



TRANSPORT WORKERS UNION OF AMERICA
AFL / CIO

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Local 562

JFK-LGA-EWR-PHL-SJU-BOS

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November 29, 2011

Dear Brothers and Sisters;

As you are probably aware, AMR, the parent corporation of American Airlines filed for Chapter 11 Bankruptcy Protection this morning. Well now the issue has been settled, and going into BK we still have things that we would have lost if we had agreed to the TA. It's clear they would have filed even if we had.

While we can't be certain exactly what the company will seek in BK if we look at what they were seeking prior to filing and what competitors sought we can make some fair guesses. In many respects we are below industry standards so the targets for AMR would be quite limited. Our wages, Vacation, Sick Time, Holidays and IOD are all below industry standard and the dwindling supply of workers with the necessary skills who desire to work in this industry is a big difference compared to 2003-05.

It's very likely that Retiree Medical will be a target, not only for active employees but for Retirees as well. Our "credits" would likely have become worthless in the bankruptcy process but because we did not agree, those funds, along with the company match remain safe in the fund held by JP Morgan outside the company. By shedding Retiree Medical the company would be able to shed hundreds of millions in liability off their books. Another broken promise, but at least we did not let them steal 20 years worth of contributions on top of that!

Another likely target will likely be the Defined Benefit Pension. Since the company is going into BK with \$4 billion in cash and has indicated that it will not seek Debtor in Possession Financing my guess is that they will not dump the pension in the PBGC but rather try to initiate a "Hard Freeze" like Delta. The 401K match is already in place and will likely be offered to us, but since most of our benefit is earned the last few years we would take a pretty big hit from what we expect and the 55 option may no longer be available. There are still many variables so its hard to say exactly how things will pan out but its pretty much assured that if we allow it that our pensions will not be what we expected. ERISA does provide some protections, so for a rough idea of what we would get I would suggest you check Jet Net. Click on the "Pay" tab, then click on "Retirement Planning", then under "Financing Your Retirement" click on "My Pension Statement". In there it will tell you what you have accrued as of 12/31/2010 if you retire at 65. Other scenarios can be looked at if you follow the instructions under "Estimate Your Future Pension Benefit".

The company will also likely seek to modify the ASM formula. This could result in many smaller stations being de-staffed. Keep in mind that these are what I think their main objectives are, they may go for it all just to rattle our cages, in the end we still have to option to accept or refuse.

It's understandable that we want answers but the fact is that the laws are not clear so definitive answers cannot be given, only opinions. This is clear when you read any of the decisions, or opinions from the legal proceedings from those who preceded us. What happened before may or may not be what happens this time. Just try and read the decision from the AFA vs NWA case and you can see that nothing is predetermined, courts even disagree with each other. Decisions are often based as much on politics as anything else. External factors can affect the outcome. In all the prior cases in the airline industry unions agreed to the terms, the courts did not set them. **How we react can determine what happens to us, if we act like prey these predators will treat us like prey.**

Fraternally;

Bob Owens

President

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