

Air Transport Division



TRANSPORT WORKERS UNION OF AMERICA

Affiliated with American Federation of Labor-Congress of Industrial Organizations

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JAMES C. LITTLE
International President

April 5, 2006

HARRY LOMBARDO
Int'l Executive V.P.

Via Email

JOHN KERRIGAN
Int'l Scty-Treasurer

TO: All AA Locals

HUBERT SNEAD
Int'l Administrative V.P.

RE: Executive Compensation P-06-01

MICHAEL BAKALO
Int'l Administrative V.P.

Dear Brothers & Sisters:

VICE PRESIDENTS

GARY YINGST
Director ATD

The neutral arbitrator, Robert Harris, and the System Board have determined that the actions taken by the AMR Board of Directors eliminate the possible violation of the AIP which renders the Unions' grievances moot.

GARRY DRUMMOND

DENNIS BURCHETTE

THOM McDANIEL

The TWU respects the fact that arbitrator Harris is following the letter of the contract. We also recognize the constraints AA has now adopted regarding executive compensation would not have been implemented without the intervention of Arbitrator Harris.

INT'L REPRESENTATIVES

JOSEPH C. GORDON
AE System Coordinator

JOHN M. CONLEY
AA System Coordinator

Moving forward, American's compensation of its executives must continue to reflect restraint commensurate with shared sacrifice, good business sense, and sound judgment if we are to continue to work collaboratively to restore the Company to financial health and avoid the confrontational path taken by other airlines.

ROBERT GLESS
Asst. AA System Coord.

GARY SHULTS

Fraternally,

John M. Conley
AA System Coordinator
International Representative

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C: J. Little
G. Yingst
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R. Edelman