



"We Move America"

Transport Workers Union of America, AFL-CIO

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International President

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International Executive Vice President

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John Bland
Administrative Vice President

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Administrative Vice President

January 21, 2014

TO: TWU AA Presidents

RE: Equity Distribution

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- Michael Conigliaro
- Dale Danker
- Sean Doyle
- Garry Drummond
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- Tom Lenane
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A number of former TWU represented AA employees have initiated a class action seeking to represent over 2300 persons who accepted early-outs and stand-in-steads and others who left AA. By their rough calculations, plaintiffs claim that they would be entitled to 10% of the shares allocated to TWU. As you know, the Equity Distribution Plan set aside 5% of the shares for appeals, litigation liability and expenses and administration.

We believe TWU has a strong case on the merits and will prevail. We believe that the Plan does not breach the duty of fair representation- that the Plan was not arbitrary, discriminatory, unreasonable or in bad faith. TWU will also contest the claims of individual plaintiffs and class members on procedural grounds. We also will oppose certification of the class and have good arguments against certification. However, litigation is unpredictable. The reserve currently is 5% of the TWU equity, which is approximately \$18 million; if plaintiffs succeed in the claims they have made, TWU's liability will be roughly \$18 million, AFTER the reserves are paid. This money would have to be paid out of TWU assets that have been accumulated over the years from the dues of all TWU members, and that the TWU officers have a fiduciary responsibility to preserve, so that they may be used for the benefit of all members—and not taken in their entirety for a class of people, most of whom are no longer even members.

Faced with these considerations, TWU has decided that it has no alternative other than to increase the reserve out of the day 120 distribution by an amount of shares necessary to constitute about 10% of the total distribution in order to cover any liability that might arise from an adverse decision. So in the unlikely event that plaintiffs are entirely successful in their claims, their shares would come from the equity—and not from the TWU Treasury, running the risk that this case will require that TWU deplete its assets in order to pay for liability that could have been paid from the original equity would be irresponsible and indefensible.



Assuming TWU wins the case, holding more shares in reserve will merely delay their distribution. We will litigate the case aggressively, and expect to win. When we do, the shares held in reserve to assure against an unlikely and unfair result in the case will be distributed according to the Equity Distribution Plan that we will be defending.

Fraternally,

A handwritten signature in blue ink, appearing to read 'Garry Drummond', with a stylized flourish at the end.

Garry Drummond
Director Air Transport Division

GD:kla
Opeiu 153

C: IAC
ATD Staff