

**Local 514**

Letter From Gless

Thinking of Retiring?

Please contact Local 514's Retirement Counselor Mark Loeber for details. Contact details are listed below:

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Bankruptcy Information

Information about the bankruptcy comes almost everyday for hearings etc. The informer only goes out weekly. For the most current information, we highly recommend that you go to the computer at home or at work and go to www.twu514.org and see daily up to the minute updates. This is the fastest and most reliable way to be informed. You can also sign up for updates at www.twu.org (the International TWU website).

Dear Brothers and Sisters,

American Airlines has now been in bankruptcy for over ten months. All work groups on the property except the pilots have entered into agreements providing relief to the Company in response to this filing and in recognition that the alternative would almost certainly be the court authorized imposition of worse terms. We too have recommended that our members approve such agreements, not because we believe that the agreements are fair or impose shared sacrifice, but because we were convinced that the loss of jobs, pay, and benefits would be far worse under a court imposed term sheet. Those who disagreed with us and urged our members to reject the LBOs from the Company made various claims about the bankruptcy process and its aftermath in support of their position. It is time to review these claims and compare them with the actual words of the judge in the two opinions he rendered leading up the abrogation of the pilot agreement.

1. *We should've turned down the contract because the Court can't impose anything worse than what the Company has offered.* This argument was rejected twice by the Court, first in its initial decision turning down the Company's petition to abrogate its contract with the APA and, again, when it did allow for abrogation. During the hearing on its second motion to abrogate the pilots specifically argued that the judge should consider what the Company had offered the APA in its LBO and allow it to impose only that. The Court ruled that it had no right to consider any offer made after the hearings on abrogation began and rejected the APA position.
2. *The judge will impose a compromise instead of the Company's term sheet.* The judge made clear at the outset of the hearings that his only role was to determine whether the Company's term sheet represented the concessions which were necessary to permit it to reorganize. If the term sheet contained demands that were not necessary the Company's motion to abrogate would be rejected. If all the modifications were necessary the Company's motion to abrogate would be granted. We all know what happened. The Company's first motion was denied because it contained two concession demands the Court deemed unnecessary. When those demands were eliminated the pilot agreement was abrogated and the Company imposed the balance of the term sheet, a set of concessions considerably more onerous than the LBO. In making his second ruling the judge reiterated that it was not his role to write the parties' agreement.

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- 3. The Court will not allow the Company to impose terms which are below industry standard.*
The Court explicitly rejected this argument in its first ruling, finding that it was normal for the employees of bankrupt companies to fall behind the industry. When the argument was raised again at the second hearing the Court refused to even consider evidence concerning new and improved pilot contracts at United and Delta.

Our various legal counsel and economic professionals predicted each of these rulings. Nevertheless, the same people and organizations which inaccurately advised you about the likely consequences of failing to reach a consensual arrangement in bankruptcy have persisted in claiming that abrogation would have been a better alternative. They argue that even if our contract was abrogated we could have continued negotiations under the RLA and that, upon being released to strike, the Company would have offered a better deal.

This would have been a catastrophic approach. The NMB does not release work groups to strike bankrupt carriers. While it is impossible to know how long AA will remain in bankruptcy, UAL did not emerge for more than three years after it first filed. Beyond that, it is also impossible to know how long we would have been held in mediation even after the Company emerged from bankruptcy. But, we do know that none of the UAL work groups were ever released by the NMB to strike and that since the NWA mechanic strike in 2005 only one airline work group (Spirit pilots) has been released even though literally hundreds have requested the right to strike. The overwhelming probability is that if the contract had been rejected we would have had to live under the Company term sheet --- which provided for far more furloughs and outsourcing, and significantly less in pay and benefits than the LBO – while being stuck in years of fruitless bargaining.

The IBT and AMFA

Two organizations have seized on the challenges we have faced in dealing the Company's bankruptcy to try to displace the TWU as the representative of mechanic and related workers at American. We have not answered the various claims made by either organization because all of our resources and attention was focused in getting the best possible deal for our members out of an unfair and anti worker process. However, over the next few weeks we will respond to the claims made by both organizations. In the meantime, we must point out several basic facts. The TWU has, in contrast to the results of most bankruptcies, preserved the majority of the work performed by our mechanic and related members, including 65% of aircraft maintenance. No contract negotiated by the IBT or AMFA preserves anywhere close to the same level of work, and both organizations have allowed the vast bulk of heavy checks to be outsourced at the carriers where they represent aircraft maintenance. The simple fact is that the TWU, despite having to deal with the oppressive demands of the bankruptcy process, has kept more work in house than the IBT and AMFA have at far healthier carriers.

Letter will continue on next Informer.