

American Eagle®
American Airlines®

April 1, 2010

SENT VIA E-MAIL, FACSIMILE & U.S. MAIL

Elizabeth Dougherty, Chairperson
Harry Hoglander, Member
Linda Puchala, Member
National Mediation Board
1301 K Street NW, Suite 250 East
Washington, DC 20005-7011

Re: NMB Case No. A-13472
American Eagle & TWU (Dispatchers)

Dear Chairperson Dougherty, and Members Hoglander and Puchala:

American Eagle Airlines, Inc. ("Eagle" or "Company") submits the below comments in response to the Transport Workers Union's ("TWU" or "Union") request that the Board release the parties from mediation in the above matter. As set forth more fully below, the Company strongly believes the Union's request is premature, that the parties have not exhausted discussions that could open additional avenues for agreement, and that continued mediated discussions will further assist the parties in reaching a new, mutually acceptable Dispatchers contract.

As a point of clarification, although the Union in a single letter to the Board has requested a release from mediated discussions at both American Airlines, Inc. ("American") and Eagle, American and Eagle are separate employers, with separate management and labor relations functions, and different labor negotiation histories. This fact is not insignificant from a current Eagle negotiations context perspective, particularly considering that, unlike the TWU-represented employees at American, the Eagle TWU-represented employees, including the Dispatchers, have never been required to negotiate concessionary contracts – which has allowed the Eagle TWU employees to remain near the top of the industry in pay and benefits.

Eagle and American are not different in all respects. The Company, like most air carriers, including American, continues to face a myriad of challenges in the face of the industry's continuing "perfect storm," made up primarily of still-depressed national and

APR 1 2010

APR
OFFICE

worldwide economies, depressed demand for air travel, and volatile of fuel prices. The current environment in which the Company operates is anything but predictable and stable. Despite operating in these uncertain and unstable times, however, the Company and the Union – with the assistance of the NMB – have been able to reach comprehensive tentative agreements to this point on three of their four collective bargaining agreements, two of which have been ratified by the membership.¹

From the Company's perspective, the fact the parties have been able to reach tentative agreements on three of four contracts (two of which have been ratified) is reflective of their ability to engage in good faith negotiations, work constructively and creatively with the Mediators, make movement on their proposals, and reach mutually acceptable agreements. It is also the Company's strong belief that the efforts of the NMB Mediators have been instrumental in bringing the parties to agreement, and that the continuation of mediated discussions will further assist the parties in reaching agreement on a new Dispatchers agreement.

With respect to that agreement, the parties commenced Section 6 negotiations in October of 2007, and have been engaged in mediated discussions since January 2009. At the direction and concurrence of the Mediator, the parties are currently scheduled to continue their mediated negotiations next week (April 8 and 9, 2010), at the NMB's headquarters in Washington, DC.

The parties' last negotiation sessions on the Dispatchers agreement occurred in February 2010, with the Mediator present. At that time, the Union submitted a comprehensive contract proposal to the Company that included a revised compensation proposal. At the conclusion of the February sessions, the parties and the Mediator agreed to meet again on April 8 and 9, 2010, and the Mediator instructed the Company to be prepared to respond to the Union's proposal at that time.

Although the remaining unresolved issues are the traditionally more difficult ones (pay and benefits), the parties have made substantial progress toward a new agreement, having reached tentative agreement on approximately 70% of the provisions in the contract.

¹ The Company and Union are parties to four separate collective bargaining agreements covering the following crafts or classes of employees: 1) Aircraft Maintenance Technicians and Related Employees ("AMT"), 2) Fleet Service Clerks ("FSC"), 3) Ground School Instructors ("GSI"), and 4) Operational Coordinators and Dispatchers ("Dispatchers"). On January 14, 2010, following 12 months of mediated negotiations, the parties reached comprehensive T/As on the AMT and FSC agreements. The AMT agreement was ratified by the membership yesterday, March 31, 2010; however, the FSC agreement did not ratify. On February 17, 2010, after approximately 20 months of mediated discussions, the parties reached a second comprehensive tentative agreement on a new GSI agreement, which was ratified by the membership on March 23, 2010.

The Company does not believe that “all reasonable efforts to reach an amicable agreement through mediation have failed.” To the contrary, steady progress has been made, and continues to be made, through the mediation process. The parties have by no means exhausted all avenues for settlement, as creative initiatives to resolve the remaining issues have yet to be fully explored and discussed.

The Company believes the NMB’s mediation efforts and assistance in this matter should continue, and that its expertise, and understanding of the current economics of the industry, will help the parties resolve the remaining open issues and conclude a new, mutually acceptable agreement. To conclude that all mediatory efforts have failed at this point in the process would set the parties on an unpredictable path that could result in uncertain consequences that could be damaging to the Company, the Union, and its membership.

Reaching a voluntary agreement through continued mediation is the best outcome for all involved, and the Company looks forward to continuing to work diligently and constructively with the Union and the Mediators to achieve a fair and affordable Dispatchers contract that helps the Company remain competitive and helps ensure a stable future for everyone.

Should the Board have an interest in hearing more on the Company’s position prior to making its decision on the Union’s release request, the Company would be happy to make a more detailed presentation to the full Board in person at the Board’s Washington, D.C. office.

Sincerely,



Cathy McCann
Vice President, Employee Relations

cc: Larry Gibbons
John Livingood
John Conley, TWU