



"We Move America"

Transport Workers Union of America, AFL-CIO

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January 10, 2014

TO: AA Presidents Locals 501 - 591

RE: AA Equity Distribution

Dear Brothers:

Some communications have been circulating among TWU members that have led some members to question whether they have received a correct allocation of shares as part of the post-bankruptcy equity distribution to date. However, the model that the communications questioning the distribution is based on incorrect information. The error in that model is that it assumes that the 4.8% of the shares to which TWU is entitled is 4.8% of all AAL shares. Actually, TWU is entitled to 4.8% of the AAL shares allocated for unsecured creditors only.

As was explained in the presentations made in June and July of 2013, there other creditors who have a right to participate in the distribution of AAL shares. The so-called "old equity" creditors also participate in the distribution and, as was also explained in the presentations, as the share price reaches certain price points, the "old equity" creditors have the right to access more of the shares included in the pool for unsecured creditors. As the share price reached those price points the number of shares allocated to unsecured creditors decreases, so the number of shares allocated to TWU (and all other unsecured creditors) decreased. But, of course, in that situation the value of the shares has increased.

Because the incorrect model that has circulated assumes that TWU is entitled to 4.8% of more shares that TWU is actually entitled to, that model predicts that members would receive more shares than they are actually entitled to. The incorrect model assumes a share price of \$22.55 per share that will hold until Day 120 (it will not); the incorrect model then calculates TWU's total shares as 26.1 million and the total for M&R as 13.8 million. In reality the total TWU shares at a constant price of \$22.55 would be 16.0 million which would result in 8.9 million shares for the M&R group.

We recognize that it is frustrating to be unable to know the exact number of shares that TWU will receive which makes it difficult at this time for members to confirm that the number of shares they have received to date is correct. But that is a result of the plan approved by the bankruptcy court. We will not know for sure

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exactly how many shares TWU will receive until day 120, and as was explained in June and July, it is difficult to even project how many shares that will be since fluctuations in the share price will affect the total number of shares allocated to unsecured creditors.

Fraternally,

A handwritten signature in blue ink, appearing to read 'Garry Drummond', with a large, stylized flourish above the name.

Garry Drummond
Director Air Transport Division

GD:kla
Opeiu 153

C: IAC
ATD Staff