



A Publication of the Transport Workers Union of America, Air Transport Division, Local 514, AFL-CIO



**Local 514**

## Update on Merger, Pay Increases and Equity Stake

### Thinking of Retiring?

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

Mark Loeber  
TWU, Local 514  
Retirement Counselor  
9175 S. Yale Ave.  
Suite 200  
Tulsa, Oklahoma  
74137  
918-491-0079

### **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](http://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](http://www.twu.org) (the International TWU website).

### **When does the 4.3% pay increase take effect?**

The increase will be implemented as soon as the Company's plan of reorganization is approved and it exits bankruptcy. Since merger with US Airways is part of this plan, the merger must also be approved before the Company exits bankruptcy. This process is moving quickly. On April 15 American submitted its plan of reorganization to the Bankruptcy Court several weeks ahead of schedule. It now must be approved by AA's creditors, US Airways stockholders, various government agencies such as the Departments of Justice and Transportation, and the Court. US Airways informed its employees that it expected that it would secure all required approvals and close the merger sometime in the third quarter of this year.

### **What are the components of the equity stake?**

The equity stake has several components. The largest part of the 4.8% is based on the value of the savings and additional revenue which American projects will be created by scope and pension concessions in the LBFO. Other portions of this stake were built up based on "me too" obligations in the agreement, and the value of grievances which, after full presentations by the Union before the System Board, the Company agreed were meritorious. This includes the 757 outsourcing grievance and the grievance over medical premiums. A very small portion (\$680,000) of this stake was based on expenses incurred by Locals in the bankruptcy process, expenses for which they may request reimbursement. The International has not requested that any portion of the equity stake be used to reimburse its legal or professional expenses growing out of the bankruptcy. While we will not know the full value of the equity negotiated by the TWU until the value of the AA/US Airways combination is determined, it is likely to be worth well over 350 million dollars. We will work to distribute this value to the membership as quickly as possible, and we hope (but cannot guarantee) that it will be in your hands sometime in the third quarter of this year.

A Committee of TWU Local Presidents assisted by financial experts has been tasked to examine the various alternatives for allocation and distribution of the equity stake and make recommendations to the leadership and membership. The Committee will hold full briefings with TWU members throughout the system to discuss its work and secure membership feedback before any plan is finalized.

The TWU and our brothers and sisters at the APA and APFA were the driving force behind the AA – US Airways merger, which is now the key to reorganization and exiting bankruptcy. All three unions came to the conclusion that the Horton management team that took us into bankruptcy could not make the Company profitable, and we took collective action to change course. While doing this, we locked-in an upside for our members with an additional 4.3% wage increase. With this wage increase, by September 2015, we will have received a 17.4% increase in base pay. At that time, our contract further guarantees that our wages will be adjusted upwards to industry standard rates. These improvements including the 4.8% equity stake obviously would have never happened if we had not sought out the US Airways alternative. The TWU, APA, and APFA worked together to make this happen

To learn more about the role that our unions played in driving the merger, and changing our future for the better, read The Dallas Morning News report on the reverse side.

# The Dallas Morning News

## Union-driven American Airlines-US Airways merger stands out in industry

By SHERYL JEAN

Staff Writer

[sjean@dallasnews.com](mailto:sjean@dallasnews.com)

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The merger of American Airlines and US Airways could be a case study in the power of employees. American's three main labor unions were a key driver in moving the merger along last year, forging labor agreements that spelled out how they would be treated in a possible US Airways merger.

Neil Roghair, lead negotiator for the Allied Pilots Association at American, called the merger historic for reasons including "labor taking on a very active role in its future."

"It will be challenging and there will be issues to work through, but we came into this with our eyes wide open," Roghair said. "The benefits to the pilot groups are worth it."

The merger benefits American employees in other ways:

The chief executives of American and US Airways said Thursday that there will be no major layoffs because the carriers have little route overlap, though some management jobs will be cut.

The merged airline will be based in American's home of Fort Worth, which will help preserve local jobs. The merger will mean growth for Dallas-Fort Worth over time, American CEO Tom Horton said Thursday. The new airline will employ about 94,000 people — two-thirds of them from American.

American's employees have had a tumultuous relationship with their employer for the past few years. American, which filed for Chapter 11 bankruptcy in November 2011, has cut thousands of jobs in its reorganization and cut pay, pension and other benefits among union ranks.

Mitch Stevens, a crew chief in aircraft maintenance, is not happy with the merger.

US Airways CEO Doug Parker, who will run American after the merger is completed, "hasn't even cleaned his own house from his own merger," said Stevens, referring to union issues remaining from US Airways' 2005 merger with America West. "We were poised to come out of bankruptcy ready to kick butt."

But some other American employees see the merger as an inevitable step in an increasingly competitive industry dominated by larger rivals.

"Over the last 29 years, I've seen things come and go, and I think this is positive," Marlyne Roundtree, a supervisor for American's frequent-flier program, said after a company meeting with employees. "As things change, sometimes you have to look within your own house."

Laura Glading, president of the Association of Professional Flight Attendants at American, said the new airline will provide "job security and fair compensation for all employees."

Tony Chapman, vice president of the Allied Pilots Association at American, said the labor agreements reached between American's unions and US Airways will be "supremely important" through the merger process.

For American's pilots, "all of the heavy lifting has already been done, but we haven't integrated the seniority lists," Chapman said. That process could be contentious, he said, but he doesn't think it will slow the merger timeline.

Follow Sheryl Jean on Twitter at [@SherylJeanDMN](https://twitter.com/SherylJeanDMN).