

Argument-By-Argument Analysis of APA Section 1113 Ruling

	APA Argument	APA Win or Loss?	Court Ruling	Significance for APFA
Blanket Objections to AA's 1113 Motion	Merger with US Airways	Loss	AA not required to consider merger alternatives before imposing 1113 terms (<i>Decision, pp. 33-39</i>)	APFA raised the same argument
	Objections to Business Plan	Loss	AA's Business Plan "is a reasonable stand-alone business strategy" (<i>Decision, pp. 40-46</i>)	APFA raised the same argument
	Objections to Profit Margin Target ("EBITDAR")	Loss	AA's target profit margins are "aggressive but not unreasonable" (<i>Decision, pp. 47-49</i>)	APFA raised the same argument
	Convergence	Loss	Court accepts AA's "conclusion that its costs have not converged with the rest of the industry" (<i>Decision, pp. 49-52</i>)	APFA raised the same argument, but relied on evidence specific to FAs
	Fair and Equitable Treatment	Loss	"the Court finds that the proposed uniform cut of 20% is fair and equitable" (<i>Decision, pp. 76-79</i>)	APFA raised similar arguments
	Bad Faith Bargaining	Loss	AA's unwillingness to move in negotiations does not show bad faith (<i>Decision, pp. 87-91</i>)	APFA raised similar arguments
	Inadequate Information Sharing	Loss	AA provided sufficient information on fleet order and manpower model during negotiations (<i>Decision, pp. 80-86</i>)	APFA raised similar arguments
Objections to Proposed Changes in Benefits for All Employees	Pension Plans	Loss	Pension freeze necessary to put AA "on par with other network carriers" (<i>Decision, pp. 53-54</i>)	Same benefit reductions demanded from APFA in 1113 Term Sheet
	Active Medical	Loss	AA can make proposed changes because active medical costs are high as compared to competitors (<i>Decision, pp. 54-55</i>)	Same benefit reductions demanded from APFA in 1113 Term Sheet
	Retiree Medical	Loss	AA can eliminate retiree medical because competitors have done the same (<i>Decision, pp. 54-55</i>)	Same benefit reductions demanded from APFA in 1113 Term Sheet

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Objections to Proposed Changes to Pilots' CBA	Regional Jets	Loss	Court accepts AA's evidence that regional jet proposal is consistent with industry norms (Decision 58-65)	APFA has no equivalent CBA provision
	Codesharing	Win	AA's proposal for unlimited codesharing unnecessary to implement Business Plan; AA can correct proposal and re-file (Decision 66-71)	APFA has no equivalent CBA provision
	CBA Furlough Protections	Win	AA's proposal to eliminate all CBA furlough restrictions unnecessary since CBA permits up to 2000 pilot furloughs and only 400 furloughs planned; AA can correct proposal and re-file (Decision 71-72)	APFA has no equivalent CBA provision
	Schedule Maximum	Loss	AA's proposal is "reasonable and generally consistent with industry standards" (Decision 73)	AA made similar 1113 proposal to APFA
	Sick Leave	Loss	AA's proposed changes "are a reasonable way to address the extremely large amount of sick leave" (Decision 74-75)	AA made same 1113 proposal to APFA
	Valuation of 1113 Proposal to APA	Loss	AA's valuation methodology is consistent with other carriers in bankruptcy (Decision 75-76)	APFA has no equivalent argument