Exhibit K

Order 82-3-16

UNITED STATES OF AMERICA
CIVIL AERONAUTICS BOARD
WASHINGTON, D.C.

Adopted by the Civil Aeronautics Board
at its office in Washington, D.C.,
on the 4th day of March, 1982

National Airlines Acquisition, Arbitration Request	Docket 39851

ORDER

This proceeding arises out of the Pan American-National merger approved by the Board and consummated on January 19, 1980, subject to the implementation of labor protective provisions. The LPP's require that,

> Section 3. Insofar as the acquisition affects the seniority rights of the carriers' employees, 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. In the event of failure to agree, the dispute may be submitted by either party for adjustment in accordance with section 13 [arbitration]. Orders 79-12-163/164/165.

Before the Board is a request to set aside the integrated seniority list (operative since about October 1980) for approximately 8,100 National and Pan American clerical and related personnel. The list was established by negotiation and mediation between the merged carrier, Pan American, and International Brotherhood of Teamsters, Chauffeurs, and Helpers of America, the certified collective-bargaining representative, under the Railway Labor Act, for clericals after the merger. We are further asked to direct that a new list be constructed by arbitration, with petitioners designated a party to the arbitration. Petitioner P.A.I.N., Inc. ("Pan American In National"), is a corporation formed to represent "those former National Airlines' employees who have been employed by Pan American subsequent to the effective date of the merger, who were represented by the Air Line Employees Association prior to the merger and who are now represented by the Teamsters" (Petition at 2). Petitioners Frank M. Busutil and Susan Spungen are officers of P.A.I.N. and former National, currently Pan American, employees who were ALEA and are Teamsters members. Together, these petitioners allege that they represent, directly, 150

employees in the "class" described above -- in other words, merged Pan American clerical unit employees once represented by ALEA at National -- who contributed financially to P.A.I.N. Petitioners allege that they represent, indirectly, all class members. (Teamsters states that 2,893 of its 8,100-employee unit at Pan American are from National.)

Pan American and Teamsters oppose the petition. We agree, to the extent indicated below, with their contentions. We dismiss the petition. 1/

Petitioners acknowledge that their union representative at National, ALEA, was unsuccessful in retaining its representational status for the clerical unit at merged Pan American pursuant to the requirements of the Railway Labor Act. Thus, petitioners concede that their legitimate representative at Pan American was Teamsters. But petitioners argue that Teamsters, the incumbent union for clericals at premerged Pan American, was "overwhelmingly dominated by the more senior original Pan American employees who favored strict date of hire as the method to integrate the seniority lists," and that petitioners qua all former National clericals "had no separate representation of their interests" in the negotiation and mediation which Teamsters and Pan American conducted and culminated in a date of hire list (Petition at 5-6). Petitioners also argue that, during the bargaining process, Teamsters failed to inform National employees of other available methods for integration (Pan American, for example, proposed a ratio method which Teamsters rejected) and compare these methods with date of hire.

Teamsters contend that, as the certified collective-bargaining representative for 8,100 clericals at merged Pan American, additional, direct participation by individual employees or their lawyers in bargaining with the company about seniority integration "would not further the interests of the craft or class * * *" (Letter of September 25, 1980, at 2). Nevertheless, Teamsters contend, all employees in the unit were afforded opportunity to be informed of and voice their opinions on integration. Teamsters states that, throughout negotiations with Pan American, employees were reached and consulted by systemwide distribution of seniority proposals (including the company's ratio method) and union information bulletins, some directed to National employees only. The union also held local meetings on the ongoing discussions, some for National employees only. Furthermore, local seniority committees, for National and Pan American employees separately, were organized to report integration positions to Teamsters representatives at the bargaining table. Finally, Teamsters conducted a systemwide survey to elicit the opinion of every employee on integration (the form provided space for "any seniority formula of your own that you would like your negotiators to consider").

Teamsters also contend that petitioners comprise a group of 150 employees (less than two percent of the entire 8,100-member unit of which 35 percent, like petitioners, are former National employees) working at Miami, Florida. Teamsters further contend that petitioners have a unique interest in opposing a date of hire list. At Miami, 260 employees were hired by National during 1977-79 (Petitioners Busutil and Spungen were among them). This number of new hires was almost as large as

1/ We grant petitioners' and Teamsters' motions for leave to file otherwise unauthorized documents. 14 C.F.R. §302.4(f).

premerged Pan American's entire, 285 Miami-based clerical complement. By early 1979, former National employees outnumbered premerger Pan American employees by nearly five to one. But the Pan American employees, at Miami, averaged 23.38 years of service as of 1980, compared with the fact that 80.9 percent of the more numerous National employees had been employed after 1961 (Petitioners Busutil and Spungen were hired in 1978). This disparity in years of service, in favor of Pan American employees, is not repeated systemwide, according to Teamsters. At four of merged Pan American's six largest employment cities, a higher percentage of premerger Pan American employees fall into the junior category. 2/

In sum, Teamsters contend -- and it is joined in this by Pan American -- that petitioners are simply a small minority of employees dissatisfied with the integrated list bargained for by their representatives. Moreover, as the Miami base in particular shows, premerger Pan American employees did not "overwhelmingly dominate" former National employees with a preference for date of hire seniority. 3/ Teamsters and Pan American argue that the union fairly and in good faith represented all members of the clerical unit, regardless of their date of hire status. Both parties stress, moreover, that the integrated list ultimately implemented, in fact, resulted from mediation. The mediator, former Secretary of Labor W.J. Usery, Jr., concluded in his report to the parties, dated September 5, 1980: "I am quite familiar with the requirement for a fair and equitable integration of seniority rosters. Based upon my experience and a review of the provisions agreed to by Pan Am and the IBT * * *, I am satisfied that the parties have met the CAB requirement imposed by Section 3 [of the LPPs]" (at 11-12).

2/ Teamsters submit these figures (Answer at 4):

Employees Hired by Pan American and National During 1975-79,
As Percentage of Total Premerger Employee Complement at Each City

	Pan American	National
Houston	83 or 66.9% of 124	41 or 21.8% of 184
Los Angeles	126 or 34.7% of 363	30 or 14.4% of 209
San Francisco	95 or 25.5% of 372	4 or 6.0% of 67
Washington, D.C.	81 or 42.0% of 189	37 or 16.2% of 229

3/ Teamsters also submit these figures (Answer at 3-4) which give years of service, based on date of hire, for the total number of Pan American and National employees at Pan American's six largest cities (New York and vicinity, Miami, Houston, Los Angeles, San Francisco, Washington, D.C.):

	Pan American		National	
Date of Hire	6-City Total	Percentage	6-City Total	Percentage
1975-79	1,061	25.3	511	22.6
1969-74	944	22.5	591	26.1
1968	418	10.0	233	10.3
1962-67	1,006	24.0	554	24.5
1940-61	767	18.3	372	16.5
	4,196	100.1	2,261	100.0

Our policy on seniority integration, in the circumstances of this case, has been well-settled for over 20 years.

> [T]he Board in approving a merger or similar transaction involving the transfer of employees from one company to another * * * charge[s] the receiving company with the duty and responsibility of making provision for the integration of the seniority lists in a fair and equitable manner, utilizing when applicable the collective bargaining procedures contemplated by the Railway Labor Act. * * * Where the members of a craft or class are represented by a labor organization the Board expects that labor organization to perform its statutory function of representing such craft or class and to enter into prompt negotiations with the company looking toward the establishment of an integrated seniority list by voluntary agreement. Where this has been done, it would be with the greatest reluctance that the Board would inject itself into the contractual relationships between the carrier and the employee group, and only on a showing of bad faith, or deliberate attempt to subvert the Board's order, or other compelling circumstances. Delta-C&S Seniority List, 29 C.A.B. 1347, 1349 (1959), aff'd sub nom. Outland v. CAB, 284 F.2d 224 (D.C. Cir. 1960) (emphasis added).

Here, it is undisputed that the certified labor organization for merging clericals, after effectuation of the Pan American-National merger, undertook representation of the combined class, and bargained with the surviving company about the unit's integrated seniority. The parties' mediated settlement, a date of hire constructed list, has become part of their ongoing collective-bargaining relationship. Petitioners' sole challenge to the list is that Teamsters did not oppose the date of hire method because the union (a) assertedly was controlled by premerged Pan American clericals having early hiring dates; (b) refused to let petitioners participate in seniority negotiations; and (c) failed to inform National clericals about the comparable effects of all possible integration methods. The gravamen of petitioners' complaint, therefore, is that the union breached its duty of fair representation.

We conclude that Teamsters met its duty of fair representation. Although there were more premerged Pan American than former National employees in the clerical unit systemwide, there is no indication that the interests of former National employees were subordinated to those of premerged Pan American employees. While senior Pan American clericals obviously benefited from a date of hire list, the same is true for the senior National clericals. At major cities, the National clericals have comparable seniority levels to their Pan American counterparts (see notes 3 and 4), and it can be fairly assumed that senior National clericals, at such local units, would join with Pan American's senior employees in favoring a date of hire list. 4/ In any

4/ Indeed, Teamsters state that the result of all of its local contacts with clericals, on how to integrate seniority, was a clear preference for date of hire, including locations like Miami where, in absolute number, junior National clericals were the majority (Answer at 14).

event, labor organizations as a matter of course must compromise divergent interests among their members. This does not entitle minority interests to separate representation. 5/

> Inevitably differences arise in the manner and degree to which the terms of any negotiated agreement affect individual employees and classes of employees. The mere existence of such differences does not make them invalid. The complete satisfaction of all who are represented is hardly to be expected. A wide range of reasonableness must be allowed a statutory bargaining representative in serving the unit it represents, subject always to complete good faith and honesty of purpose in the exercise of its discretion. Ford Motor Co. v. Huffman, 345 U.S. 330, 338 (1953).

See also Steele v. Louisville & N.R. Co., 323 U.S. 192, 202-204 (1944); Tunstall v. Brotherhood of Locomotive Firemen, 323 U.S. 210, 211 (1944); Brotherhood of Railroad Trainmen v. Howard, 343 U.S. 768 (1952).

Moreover, while we agree that a bargaining representative must "make an honest effort to serve the interests of all * * * members, without hostility to any" (id. at 337), we do not embrace petitioners' view that the representative is required to provide members with detailed information on the ramifications of every conceivable bargaining position it might take. We conclude that, in the instant situtation, Teamsters acted in good faith to consult with and be directed by the will of its membership through the communication methods it used.

5/ Petitioners state that they were entitled to separate representation based on applicable Board precedent. The argument, however, is premised on their misguided reliance on Braniff-Mid-Continent Merger Case, 17 C.A.B. 19 (1953); American-TCA Merger Case, 57 C.A.B. 581 (1971); and Delta-Northeast Merger Case, 63 C.A.B. 700 (1973) and Order 76-9-129, September 23, 1976. In Braniff-Mid-Continent and American-TCA, the Board accorded party status to an interest group which represented the entire employee complement of a particular craft for one of the merging carriers. Those employee complements, moreover, were not being represented by any other collective-bargaining representative after the merger. In Delta-Northeast, the union which formerly represented the Northeast flight attendants had attempted and failed to negotiate a seniority integration agreement. Instead, Delta integrated seniority lists unilaterally. If the Board had not ordered arbitration upon petition of a group of former Northeast flight attendants, employee participation in the process would have been foreclosed.

Here, on the other hand, Teamsters is unquestionably the statutory bargaining representative for all merged Pan American clericals, including former National employees. As discussed, moreover, Teamsters has met its duty of fair representation to the employees whom it represents. Furthermore, we are unpersuaded that petitioners' -- 150 or so individuals' -- opposition to a date of hire list is shared by even a majority of the 2,393 former National clericals now employed by Pan American. We consequently reject the claim that petitioners constitute this employee complement.

ACCORDINGLY, we dismiss the petition of P.A.I.N., Inc., Frank M. Busutil, Susan Spungen, and employees they represent, for order setting aside integrated seniority list and directing arbitration filed in the Pan American-Acquisition Of Control Of, And Merger With National case (Docket 33283), Docket 39851.

By the Civil Aeronautics Board:

PHYLLIS T. KAYLOR
Secretary

(SEAL)
All Members concurred.