

# APFA

## BOARD OF DIRECTORS MEETING

### SPECIAL BOARD OF DIRECTORS MEETING

via Teleconference  
August 29, 2012

Resolution Tally Sheet	<b>Resolution #:</b> 2
	<b>Maker:</b> Glading
	<b>Second:</b> Casadey
	<b>Date:</b> 08/29/2012
	<b>Time:</b> 5:40 p.m.

**Resolution Name:** Equity Claim Distribution

*AFFECTS POLICY MANUAL:*

<b>YES</b> = <i>Yes</i>	<b>ABS</b> = <i>Abstain</i>	<b>PXY</b> = <i>Proxy Vote</i>
<b>NO</b> = <i>No</i>	<b>N/A</b> = <i>Absent</i>	<b>REC</b> = <i>Recuse</i>
<b>PASS</b> = <i>Pass</i>		

*COMMENTS:*

	B O S	B O S I	D C A	D F W	I D F	J F K	L A X	L A X I	L G A	M I A	I M A	O R D	O R	R D U I	S F O	S T L	PRES — <i>Tie-Breaker</i>
	Corrigan	Vargas	Prayon	O'Kelley	Bedwell	Nasca	Nikides	Wildish	Casadey	Moyer	Trautman	Breckenridge	Alconcher	MacPherson	Salas	Fuller	Glading
YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NO	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PASS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ABS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PXY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**YES:** 9      **NO:** 7      **ABSTAIN:** 0      **ABSENT:** 0

**Status:** *Passed*     *Failed*     *Tabled*     *Withdrawn*     *Show of Hands*

**WHEREAS**, under Article III, Section 3.L(22) of the APFA Constitution, the APFA Board of Directors has the right and the responsibility to take any and all appropriate action deemed necessary by the Board and in accordance with the Constitution to promote the welfare of the members of APFA; and

**WHEREAS**, on November 29, 2011, American Airlines filed for bankruptcy and since then has been operating as a debtor under Chapter 11 of the Bankruptcy Code; and

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**WHEREAS**, on August 19, 2012, the APFA membership ratified the Company's Last, Best and Final Offer ("LBFO") for a new collective bargaining agreement; and

**WHEREAS**, under the LBFO, a significant number of Flight Attendants have the opportunity to take an "early out;" and

**WHEREAS**, the number of Flight Attendants who take the early out will have a potentially dramatic effect on the number of Flight Attendants the Company may furlough; and

**WHEREAS**, Flight Attendants must inform the Company no later than September 20, 2012 if they choose to take the early out; and

**WHEREAS**, as part of the LBFO, APFA will receive three percent (3%) of the equity issued by American Airlines to holders of unsecured claims ("Equity Claim") as part of a Plan of Reorganization; and

**WHEREAS**, as the governing body of the APFA, the Board of Directors is deciding to whom and in what amounts the Equity Claim will be distributed among Flight Attendants; and

**WHEREAS**, it is important that Flight Attendants know now what the distribution method will be so that those eligible for the early out can factor that into their decision making; and

**WHEREAS**, APFA began negotiations under Section 6 of the Railway Labor Act in May 2008; and

**WHEREAS**, Flight Attendants' wages remained unchanged throughout these negotiations; and

**WHEREAS**, throughout the negotiations APFA proposed retroactive pay to compensate Flight Attendants for the period during which they received no wage increases; and

**WHEREAS**, under these circumstances it is fair and reasonable to treat the distribution of the Equity Claim as retroactive pay; and

**WHEREAS**, the Board of Directors has made a considered judgment as to what methods are the most fair, the most administratively feasible, and best protect and promote the interests of Flight Attendants; and

**WHEREAS**, now is the time to adopt those methods;

**BE IT THEREFORE RESOLVED**, that the APFA Board of Directors hereby adopts the following Procedures for Distribution of APFA's 3% Equity Claim:

**Procedures for the Distribution of APFA 3% Equity Claim**

APFA will be receiving 3% of the equity issued by American Airlines to holders of unsecured claims (“Equity Claim”) as part of the Company’s Plan of Reorganization in the pending bankruptcy proceedings. APFA intends to distribute that Equity Claim as follows:

Eligibility: Flight Attendants in the service of American Airlines (“American” or “Company”) as of the date of the ratification of the LBFO, August 19, 2012, will be eligible to participate in the distribution.

W-2 Earnings Basis: The distribution formula will be based on each Flight Attendant’s W-2 earnings. W-2 earnings will be defined as total gross earnings paid by American and APFA for service during the applicable measurement period. APFA will rely on records provided by American and its own payroll records in order to determine W-2 earnings.

Measurement Period: The applicable measurement period will run from January 1, 2009 to August 31, 2012. This measurement period is intended to the extent administratively feasible to coincide with the period from the amendable date of the APFA CBA (May 1, 2008) to the ratification date of the LBFO (August 19, 2012).

Distribution Formula: An individual Flight Attendant’s share of the distribution will be equal to her/his total W-2 earnings during the measurement period divided by the aggregate total W-2 earnings of all eligible Flight Attendants during the measurement period.

Claims for Prior Early-Out Payments: Upon filing for bankruptcy, American ceased making monthly payments to individuals entitled to benefits under the 1995 Special Early Out Bridge to Retirement Program and the 1996 Early Out program, in violation of the APFA CBA. APFA asserted claims on behalf of these individuals in its proof of claim filed in the bankruptcy proceeding and therefore these claims were settled as part of the LBFO. The amount of these claims can be ascertained from the terms of the APFA CBA. Accordingly, these claims will be paid from the Equity Claim at the same pro rata rate as generally paid by American to unsecured claimants in the bankruptcy proceeding. These claims will be paid before the W-2 based distribution formula is applied to allocate the Equity Claim.

Form of Distribution: APFA intends to arrange for the distribution of the claim to eligible Flight Attendants in the form of stock in the reorganized Company. If it is not administratively feasible for APFA to make the distribution in the form of stock, APFA will arrange for the liquidation of American-issued stock at the earliest time practicable and arrange for distribution to eligible Flight Attendants in dollars and subject to any applicable withholdings.

Timing of Distribution(s): The timing of distribution(s) of equity by American will be dictated by the Company’s Plan of Reorganization and the timing is currently unknown to APFA. APFA will endeavor to make distributed amounts, whether in stock or dollars, available to eligible Flight Attendants as soon as practicable after distribution by American.

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Administrative Costs: To the extent that there are administrative costs associated with the distribution of the claim, such as fees associated with maintaining stock accounts for the purposes of the distribution, the Equity Claim amount may be used to cover these administrative costs.

Unclaimed/Undeliverable Distributions: APFA will make reasonable best efforts to insure that all distribution amounts are received by eligible Flight Attendants. If distributions remain unclaimed or undeliverable six months following the final distribution of any amounts from the Equity Claim, then these unclaimed or undeliverable amounts will revert to APFA to be used for the general benefit of the membership.

De Minimis Distributions: APFA may determine not to make de minimis distributions. A de minimis distribution is defined as a distribution where the value of the amount to be distributed does not exceed the administrative costs associated with making the distribution. The value of any de minimis distributions may be reallocated based upon the distribution formula if practicable, or otherwise will revert to the APFA to be used for the general benefit of the membership.

Amendments to the Equity Claim Procedures: In the event of a material change in circumstances related to the Equity Claim or the discovery of facts presently unknown to APFA, the APFA Executive Committee, subject to the approval of the Board of Directors, reserves the right to amend these procedures as may be appropriate in light of the changed circumstances or new information.