U.S. Department
of Transportation
Federal Aviation Administration

Office of the Chief Counsel

800 Independence Ave., S.W.
Washington, D.C. 20591

JAN 12 2015

Mr. Francis C. Heil
Managing Director
Legal and Government Affairs
American Airlines
Suite 600
1101 17th Street NW
Washington, DC 20036

Re: American Airlines/US Airways Single Operating Certificate

Dear Mr. Heil,

By letter dated September 18, 2014, you have asked the Federal Aviation Administration (FAA) to allow American Airlines to include, on a temporary basis, both "American Airlines" ("AA") and "US Airways" ("US") on the American Air Carrier Certificate AALA025A at the time of single operating certificate (SOC) authorization. You state that this would be consistent with previous interpretations issued by the FAA, noting in particular by attachment interpretations issued with regards to the Delta/Northwest Single Operating Certificate (Aug. 3, 2009), the Atlantic Southeast/Express Jet Single Operating Certificate (Nov.7, 2011) and the Southwest/AirTran Airways Single Operating Certificate (Jan. 20, 2012).

On February 14, 2013, AMR, the parent company of AA and American Eagle (now Envoy), together with the US Airways Group, Inc. (USAG), the parent company of US, PSA and Piedmont, advised the Department of Transportation (DOT) of the agreement wherein AMR would acquire all of the outstanding shares of USAG. On April 17, 2013, the carriers requested an exemption from the provisions of section 41105 of Title 49 of the United States Code to the extent necessary to allow them to operate under common ownership of AMR pending the DOT's issuance of a final order transferring international route authorities and certificates. DOT granted the exemption on November 14, 2013. The carriers also notified the FAA of the pending merger and submitted a Joint Transition Plan that was accepted by the FAA on January 2, 2014. Operations Specification A502 was issued to both AA and US with an effective date of January 10, 2014.

The requirements for the issuance of an Air Carrier Certificate or Operating Certificate are governed by the regulations contained within 14 C.F.R. part 119, subpart C. Section 119.39 specifies that an applicant may be issued an Air Carrier Certificate or Operating Certificate if the Administrator finds that the applicant:

1. meets the applicable requirements of part 119;
2. holds the proper Department of Transportation economic authorities; and
3. is properly and adequately equipped to be able to conduct a safe operation under the appropriate provisions of 14 C.F.R. part 121 or 135 and operation specifications issued under part 119.

AA and US have been working with the FAA's assigned Joint Transition Team (JTT) and the FAA's Certificate Management Offices (CMOs) for both airlines to develop and implement an agreed-upon plan for achieving an SOC. It appears that AA's and US's operations will have been sufficiently merged to permit an SOC during the second quarter of 2015, at which point the US certificate would be surrendered to the FAA. It also appears that there will be no serious impediments to meeting the three requirements of § 119.39 noted above at the time the SOC is applied for. Both AA and US will need to continue to work with the JTT and their respective CMOs to assure that the first and third requirements are satisfied

With respect to the second requirement, the DOT issued Order 2014-11-13 on November 19, 2014, granting (1) a *de facto* transfer under section 41105 of Title 49 of the United States Code of the certificates and other economic authorities held by US Airways, Inc., and PSA Airlines, Inc., to US Airways, Inc., and PSA Airlines, Inc., under the ownership of American Airlines Group, Inc., and (2) transfer to American Airlines, Inc., and/or US Airways, Inc., the interstate and foreign air transportation certificates held by American Airlines, Inc., and US Airways, Inc.

Ordinarily, the FAA would not permit two names on an operating certificate because the agency would assume that two different entities were attempting to operate under a single certificate, and could not meet the requirements of part 119. The primary concern on the part of the FAA is that there be a single set of management personnel required for operations under part 121 as specified in § 119.65. For any SOC, regardless of the name on the certificate, only a single director of safety, director of operations, chief pilot, director of maintenance, and chief inspector would be allowed.

In this instance, it appears that AA and US have taken steps to assure that any concerns on the part of the FAA will be fully resolved by the time the largely-merged entity applies for an SOC. As a wholly-owned subsidiary of AMR, US has already begun to mingle corporate control with its parent company. In addition, both carriers appear to understand the need for a single management team that exercises full operational control over the SOC. Accordingly, FAA does not foresee any legal or practical impediments to issuing an SOC in the name of "American Airlines, Inc. and/or US Airways, Inc." at the appropriate time. The FAA will expect the SOC to be appropriately amended once the merger is fully implemented and only one corporate entity remains.

In conclusion, the FAA has determined that it will issue an SOC with more than one entity identified on the certificate under the following conditions:

1. the two entities are committed to a full corporate merger, and control of one entity has already been assumed by the other entity, typically through a parent-subsidiary relationship.
2. the combined entity has sufficiently coordinated and executed its merger plan such that the FAA is satisfied that the combined entity can meet all requirements of 14 C.F.R. part 119, as well as 14 C.F.R. parts 121 or 135, as applicable;
3. the combined entity can demonstrate that operational control is fully vested and non-severable among the two entities, as demonstrated by a single set of management personnel as required by 14 C.F.R. § 119.65; and,
4. the combined entity is reflected on the proper documents issued by the Department of Transportation regarding economic authority.

This letter is limited to satisfaction of these conditions and should not be interpreted to approve any other type of business arrangement. I hope you find this information helpful and ask that you feel free to contact me further should you have any additional questions.

Sincerely,

Mark W. Bury
Assistant Chief Counsel for Regulations, AGC-200