

**Local 514**

## Important Questions and Answers Regarding AA's Last Best Offer

### 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. The Informer is not the best way to keep up with daily information for the membership. 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).

Different questions have been raised in the two days since the Company's Last and Best Offer was finalized. This offer is being put to vote based on the commitment we made at the outset of the Bankruptcy process that the membership would have the opportunity to vote on the LBO. In order to make sure that this vote is based on accurate information about the contents of the proposal and the laws which govern the bankruptcy process, we are putting out answers to commonly asked questions.

- **If our contract is rejected by the Bankruptcy Court, what will be imposed, the Company's "ask" before the proceedings began on the Company's motion to reject, or the Last Best Offer (LBO) made after those proceedings began?**

The law on rejection of collective bargaining agreements has evolved over the years in ways that are not favorable to unions or working people. In 2007, in the Northwest bankruptcy, the Court rejected the contract covering the flight attendants after they rejected the Company's LBO. At that time, the Bankruptcy Court stated that the Company could only impose its LBO, not the Company's prior Ask. That ruling, which I commented on in writing at the time, has since been superseded (as has my comment on it), and is no longer the binding law on the issue in the Bankruptcy Courts of the Southern District of New York. The superseding case is the Frontier Airlines case, which was ruled on in 2009. There, the Federal District Court for the Southern District of New York (the district we are in, and the court which reviews all the decisions of the Bankruptcy Court handling AA's filing) ruled that proposals made after the beginning of the hearings on an 1113 motion are not admissible to establish the level of concessions necessary for reorganization. What the Court specifically held was that "under the regime established by Section 1113, proposals and supporting disclosures made by a party after the rejection hearing has begun may not form the basis for concluding whether the 1113 standard has been satisfied, except, perhaps, where the parties expressly agree they may be considered." In other words, absent an agreement to the contrary, the LBO, if it was made after the rejection proceedings began, is not even admissible into the hearings to decide whether to abrogate the contract, much less to define precisely what terms and conditions of employment the company may initially impose.

## Questions and Answers

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The Company's "ask" was made before the rejection proceedings began. The LBO was made after those proceedings began. The Company was obviously aware of the Frontier precedent and stated at all times that the terms of the LBO were without prejudice to its position before the Bankruptcy Court. Therefore, there was no agreement to allow the Court to consider the LBO. *We, of course, will pursue all legal arguments should we face contract rejection, but the controlling precedent in New York is that the LBO is not even admissible into the 1113 proceedings and that the Company is not bound by the LBO and can impose its prehearing "ask" if the contract is rejected.*

- **If the Court permits the Company to reject our agreement will we be able to strike?**

In 2007, the Northwest flight attendants sought the right to strike after their contract was rejected. The Second Circuit Court of Appeals ruled that NWA did not violate the status quo by imposing concessions on the flight attendants because the court had authorized NWA to reject their contract and also ruled in that case the flight attendants had no right to strike.

- **When will the NMB release us or the other AA unions?**

It is impossible to know how long we can be kept in mediation, but certain things are clear. The NMB is not quick to issue releases at major carriers. Amtrak workers were kept in mediation for close to ten years and other work groups in the airline industry have amendable dates which precede ours.. The point is that it is impossible to know when we will be able to strike, but it is very unlikely that it will be quick, and in that time much damage will be done.

Sharon L. Levine, Lowenstein Sandler PC



### **TWU Local 514 Jackets**

Black TWU, Local 514 jackets are on sale at the Union Hall Office for \$35 each, cash or check. Sizes available are S, M, L, XL, 2XL, 3XL, 4XL and 5XL.



Brown TWU, Local 514 jackets are also on sale for \$45 each, cash or check. Sizes available are M, L, XL, 2XL, 3XL, 4XL and 5XL.



Blue denim TWU, Local 514 jackets are on sale for \$25 each, cash or check. Sizes available: M, L, XL, 2XL, 3XL, 4XL and 5XL

*Please bring the correct change or a check*