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Dear Brothers and Sisters:

Yesterday Judge Lane “temporarily” rejected “without prejudice” American’s motion to reject its collective bargaining agreement with the APA. The judge found that all aspects of the Company’s 1113 proposal –i.e. its term sheet-- common to all three unions were reasonable. He found that two aspects of the proposal which applied only to the pilot’s contract – the demand for the unlimited right to codeshare and furlough – was unreasonable because it went beyond what is typically imposed in bankruptcy. The Company was allowed to refile its motion after correcting these two “deficiencies”. Indeed, the judge went so far as to suggest how the Company could change its codesharing proposal to get the flexibility it was entitled to.

Two points are important. First, the ruling is good for us, and we congratulate the pilots who we have worked with closely throughout this process. So long as the pilot’s contract is not abrogated no concessions can be imposed on our members unless the pilots reach a consensual arrangement for concessions.

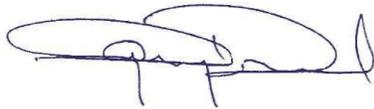
Second, the court – as we have explained throughout—was ruling on the reasonableness of the 1113 term sheet, not the offer the pilot’s rejected last week. That offer, in fact, had less onerous provisions with respect to code sharing and furloughs. The Company may well adjust its term sheets to reflect the actual offer on these items and return to court. While we will support the pilots attempt to resist rejection, we all know the matter does not end with this ruling as the court itself made clear.

The opinion itself gives little reason to hope that we would have or will do better with the judge. The judge went out of his way to stress that AA was not only entitled to financial concessions, but also to the exact amount of economic relief it demanded from the pilots. It sided with the Company on every valuation dispute. It validated a series of

onerous concessions including major changes to the pilot scope clause allowing for increased regional flying by non APA members. It acknowledged that the term sheet would leave the pilot's below industry standard, but noted that this was the normal result of bankruptcy proceedings.

We respect and support the APA and stand to benefit if they successfully resist abrogation. But, the judge specifically stated that American could not successfully reorganize with its present pilot contract and, given this finding, there is little reason to believe that the Company will not eventually secure the economic relief it has demanded.

Fraternally,

A handwritten signature in blue ink, appearing to read 'Garry Drummond', with a large, stylized flourish above the name.

Garry Drummond
Director Air Transport Division

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ATD Staff