

Q&A

Q: What is the difference between the March 2012 Original Ask and our July 20th Tentative Agreement (TA)?

A: There are considerable differences between the Company's original ask and the tentative agreements reached. The TAs preserve important contractual language and provisions like daily overtime and shift differentials. There are many other differences. For an understanding of the differences, there are side-by-side comparisons and full text language available online for the Fleet Service and M&R contract groups. PLEASE REVIEW THESE MATERIALS.

Q: If we vote "yes," will we have a contract?

A: If you vote "yes," you will be voting to accept the terms of the July 20th tentative agreement. This will become our new binding contract, with a 6-year duration (and early reopeners)

Q: If we vote "yes," when will the new contract go into effect?

A: When all other employee groups complete the 1113 concessionary process, either through ratification or court imposition. Until then, the terms of the current contract will remain in effect.

Q: If we vote "no," what happens next?

A: AE will likely file an 1113 motion in court to reject our contract. If that happens, we will have to litigate and wait for the judge's ruling. Well over 90 percent of the union cases are lost in major 1113 corporate cases. Based on that track record, many expect that if we go to court, we will have our contracts rejected. If this happens, we will have no contract. We will have to negotiate a new CBA (as if it were our first ever contract).

Q: What happened during other airlines' bankruptcies, including Delta, United, Northwest, and US Airways bankruptcies?

A: In Delta, the pilots union and the company agreed to binding interest arbitration, which led to a consensual agreement. In almost all the other instances, the unions and the airlines reached agreements, like our TWU Fleet Service and AMT groups have done here at AE. In Northwest, no agreement was initially reached and the court rejected the contract.

Q: When unions have gone forward with 1113 trials, how often have bankruptcy judges rejected their CBAs?

A: Well over 90 percent of the union cases are lost in major 1113 corporate cases. According to a 2010 American Bankruptcy Law Journal article, since 2001, all 32 CBAs reviewed by the analysts were ultimately rejected by the courts.

Q: I am confused, if we go to court, will the judge write our new contract terms?

A: NO, NO, NO. The judge will only grant or deny an AE motion to reject our contracts. He will not rule on what is in the contract or our tentative agreements. If he grants AE's motion we will have no collective bargaining agreements.

Q: If we vote "no" and the judge rejects our contract, which term sheet can we expect AE to put into effect?

A: Because we reached TAs, the M&R and Fleet groups did not receive updated 1113 term sheets to be filed with the court. However, we would expect AE to file term sheets containing terms similar to their March 2012 original asks. If the court were to grant an eventual 1113 motion, the many contract provisions preserved in the TAs would all be at risk.

Q: What is the legal status of our contract if the judge were to grant an AE 1113 motion to reject our CBAs?

A: We have no contract at all and we enter into negotiations for what is in essence a first ever contract. During this period, after we exit bankruptcy, there is no status quo protection. This means that while AE is bargaining, the Company may argue that under past court decisions, it can change anything it wants to change.

Q: Will this vote affect any possible merger or divestiture?

A: No. This vote has NOTHING to do with any possible merger or divestiture. The outcome of our vote will not prevent any merger or divestiture. The issues are legally unrelated. This vote is only about what conditions we will work under at American Eagle.

Q: Why isn't the TWU telling us how to vote?

A: This is too important of a decision—you and your families have to live under these concessionary asks. This is for you to decide. As ugly as they may be, you need the facts. A "yes" or "no" vote will result in different consequences. There is no good choice, but there are different options.