



A Publication of the Transport Workers Union of America, Air Transport Division, Local 514, AFL-CIO



Local 514

Judge Lane Decision Allied Pilots Association

Thinking of Retiring?

Please contact Local 514's Retirement Counselor Mark Loeber for details. Contact details are listed below:

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Mechanic and related votes TWU 514

4855 eligible voters
4214 votes were cast
3118 were yes votes
74%
1096 were no votes
26%

Stores Votes TWU 514

520 eligible voters
444 votes were cast
395 yes votes 89%
49 no votes 11%

Yesterday Judge Lane released his opinion “temporarily” denying American Airlines motion to abrogate its agreement with the Allied Pilots Association. While reading a 106 page opinion is a lengthy exercise, we recommend all members look at the actual opinion. It provides an excellent discussion of the standards for abrogating a contract which is consistent with the legal advice we have been given locally and nationally.

While some members, for their own reasons, are choosing to claim that this is some sort of “victory”, Lane’s opinion is nothing of the sort. The ruling does not provide permanent protection for the pilots or their contract. To the contrary, it states that “rejection of the agreement is necessary for American to reorganize” and invites the Company to resubmit its motion after remedying two defects in its March 22, 2012 term sheet. Those defects, which are applicable only in the pilots' contract, related to the Company’s attempt to eliminate all restrictions on code sharing and secure the right to furlough 4,000 pilots, instead of 2,000. The opinion held that relaxation, but not complete elimination of code sharing restrictions is reasonable, and that the additional furloughs are not required by the Company’s business plan. All of the other concessions in the term sheet, including changes to health care, pension, work rules, and scope were found to be reasonable. All disputes over the valuation of concessions were decided in the Company’s favor and the judge stated that American was entitled to the entire amount demanded of the pilots. Further, Judge Lane found that all the concessions applicable to all three unions were reasonable.

In making his ruling the Judge was not evaluating the Last Best Final Offer rejected by the pilots last week. Instead, he was reviewing the reasonableness of the March 22 term sheet. As is true with the TWU, that term sheet contained far worse terms and conditions than the LBFO. In particular, the term sheet had less pay, harsher health care and pension rollbacks, and more changes to work rules. The term sheet, like the term sheets proposed to TWU and APFA, demanded a twenty percent reduction in pilot costs, as opposed to the seventeen percent in the LBFO. **All** of these concessions in the pilot term sheet were found to be reasonable and, in fact, the judge found that the overall goal of twenty percent reductions imposed on all work groups was reasonable. In addition, the pilot term sheet had no provision for equity and there is nothing in the opinion that indicates that the Judge viewed this as unreasonable. However, of greatest significance to us, the term sheet imposes drastic scope concessions which free the Company to perform far more regional flying with non APA pilots **and the judge found this reasonable**. No one reviewing this aspect of the opinion can come away without concern about how the judge would have ruled on the maintenance outsourcing demands of the Company in the March 22 term sheet presented to the TWU.

The judge’s ruling – which was explicitly without prejudice to the Company’s right to file a new motion to abrogate - gives American a road map for filing a successful motion. It even goes so far as to suggest the sorts of code sharing concessions it would approve. A review of the entire opinion leaves no question as to why the Company is moving so quickly to refile its motion to abrogate and why the APA leadership urged its members to ratify the LBFO. After reviewing the actual opinion, instead of the spin on the opinion, it is hard to argue with the statement made by the flight attendants yesterday that “...the court’s 100 plus page decision validated each of American’s arguments for its business plan and dismantled each of the unions’ case against it.”