



Allied Pilots Association



Association of Professional Flight Attendants



Transport Workers Union

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## **Closure Statement: 2003-2005 Performance Share Plan Grievance Arbitration**

At the request of the unions, Mr. Robert O. Harris (the independent arbitrator in the 2003-2005 Performance Share Plan - formerly "PUP"- grievance) reviewed the payout calculations for PUP payments made by the Company in April. His review verified that: 1) the Company's records reflect payment per the Company's stated intention (stock and cash, the basis for Mr. Harris' order in the grievance arbitration), and 2) that the records indicate compliance with the individual cash compensation limit established by the Annual Incentive Program ("AIP"). Mr. Harris conducted his review and distributed confirmation of the Company's compliance in June.

Based upon Mr. Harris' review, we estimate that the Company delivered a total value to the PUP participants of approximately \$94 million. Of this total value, about \$66 million was delivered in AMR stock, with the remaining \$28 million delivered in cash\*. By utilizing AMR stock in lieu of cash pursuant to the AIP cash compensation limits, the Company retained cash of \$66 million that it would have otherwise distributed.

As a result of his review, Mr. Harris has terminated the grievance and the related jurisdiction granted him by the parties to this matter.

\* The Company declined to disclose the final number of Performance Share Units forfeited, the number awarded to international employees, and the units for retired / laid-off plan participants; therefore, the final amounts of actual cash paid and total value delivered are estimated.