

**Local 514****Special  
Membership  
Meeting****Saturday December 10  
11:00 am****Spirit Event Center  
10441 South Regal Blvd  
Tulsa, OK 74133  
(105<sup>th</sup> St and Memorial)****Agenda  
Bankruptcy****Special Guests**

- 1. Attorney Mark Richards will address bankruptcy issues.**
- 2. Mark Loeber Retirement Counselor will speak on retirement.**

**Please park in the free parking garage on the South side of the Event Center.****Joint SS/Membership Meeting****Monday, December 19****7:15 am****11:45 am****3:45pm****11:30 pm****You have a voice, let it be heard!**

## AA Bankruptcy Q&A from the TWU ATD

December 5, 2011

**1. What about My Pension?**

As a safeguard against the risk that a defined benefit pension plan may contain insufficient funds to pay the promised benefits to workers upon retirement, a federal statute, ERISA, imposes minimum funding standards on plan sponsors. ERISA also established a pension insurance program that guarantees that retirees receive at least some of their earned benefits if and when an employer terminated an underfunded defined benefit plan. The Pension Benefit Guaranty Corporation ("PBGC") administers the pension insurance program. If a pension plan has insufficient assets to pay benefits, regardless of whether the plan sponsor is in bankruptcy, the PBGC will either provide financial assistance to the plan to enable it to pay certain guaranteed benefits or take over the plan and pay benefits directly to beneficiaries, up to a statutory maximum. For plans terminated in 2011, the PBGC's maximum benefit amount is \$4,500 per month (\$54,000 per year).

**2. What Happens to My Employer's Union Contract?**

An employer's bankruptcy filing does not immediately affect the status of its collective bargaining agreement with the Union. All of the contract provisions continue to govern the debtor's post-filing obligations to Union employees, including the applicable grievance procedures. Under section 1113 of the Bankruptcy Code, the bankruptcy court may authorize an employer to reject and thus terminate a collective bargaining agreement if the debtor can prove to the bankruptcy court the following:

1. It proposed modifications to the collective bargaining agreement to the union;
2. The proposed modifications are necessary to permit the debtor's reorganization;
3. The debtor met with the union and shared information justifying the proposed modifications;
4. The debtor negotiated in good faith with the union; and
5. The union refused to accept the proposal modifications without good cause.

What modifications are "necessary" is not defined by the Bankruptcy Code, and courts use varying definitions. Essentially, however, section 1113 requires your employer to negotiate with the Union in good faith to modify its collective bargaining agreement before seeking authority to reject the contract. If your employer successfully rejects its collective bargaining agreement, the Union remains your authorized representative, and the company must comply with applicable labor laws and continue to bargain with the Union in good faith.

**3. Can a member receive benefits from the PBGC upon AA's terminating its pension plan if he or she is already receiving benefits from the PBGC for a previously terminated (i.e. Eastern or TWA) pension plan?**

If you are entitled to benefits under more than one plan assumed by the PBGC, you may not be entitled to the full amount you would have been entitled to under each of those plans separately. Rather, there may be a further limit on the total amount of PBGC benefits that an individual can receive even if the benefits are paid under different pension plans that have been assumed by the PBGC. The limit is determined on a case-by-case basis in the PBGC's discretion and depends on how much has been paid by the PBGC to an individual under all eligible plans.

**4. Will CBAs be negotiated while the union is negotiating the current CBA, or is it more likely that the Bankruptcy Court will decide the issue?**

Under Bankruptcy Code section 1113 CBAs will be negotiated among the company and the TWU, with any revisions being subject to approval of the members who are in good standing with the TWU. However, if an agreement is not ratified prior to the Bankruptcy Court issuing a decision on the section 1113 motion, the Bankruptcy Court decides whether to grant or deny the company's motion, but will not rewrite the CBA. Before the court makes that decision the TWU intends to give its members the opportunity to vote on the company's last proposal, even if the TWU and the company have not reached agreement on a TA.

# Bankruptcy Q&A

*continued from front*

## **5. Who will lead the negotiations with AA in the bankruptcy proceedings as they relate to the Fleet Services Group?**

Representatives of the TWU will lead the efforts in connection with all negotiations and other matters in the AA chapter 11 cases. Counsel will provide legal advice and other assistance, as requested by the representatives.

## **6. Does the TWU membership get to vote on any agreement to modify the CBA?**

Yes, all members of each contract group who are in good standing with the TWU are entitled to vote to approve or reject proposed modifications to the CBAs. Any modifications must be approved by a majority of the members affected by the CBA in question.

## **7. If AMR terminates the pension plans and PBGC takes over, is there a lag in pension checks being delivered and how much notice does the retiree get if there is?**

All retirees will receive notice if AMR intends to terminate the pension plans. The amount of such notice is dependent on certain factors, but the amount of notice will be approximately 45 to 60 days. Once the PBGC assumes control of the terminated plans, retirees entitled to benefits will receive a separate notice of benefits directly from the PBGC. There may be a lag in the delivery of pension checks as the PBGC assumes control, but the PBGC has historically endeavored to effect a seamless transition to limit the interruption of benefits.

## **8. If a member was to opt out now from the retiree medical plan, will they get their refund check when they leave the company.**

Yes, these refunds will be made promptly upon the member's resignation.

## **9. Can AMR stop meeting its pension obligations to current employees without bargaining with the TWU?**

AMR can apply to the Bankruptcy Court for approval to terminate its pension plans.

## **10. What benefits are available to a member who retires now?**

All current benefits are available to members choosing to retire now. However, these benefits could be altered or terminated if AMR receives Bankruptcy Court approval to terminate its pension plans.

## **11. Can AMR stop the grievance procedures without bargaining with the TWU?**

No, until the CBAs are modified or rejected, all elements of the CBAs remain in full force and effect. However, any grievances that were commenced or relate to matters that first arose before AMR filed for bankruptcy may be subject to the automatic stay of the Bankruptcy Code. This means that those grievances will not proceed as they would have outside of bankruptcy.

## **12. How likely would a merger be?**

A merger with another airline is a possibility. We are monitoring all issues, including potential merger transactions, but it is too early to know if there will be a merger.

## **Snowball Express**

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Snowball Express begins Friday, Dec. 9. American and American Eagle are donating nine chartered aircraft and providing free travel on several commercial flights for nearly 1,700 spouses and children of fallen military, who are traveling from 75 cities across the country, as well as eight international locations. Contact your GM to learn about volunteer opportunities. Get details on this and other upcoming events on Jetnet's Event Calendar:

It's for children who have a parent or parents that have been Killed In Action (KIA) in the wars. AA with other partners fly them with their guardian somewhere, last year it was 6 flags. I haven't heard where their going this year. The Mayor, Pistol Pete from OSU as well as others will be there. We are there to pay Honor to the children whose parent have made the ultimate sacrifice for our country. I'm there to show them that this country hasn't forgotten what there parent has done for me and our country. You always come out with more than you give.

Snowball Express Volunteers Needed – We are looking for VMERG and fellow AA employee volunteers to help in support of Snowball Express 2011! Military Support Event: Snowball Express 2011 Q Where: Tulsa International Airport, AA gate A27; Date: December 9, 2011; Time: 11:45 AM to 2:00 PM; What to bring: US flags and smiles to greet wonderful families of our US Heroes! Passes will be provided by AA TUL leadership to proceed to gate A27 for those not having a TUL SIDA badge. Parking pass can also be stamped by AA for TUL volunteer parking. For information contact Steve Payne, (918) 292 - 3948 or [steve.payne@aa.com](mailto:steve.payne@aa.com).