

LBFO Q&A – CLAIM

updated 7-27-2012 (1)

Q. What is the claim (the “Claim”) that AMR has agreed to provide to APFA and its members?

A. The Claim represents consideration provided by AMR to APFA and its members in return for settling any and all claims against AMR (with certain exceptions) and for the negotiated concessions in the Last Best Final Offer (the “LBFO”). Subject to the approval of the Bankruptcy Court, the APFA will receive 3% of the equity (stock) of the reorganized entity that emerges from bankruptcy.

The 3% equity allocation to APFA may be diluted in four limited circumstances. Dilution of equity interests occurs when there are additional shares issued, thereby reducing (or diluting) the position of the equity. The four circumstances where the 3% equity allocation could be reduced (diluted) are:

- a. Equity is provided to holders of interests in another entity in the event of a merger or consolidation;
- b. The Bankruptcy Court approves an equity offering as part of a plan of reorganization;
- c. The Bankruptcy Court approves an equity grant to management; or
- d. Any issuance of equity by the new company after emerging from bankruptcy.

It is important to note that the first three potential dilutive events will likely be subject to significant negotiation between AMR and the Official Committee of Unsecured Creditors (which APFA, APA and TWU are members of), and will ultimately require approval by the Bankruptcy Court.

Finally, the Claim will provide APFA with the right to vote on any plan of reorganization proposed by AMR, similar to other unsecured creditors.

Q. What is the value of the Claim?

Our advisors have provided an estimated range of value for a 3% equity stake in a post-reorganized AMR. Because the estimate is based on confidential information of AMR, we cannot provide it at this time. However, we believe the Claim has substantial value and comprises a material part of the LBFO.

Ultimately, the value of the Claim will be subject to a number of factors that cannot be quantified at this time (e.g. timing of emergence, market conditions, AMR and industry performance, capital requirements, dilution, etc.). Our advisors have estimated the value of the Claim based on the information available to them at this time.

Q. How and when will the value of the Claim be determined?

A. Toward the end of AMR's restructuring, the value of Claim will be estimated by AMR's investment bankers in connection with the filing of a proposed plan or reorganization and disclosure statement, which will be subject to review and approval by the Bankruptcy Court. This will provide us with a better understanding of the value of the Claim.

A better indication of the value of the Claim will be available following the issuance of new equity by the reorganized entity (which will be distributed to flight attendants). Once the equity is issued, the public markets will determine the value of Claim based on the market price for the new company's stock.

Q. If US Airways were to take control of AMR, would the Claim be affected?

A. Because the Claim is based on a proposal by AMR, it would not be available to flight attendants if US Airways acquires AMR. In this scenario, the term sheet agreed to with US Airways would take effect, which provides flight attendants with a claim, the amount of which hasn't been determined. We would expect this to be part of a negotiated process with US Airways and the UCC at the appropriate time.