



"We Move America"

# Transport Workers Union of America, AFL-CIO

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Administrative Vice President

March 23, 2014

TO: TWU AA Locals 501 - 591

RE: Update to American Airlines Employees Eligible for Equity Distributions

Over the last four months, three class actions have been filed on behalf of former AA employees who were excluded from equity distributions under the TWU Equity Distribution Plan adopted last year. TWU, acting at the urging of a unanimous vote of Local AA Presidents, intends to vigorously defend all these lawsuits, and has already begun to do so. However in view of the pendency of these legal claims, the TWU International Administrative Committee (the "IAC") has decided that it would be imprudent not to increase the Reserve to a point that it could satisfy a judgment which could result if the lawsuits were fully successful, plus the associated legal and administrative costs. Based on the calculations of our experts, this amount has been set at 14% of the total equity allotted to TWU to distribute. Therefore in order to place 14% of the equity into reserve pending the results of the lawsuits, the Day 120 distribution to members will be noticeably less than it would have been had no lawsuits been filed. At the same time, you should be aware that if the exclusions from distribution are upheld as lawful in the course of the litigation, the equity in reserve (minus administrative and legal expenses) will be distributed to those who are eligible to receive it under the TWU Equity Distribution Plan. So as to protect further distributes from the Reserve, be they plaintiffs or the group of eligibles under the TWU Equity Plan, from volatility in the value of AA stock, TWU, pursuant to an order entered by the Federal Judge in the Demetrius case in San Francisco, will secure a professional investment manager to prudently manage the 14% equity that has been placed in Reserve.

Fraternally,

**Garry Drummond**  
Director Air Transport Division

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C: IAC  
ATD Staff

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