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Date: July 31, 2015

Memo: To All TWU AA Members

From: Garry Drummond, Director, Air Transport Division

Re: Pre-funding Arbitration

The TWU Pre-funding Arbitration will take place on November 17 and 18, 2015, before Arbitrator Richard Bloch.

Our legal team has been fighting road blocks put up by the company regarding the scheduling of the hearing. The Arbitrator had offered earlier consecutive dates to AA and TWU which, if accepted, would obviously have brought the case to a decision in a time frame more acceptable to TWU. When AA stated that it was unavailable on these dates, our counsel requested that any and all steps be considered by the company in an effort to expedite the arbitration process, ranging from appointment of a new arbitrator, to utilizing single dates, to streamlining the arbitration itself by using affidavits in place of direct testimony. The company would not agree to any of the proposals presented that could have resulted in presentation of the case prior to November. Thus, it became necessary for TWU to agree to proceed on the dates offered by the Arbitrator in November, in order to make certain that these days not be lost, with consequent further delay.

At the arbitration, TWU will be urging the Arbitrator to rule that the pre-funding contributions made by American to match the contributions of each participating TWU member should be distributed promptly to those on behalf of whom the contributions were made. TWU will also present the argument that, in the event the Arbitrator should rule against TWU on that first argument, each post November 2012 retiree should be entitled to periodic distributions from his "account" to assist him/her in paying retiree health premiums, as was provided for by the pre-funding Plan during all the years during which the employees were making their contributions.

We understand and share your feelings of frustration at the delay in getting our case heard, and having the opportunity to present the above arguments to the Arbitrator. We realize those feelings are compounded by having to wait for November. We are ready for an effective presentation, and will not stand for any further delay in getting this issue resolved.