number, name, date of hire, and date of birth. (AMENDED - Executive Board May 1998)
2. The merger representatives shall be responsible for determining the date of hire, date of birth, seniority number, furlough time and leaves of absence time for each flight deck crew member on its current seniority list utilizing Company payroll records and/or other records as necessary. Clerical and staff help may be utilized to compile this data. Each furlough and leave of absence or any intervening periods of service other than as a flight deck crew member with this Company shall be listed separately with an explanation covering the period. Furlough time directly related to a labor dispute or work stoppage, ALPA leaves, military leaves, FMLA (or Canadian equivalent) leaves and sick leaves shall not be included. (AMENDED - Executive Board September 1988; Executive Board May 1998)
3. In cases where one or more parties to the merger has flight deck crew members with grandfather or similar special rights by agreement with ALPA that are limited as to job classification or status within the flight deck crew, employment data with respect to said special classification or rights shall also be compiled. (AMENDED - Executive Board May 1998)
4. The date of hire shall be the date upon which a pilot first appears upon the Company's payroll as a pilot and also begins initial operational training required to perform such duties in airline operations. Pilots who initially function as flight deck crew members in positions other than that of a pilot, but whose working agreement allows normal progression in accordance with seniority to pilot status, shall be considered as being employed as a pilot for purposes of this Section. Persons who initially function as flight deck crew members, but in a classification which did not allow normal progression to pilot status in accordance with seniority, and who have subsequently gained the right of progression to pilot status by agreement with ALPA, shall acquire date of hire as a pilot as of the date specified by such agreement. Those veteran flight engineers who gained the right of progression to pilot status in accordance with seniority by agreement with ALPA but who, as of November 20, 1970, are prohibited by their Company policy from exercising such rights, shall for the purpose of this policy be regarded as not possessing entitlement to pilot positions. Where an initial date of hire as a flight deck crew member is different from an initial date of hire as a pilot as defined above, both sets of data, together with explanations, shall be compiled for the purpose of resolving any inconsistencies among the parties to the merger with respect to special rights for such individuals. (AMENDED - Executive Board May 1998)
5. Verification of this employment data shall be accomplished as soon as possible after compilation in the manner set forth in Section F. (AMENDED - Executive Board May 1998)

F. VERIFICATION AND EXCHANGE OF EMPLOYMENT DATA

1. The merger representatives will commence the verification and updating of employment data of those flight deck crew members not previously verified and updated no later than the Policy Initiation Date. (AMENDED - Executive Board May 1998)
2. The merger representatives shall forward the individual employment data as described in Section E via certified mail, addressee only, Return Receipt Requested, to each non-verified and non-updated flight deck crew member within twenty (20) days of the Policy Initiation Date. (AMENDED - Executive Board May 1998)

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3. It is the responsibility of the individual flight deck crew member to verify or challenge the findings of the merger representatives within twenty (20) days following receipt and to support his protest, if any, by written statement of fact. In addition, such protesting member may request a hearing before the merger representatives. All such timely requests shall be granted. (AMENDED - Executive Board May 1998)
4. The merger representatives will receive and evaluate all protests and will adjudge the validity of the claims. Their decision will be final and such decision shall be in writing and shall be forwarded to the flight deck crew member making the protest within ten (10) days following receipt or following completion of the hearing, if any, by the means outlined above. (AMENDED - Executive Board May 1998)
5. Upon completion of the processes outlined above, the merger representatives shall prepare a certified Flight Deck Crew Member Seniority List which shall reflect the proper relative position of each member thereon. Such list shall contain that data described in Section E 2. (AMENDED - Executive Board May 1998)
6. Employment data verified as outlined above shall be exchanged no later than sixty (60) days following the Policy Initiation Date. For purposes of this initial exchange of data, said data need not pertain to events more recent than the date of the first Company notification of intent to merge. (AMENDED - Executive Board May 1998)
7. Additional employment data pertinent to the solution of integration problems shall be made available to all merger representatives. (AMENDED - Executive Board May 1998)

G. MERGER NEGOTIATIONS

1. The merger representatives of the affected airlines shall meet and commence efforts to arrive at a mutually satisfactory method of integration and compilation of a single acceptable flight deck crew member seniority list no later than sixty (60) days following the Policy Initiation Date. Similarly, in cases where one or more parties to the merger has flight deck crew members with grandfather or similar special seniority rights that are limited as to job classification or status within the flight deck crew, the merger representatives shall commence efforts to arrive at a mutually satisfactory method of integration and compilation of such separate special seniority lists as may be necessary and appropriate to preserve and protect such rights in addition to the flight deck crew member seniority list. (AMENDED - Executive Board May 1998)
2. Nothing herein shall preclude the assembly of more than one list for each of the above classifications where the transfer of major routes or operating authority will be contingent on proceedings separate from the "instant proceeding" and such known contingencies may warrant the future replacement of one list with another.
3. For the purposes of limiting confrontation and expediting the merger process, the President shall, when he deems advisable, appoint a neutral facilitator to assist the merger representatives in arriving at a fair and equitable solution. It is recommended that outside legal counsel be precluded from direct negotiations until it is agreed that a solution cannot be reached.
4. The first task of the merger representatives shall be to resolve any and all disputes and inconsistencies with regard to the employment data exchanged. The representatives shall be empowered to compromise their differences to the extent necessary to reach agreement except that the relative position of the flight deck crew members on their respective seniority lists shall be maintained. Areas remaining in disagreement shall be reduced to writing, stating the contentions of the parties, and shall be resolved, if necessary, by utilizing the arbitration procedures set forth in Section H. (AMENDED - Executive Board October 1991; Executive Board May 1998)
5. The merger representatives shall carefully weigh all the equities inherent in their merger situation. In joint session, the merger representatives should attempt to match equities to various methods of

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integration until a fair and equitable agreement is reached, keeping in mind the following goals, in no particular order:

- a. Preserve jobs.
 - b. Avoid windfalls to either group at the expense of the other.
 - c. Maintain or improve pre-merger pay and standard of living.
 - d. Maintain or improve pre-merger pilot status.
 - e. Minimize detrimental changes to career expectations.
6. The merger representatives shall report to the President, upon request, on their progress once negotiations begin. If, at any time after receiving the first report, in the opinion of the President, satisfactory progress is not being made, he may unilaterally intervene and invoke arbitration. (AMENDED - Executive Board October 1991)

H. MEDIATION-ARBITRATION

1. General
 - a. The mediation-arbitration (Med-Arb) process as described below includes two steps: mediation and arbitration. However, the merger representatives may mutually agree to waive mediation and limit the process to arbitration. (SOURCE - Executive Board October 1991; Executive Board May 1998)
 - b. The purpose of arbitration shall be to reach a fair and equitable resolution consistent with ALPA policy. (AMENDED - Executive Board October 1991)
 - c. Arbitration shall be mandatory if, within one hundred (100) days from the Policy Initiation Date, negotiations have not resulted in an integrated flight deck crew member seniority list. (AMENDED - Executive Board October 1991; Executive Board May 1998)
 - d. If, prior to the beginning of Arbitration Board hearings, an additional transaction causes another pilot group(s) to be affected by a seniority integration process in progress, said arbitration may, at the discretion of the President, be delayed for the purpose of allowing the additional affected MEC(s) to become party to the seniority integration process in progress. In the event such discretion is exercised, the President shall set the extent of such delay not to exceed an amount of time equal to the time limits specified in this policy. (AMENDED - Executive Board October 1991; Executive Board May 1998)
2. Mediation Process

SOURCE - Executive Board October 1991; AMENDED - Executive Board May 1998

 - a. The mediation step of the Med-Arb shall be conducted solely by the Chairman of the Arbitration Board serving as Med-Arbitrator.
 - b. The Med-Arbitrator shall meet with the merger representatives to:
 - (1) Identify and agree upon the issues;
 - (2) Receive stipulations and aid in arriving at stipulations;
 - (3) Determine with the merger representatives the scope of evidence necessary to conduct the mediation;
 - (4) Conduct the mediation;
 - (5) Have the merger representatives execute agreements reached at the mediation step;
 - (6) Define the issues unresolved through mediation to be heard at the arbitration step.
3. Arbitration Board

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- a. Issues to be decided at the arbitration step shall be heard by a three-person Arbitration Board. (SOURCE - Executive Board October 1991; AMENDED - Executive Board May 1998)
 - b. The Arbitration Board shall be composed of three persons, two of whom shall be non-voting ALPA members chosen from the Master List of Pilot Neutrals. The third member and Chairman of the Board shall be chosen from a list of Arbitrators approved by ALPA. When, in the opinion of the President, it appears that arbitration will be required as the final step of merger proceedings, he may commence the process for selection of the Arbitration Board. Notwithstanding any other provisions of this policy, such process shall be commenced so as to be completed in time to permit the first meeting of the Arbitration Board no later than one hundred (100) days following the Policy Initiation Date. (AMENDED - Executive Board May 1998; Executive Board October 2001)
 - c. If the merger representatives are unable to agree on the Arbitrator, they will alternately strike a name from the ALPA approved list until an Arbitrator is selected. In the event a selected Arbitrator is unable to serve, the President shall retrace the striking procedure in reverse order until the vacancy has been filled. If either pilot group's merger representatives refuse to accept the alternate strike method or the results of the alternate strike method the vacancy shall be filled by the President based upon a secret ballot vote of the Executive Council. (AMENDED - Executive Board May 1998)
 - (1) In the event of a dispute over selection of an arbitrator in a merger between/among two or more airlines in Canada, the ALPA approved list of Arbitrators shall be made up of Canadian Arbitrators. (AMENDED - Executive Board May 1998)
 - d. The Arbitration Board shall do the following:
SOURCE - Executive Board October 1991
 - (1) Meet with the merger representatives to specify the scope of evidence to be presented to the Board, in addition, if any, to evidence submitted at the mediation step.
 - (2) Set the place and dates for hearings.
 - (3) Establish rules of procedure and time limits.
 - e. The merger representatives of the affected airlines shall be charged with the preparation of their contentions regarding the merger and their subsequent presentation before the Arbitration Board. Such contentions may be made orally or may be made in writing as the Arbitration Board shall deem advisable.
 - f. At any time during the arbitration, the Chairman as Med-Arbitrator shall have the authority to resume mediation. (SOURCE - Executive Board October 1991)
 - g. The Arbitration Board shall convene at a location approved by the President. (AMENDED - Executive Board October 1991; Executive Board May 1998)
4. Pilot Neutrals
- a. The Executive Council shall select and maintain a current master list comprised of no less than fifty (50) ALPA members who have consented to serve as members of a seniority integration Arbitration Board. (AMENDED - Executive Board October 1991)
 - b. The merger representatives from each pilot group shall select one neutral non-voting pilot from the most current Master List of Pilot Neutrals (Paragraph H4a). In the event a selected individual is unwilling or unable to serve as a Pilot Neutral, the merger representatives who selected him shall make another selection from the same approved list as provided for in H. 4.a. above. (AMENDED - Executive Board October 1991; Executive Board May 1998; Executive Board October 2001)
 - c. In the unlikely event that either/or both pilot group's merger representatives refuse to select a Pilot Neutral(s), the resulting vacancy or vacancies shall be filled by the President based upon a secret ballot vote of the Executive Council. (AMENDED - Executive Board May 1998)

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- d. No Pilot Neutral shall be selected to serve as a member of an Arbitration Board involving his own pilot group. (AMENDED - Executive Board October 1991; Executive Board May 1998)
 - e. Any pilot who is a merger representative in an announced merger shall be disqualified from selection as a member of any Merger Arbitration Board. (AMENDED - Executive Board May 1998)
 - f. On or about January 1 of each year, the Vice President-Administration/Secretary shall cause to be sent to each member of ALPA's Neutral Pilot Panel an inquiry as to current willingness and/or ability to serve as a pilot neutral should the individual be selected for such service by merger representatives involved in a merger dispute. At the same time, the Vice President-Administration/Secretary shall forward a list of the current Neutral Pilot Panel members, as well as the roster of currently approved nominees for Panel service, to all MEC Chairmen seeking their revalidation of current Panel members and nominees and soliciting new nominees for Panel service. (AMENDED - Executive Board May 1998)
 - g. A report shall be made at a regular meeting of the Executive Council following such mailing outlining the results of the inquiries and such Panel and nominees roster brought up to date and any necessary appointments made at such annual review meeting. Absent any response, current members and nominees shall be considered revalidated.
5. Opinion and Award
- a. The Opinion and Award of the Arbitration Board shall be made and written in executive session and shall bear the signature of the Arbitrator (Chairman of the Arbitration Board). Such Opinion and Award shall be issued simultaneously and within fifty (50) days following the convening of said Arbitration Board unless extensions are agreed to by all parties to the proceeding, including the President. Participation in executive sessions shall be limited to Arbitration Board members only and the Arbitrator shall decide all issues. (AMENDED - Executive Board May 1998; Executive Board October 2001)
 - b. The Award of the Arbitration Board shall be final and binding on all parties to the arbitration and shall be defended by ALPA. The Award shall include any agreements reached at the mediation step. The Arbitration Board will include in its Award a provision retaining jurisdiction until all the provisions of the Award have been satisfied for the limited purpose of resolving disputes which may arise between the pilot groups with regard to the meaning or interpretation of the Award. (AMENDED - Executive Board October 1991; Executive Board May 1998)

I. MERGED FLIGHT DECK CREW MEMBER SENIORITY LIST IMPLEMENTATION

1. The merged seniority list will be presented to management and ALPA will use all reasonable means at its disposal to compel the company to accept and implement the merged seniority list. (AMENDED - Executive Board May 1998)
2. The merger representatives shall remain in office, in the case of a negotiated or mediated agreement, until the provisions of that agreement have been satisfied, or in the case of arbitration, until the Arbitration Board relinquishes jurisdiction.
3. Should a merger representative become unable or unwilling to continue in office once the merged MEC officers have been elected, the remaining merger representative will select his replacement from his respective pilot group. Such replacement shall have all the duties, responsibilities, and authority of his predecessor. (AMENDED - Executive Board May 1998)
4. The merger representatives shall be empowered to resolve any and all disputes arising from the interpretations or implementation of either a negotiated/mediated agreement or arbitration award. The disputes shall be resolved by a majority vote of the merger representatives except where a pilot's actual position on the seniority list is concerned, in which case a unanimous vote will be required. All decisions reached by the merger representatives shall be final and binding and not subject to appeal. The decisions of the merger representatives shall be the position of ALPA with management. (AMENDED - Executive Board May 1998)

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5. When disputes arising under negotiated or mediated agreement cannot be resolved by the merger representatives, such disputes shall be submitted to an arbitrator. The President shall, within thirty (30) days of notification of the existence of a dispute, petition the National Mediation Board, or Canadian Federal Department of Labour, to supply a list of arbitrators from which the respective pilot groups (merger representatives) may select a mutually agreeable arbitrator. Should an arbitrator not be mutually agreed upon, one will be selected by the alternate striking method. (AMENDED - Executive Board May 1998)
6. When disputes arising under an arbitration award cannot be resolved by the merger representatives, such disputes shall be remanded to the Arbitration Board for resolution. (AMENDED - Executive Board May 1998)
7. The arbitration award issued after proceedings under Paragraph I.5. or I.6. above shall be the position of ALPA with management (SOURCE - Executive Board May 1998).
8. The pre-merger MECs may by agreement, with approval of the President, establish a dispute resolution process for the resolution of disputes arising from interpretation or implementation of a negotiated/mediated agreement or arbitration award, which may include a Dispute Resolution Committee (DRC) and designated DRC members. (SOURCE - Executive Board May 1998)
9. In the event that the two DRC members from either of the pre-merger pilot groups or all DRC members believe at some time in the future that the merged MEC is not providing them with flight pay loss and expenses, authorized releases or use of resources to adequately and properly perform their legitimate functions, and they have brought the matter to the attention of the merged MEC without receiving satisfaction, they shall then have access to the ALPA Executive Council and opportunity to be heard in order to request that the Executive Council act accordingly under the circumstances. (SOURCE - Executive Board May 1991)
10.
 - a. After the merged MEC has been established under ALPA Merger Policy, merger representatives and Dispute Resolution Committee (DRC) members representing the interests of pre-merger pilot groups shall not meet or confer with management concerning administration of the merged seniority list and related conditions and restrictions unless each pre-merger pilot group is represented in any such meeting or conference. If reasonable notice of time, place and subject matter has been provided by the party requesting such meeting or conference and one party fails to attend without cause, a meeting or conference may proceed in the absence of that party.
 - b. A written summary of the substance of any communication occurring at any such meeting or conference with management shall be simultaneously copied to the other pre-merger pilot group(s) and the MEC Chairman.
 - c. This Section shall be applicable to mergers in process, mergers that have been completed and to future mergers. (AMENDED - Executive Board May 1998)

J. FUNDING AND PAYMENT OF MERGER RELATED EXPENSES

SOURCE - Executive Board May 1982; AMENDED - Executive Board May 1990; Executive Board May 1991; Executive Board October 1991; Executive Board May 1998; Executive Board September 1998; Executive Board September 2002; Executive Board By Mail Ballot August 2005

1. Flight pay loss, expenses and direct support are chargeable to the MEC account. A group of pilots who are being transferred under Carrier Fragmentation Policy will be treated in the same manner after identification of the number and identity of the transferring pilots and commencement of the seniority integration time table, under a budget to be approved by the Executive Council and subject to a merger assessment for spending overages.
2. All spending of any MEC involved in a merger will be reported to the Executive Council, which will determine those expenses required to be paid with merger assessment monies.

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3. An MEC may at any time levy an assessment(s) and maintain a Merger Assessment Fund. Any such assessment shall be levied and administered in accordance with applicable provisions of the ALPA Constitution and By-Laws, ALPA Policies, including these Merger Policies, ALPA Administrative Manual, Section 45, and ALPA Accounting and Finance Policies, ALPA Administrative Manual, Section 60, and applicable MEC policies. Monies derived from an assessment must be recorded in a manner showing the amount paid by each pilot.
4. The payment of legal and consulting fees in a merger between an ALPA airline and a non-ALPA airline are a proper expense of the pilots involved in the merger and shall be charged either to the MEC account or paid through an assessment of the pilot group, as provided in paragraphs 1, 2 and 3 above.
5. ALPA shall not, under any circumstances, pay any legal and consulting fees incurred by pilot groups involved in merger activity between any two ALPA represented carriers. This policy also applies to any legal and consulting fees incurred to resolve a dispute between pre-merger pilot groups over interpretation or application of the terms of an existing seniority integration agreement.

STATEMENT OF INTENT: It is the intent that no ALPA pilot should approach a merger without proper representation. Further, in an ALPA airline to ALPA airline merger, ALPA Merger policy provides a vehicle for proper pilot representation. It is of particular concern that there is the potential that one of our smaller, or less financially able MECs, could face a merger with a non-ALPA carrier without sufficient means to provide adequate representation for their membership. As provided by ALPA Financial Policy, nothing in this policy restricts the MEC Chairman of such a pilot group from petitioning the President for supplemental funding to allow proper representation throughout the merger process.

6. The use of a Merger Assessment Fund or Merger Dispute Fund for communications by merger representatives with their constituents, regarding matters within the scope of the merger representatives' responsibilities, is appropriate and authorized.
7. Prior to merger of the MECs involved in a merger, each MEC shall consider the need for levying a standing assessment to provide for post-merger legal fees and expenses in connection with resolution of disputes which may arise from interpretation or implementation of a negotiated/mediated agreement or arbitration award, with knowledge that the post-merger MEC will not have authority to levy such an assessment.

K. DISPOSITION OF MERGER ASSESSMENT FUNDS

SOURCE - Board 1984; AMENDED - Executive Board May 1990; Executive Board October 1991; Executive Board May 1998

1. If an MEC establishes a Merger Assessment Fund and, without consummating a merger, subsequently elects to liquidate the Fund, in whole or in part, the Fund will be audited and distributed as provided in this section.
2. An audit of each Merger Assessment Fund shall be conducted within sixty (60) days after the signing of the merged working agreement or the initial implementation of the merged seniority list, whichever occurs later. This audit is to be conducted by the Office of the Vice President-Finance/Treasurer. The results of the audit shall be reported to the Executive Council and the merged MEC.
3. Except as provided in Part 2, Carrier Fragmentation Policy, monies remaining in the Merger Assessment Fund shall be transferred within ten (10) working days of the completion of the audit, to the custody of the Vice President-Finance/Treasurer. Such Fund shall subsequently be known as the Merger Dispute Fund.
4.
 - a. Each pre-merger MEC shall elect two Merger Dispute Fund trustees who will jointly authorize expenditures from that Fund. It is recommended that the trustees not be merger representatives. Should a trustee, once elected, become unable or unwilling to continue in that position once the



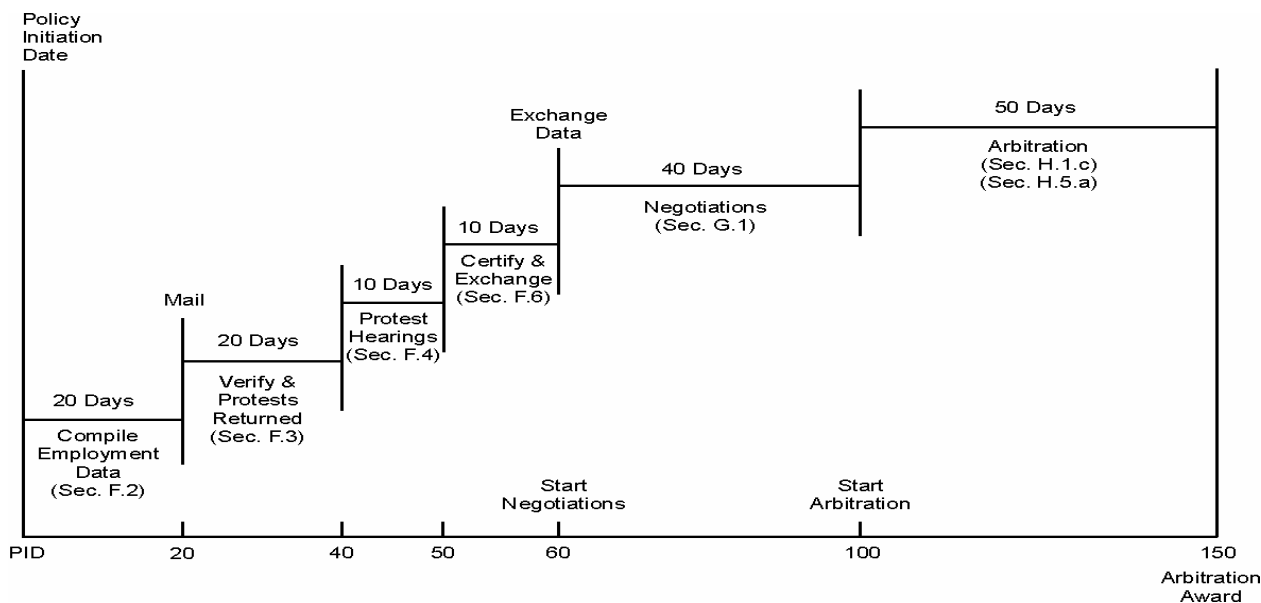
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- merged MEC officers have been elected, the remaining trustee will select a replacement from his pre-merger pilot group.
- b. Should both trustees, once elected, become unable or unwilling to continue in that position once the merged MEC officers have been elected, the merger representatives will select two replacements from their pre-merger pilot group.
5. The Vice President-Finance/Treasurer will maintain custody of the Merger Dispute Fund for the effective period of the conditions and restrictions contained in the final merger document, except that the Fund may be terminated earlier by the mutual agreement of the majority of the respective merger committee members in conjunction with the approval of the Vice President-Finance/Treasurer. The Vice President-Finance/Treasurer, upon the termination of the effective period of conditions and restrictions contained in the final merger document, shall contact the Merger Dispute Fund trustees and start the refund process.
 6. Upon termination of the Merger Assessment Fund or Merger Dispute Fund, distribution will be on a pro-rata basis to those pilots who contributed to the Fund unless the balance in the Fund (after paying expenses attributable to the Fund, including distribution expenses) drops below \$50.00 U.S. or Canadian currency per covered pilot. In the event the pro-rata pilot share of the Fund drops below \$50.00 U.S. or Canadian currency, the monies may, at the discretion of the Merger Dispute Fund trustees, be transferred to ALPA for the account of the successor merged MEC. If, after the pro-rata distribution has been made, any monies remain undistributed for any reason the Vice President-Finance/Treasurer will review the reasons and determine how long the monies should be held before they are turned over to the account of the successor merged MEC.

L. MERGER POLICY TIMETABLE

(AMENDED - Executive Board October 1991; Executive Board May 1998)



M. MULTIPLE AUTONOMOUS OPERATIONS

1. It is the intent of this policy that in every case the process will commence when the conditions described in Section C2 are met and will continue until a merged seniority list is achieved, subject to extensions granted in accordance with this policy. (AMENDED - Executive Board May 1998)
2. In merger cases where the carriers continue to operate as completely separate and independent entities, and where the employment rights of each pilot group are clearly distinguishable from those of the other

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pilot group or groups, and where there is reasonable certainty that the employment rights of one or more pilot group or groups are not jeopardized by doing so, the President may, with the unanimous consent of the MEC Chairmen involved, temporarily suspend the timetable. (AMENDED - Executive Board May 1998)

3. In the event any involved MEC Chairman or the President determines that the carriers are not in fact being operated as provided in Paragraph 2 above, and that as a consequence the employment rights of one or more pilot group or groups may be adversely impacted, the President will reinstitute the merger policy timetable. (AMENDED - Executive Board May 1998)

N. MERGING OF EMPLOYMENT AGREEMENTS

1. Consistent with the implementation of merger procedures contained herein, each of the affected MECs shall appoint two Negotiating Committee members for the purpose of jointly obtaining interim safeguards and merging the employment agreements. The MEC Chairmen of the respective airlines shall be ex officio members of such committee. The President shall closely monitor the preparation of the opening letter and all attendant problem areas and shall, if necessary, appoint a Chairman of the Joint Negotiating Committee. (AMENDED - Executive Board May 1998)
2. In the event contractual issues between or among the pre-merger pilot groups remain unresolved within thirty (30) days following receipt by ALPA of the merged seniority list, the President will call a meeting of the Joint Negotiating Committee to resolve these issues. In no event, except by mutual agreement of all parties, will the company be given the right to use the merged seniority list prior to the successful conclusion of the merged working agreement. (AMENDED - Executive Board May 1998)

O. MEC AND COUNCIL REPRESENTATION ELECTIONS IN MERGERS

1. When a duplication of Local Councils exists at a domicile as the result of a merger, a single Local Council shall be established. The Vice President-Administration/Secretary shall conduct Council Officer elections for the combined Local Council within thirty (30) days after the signing of the merged working agreement or the initial implementation of the merged seniority list, whichever occurs later. Said elections shall be conducted as provided in Article III, Sections 7 and 8, of the Constitution and By-Laws, as implemented by this policy. Pending completion of said election, the Vice President-Administration/Secretary shall call a meeting of the combined Local Council at a time and place he establishes for the purpose of electing Interim Status Representatives and Temporary Council Officers. The Vice President-Administration/Secretary shall, at his discretion, decide whether to call such combined Local Council meeting prior to the meeting for nominations or to hold Interim Status Representative and Temporary Council Officer elections at the meeting called for nominations. The Vice President-Administration/Secretary, or his designee, shall chair such meeting until a Temporary Chairman has been elected. (AMENDED - Executive Board May 1998)

When nominating ballots are distributed, members of both pre-merger Councils will be advised of their right to nominate from among the pilots of the combined Local Councils and all nominating ballots shall be returned to the Vice President-Administration/Secretary at the Home Office. He will arrange for their security and for their being brought to the combined Local Council meeting for certification. The successful nominees will be certified at such meeting for placement on an election ballot for distribution to all members of the involved Local Councils under the provisions of Article III, Section 8, of the Constitution and By-Laws. (AMENDED - Executive Board May 1998)

2. After any Local Council Interim Status Representative elections required by Paragraph O1 above and within forty-five (45) days following the completion of the joint employment agreement or the initial implementation of the merged seniority list, whichever occurs later, the President shall call an MEC meeting of the combined MEC for the purpose of electing MEC officers. The President, or his designee, shall conduct such meeting and election. Notwithstanding this requirement, MECs of merging airlines may, by agreement, meet for the purpose of electing new MEC Officers prior to the consolidation of Local Councils herein before provided. (AMENDED - Executive Board May 1998)

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PART 2 - CARRIER FRAGMENTATION POLICY

SOURCE - Executive Board December 1971; AMENDED - Executive Board May 1986; Board 1986; Executive Board May 1990; Executive Board October 1991; Executive Board May 1992; Executive Board May 1998

A. INTERPRETATION OF CARRIER FRAGMENTATION POLICY

Issues as to interpretation of Carrier Fragmentation Policy shall be determined by the Executive Council.

B. APPLICATION OF CARRIER FRAGMENTATION POLICY

Fragmentation policy shall apply if an acquiring ALPA carrier declares an intent to acquire assets of another ALPA carrier, and the acquiring carrier agrees to employ any of the other carrier's pilots in conjunction with the assets it acquires and to integrate transferring pilots in accordance with ALPA Merger Policy or an otherwise mutually satisfactory substitute process. In the event a carrier does not intend to employ and integrate transferring pilots in accordance with ALPA Merger Policy, or an otherwise mutually satisfactory substitute process, the President shall urge the acquiring carrier to do so.

C. IDENTIFICATION OF PILOTS TO BE TRANSFERRED

Provided that Paragraph B. above is satisfied, absent a definitive determination by the carriers concerned of how many and which pilots will transfer, questions of number and identity, of the pilots to be involved in said move shall be determined by the merger representatives using negotiation, mediation, and arbitration if necessary, in accordance with the procedures in Part 1 above, or modifications thereof approved by the Executive Council, subject to negotiation and agreement with management.

D. INTEGRATION TIMETABLE

The seniority integration process timetable shall be suspended until the carrier(s) have agreed to the number and identity of transferring pilots. The seniority integration process shall then commence using the timetables and negotiation and arbitration methods as delineated in Part 1 or other procedures approved by the Executive Council, subject to negotiation and agreement with management. For purposes of the seniority integration process, it is recommended that the merger representatives be selected from among the transferring pilots.

E. ASSESSMENT

The Executive Board interprets Article IX, Section 7C, of the Constitution and By-Laws to affirm the assessment, on a nondiscriminatory basis, of only the affected pilots who are being transferred from the airline of the assessing MEC.

F. DISPOSITION OF MERGER ASSESSMENT FUND

Monies in the Merger Assessment Fund of the MEC on the airline which transfers assets shall not be subject to Part 1, Section K, except for those monies assessed from and for the benefit of the transferring pilots. Monies remaining in any separate Merger Assessment Fund assessed from and for the benefit of the transferring pilots shall be subject to Part 1, Section K, except that the merger representatives shall designate the Merger Dispute Fund Trustees.



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PART 3 - GENERAL

A. ORDER OF MERGED LIST

No integrated list shall be constructed which would change the order of the flight deck crew members on their own respective seniority lists. (AMENDED - Executive Board May 1998)

B. EXTENSIONS

The timetable outlined in this policy shall be complied with except that the President may grant such extensions as deemed appropriate. (AMENDED - Executive Board May 1998)

C. POLICY COMPLIANCE

SOURCE - Executive Board December 1971; AMENDED - Executive Board May 1998

Any attempt by a member or members of ALPA to obtain an agreement which would operate to frustrate the objectives of this policy shall be considered an act contrary to the best interests of ALPA and its members.

D. POLICY IMPLEMENTATION

SOURCE - Executive Board May 1982; AMENDED - Executive Board May 1998

ALPA Merger Policy when initiated shall govern the actions of the affected pilot groups.

E. NON-ALPA OR UNORGANIZED AIRLINES

SOURCE - Board 1986; AMENDED - Executive Board May 1998

When the circumstances surrounding a merger preclude adherence to ALPA Merger Policy, i.e., where a non-ALPA or unorganized pilot group is involved, reasonable steps shall be taken by the President to seek acceptance of a procedure that will enable the parties to proceed to a fair and equitable resolution in a timely and expeditious manner.

F. COMPUTER TECHNOLOGY APPLICATION TO ALPA MERGER POLICY

SOURCE - Board 1986; AMENDED - Executive Board May 1998

The Systems Development Department shall provide technical support and act as a software clearing house for application of computer technology to the processes described in ALPA Merger Policy.

STATEMENT OF INTENT - Nothing in this Section F shall restrict individual MECs in their application of computer resources held by the MEC.

PART 4 - REQUESTS FOR INFORMATION

The following administrative and staff guidelines, which are NOT Official ALPA policy, have been developed by the General Manager under the authority of the President, as a guidance for Staff Employees when dealing with requests for Merger Data. (September 1982)

A. DATA CATEGORIES

Data and information which ALPA can provide to pilot representatives when their airline is involved in a merger situation fall into four categories. Some of such data is subject to the availability of necessary staff and computer time:

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1. General Report Data - Generally, this is data and reports already produced and disseminated within ALPA. Included in this type of information are the Negotiators Summary of Pilot Agreements and the Negotiators Fact Book of Economic and Financial Statistics, Research reports, published white papers, contract status reports, CPI data, Strike Information, Contractual Rates of Pay, and Retirement and Insurance Summary of Benefits. Upon request by an MEC Chairman or his designee, ALPA will make this information available at no cost to authorized representatives of the pilot groups involved.
2. Exchange Data - This is usually proprietary ALPA information relating to those pilot groups involved in a merger situation. Included in this category would be pilot income rosters, Age-Wage Analysis, pension performance reports, seniority lists, and flight seniority projection. Written approval by each MEC Chairman whose airline is involved in the merger is required before any of this data can be produced and/or disseminated. Authorized representatives of all pilot groups involved will automatically receive a full set of any such data produced or disseminated. It is further understood that any unusual computer costs associated with the generation of this data will be borne equally by the MECs involved through their MEC assessment funds or other non-ALPA sources.
3. Shared Data When Mutually Requested - This concerns information jointly requested on behalf of the pilot groups involved in a merger. Upon written request from the involved MEC Chairmen, or their designees, the information requested, if available, will be produced and distributed to the designated parties. Any computer costs or external costs generated by such requests will be borne equally by the MECs involved through their MEC assessment funds or other non-ALPA sources. Such costs, for example, are not to be charged against the National Account.
4. Shared Data When NOT Mutually Requested - This concerns information, including that from public sources, such as CAB data, requested on behalf of one pilot group but not desired by the other pilot group(s) involved in a merger. Such data will be furnished subject to adequate staff availability to meet the request without interfering with normal support functions. When furnished, the data will be provided to the authorized representatives of all groups involved in a merger, but the pilot group requesting it will bear the costs of developing and disseminating such data through its merger assessment fund or other non-ALPA source.

B. EXCLUSIVE USE DATA

This concerns information requested on behalf of one pilot group involved in a merger for its own exclusive use. Requests for such data will not be honored by ALPA. To furnish information to only one party would be contrary to ALPA's obligation to provide fair and equitable services to all pilot groups involved in a merger.

C. SHARED DATA

Data requests which do not fall in the category of "General Report Data" or "Exchange Data," and which may be supplied by ALPA, are categorized as "Shared Data." This category recognizes that external sources for information exist and can be utilized and paid for with non-ALPA merger assessment funds by pilot groups wishing to obtain information on an exclusive/confidential basis. This "Shared Data" category also recognizes that:

1. ALPA should not be the source of information which might provide an advantage to one pilot group over another, due to the disadvantaged pilot group not knowing of the existence of the data in question.
2. If information is to be provided on a confidential basis, staff personnel cannot adequately provide staff support to involve pilot groups without creating a conflict of interest.

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