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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.

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.

The 4.8 Percent

One other aspect of the LBO which was not part of the term sheet is the equity stake in the Company our members will receive. This stake is equivalent to 4.8 percent of the value of the Company and is calculated for all work groups based on the value of scope and pension concessions, as well as open grievances. Depending on instructions from the Bankruptcy Court, a combination of stock and cash will be distributed to members. Both unions entitled to equity – the TWU and the APFA—are responsible for distribution. However, please be clear that this asset belongs to you and will be distributed to you. We will provide details on distribution over the next few weeks.

As part of the settlement of American Airlines, Inc.'s ("American" or "Company") motion to reject and abrogate the seven collective bargaining agreements between the Company and the seven employee groups represented by the Transport Workers Union of America, AFL-CIO ("TWU"), the Company agreed to distribute to the TWU an equity stake in the reorganized Company. This letter addresses certain questions regarding the equity component of the settlement.

How Much Equity Will The TWU Receive?

With respect to the amount of the equity grant, the Company agreed to distribute to the TWU equity in the reorganized Company equal to 4.8% of all equity that will eventually be issued to all holders of prepetition general unsecured claims creditors (the "Unsecured Claims") under a plan of reorganization that is approved by the Bankruptcy Court (a "Plan"). The equity grant may not be diluted except for (1) equity that may be given to holders of interests in another entity in the event of a merger of consolidation, (2) an equity offering approved by the Bankruptcy Court in conjunction with a Plan, (3) equity granted to management in connection with any management incentive plan approved by the Bankruptcy Court, and (4) any equity issuance implemented after the Company emerges from bankruptcy. It should be noted that under the terms of the Company's agreement with the Association of Professional Flight Attendants "APFA"), the APFA will receive an equity stake equal to 3% of all equity that will be issued on account of Unsecured Claims, subject to the same dilution provisions.

In addition, the TWU and the Company agreed to discuss in good faith whether and to what extent any portion of the value of the equity stake could be distributed in the form of cash or notes. These discussions have not yet ensued because, as noted below, the path that the Company intends to take to emerge from bankruptcy has not yet been determined.

What is the Value of the Equity?

As noted above, the equity to be issued will be equity in the Company after it emerges from bankruptcy pursuant to a Plan approved by the Bankruptcy Court. Given that the direction the Company plans to take (i.e. a standalone plan or some type of business combination with another airline) has not yet been decided, it cannot be predicted whether the equity stake will be in a merged airline or a standalone American airline. For this same reason, we are not in a position to estimate the value of the equity. Once the direction the Company plans to take has been determined and a Plan is proposed, the value of the equity stake may be subject to estimation based upon the projected value of the Company as a whole (i.e. 4.8% of the equity value of the Company as a whole). Ultimately, however, the actual value of the equity will be determined by the financial performance of the Company after it emerges from bankruptcy. So at this time there is no way to determine what is the actual value.

When will the Equity Be Issued?

Given the current uncertainty in terms of the path the Company plans to take to emerge from bankruptcy, it is not possible to predict with accuracy when the equity will be issued. At the present time, the Company has the exclusive right to file a Plan through December late 2012 and to solicit acceptances of such a Plan through February 2013. Base on this timeline, the Company would likely NOT emerge from bankruptcy any earlier than some point in the first or second quarter of 2013, at which time the equity would be issued to the TWU.

What Is The Basis For Obtaining the Equity and What did the TWU Agree to give up in exchange for the Equity?

As part of the overall negotiations with the Company in recognition for concessions we gave in our contracts, the TWU negotiated for the issuance of equity in the reorganized Company. The Company and the Official Committee of Unsecured Creditors (which has significant input into the bankruptcy process) reluctantly agreed to provide the equity portion of the settlement but only if the TWU also agreed to waive certain unsecured TWU claims against the Company. After consultation with its advisors regarding the merits of certain general unsecured claims that the TWU filed, the TWU agreed to waive those claims as part of the overall settlement and accept the equity. Those negotiations lead to a final equity position of 4.8%. (Note: Individual grievances of TWU represented employees, however, have not been waived.)

Who Will Receive the Value of the Equity and In What form will it be distributed?

Since AMR has not yet completed its bankruptcy case or decided on an exist plan of reorganization or other exit strategy, we do not yet have the information we would use to value the equity or determine in what form

it would be distributed. Once the value is known, and the form in which that equity comes, the TWU will put forth a plan of distribution. These are complicated plans the design of which must consider many variables (e.g. past earnings , active status, stock versus cash distribution, tax matters, merger with another airline , the claims we waived, etc). As such, we will be retaining professional advisors to set up the plan, recommend the criteria and implement the distribution mechanism.

If I am debating whether to retire now, what role should the equity plan play in my decision?

Throughout this entire we have respected that those decisions are personal and we never given any advice. It's your decision. We can say that the equity piece is very much undetermined at this point is that we will share details as soon as they are available.

Fraternally,

Robert Gless
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