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April 7, 2014

MEMORANDUM

TO: TWU AA Local Presidents 501 - 591

FROM: Garry Drummond, Director Air Transport Division

RE: **TWU DAY 120 COMMUNICATION**

Once the market closes today, American will begin the process of making the day 120 distribution. As you know, since the number of shares allocated to TWU is a percentage (4.8%) of the shares allocated to all unsecured creditors, and since the number of shares allocated to the unsecured creditors decrease as the stock price increases, we will not know the total number of shares allocated to TWU until after the market closes and American runs the share price through the allocation model. You will recall that the potential for fewer shares as the share price climbs is as a result of both old equity shareholders being able to buy shares allocated to the unsecured creditors as the price increases, and of share price escalation that could reach a point where the total value of fewer shares will match up with an imputed value the unsecured creditor claims. But whatever the number of shares issued to the unsecured creditors, and whatever the share price is at the close of the market today, the total number of shares issued to TWU will equal 4.8% of the shares issued to unsecured creditors.

Once we know the total number of shares issued to unsecured creditors and to TWU, we will provide to the membership a statement showing both numbers. We will also provide a summary of the distributions at each distribution point beginning with day 1 and concluding with day 120; and we will explain again how the allocations of the TWU shares was accomplished. A calculator will be provided to members on their Local websites that will allow each member, using the information we had for him/her that was provided in the notices sent to everyone last summer, to plug the relevant numbers into the calculator, which will then calculate the number of shares that correspond to these numbers. This can then be compared with the number of shares received—though it should be noted that minor differences may exist due to limitations in exactness imposed by the nature of creating a calculator to be available to all. Each member must also remember that the total number of shares received will be after tax withholding, and thus will vary by state and city and by your personal circumstances.

Although the share price will be known Monday night, and calculation of allocations will begin then, members will not be able to see the shares and sell or transfer them until Thursday. According to American it is a two-day process to distribute shares after the share price is known at close of the market; and the bankruptcy plan provides for actual

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distribution as soon as practicable after the scheduled dates and that all unsecured creditors are to receive their shares on the same date. Since day 120 is a Tuesday, the calculations will start at close of the market on Monday and will be completed with shares issued on Thursday morning-- for all unsecured creditors. So members will not be able to see the number of shares issued to them on Tuesday. On day 1, shares could be seen but not sold or transferred, on that day. We were told that this was because day 1 was a Monday, the share price used was the price at close of business on the preceding Friday, and the weekend was used to do the calculations. Since day 120 is a weekday the two day period for calculations of shares distributed will not be completed on day 120. The TWU calculator will be available on Thursday, when the distributed equity will be able both to be seen and to be disposed of by members.

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ATD Staff
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