

Air Transport Division



TRANSPORT WORKERS UNION OF AMERICA

Affiliated with American Federation of Labor-Congress of Industrial Organizations

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April 9, 2007

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On April 18, 2007, the Compensation Committee of the AMR Board of Directors will grant awards to approximately 874 Officers and key employees. The awards are purported to provide greater incentive to select members of Management compelling them to achieve the highest level of individual "performance." We have placed the term performance in parenthesis because, in reality, the awards have nothing to do with Management's performance. They are based on the relative standing of AMR's stock in comparison to a number of other comparator carriers and in that several of these carriers either remain in or have recently emerged from bankruptcy. It was virtually preordained that this program would provide a maximum payout for participants totally without regard to actual performance. The reality of the performance is that the carrier has moved from near bankruptcy to modest profitability – progress fundamentally attributable to the effort and sacrifice of the hourly workforce. Despite this, under the so-called "PSP" program, the "performance" rewards are reserved wholly for select Management. This is an absurd result which cannot be defended or justified on any level and certainly violates any notion of shared gain. Some in Management have suggested that we lack the "prowess" to understand management compensation. That can be debated, but we certainly comprehend "sharing in the gain" and we're not getting any – period.

We realize that this type of Management payout is not unusual in either the airline industry or in our society at large and that there are even more egregious examples. This is no justification for American's program or any similar one absent inclusion of those who sacrificed most. The sad fact is that every morning there seems to be another announcement of obscene compensation and severance packages provided to management for producing marginal or even negative results while more sacrifices are being imposed on workers.

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In 2003, the Performance Share Plan (PSP) should have been placed in the deep freeze or hibernation alongside many of the provisions of our collective bargaining agreements. It was well within the purview of the Compensation Committee and the Board of Directors to abandon this component last year. Opting instead to tweak the plan and move forward, the Board apparently believes their action to be right and just when we know only too well that it is wrong. Common sense and courage would seem to dictate and demand an interest in all employees' welfare, fair play and square dealing. The apparent hypocrisy will either have a deflating impact or strengthen our resolve and create a dogged determination to excel in spite of them.

On March 15, 2007, the TWU presented American a viable comprehensive proposal regarding gain sharing for its members. We encouraged the Company to deliberate and give our proposal its most diligent consideration prior to responding. This was a calculated, well-thought and deliberate effort to bring something of value (stock options) to our members. This was not an empty media event; we did not telegraph our intentions or engage in meaningless rhetoric. On Friday March 30, 2007, the Company verbally articulated their response in person to the TWU. We demanded a written response in the same format as presented. Prior to adjourning, we stressed that the Company must create a suitable method or vehicle to provide equity for our members. Lastly, it was recommended that if unable to satisfy our proposal, they should counter with one of their own. On Monday April 9, 2007 the TWU formally received American's written response. At this time, the Company has not provided a counter proposal. This apparent lack of interest on the part of Company Executives and its Board of Directors in generating additional ideas or opportunities for our members is totally unacceptable and extremely disappointing. Both the TWU proposal and Company response are posted on our website.

The financial spread between the normal executive and hourly worker continues to grow astronomically. It is our understanding that Congressman Barney Frank (D-MA) is calling for hearings and an investigation of the matter. The TWU, working with the AFL-CIO, will do everything in its power to promote this investigation and provide all evidence and information in our possession. We will continue to pursue this issue using every vehicle available to us to obtain redress.

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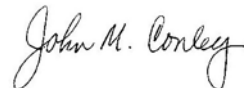
Over the past few years, your efforts have succeeded in securing additional work and work opportunities for our members. These efforts have led to the recall of a significant number of laid off members. Much is at stake, as we have multiple third party Aircraft Maintenance contracts pending with potential customers. Your achievements continue to provide relative certainty and stability in an environment that possesses neither. To date, the TWU believes its approach to the PSP has been legitimate, forthright and professional. By assuming the high ground, we believe our members are preferably positioned given the historical alternatives.

We will continue to engage management in any program or effort that leads to more job opportunities or enhances job security for our members. However, we will fight vigorously and use every resource available within our International Union in opposition to any program which reserves the financial rewards of our efforts to a select few individuals that comprise approximately 10 percent of the total population at American Airlines. As stated above, this is a national problem that affects workers at all levels. It is clear that in order to be successful in this struggle, we must have the support of all our brothers and sisters in the labor movement. This may be our most difficult challenge since 2003, whatever we do. As long as American is in business, we are stuck with each other.

Fraternally,



Joseph C. Gordon
Acting Director Air Transport Division
International Representative



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C: J. Little
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