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John Ward APFA President

President's Report

he past several months have been a very trying time for you, the Flight Attendants we represent, for our union, and for our company. People understandably have strong feelings about what has transpired. Many people have not understood or have been troubled by why certain decisions were made, why certain courses of action were taken, and why others were not. Many of us feel angry - most, at the company, and I know some at the union and its leaders. We're all feeling the emotional, physical, and financial pain of the events that have unfolded.

I recognize it may be too soon to be able to step back and place our anger and disappointment to one side. Nevertheless, I think it may be useful to review what has transpired, to review the options and realities we were facing, and to place into perspective the steps we took and why we took them.

The Events of December 2002-February 2003

Even before the horrific events of September 11, 2001, American Airlines began to experience financial difficulties. Our economy was not in good shape and neither was our industry or American. These difficulties escalated dramatically after September 11, with a tremendous fall-off in travel (particularly by business travelers) and furloughs in the thousands.

In early December 2002, the company announced the situation had seriously begun to worsen, and it asked the APFA to "forego" (i.e., give up) the 3 percent pay increase that we were scheduled to receive effective January 1, 2003, and the Purser pay increase scheduled for July 1, 2003. At the same time, the company made clear that this would just be the start of its "requests" and that we could expect more such requests in the future.

We responded to this request precisely as we should have. We informed the company that we would be conducting a detailed review of the company's finances to determine if there was a real problem to address and, if so, how best to do so. We had no doubt that if we simply agreed at that time to the company's request, the company would have put the 3 percent in its pocket, said "thank you very much," and then moved on to its next demands without giving us any credit for the relief we had provided. Subsequent events demonstrated that we were absolutely right, that granting the company's request would have done nothing to alleviate the final situation, and that we indeed would have received no credit from the company for this significant concession when it subsequently came time to give more.

Sure enough, the escalation of company demands was not long in coming. In February, the company informed the APFA leadership that the company's financial situation had worsened considerably, that the prospects for turning things around looked dim absent a fundamental change in the company's cost structure, and that it would require "permanent" labor cost reductions of \$1.8 billion annually to have any chance of righting the ship. Shortly thereafter, the company clarified what it was demanding from each labor group; from the Flight Attendants, the company expected \$340 million in annual cost reductions. Needless to say, we were staggered by the enormity of this demand, because we recognized that this would require

that we agree to substantially gut our industry-leading wages and working conditions – a contract we had all fought so long and so hard to obtain and had only recently begun to enjoy.

Again, we didn't simply roll over and give the company whatever it wanted. Instead, the APFA Board of Directors adopted a multi-faceted course of action aimed at continuing our detailed financial analysis of the company to determine the true need for relief, while, at the same time, preparing for the possibility that we might determine, based on such review, that it was necessary to provide relief to the company. The Negotiating Team was reactivated and went to work to carefully analyze the contract, identify areas of possible modification in the event concessions were needed, and, with the assistance of our financial advisor, began the complex exercise of costing many of our wages and working conditions - a process the Team was familiar with from our negotiations that had culminated in the 2001 Collective Bargaining Agreement.

While this detailed internal review and analysis was proceed-

"The Board of Directors firmly believed then, and has never wavered from the belief, that the best interests of the Flight Attendants would be served by doing everything possible to avoid a bankruptcy filing."

ing, we met with senior company executives on numerous occasions and with our fellow union leaders at APA and TWU, who were being confronted by similar company demands for relief. The company made its financial plans and backup information available to us and to our financial advisors – pursuant to confidentiality agreements - to a far greater extent than it ever had done before. The company information was carefully scrutinized and extensively questioned. We finally concluded, based on our extensive review and analysis, that there was a need to provide some level of cost reductions to the company, although not necessarily to the extent and for the duration that the company was demanding.

The Events of March 2003

The company-imposed shortened timetable to complete ratification

In March, the talks between the company and the union intensified, and the company's demands escalated. For the first time, the company publicly indicated that its situation had become so dire that it would be necessary to follow USAir and United into bankruptcy unless it obtained, in very short order, all the relief it was seeking. The

company unilaterally set a deadline of March 31 by which agreements had to be reached with the APFA. the Allied Pilots Association, and the Transport Workers Union. While the company purported to recognize that any agreements reached would be subject to membership ratification, and it was well aware of the timetables that would ordinarily be required to complete a ratification process under the respective union constitutions (which, in the case of the APFA, was 30 days), the company insisted that cost reduction agreements had to be fully ratified by all the unions by the morning of April 15 or the company would file for bankruptcy.

This unilaterally established company timetable for finalization of agreements presented one of many extremely difficult decisions the union was called upon to make throughout this process. Clearly, the APFA leadership believed that the preferable approach would have been to follow our usual 30day mail ballot ratification process. However, if we adhered to that approach, the company had made it perfectly clear it would file for bankruptcy before the balloting process was completed. The APFA Board of Directors considered then, as it did throughout the process, that its overriding obligation was to pursue a course that would best protect the interests of

the Flight Attendants. The Board of Directors firmly believed then, and has never wavered from the belief, that the best interests of the Flight Attendants would be served by doing everything possible to avoid a bankruptcy filing. The Board, in good faith, believed that the Flight Attendants were likely to suffer far greater reductions in wages and working conditions, and many more furloughs, with the company in bankruptcy than would result under an agreement reached outside and in lieu of bankruptcy.

The Board further determined that the APFA Constitution did not preclude use of alternative means to a 30-day mail ballot for conducting a ratification vote. Accordingly, taking the extreme circumstances that we were facing into consideration, including most importantly the threat of an imminent bankruptcy filing considerably prior to expiration of a 30-day period following the reaching of tentative agreements, the Board of Directors authorized a 15-day telephonic voting procedure, utilizing the services of a neutral, outside agency the American Arbitration Association.

The dilemma of finding \$340 million in annual cost reductions The discussions between the company and the union intensified in the second half of March, extending very late into the evenings and over weekends. These discussions proved to be extremely difficult and disheartening. The company refused to budge from its unilaterally determined annual cost reduction requirement of \$340 million or on the duration of the reductions. To make matters worse, the company refused to compromise on its approach to placing a "value" on individual cost reduction items. In our view, the company's approach to valuation was seriously flawed, using unreasonable assumptions to justify granting far too little "credit" for the substantial reductions that would be needed in our wage, benefits, and work rules. We protested vigorously and extensively, but the company refused to consider modifications to its approach. As a consequence, in the union's view, the company effectively was requiring greater contributions from the APFA (and the other unions) than even the huge numbers they were demanding.

The Negotiating Team was faced with the extremely difficult and uncomfortable task of trying to identify modifications to existing terms and conditions of employment that would enable us to reach the \$340 million figure, especially in light of the company's unvielding position on valuation. If we elected to take the reductions solely in wages, this would have required a cut in wage rates of approximately **35 percent!** Obviously, that is not something we could seriously consider. Eventually, the package that emerged provided for a 15.6 percent pay cut - the maximum we felt we could possibly ask you to consider and far greater a reduction than we had hoped would be necessary. But even wage reductions of this magnitude did not come close to reaching the \$340 million figure. To help close the gap, we also reluctantly identified substantial reductions in premium pay categories, and, for some premium categories, the complete waiver of any payments during the term of the restructuring agreement. Again, we fully appreciated the pain such cuts would inflict, but we also recognized these premiums would only provide payments to certain segments of the Flight Attendant group - a "luxury" we did not believe we could afford to maintain given the magnitude of the reductions that were needed

Besides wages, the other areas of potential cost reductions were benefits and work rules. With regard to benefits, the company had made clear that it intended

to substantially modify the existing medical insurance benefits program and to significantly increase employee contributions. Since the medical insurance program and premium payments are not set forth in the collective bargaining agreement, this is an area where the company - at least arguably - had the ability to make significant changes without union agreement. As a result of our efforts, the plan we have was largely preserved; unfortunately, we were unable to deter the company from proceeding with its plan to substantially increase employee funding of such benefits. It should be noted, however, that under the company's proposed medical plan, our existing monthly contributions would have quadrupled! Because the shift in cost burden will substantially reduce the company's costs, we received a significant "credit" towards the \$340 million in annual cost reductions for the cost savings for the company.

The company also wanted to substantially change our pension plan by effectively converting our defined benefit plan into a cash balance plan. This would have had significant negative consequences for the Flight Attendants; even so, the company was only willing to provide very small "credit" to the APFA towards the \$340 million cost reduction figure

if the proposed changes were made. We were determined to resist any efforts to change our pension plan and were successful in that effort.

The company clearly preferred that cost reductions be concentrated in the area of work rules. For many reasons, we were resistant to doing so. Through work rule changes, the company is able to achieve greater "utilization" of Flight Attendants; Flight Attendants effectively work more hours for their pay and are paid less for time not "worked." Through the greater "efficiencies" that result from work rule changes, the company is able to operate the airline with fewer Flight Attendants. Thus, an obvious result of work rule changes would be furloughs of Flight Attendants - something we obviously wanted to minimize to the extent possible. In addition, we were concerned that if we agreed to give up important and longexisting work rules - such as trip rigs and duty rigs - we would have a very difficult time ever regaining them in the future or, if we could, only at a considerable price.

Another practical consideration we encountered in dealing with work rule changes is the phenomenon of "double counting." A significant part of the cost savings to the company from work rule changes is derived from the furloughs that result from the changes (i.e., from removing the cost of the salaries of the furloughed Flight Attendants from the payroll). However, once you take account of furlough-related cost reductions resulting from a particular work rule change, if you also received full credit for the savings associated from such furloughs when you turn to value another work rule change, you would, in essence, be receiving "double credit" for all or part of the cost savings associated with such furloughs. In valuing the cost savings from many of the work rule changes, the company factored in an offset to take account of this double-counting impact. This was another area in which we had sharp disagreements with the company; while we understood the company's rationale for addressing double counting, we were convinced the company's approach to valuing the impact was significantly flawed. Further we believed that it resulted in a devaluation of the "credit" provided for various work rule changes below what we believed should have been the case. As with other valuation issues we encountered, the company would consider no alternative to its position.

Despite our strong reservations with entertaining changes in work

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rules, it became quickly apparent that it would not be possible to come up with the \$340 million in annual cost reductions without including at least some work rule changes. We therefore had to undertake the extremely painful job of identifying work rule changes that would provide significant cost reductions while causing the least harm to our working lives. We knew that any changes in work rules would be highly controversial and that many would disagree with the identification of certain work rules rather than others. If we could have avoided addressing work rules entirely, we would have, but it simply was impossible - in a practical sense - to come anywhere close to the \$340 million cost reduction figure without touching work rules, especially given the company's uncompromising position on valuation.

Shortly before the March 31 deadline that had been set by the company for reaching tentative agreements with the unions, a package consisting of a combination of reductions in wages, benefits, and work rule changes were identified. Using **the company's valuation** figures, this produced the sum of \$340 in annual cost reductions. The package was indeed an ugly one – we knew it at the time. and we have made no effort to suggest otherwise at any time since. The "pain" that would result from this package would be felt throughout the entire Flight Attendant group – from the most senior to the most junior. Wages would be slashed, the cost of medical insurance would significantly increase, lifestyles would be affected, as we worked longer hours to receive less pay, and far too many Flight Attendants would be furloughed.

The bankruptcy alternative

Despite this reality, we determined that it would be irresponsible to stop the process there, which we knew would result in the company's filing for bankruptcy. We firmly believed then, and we continue to believe, that as bad as this package of reductions was, the consequences of a bankruptcy filing were likely to be considerably worse. That was made even clearer by the "1113 proposal" that the company gave us shortly before the conclusion of the discussions in late March. The company informed us that this was the proposal it would present promptly following the bankruptcy filing. It reflected the changes the company informed us it would seek in bankruptcy, either by securing APFA agreement to this proposal or through an order by the bankruptcy court imposing the proposed terms in conjunction with the rejection of our existing collective bargaining agreement.

Under this proposal, the annual cost reductions would total \$470 million. not \$340 million (i.e., 39 percent greater cost reductions) and more than 1.000 additional Flight Attendants would be furloughed beyond the furloughs that would result from the \$340 million package. As bad as this would be, it **significantly understated** the number of furloughs that would result from a bankruptcy filing. The company also informed us that if it filed for bankruptcy, it intended to take 85-90 planes out of service, with the consequence that at least 2,500 Flight Attendants would be furloughed over and above the number who would be furloughed under the \$340 million package. We also realized that in bankruptcy, we would be confronting creditors and a court for which protection of employee interests would not be a paramount concern and where the interests of the debtor (i.e., American) would take center stage.

Faced with this grim reality, we determined that we had no choice but to bring the \$340 package forward for review by the APFA Executive Committee and, if it approved, for a membership ratification vote. The Negotiating Team believed that this was the best proposal that could be obtained under the circumstances and taking into consideration the serious, substantial threat of an imminent bankruptcy filing.

The Decision to Proceed with a Ratification Vote of the Membership

The Executive Committee reviewed the situation on March 31. It concluded that the President of the APFA and the Negotiating Team had complied with the directives of the Board of Directors by vigorously attempting to secure the best agreement that could be reached under the circumstances. The Executive Committee further concluded, as had the Negotiating Team, that, under the extreme circumstances presented, the proposed \$340 million package was the best that could be obtained. Further it was determined that if an agreement was not ratified, there was a strong likelihood that the APFArepresented Flight Attendants would suffer a reduction in wages and working conditions that exceeded those provided under the company proposal that had been presented to the Executive Committee for its consideration. Based on its determination that ratification of the \$340 million

package would be in the best interests of the Flight Attendants, the Executive Committee directed that it be submitted to the membership for its approval.

The events of the first half of April 2003

A detailed description of the package that was the subject of the ratification ballot was posted on the APFA Web site promptly following the Executive Committee's Resolution to proceed with a membership ballot. Unfortunately, because the package had not come together until the March 31 deadline, complete contract language was not then available. We resumed our meetings with the company on April 1 to arrive at complete contract language. To our great disappointment although it probably should not have come as any surprise given the company's conduct during the negotiations - we encountered stiff resistance from the company in hammering out the final language. It was not until April 8 that the language was finalized. As soon as that occurred, it was promptly posted on the APFA Web site and mailed to the membership. Was this an ideal way to proceed? Of course not. However. we were faced with the companyimposed deadline of the morning of April 15 for completion of the ratification vote. Given that deadline and the company's delay in concluding final language, we felt the best interests of the membership required that we proceed with the vote based on the detailed description of terms that we provided at the outset of the ratification voting process.

To complicate matters, the company agreed to provide additional enhancements during the ratification process. It agreed to shorten the duration of the agreement by four months, to provide a "variable wage adjustment" process, which purportedly might provide wage increases during the life of the agreement. It also could shorten the time for distribution of stock options under the Stock Option Plan that had been part of the terms that formed part of the \$340 million package as of March 31. As a result of our continuing efforts to improve the package, the company finally agreed at 8 p.m. on April 14, only hours before the balloting was scheduled to close, to permit the union to serve an early notice to reopen the agreement and begin negotiations in January 2007.

The extension of the voting period

Because the full contract language had not been available at the outset of the balloting process, enhancements had been added during the course of the voting process, and reported difficulties with the telephonic voting process, we urged the company, on several occasions, to extend the balloting period beyond the company-dictated April 15 deadline. The company adamantly refused, including as late as April 14. On the morning of April 15, we and the other union leaders were summoned by the company to a meeting with then-CEO Don Carty. Carty offered to extend the balloting period until 5 p.m. CDT on April 16. We informed the company that this extension was insufficient, that the membership needed more time for all the reasons I've already noted, and urged an extension of several days. Mr. Carty remained adamant: the extension would be until 5 p.m. CDT on April 16 and not any longer.

At that point, the union was presented with still another one of the many difficult decisions it faced in this process: should it refuse any extension or accept the minimal extension offered by the company even though the union clearly considered it to be insufficient. The APFA Board of Directors carefully weighed the situation presented. The majority of the Board concluded that a number of factors compelled granting the limited extension to the ratification voting period. Those factors included the fol-

lowing. Due to continued obstacles presented by the company, actual contract language for the proposed modifications to the Collective Bargaining Agreement upon which the membership was voting had not been finally agreed to until several days after the balloting period had commenced. During the course of the balloting period, additional agreements had been reached beyond those that existed at the commencement of the balloting period and there had been new developments at other carriers principally United -- that members may have considered pertinent. Finally, because of difficulties in the balloting process conducted by the American Arbitration Association, a number of Flight Attendants had reported that they were unable to cast votes and/or had experienced extensive difficulties and confusion with the voting process.

The original ballot count had resulted in rejection of the proposed package by a very slim margin. The Board recognized that there remained a high likelihood of an imminent bankruptcy filing by the company, and believed, as had the Executive Committee, that there was a strong likelihood that the Flight Attendants would suffer a reduction in wages and working con"We also realized that in bankruptcy, we would be confronting creditors and a court for which protection of employee interests would not be a paramount concern and where the interests of the debtor (i.e., American) would take center stage." "A majority of the Board decided to extend the vote because they believed, in good faith, that this was the best way to serve the interests of the Flight Attendant group."

ditions that exceeded those that would result under the \$340 million proposal upon which the membership was voting. Taking all of this into consideration, the Board determined that the best interests of the Flight Attendants would continue to be served by taking all necessary action to avoid a bankruptcy filing if possible, and that this could best be accomplished, under the extreme circumstances presented, by permitting the Flight Attendants a further opportunity to vote or to change their votes if that was their desire.

In deciding to give Flight Attendants the opportunity to change their votes if they desired to do so, the Board of Directors was providing an option identical to that which had been afforded by APA and TWU to their members as part of their ratification processes. Of course, the option to change one's vote was granted to everyone; those who previously had voted "no" could, if they chose, change their vote to "yes," and those who originally voted "yes" could switch their votes to "no."

The decisions to extend the voting and to permit Flight Attendants to change their votes obviously were controversial ones. We recognize that a number of Flight Attendants considered this to be improper and were highly resentful of the Board's chosen course of action. Other Flight Attendants expressed their deep-felt gratitude at having been given a further opportunity to express their views. In fact, 1,573 new votes were cast by Flight Attendants who had not previously voted. Many elected to "change" their votes, although it is not known whether they changed from "yes" to "no," from "no" to "yes," or simply purported to "change" their votes when in fact they reentered the same vote they had originally cast. A majority of the Board decided to extend the vote because they believed, in good faith, that this was the best way to serve the interests of the Flight Attendant group.

Throughout the original ratification balloting period, the company had refrained from involving itself in the process. However, once the extension period began, the company made a full press effort to insert itself into the process, assaulting Flight Attendants with "pop-up" notices when they signed onto the flight service web site, handing out information to Flight Attendants at the airports, including when they boarded and deplaned from flights, and even going so far as to provide money to Flight Attendants in foreign locations to use for calling the American Arbitration Association

to vote or to change their votes. While we have no evidence that the company actually told people what vote they should cast, the company's immersion into the process and its conveying of continued statements that, absent ratification, the company would file for bankruptcy, were clearly inappropriate and a terrible mistake. I notified the company that its conduct was wholly inappropriate. In a conversation with Don Carty on the morning of April 16, I called his attention to the company's improper course of conduct and demanded that this behavior stop. He said he would, but that promise rang hollow as the company's intrusion and pressure continued unabated. I sent a letter to the company telling it to "stay out of our process," but this, too, did not cause a halt in the company's actions.

When the votes were counted, the ratification ballot had passed by a margin of 1,109; approximately 53 percent of the voters had voted in favor of the Restructuring Participation Agreement.

The Company's Outrageous Intentional Withholding of Information on Special Retirement Benefits and Huge Retention Bonuses for Top Officers of the Company

However painful and divisive the process had been up to that point, there was at least the thought that the process had come to an end at 5 p.m. on April 16, that a threatened imminent company bankruptcy filing had been averted, and that the difficult job of living with the modified wages and working conditions would soon begin. All that changed when we awoke on the morning of April 17 to the blaring newspaper headlines reporting that the company had intentionally hidden the fact that it had granted huge special retirement benefits to its 45 top officers. Such benefits, by their terms, were shielded from challenge in the event of a bankruptcy filing, and the company had rewarded its top seven officials, including Mr. Carty, with enormous "retention" bonuses if they just stayed with the company for a few more years. The original press reports included statements by company representatives that this information had been shared with the unions. This was a flatout lie, and the company was forced to quickly acknowledge that it was. We all were outraged,

and I expressed that outrage on behalf of all of us directly to Mr. Carty.

The Restructuring Agreement that had been the subject of the membership ratification ballot included a specific representation by the company that the information it had provided to the union "was the most complete and reliable information available to the company to the best of its knowledge." The disclosures on April 17 demonstrated that the company had lied and had not provided the "most complete and reliable information." Instead, it had intentionally hidden highly significant information from us.

The Reballoting Resolution and its aftermath

Because of the company's outrageous conduct and the company's highly improper intrusion into our ratification process during the April 15-16 extension period, I informed the company that a reballot of the membership was essential. This direction was confirmed by the Board of Directors on April 22. The Board reaffirmed its commitment to do everything possible to enable the company to avoid a bankruptcy filing while protecting the best interests of the Flight Attendants and determined that, in light of the totality of the circumstances presented, this commitment and objective could then best be accomplished by giving the APFA membership the opportunity to cast new ballots.

As we all know, that was not the end of the matter. A series of highly significant developments occurred during the next few days. After the APFA Board of Directors adopted its reballoting resolution, the company agreed to significant improvements to the APFA Restructuring Agreement that it had not been willing to provide previously, including a further shortening of the duration of the agreement, the ability of the union to reopen negotiations for a new agreement after three years under the agreement, and a new Annual Incentive Program, which offered a far greater likelihood of bonus payments for Flight Attendants during the life of the Agreement than was the case under the Variable Wage Adjustment plan that had been part of the original Restructuring Agreement. In addition, the same criteria that would determine whether management employees would receive cash bonuses would also be applied to determine additional cash payments of between 2.5 percent and 10 percent of annual wages

for non-management employees, including Flight Attendants. Then, in the evening of April 24, CEO Carty resigned – a stunning and quick consequence of the company's remarkable arrogance in lying to the unions about the huge payoffs to upper management until after the ratification ballots had been granted.

It was clear that the decision to conduct a reballot had produced dramatic, positive consequences for the APFA membership. The uncertainty it had created and the added pressure it had placed upon the company no doubt contributed greatly to the company's decision to provide these significant improvements to the pre-April 22 deal and also undoubtedly led to Mr. Carty's departure.

Later that evening, APFA Vice President Jeff Bott, APFA Secretary Linda Lanning, and APFA Treasurer Juan Johnson and I had an emergency meeting with the new CEO of American, Gerard Arpey. We explained to Mr. Arpey that it was essential that the company go further than it had been willing to do up until then to provide an effective vehicle for eliminating the "underfly" modification that had been part of the Restructuring Agreement and that had proven so controversial and unpopular during the

ratification process. He listened very closely, recognized the importance of addressing this issue if the APFA was to consider finalizing an agreement, and agreed to an improved vehicle for solving this issue. At the same time, we urged Mr. Arpey to permit the reballot of the APFA membership to proceed and that the company withhold filing a bankruptcy petition until after that process had been completed. He indicated this was not possible. Mr. Arpey would agree only to give us until 10 a.m. on April 25 to reach a final agreement and forego the reballot, or the company would file for bankruptcy immediately.

The APFA Board of Directors reviewed these late developments during a conference call in the early morning of April 25. After a full discussion and careful deliberation, the Board determined that the best interests of the APFA-represented Flight Attendants would be served by securing the significant improvements to the Restructuring Agreement to which the company had agreed since the Board had adopted its reballoting resolution and forestalling a company bankruptcy filing, without a further membership vote. The Board considered this preferable to proceeding with the membership vote, which would deprive the

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"There are battles to be fought and rights to protect, and our best chance of doing so effectively is by being as united as we were prior to this horrible chain of events."

membership of the significant enhancements and result in an imminent bankruptcy filing. In addition, the Board recognized that proceeding with a ballot after a bankruptcy filing would have been a largely symbolic gesture as proceedings moved ahead in bankruptcy court. The company's initiation of procedures under Section 1113 of the Bankruptcy Code would secure rejection of our collective bargaining agreement and far greater cost reductions and numbers of furloughs. Carefully weighing these most current considerations, the Board, with great reluctance, withdrew the prior decision to conduct a new ballot of the membership.

Some Concluding Thoughts

I realize I've gone on for what may seem like too great a length in describing what has transpired these past few months and why, but I thought it was important to provide as much information as possible.

As I stated, it's obvious that this recent series of events have caused great discomfort in our membership, great angst and uncertainty, and divisions and hard feelings that, while understandable, we need to try to find a way to heal, and to do so as quickly as possible. If it provides any comfort, I, too, have experienced great anger and frustration these past few months. Perhaps because I've been dealing on a virtually non-stop basis with the company, it's been easier for me to identify the true culprit and direct my anger where it should be directed – at the company. I'm furious at how heavy-handed the company has been, at its insensitivity to the needs and concerns of the Flight Attendants, and at its unconscionable withholding of information that it knew we would want to know as we made our critical decisions.

While I have not gotten over my anger, I finally came to the realization that it was not productive to make the many critical decisions we've been forced to make and to fulfill my responsibilities driven by such feelings of anger and where they might take me. I hope, in time, you also will be able to get beyond your feelings of anger and move forward.

I also want to repeat something that I've mentioned above and that I feel very strongly about. I've heard loud and clear the charges by some "no" voters that those who voted "yes" are cowards and no better than scabs. I've heard equally loud and clear the charges by some "yes" voters that those who voted "no" are totally irresponsible and are just bent on bringing this company down. I've also heard charges that APFA Board members who voted to extend the original balloting deadline or to reverse the decision to reballot are "gutless" or "lacking in principle" and charges that Board members who didn't would have been responsible for forcing this company into bankruptcy and causing thousands to lose their jobs.

With all due respect to those who may feel this way, I think both those points of view are mistaken. While some may have voted "yes" or "no" for irrational reasons or out of fear or a desire to take revenge, I seriously doubt that explains the overwhelming majority of votes. APFA members could have, in complete good faith, felt that voting "for" the restructuring agreement made perfect sense given the terrible alternative of proceeding in bankruptcy. Likewise, APFA members could also have, in complete good faith, felt that voting "no" was the only acceptable course because the restructuring agreement was so unpalatable that they were willing to take their chances of doing better in bankruptcy.

I also am confident that APFA

Board members who voted to extend the voting period or to refuse to extend it did so in complete good faith based on their best evaluations of what was in the best interests of the Flight Attendants we represent. So, too, with respect to the decision to reverse the reballoting resolution or not to.

These are tough times and the choices we have been called upon to make are horrible ones. There was no one right answer to many of the issues we faced. I would ask you all to step back, to reflect on what I've written and on your own thoughts regarding these issues, and to recognize that nothing positive is accomplished by continuing or escalating any divisions within our ranks. As badly as we may feel now, we are not defeated. There are battles to be fought and rights to protect, and our best chance of doing so effectively is by being as united as we were prior to this horrible chain of events. This may take some time; however, I believe it's something from which we can recover.

Sincerely,

gentent

John Ward



Jeff Bott APFA Vice President

777 -Atlantic Presidential Grievance Award

ast year APFA and American Airlines arbitrated the 777-Atlantic (AE) Presidential Grievance, which was filed in May of 2000. The grievance disputed the staffing cuts by American Airlines, which the APFA claimed caused an unreasonable workload for Flight Attendants while performing duties on European and Latin American routes. American Airlines reduced the staffing by one more Flight Attendant in April of 2002, causing an even more onerous workload.

Portions of the award are cited here, in quotes, in order to provide you with the best possible picture of what took place to prepare and present this Arbitration. In the interest of time and space, I will not be quoting the award in its entirety; however, it is available on the APFA Web site at **www.apfa.org**. Click on "Hot Topics," then "777 Award."

THE ARGUMENT:

The Union began by presenting the issue of the 1995 Interest Arbitration Award, which resulted in the language that now appears in App. I, Art. 9.B.2. of the Agreement, entitling the Union "to raise a claim before the System Board of Adjustment." The Union argued that the Company "failed

to take into consideration the unique features of the 777AE, as well as the additional duties required of Flight Attendants in the post-September 11th world of heightened security. The Union offers that Flight Attendant staffing must be at a minimum of 13 to assure a proper workload." The #13 could be the VM position and that staffing should be three Flight Attendants in first class, five in business, five in coach. The Union requested understaffing pay for each Flight Attendant who worked an understaffed 777AE flight.

"The Company, on the other hand, insists that it exercised its discretion reasonably and it considered all relevant information when it determined the staffing guidelines for the 777AE. The Employer urges that the staffing was appropriate and that such staffing did not create an unreasonable workload. The Company contends that it 'has no incentive to compromise [its] service and put its name and reputation at risk by understaffing flights or overworking its Flight Attendants.' The Company argues that proving an 'unreasonable workload' does not satisfy the APFA's burden of proof - the Agreement makes clear that the standard is 'abuse of discretion.'

The Employer insists that '[A] bsent a finding that American acted in an arbitrary manner and without any rational basis for its decision, the Board cannot proceed de novo and substitute its judgment for that of the Company, even if it would conclude that Flight Attendants on the 777AE have an unreasonable workload.' The Company urges that the only inquiry for the System Board of Adjustment is whether the Company acted arbitrarily when it set the staffing levels on the 777AE.

"... the Flight Attendants went on strike against the Company in November 1993. Thereafter, at the suggestion of President Bill Clinton, the parties voluntarily entered into a procedure for interest arbitration over unresolved issues. The interest arbitration took place over 41 days of hearings from Oct. 1994 to Mar. 1995" and a decision was rendered in a 144-page Opinion and Award. From page 61-62 of the award is the following statement: "While it is understood that the Company shall have discretion in changing staffing or service levels, the APFA shall be afforded a safeguard against the Company abusing that discretion. Accordingly, the APFA shall have the right to file a Presidential

Grievance if American abuses its discretion by assigning an unreasonable workload to Flight Attendants." This paragraph was added to the Contract in App. I, Art. 9.B.2, and "forms the basis for the Board's jurisdiction in the instant matter."

The Company urged that the Board not evaluate the unreasonable workload as the issue in question because the Company has the managerial right to determine staffing. The Union disagreed. "A majority of the Board finds that the Employer errs when it so characterizes the extent of the Board's jurisdiction." The Board determined that the Interest Arbitration Award is clear and unambiguous. The Union can file a grievance over staffing if American Airlines "abuses the discretion by assigning an unreasonable workload to Flight Attendants." The Board explained that it is the Union's burden to prove that the staffing level created an unreasonable workload. The Employer can offer its evidence to rebut the Union's proof. The ultimate burden of persuasion rests with the Union.

The Union argued "since the 777AE is the longest aircraft in the Company's fleet, those assigned to it must traverse a

considerable distance for the many hours of flight and preflight preparation." Further, because of its size, "this aircraft also accommodates the greatest number of passengers in three classes of service (the A-300 may have more passengers, but it is only a two-class configuration). Since the aircraft travels so quickly, the flight is quicker and service must be accomplished expeditiously." The Company advised the Union that certain tasks were expected for this airplane, for example Express Breakfast, video Watchmans, Bose headsets together with "the complicated seats in first class and the various new computer systems (controlling climate, water and audio) which must be monitored by the Flight Attendants contributed to the unreasonable workload on the 777AE."

Testimony was offered from the APFA regarding the Company's only offer of justification for the staffing change as "Flight Attendant-to-passenger ratios." The Union received several complaints from Flight Attendants working the 777 (AE). At this point, the Union decided to do its own preliminary investigation. "Certain Flight Attendants flew on other carriers to observe how their 777 service was delivered, and some of these same Flight Attendants worked American's 777 (AE) flights to experience whether the workload was unreasonable." Following these investigations, the Union concluded that in fact the workload was unreasonable and decided to go forward with three studies to document its concern.

The first was a survey on the APFA Web site. An overwhelming majority of Flight Attendants (81.4 percent) who had flown the 777AE declared that the workload was unreasonable. The second survey was conducted by an outside expert, Dr. Barry Greenberg, and involved a random telephone survey of Flight Attendants. The results indicate that 75.8 percent to 87 percent of Flight Attendants believed the workload was unreasonable.

The third and most compelling survey was a human factor analysis performed on the 777AE under the direction of Dr. Diane Damos, a human factor analysis expert, who has master's and doctorate degrees in aviation psychology. At the time of the study, there were "massive amounts of data" dealing with time-task analyses for pilots, but

scant information pertaining to Flight Attendants. A majority of the Board found this significant "because no other studies were offered by the Company to refute Dr. Damos' findings or to contradict her methodology. A task list was constructed to develop a thorough understanding of the elements of the job. It was necessary to develop a list of observable behaviors that would constitute the start and stop times for each task. These tasks were analyzed for each Flight Attendant position. All of the tasks were grouped into clusters, totaling 47, for the study. Each Flight Attendant-observer had a Personal Digital Assistant (PDA), and it was loaded with scientific software to collect the data. Dr. Damos loaded the data and trained the observers on how to operate them. After each flight, Dr. Damos downloaded the PDAs into her computer for analysis of the data. Extensive practice sessions were executed to ensure the accuracy of the data. Even spare PDAs were available as back up in case of mechanical problems. The observer was allowed to stand in her/his seat to observe a Flight Attendant, but the observer was not to move about the aircraft for fear that she/he might interfere

with crew functions. To prevent distortion in the data, the observers were not to talk to the crew they were observing, though the Purser was advised of the study on the flight and was to tell the crew "basically what they needed to know."

Dr. Damos explained how the data collection worked, and here is a small sampling to "give a flavor of the data recorded and the software on the PDA:"

"When the person is ready to start timing, you bit the 'Start' button. Within 1/20th of a second, the system is up and activated and collecting data. You know that the system is activated because the main button switches from stop to start.

"Let's take an example where the Flight Attendant has just – we've had the first chime and she's jumped out of the seat, so we activated it. She's now walking. We have three columns, one which says the name of the cluster, 'OCCUR-RENCE' – which I'll explain in a second – and then one called 'AVERAGE.' We simply tap an average. It illuminates. It says, 'You want to record walk, right?' 'Yes.' Okay. So we wait for her to finish walking as we defined it. We then hit the word 'TIME' and we see automatically that it now says it has one instance of that cluster, and it records the time *in minutes in this particular case that she spent doing that* walking and then is now ready to go on to the other cluster. It's already timing, so there is no lost time. Let's assume she's dealing with a passenger request. I would *bigblight 'PASSENGER* REQUEST.' She now finishes. I *bit 'TIME.' She's walking* again. I go back to 'WALK.' She finishes walking, I bit 'TIME,' and now we have 2, the number changes to 2, telling me I've made two observations in that category and it now has accumulated the total time."

When asked how she could be sure that the data was not skewed by the observers, she responded: "For every single file, I ran an analysis program that would determine if the PDA had been turned off or for some reason or other was not recording, and I examined every single line. Since this was scientific software, it recorded the beginning and the end of the measurement observation down to 50 milliseconds."

The tested flights were chosen because of their various durations, departure times, and flights that would demonstrate different levels of service. Dr. Damos concluded from her study that the workload was unreasonable on the 777 (AE) staffed at 12 and 11 because "... its reasonableness or unreasonableness is to determine if the worker is making the company-established deadlines. Now, if the worker is making the deadlines, then the question becomes are they making the deadlines because they're omitting tasks that they should be performing or they're delaying nonessential tasks into other parts of their workday or they're taking shortcuts." If so, this would be construed as unreasonable

Although the Company argued that there were inherent flaws in Damos' study mainly because Flight Attendants were collecting the data, the majority of the Board responded that in a perfect world, the observers would not have been Flight Attendants. "However, it is also obvious to the Board that someone with Flight Attendant training would be best able to watch all the movements of a Flight Attendant and understand the nuances of the actions and activities observed.

"A majority of the Board finds that the Company has failed to prove that this study was flawed in its design or execution so as to render the results invalid." Although the Board would have preferred a larger sample of flights, the Union offered that the expense of collecting the data limited it to the flights and variants selected.

"Clearly, crew rest is not a luxury, and these parties have negotiated the circumstances under which it must be provided." On each of the observed flights, no crew received appropriate and allowable crew rest in its entirety.

While the Company argued that time limits on service were merely guidelines, the Union argued that they were deadlines. The Neutral Chair finds that the Flight Service Manual directs the Flight Attendant to "deliver the first beverage/element of service 12-15 minutes after the Captain sounds the first chime (20-25 minutes M/C, LFS, IFS and AIFS)." The Neutral Chair finds that the Company was abundantly clear in making this a time deadline. In the Damos study, this deadline was met only twice and both were in business class with 31 and 34 passengers, respectively.

"The data in the human factor analysis also reveals that on no flight did every Flight Attendant meet the expected timetable for performing all tasks. In fact, on no flight did any one Flight Attendant meet all the time guidelines. This demonstrates that even if on a given flight not every Flight Attendant worked with the gusto that the other Flight Attendants might prefer, no one Flight Attendant, however energetic, was able to meet the time guidelines. This is significant proof that the workload was unreasonable based on the service level expected and the staffing provided."

The Union offered the testimony of Jeff Heisey, a United Air Lines Flight Attendant. He testified that all 777 flights are staffed at 13 with some at 14 or 15 for three classes of service. A company witness testified that when he was working to devise the staffing for the 777-Pacific, which the company used to gauge the 777AE staffing, he looked to the data from other airlines who were already operating 777s. The Company witness explained, "We are also in a highly competitive business. If I was to staff the aircraft very differently from another airline, I would need to answer questions within the company as to how I made that decision. In all decisions (we) make at American, we consider the competitive environment, and we did it in this case as well."

After weighing all the facts in this case, the Neutral Chair finds that "there is no indication that the Flight Attendants were unable to provide the minimum level of service expected on the observed flights. Put another way, the Flight Attendants were able to 'get the job done.' However, the data reveals that, too often: (a) tasks were not performed in the time frame the Company directed; (b) the Flight Attendants did not receive the appropriate amount of crew rest; or (c) meals were taken, if at all, in a most hurried manner. The Neutral Chair concludes that the way the Flight Attendants were able to perform all essential tasks was to shortchange their crew rest. The Neutral Chair finds this to be a

critical finding from the Damos study and a key indicator that the workload is unreasonable. A majority of the Board finds that crew rest is an essential element in a Flight Attendant's ability to perform the job safely and effectively, especially on long flights. Both parties appreciate the importance of a Flight Attendant being sufficiently refreshed during a long flight to be able to handle any emergencies that might arise during the flight or on landing.

THE DECISION:

"The Board has carefully considered the evidence presented and finds that the 1995 interest arbitration award, and the resulting terms of the collective bargaining agreement, did not guarantee to the Flight Attendants the staffing that might be adopted by either Delta Airlines, British Airways, or United Airlines, the airlines that were deemed to be the 'comparables' in the interest arbitration proceeding." Therefore, the fact that Jeff Heisey testified that United staffs at a minimum of 13 does not obligate American Airlines to adopt the same standards. However, a company witness testified that competition was a meaningful factor in considering staffing for the 777P. "A majority of the Board finds that when the staffing on the 777(AE) fell to two below the level to which United had reduced its staffing (i.e., American's 11 to UAL's 13), it became clear that the Company was out of step with its competitors. This is another indication to the Board that the staffing decision was unreasonable." Further, the record reveals the unique 777 (AE) features that bear on the Flight Attendants' responsibilities. Patt Gibbs, IDF Flight Attendant, testified to three such features: (a) the flagship suite seats; (b) the computer system; and (c) the in-flight entertainment system. The Board confirmed that the Company's promotion of the Flagship Suite Seats contributes to the number of questions passengers ask in order to utilize each of these features, such as the ability to lie flat, to have a work station that doesn't have to be removed to eat, and to swivel the seat to face the person next to you or in front of you. Further, the fact that the temperature, water, lighting, and sound systems were previously

monitored in the cockpit and that each seatback in coach had an individual screen produced more questions for the Flight Attendants as the largest number of passengers must now operate their own entertainment systems. This added to the unreasonable workload.

Naturally, both parties acknowledged that the Company's first priority is safety. Flight Attendants were obliged to perform periodic walk-throughs, particularly post September 11th. The Neutral Chair acknowledges that the Flight Attendant's job did not become different, just weightier.

In sum, there is an unreasonable workload when staffing is 11 Flight Attendants on the 777AE.

THE REMEDY:

Included in the Award were two key elements. First, the service element, which includes either the restoral of the #12 Flight Attendant to the 777 (AE) **or** the reduction in service to ensure a reasonable workload. Second, the back pay element, which will include \$9 million to be paid to those Flight Attendants who worked understaffed flights without a #12 on board at a load of 70 or more in M/C from April 2002 to the date American adjusts either the service or the staffing on the 777AE.

APFA'S MOVE TO PROTECT THE AWARD:

As expected, the Company indicated that it disagreed with the ruling and intended to fight the case in federal court. Such litigation could take up to 24 months to resolve. Further, in the event of an immediate Company bankruptcy, or at a later date, the awarded back pay claim in bankruptcy would have the amount essentially reduced to pennies on the dollar.

Faced with the possibility of a long court battle and losing our back pay claim in bankruptcy, I requested APFAs legal team urgently devise a solution to save the Award. Our union attorneys

and I reached a settlement with American only hours before the then bankruptcy deadline. Due to American's current financial status, in lieu of a \$9M immediate payment, and for a period of 18 months (ending October 15, 2004), those Flight Attendants who worked under-staffed flights who are on payroll as of October 15, 2004, will be paid understaffing backpay at the rate of \$10 per hour plus a simple prime rate of interest (4.25 percent) as published in the Wall Street Journal, which began accruing on April 15, 2003. The APFA holds liens on two of American's Super 80 aircraft, including the engines, as collateral. Their tail numbers are N430AA and N469AA. This will ensure that the money is better secured in the event of bankruptcy.

There is a second option available that has been negotiated with American Flight Service for those Flight Attendants who would prefer to take advantage of immediate recovery of their back pay in the form of vacation days. Each Flight Attendant shall have a one-time option to take all the sums due her/him as paid vacation time in 2003, 2004, through April 2005. The monies due the Flight Attendant will be used to offset the vacation days pursuant to the vacation calculations and pay rates agreed to by the parties to this Agreement. Each Flight Attendant shall inform American and the APFA of this election by a date to be determined and announced shortly.

IN SUMMARY:

The ramifications of prevailing in this grievance were far reaching, particularly in light of not only job security but also safety on board the aircraft. I must acknowledge several people without whose help this incredible accomplishment could not have transpired. APFA Attorney Mark Richard and IDF Flight Attendant Patt Gibbs, who presented the Union's case; Susan French and Julie Mover, who sat on the Board; Division Reps Greg Hildreth, Brett Durkin, Lori Bassani, and Lynda Richardson and Executive Committee Members Kim Boyett and Lenny Aurigemma, who collected the data on those long flights. Also, Patrick Hancock (IDF), Mona

Adams (IDF), Ted Bedwell (JFK), George Berry (IDF), and Jeff Heisey, UAL MEC Member, who testified and Skylar Turner and Leslie Mayo, who created the displays that we used during the arbitration. A special thank you to all the Flight Attendants who worked the data flights for their professionalism. As always, this project was a group effort, and I have a great deal of respect for those in my department who never hesitate to step up to the plate and get the job done.

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LINDA LANNING APFA Secretary

"Progress is impossible without change, and those who cannot change their minds cannot change anything." - George Bernard Shaw

Open Letter to APFA Members

Like each of you, I am filled with a mix of emotions after the events of the past few months. I have felt hurt, anger, fear, frustration, disappointment, and disgust over the situation we have all been thrust into and the choices we were all forced to make. There is not one emotion the membership is feeling that the four National Officers and members of the APFA Board of Directors have not felt or do not understand. Many in the membership feel as though the APFA leadership let them down. In our attempt as leaders to protect the membership, we had to make tough choices. These choices were based on a great deal of information provided to us by very knowledgeable people such as our attorneys and other advisors. It was also based on information shared with us by APA and the TWU and past experiences with American Airlines. The bottom line is that the decisions made by the leadership of the APFA were done with the best interests of the membership at heart.

Unlike Section 6 negotiations, or formal contract negotiations, the APFA had very little leverage in the discussions with American. Our Negotiating Team and our leaders were given ultimatums and deadlines throughout the process, which added to the stress and pressure to make the right decisions over and over again. The negotiators tried to maintain the integrity of our contract to the extent possible with what bargaining strength they had. Our advisors and other labor unions, some not on property at American, advised against bankruptcy. For the APFA, bankruptcy was totally uncharted waters and a gamble we would rather not take.

Ultimately, the APFA Executive Committee was put in a position to either allow the membership to vote on what was on the table on March 31st and decide for themselves or allow the company to file bankruptcy.

For our membership, it was a choice between taking concessions no one including the leadership of the APFA relished or going into bankruptcy and taking our chances with a system where the creditor's concerns were paramount. To say this was a "no-win" situation is the understatement of the year. Some in the public viewed this as a simple choice. It was not simple at all. Regardless of the decision, all of our lives would be negatively affected. For some, it meant being furloughed and facing a great deal of uncertainty. Simple? I think not.

I am not here to try to get the membership to understand what happened. Each of us has our own core belief system. It is hard for me to change my own behavior, let alone think I could change how 26,000 people view a particular situation. With that said, I would like to share my experiences, my strengths, and my hope with the membership.

Several years ago, I wrote an

article for **Skyword** as a member. not an officer. It was the 20th anniversary issue. The title of the article was "My name is Linda, and I am an alcoholic." I am sure you are wondering what this has to do with where we are right now. The fact is, a great deal. You see, for alcoholics like me, my program demands rigorous honesty. This is what has gotten me through many a tough day and difficult event during my time as Secretary of the APFA. At the end of every day, I must be able to look at myself in the mirror and know without a shadow of a doubt that I have been honest in the dealings of the day. My very survival depends on it.

The chain of events since December 6, 2002, when the APFA was first asked to forego the 3 percent pay increase due January 1, 2003, has been nothing short of a living hell for everyone. Even the most creative person could not have written a plot as twisted and as unreal as this. I think most of our members would agree. Make no mistake; the APFA leadership would not have auditioned for this production if given the opportunity. Unfortunately, we had no choice. The fact is we did play a part. A part that demanded we do what we could to maintain the integrity of our contract, to the extent possible, while looking after the best interests of our membership and trying to keep our union intact. No decision made by any elected or appointed leader is going to be popular with everyone. Choices made in this situation are no exception.

For the other leaders and me, it is important that the membership know that there was no conspiracy to deceive or in any other way hurt the membership. We all did what we felt was right. The events of the past few months and the resulting vote have divided our membership. This has played right into the company's hands. The process of reunifying our membership is now top priority for all of us. We have faced a great deal of adversity as a union in the past and emerged from each crisis a much stronger group. Each of us must strive to ensure this is again the case. No one knows what may lie ahead. The APFA must be strong in order to take on the challenges that will come our way. It is the commitment of the APFA leadership to make this happen.

APFA BOARD OF DIRECTORS ANNUAL CONVENTION MARCH 7 - 11, 2003 Hilton DFW Lakes • 1800 Highway 26 East • Grapevine, Texas 76051

OFFICIAL MINUTES

MARCH 7, 2003

- John welcomed the Board of Directors and all members of the gallery.
- 1250 Roll Call was taken.
- **1305** Resolution #1a was voted on and passed to amend the agenda to include:

Yes: 18 No: 0

- Policy	(Edwards)
- Back to Book	(Edwards)
- Negotiations Timeline	(Mallon)
- PVDs	(Nasca)
- Duty Free	(Nasca)
- Ghost Rides	(Nasca)
- Skyword	(Watson)
- Coordinator Vacation Deferral	(Watson)
- InfoRep Coordinator	(Nasca)
- E-Mail	(Johnson)
- Legal Questions	(Carrigan)
- Constitution Review Committee	(McCauley)
- Scanning Project	(Bott)
- A/C Incident Award	(Bott)
- Flight Attendant Certification	(Valenta)
- Web Master	(Turley)

1306 Resolution #1 to approve the agenda as amended was voted on and passed.**Yes: 18 No: 0**

Linda Herod-Rivas of the National Ballot Committee made a presentation to the Board of Directors regarding election of Ad Hoc position #5. Willingness-to-Serve notices were received by Lonny Glover (ORD) and Joe Robinson (LAX). The Board then submitted the following names for consideration of the position.

> Julie Moyer Ted Bedwell James Andrews Linda Prosser

Negotiations Timeline: Discussions regarding our time limits and concerns.

Resolution #2. (Left on the floor until conclusion of presentations)

Legislative Update: Joan Wages made a presentation to the Board of Directors. The flag of the United States was flown over the Capitol on January 11th in honor of our crew members that were killed on September 11, 2001, on board Flight #77 and Flight #11. This flag will be located at APFA Headquarters.

The Board of Directors was then provided a brief update on Negotiations.

Please visit the APFA Web site "Resource Center" for official minutes and all resolutions. **1649** There was a show of hands to adjourn for the day.

MARCH 8, 2003

1046 Roll Call

There was consensus to allow the National Ballot Committee to conduct Ad Hoc elections. Linda Herod-Rivas gave the Board of Directors their delegate badges, and then started round one.

Round One

Ted Bedwell	13
James Andrews	1
Linda Prosser	3
Julie Moyer	1

Ted Bedwell was elected to Ad Hoc Position #5.

Selection of the Ad Hocs to represent the bases.				
Position #1	Lenny Aurigemma	(BOS, MIA, SFO)		
Position #2	Mario St. Michel	(ORD, LGA, JFK, RDU-I)		
Position #3	Kim Boyett	(IMA, DCA, STL)		
Position #4	Cheryl Walters	(BOS-I, DCA-I, IDF, IOR)		
Position #5	Ted Bedwell	(SFO-I, LAX-I, LAX, DFW)		

Off Record discussions for the remainder of the day.

1804 Adjourned for the day.

MARCH 9, 2003

1029 Roll Call

Show of hands to have the Budget Committee review the Budget. Budget Review and approval. 1300 Resolution #3 was voted on and approved to pass the Budget for Fiscal Year, 2004.
YES: 18 NO: 0
Point of Information: Resolution #2 had been

deferred until all Negotiation presentations.

- 1304 Resolution #4 was voted on and passed to appoint MIA Base Chair Cheri Washbish to the Budget Committee.YES: 18 NO: 0
- 1450 The Board of Directors had a show of hands to have Becky Kroll address the Board. Off Record discussion regarding Negotiations.
- **1710** Back on Record ORD Base Chair requested that Resolution #2, which is on the floor, be deferred.
- **1711** Off Record Discussion regarding Legal Update.
- **1736** Juan gave an update on Dues Arrears. The collection process.
- 1747 Off Record Discussions
- 1800 Back on Record

Discussions regarding PVDs.

1810 Duty Free – Change to the procedures.

Discussions regarding *Skyword*.

1900 Resolution #5 voted on and passed. **YES: 18 NO: 0**

Linda Herod-Rivas from the National Ballot Committee came to address the Board of Directors on possible options regarding the ballot process. Linda Herod-Rivas from the National Ballot Committee came to address the Board of Directors on possible options regarding the Ballot process.

1907 Adjourn until 0900.

MARCH 10, 2003

0926 Roll Call was taken. Off Record Discussions. Don Carty and his Sr. Management team came to address the Board. There was a question and answer session that lasted about 45 minutes. Jill Frank came to address the Board on retirement

Jill Frank came to address the Board on retirement plan benefits. Off Record Discussions.

- **1430** The leaders from APA and TWU came to address the Board of Directors.
- **1600** The Company came to address the Board regarding proposed changes to medical benefits.
- **1812** Back on Record at 1812 after several presentations to the Board.
- 1815 Resolution #2 voted on and passed.
 YES: 18 NO: 0
 Coordinator Vacation Deferral. Resolution #6 was tabled until the next Board Meeting.
 InfoRep Steering Committee:
 Update on the InfoRep Program.

1845 Discussion regarding the Board of Directors Training, which was scheduled for tomorrow. Postponed until further advised.

MARCH 11, 2003

0923 Roll Call

E-mail Discussion: Concerns raised regarding InfoRep, Board of Directors, and e-mails marked Confidential to the Board. InfoRep Captain Liz Geiss addressed the Board regarding e-mails sent out to local DFW InfoReps.

Constitution Committee.

- 1113 Resolution #7a to table Resolution #7. Voted on and failed.YES: 6 NO: 12
- 1115 Resolution #7 voted on and passed.YES: 15 NO: 3 Discussion regarding the scanning project that we would like to start at APFA Headquarters.
- 1205 Resolution #8 voted and passed. YES: 17 NO: 0 ABSENT: 1
- 1222 Resolution #9 voted on and passed. YES: 17 NO: 0 ABSENT: 1
- **1230** Show of hands to adjourn.

APFA SPECIAL BOARD OF DIRECTORS MEETING APRIL 22, 2003

Radisson Hotel DFW South • 4600 West Airport Freeway • Irving, Texas 75062

OFFICIAL MINUTES

APRIL 22, 2003

- **0916** John called the meeting to order.
- 0917 Roll Call was taken.
- **0920** Resolution #1a was voted on and passed to amend the agenda to include:

Yes: 18 No: 0

- Carty (Mallon) (withdrawn)
- Legal (Edwards)
- **0921** Resolution #1 to approve the agenda as amended was voted on and passed.

Yes: 18 No: 0

We had several APFA members in the gallery who wanted to address the Board.

0935 Off Record to discuss legal issues. Off Record discussion continued until 1720. John read Resolution #2 into the record.

- 1750 Resolution #2a voted on and failed. Yes: 3 No: 15
- 1752 Resolution #2 voted on and approved for ratification vote conducted for the APFA membership.Yes: 18 No: 0
- **1756** Show of hands to table Resolution #6 until the next Board of Directors Meeting.
- **1756** Show of hands to table Web Master until the next Board of Directors Meeting.
- 1757 Show of hands to adjourn.



Juan Johnson APFA Treasurer

Facing Change

The past few months have been extraordinary. The APFA has faced many major issues that are unprecedented in our history. For this reason and the fact that various events have been unpredictable, a challenge has been posed in the way we plan and budget. Although the issue of the Restructuring Agreement is, for the most part, behind us, we now face the residual issues that will impact our membership and the APFA as an entity.

The expenses related to the Restructuring Agreement all fell under the Negotiations and General Budget. These expenses included trip removals for negotiators and members of the APFA leadership, the expense of our advisors, lodging for members of the Negotiating Team, the APFA Board of Directors and Executive Committee, and our advisors for negotiations and related Board and Executive Committee meetings. There were, of course, the expenses related to the balloting process. Additionally, the APFA was responsible for printing and distributing the Restructuring Agreement and related documents.

Although this was similar to formal Section 6 contract negotiations, it was actually very different. These were not "negotiations" as we know them. We were not afforded six months to prepare or develop a strategic campaign. In contract negotiations, developing our plan of action to strengthen our bargaining leverage is costly. We have to set up our communication system, activate our Strike Preparedness Team and commuter cities, and enhance our InfoRep Program. Additionally, our new Negotiators have to be trained, survey the membership, and prepare offers. This situation was very unlike what we are all accustomed to when negotiations roll around.

One of the hardest things to cope with in the Restructuring Agreement is the loss of jobs. We

Agreement is the loss of jobs. We were aware of the 2,300 plus jobs that would be cut as a result of the agreement. The company's additional cuts in flight schedules and the uncertainty of just how many people would take the reoffered Overage Leaves could

have led to a loss of potentially 2,000 more jobs. As we have done in the past, the APFA will do what it can for our furloughed members. This includes sending out an initial furlough information packet prepared by the Communications Department. This packet has useful information and links to valuable resources including the unemployment offices for each state. The APFA also provides our furloughed members with access to the "members only" section of our web site and continued receipt of **Skyword** for the fiveyear duration of their recall rights. In addition, furloughed members are allowed to vote. The APFA is fully committed to our members who will be affected by reduction in force and will do what we can to continue to provide them with resources and information.

The APFA could potentially have 8,000 members on furlough by July 1, 2003. Per the APFA Constitution, members on furlough are not required to pay union dues. The loss of additional headcount and the union dues associated with such a loss will require major adjustments to the APFA Budget. I will talk more on this later in this article.

At the time this issue went to print, we were unsure just how many Flight Attendants would elect to take Overage Leaves that begin July 1, 2003. Flight Attendants on leave are dues obligated for the duration of their leaves. Once the leave awards are final, the APFA will send each Flight Attendant a letter outlining dues obligations and payment options. Due to the options available, it is difficult to budget exactly what we can expect as far as income from those on leaves. Here again is a challenge.

There have been many questions regarding how the reductions in the Restructuring Agreement will affect the salaries and benefits of APFA Representatives. For representatives who are trip removed to perform union work, it is simple. They are line Flight Attendants only paid for the trips removed at the rate at which they are regularly paid. Their pay and benefits were affected on May 1 just like all other Flight Attendants. The APFA Representatives who are on salary are the National Officers and Division Representatives, and they are compensated on a schedule set forth in the APFA Policy Manual. Due to the fact that the Policy Manual can only be changed by vote of the APFA Board of Directors, APFA President John Ward has asked that the APFA Budget Committee review the compensation schedule and make recommendations to the Board for compensation adjustments. He has asked that this be done in an expeditious fashion.

The APFA Constitution

Committee is in place and will begin meeting soon. They will be charged with reviewing the APFA Constitution and making suggestions to the APFA Board on changes that need to be made to the document. Because of the effects on our membership and ultimately our union of the Restructuring Agreement and American's decision to further reduce the operation, there will have to be changes made throughout the organization. If the Board approves the recommendations of the Constitution Committee, they will then be sent to the membership for a vote.

One thing that I have heard from the members who have contacted me is that our dues structure needs to be reviewed. This is something that the Constitution Committee will look at. Whatever decision is made, it is paramount that the APFA remain a viable entity. We must be able to collect the funds needed to provide our membership with the representation they have come to expect and the services they have enjoyed for years. The will of the membership and the financial needs of the union will certainly be a consideration when looking at the income structure of our union.

I would be remiss if I did not discuss what I intend to do as Treasurer to protect our treasury. I will soon be convening a meeting of the APFA Budget Committee to fulfill the request by APFA President John Ward and make necessary adjustments to the fiscal budget. Some of these adjustments will not come easily. The committee will be looking at everything to see where cuts can be made, savings can be achieved, and income can be generated. Knowing the members of this committee as I do, I know they are truly capable of tackling the job ahead while remaining cognizant of the fact we must continue to serve our membership.

Again, I am asking our various representatives and departments to look deep to identify areas of cost savings. I will be working with our staff to do the same for the union as a whole. Suggestions that come from this effort will be incorporated wherever possible by the Budget Committee.

The Dues Department continues to pursue collection of dues owed the treasury. This aggressive campaign has resulted in \$606,234 being collected. We are actively enforcing Article 31 of our contract for those Flight Attendants who have accrued dues/fees on an

active status. For those Flight Attendants who have accrued dues/fees on an inactive status and have not made payment arrangements or remained current on a payment plan, we are turning their accounts over to collection. The APFA Dues Department will update the Dues Arrears List soon. The updated list will be published in the June 2003 Skyword and on the APFA Web site. We are all the APFA, and we must all continue to shoulder our part of the responsioning strong.



George Price APFA National Communications Coordinator

Furlough Update

n late April, American Airlines formally notified the APFA via the WARN letter that it would furlough up to 5,000 Flight Attendants July 1, 2003. By the time this issue of **Skyword** reaches members' homes, we will know exactly how many of those 5,000 Flight Attendants who received their furlough notices will actually be furloughed. What I would like to do in this article is to take a look at the issues surrounding this unprecedented reduction in force and what the APFA is doing to assist our members affected.

The APFA was aware that a reduction of almost 2,400 Flight Attendants would occur as a result of the Restructuring Agreement. The union also knew that the Overage Leaves would be re-proffered, allowing those on leaves to return to the line or remain on leave with the reduced benefits associated with the Restructuring Agreement. What no one could estimate was just how many people on Overage Leaves would opt to remain on leave. A final component of this reduction was the additional reduction in flight schedules

which is a corporate decision the APFA has no control over.

The company is required under the WARN Act to provide the APFA and all employees "subject to" reduction in force with written notice, the WARN Letter, 60 days in advance of a furlough. Due to the uncertainty of how many people would take Overage Leaves, just under 5,000 notices were sent out. Those who received the notices were understandably concerned, as many were unaware that the furloughs would be as far-reaching as they were. With each proffer of Overage Leaves, we have seen fewer and fewer Flight Attendants submitting requests for the leaves, even with the benefits associated with the leaves prior to May 1, 2003. The APFA was aware that as Overage Leaves expired and were re-offered, the company could be unable to cover the overages; thus, additional furloughs may be necessary. The reproffering of all Overage Leave with fewer benefits only added to the fear of additional layoffs. Again, no one could know for certain.

The APFA has been dealing with the issue of "reduction in force" since October 2001. Prior to that time, the previous furloughs of Flight Attendants were almost 20 years ago. The Communications Department did quite a bit of research in preparation for publishing an information packet for Flight Attendants facing furlough. Representatives retrieved past furlough packets, accessed information through government web sites and job search Internet sites, and even gained permission from other unions to use their furlough information. Additional information was taken from the company's furlough information and policies. The end product was a packet that contained useful information and resources, which was sent to each person on the "potential furlough" list, provided to the APFA by the company.

One thing that the APFA did not have 20 years ago was our web site. Communications set up a "Reduction In Force" and "Furlough" page on the site. These pages have been some of the most frequently used on our web site. They now contain information on Overage Leaves, Partnership Flying, a Partner Finder, Article 16 and related contract language, the company's furlough information, links to government and other resources, job opportunities, and other information useful for those who have been laid off. These pages are updated frequently.

The APFA also developed a Furlough Rep program. The Base Chairs from bases affected by furloughs asked Flight Attendants in their bases to become Furlough Reps in order to help disseminate information and assist with any base furlough or Rapid Response meetings. Many of the original Furlough Reps are in place today. They have been a great help to many over the last 20 months. Some are actually furloughed Flight Attendants. Since this reduction will affect many bases not previously affected and more Flight Attendants in bases originally affected, we will be looking for additional Furlough Reps. If you are interested, please contact your Base Chair. A list of Furlough Reps

can be found on the Furlough page of the web site.

The Communications Department has worked very closely with the Division of Work Force Development in states like Missouri, Texas, and New York to help set up Rapid Response meetings and job fairs. The Rapid Response meetings are designed to provide those facing furlough with information on unemployment benefits, COBRA, job training, grants and other resources available, education opportunities, financial planning information, job placement, and resume writing. Once such meetings were planned, the APFA included the information on the hotline, the base page of the base the meeting was being held in, and on the Furlough page of the web site under "Furlough Assistance Events." Many such meetings are being planned for the coming weeks and months. We will be working closely with the American Airlines Outplacement Department to ensure our members are made aware of the meetings. The APFA strongly encourages Flight Attendants to attend these very informative meetings.

The APFA will continue to keep our furloughed members updated on the status of the situation at American. Furloughed members are still considered members in good standing for the duration of their furlough period if they are dues current at the time of furlough. In accordance with the APFA Constitution, they will continue to have access to the APFA Web site, receive **Skyword** and all other communications, and be eligible to vote. The union will continuously look for new resources and information and post new job opportunities on the Furlough page as they are received.

No one could have ever believed that American would be in a situation that would require the elimination of so many jobs. By July 1, 2003, American could potentially have 8,000 Flight Attendants on furlough. Just over two years ago, even the airline analysts would have thought someone crazy if they had predicted the furlough of employees at this airline. Things have changed dramatically. Flight Attendants have been furloughed at almost every one of the majors and even some of the smaller regional carriers in record numbers. Of course, this does not make any of this any easier to cope with.

APFA Representatives have also been affected by reduction in force. We have Chairs and Vice Chairs who have been or may be furloughed. They, along with other APFA Representatives, will continue to be here to assist members who are on furlough. We can only hope that things in the industry and especially at American will turn around, and quickly, so that the company can begin to recall those who have been laid off.

If you know of a job opportunity that would be of interest to one of our members facing reduction in force. please send the information to **Communications@apfa.org**

Overage Leave/Partnership/Furlough Results			
3,123			
20308			
April 6, 2000			
1502			
43			



ondering why I began an article with a letter from the company? Read it again. What that letter states is clear. The safety and regulatory compliance information that the APFA Safety Department imparts to the membership cannot be used to support any disciplinary actions taken by American Airlines Flight Service. We have never had such an agreement. We have always had to dance around certain topics. We are faced with knowing that, in the past, the company has taken articles from our own publication and used them in arbitration against the membership that they were meant to inform. This letter precludes the company from doing that with respect to safety and regulatory compliance. So, let's get down to business. Flight Attendants are getting hammered

Spare Change

by the Federal Aviation Administration (FAA) for reporting for duty with manuals that are not up to date. Calls from Flight Service Operations on this topic are a more regular occurrence than I'd like to admit. I don't know about any of you, but these days, I am watching every dime. So the very idea of having to write a check to the government is not something that I am happy with.

Federal Aviation Regulation (FAR) 121.137 speaks to the distribution and availability (of manuals).

(a) Each certificate holder shall furnish copies of the manual required by § 121.133 (and the changes and additions thereto) or appropriate parts of the manual to

(1) Its appropriate ground operations and maintenance personnel;

(2) Crewmembers; and

(3) Representatives of the Administrator assigned to it.

(b) Each person to whom a manual or appropriate parts of it are furnished under paragraph (a) of this section shall keep it up-todate with the changes and additions furnished to that person and shall have the

manual or appropriate parts of it accessible when performing assigned duties.

(c) For the purpose of complying with paragraph (a) of this section, a certificate holder may furnish the persons listed therein the maintenance part of the manual in printed form or other form, acceptable to the Administrator, that is retrievable in the English language.

Pay special attention to the underlined portion of the FAR. There are no excuses. The company is charged with the responsibility of providing the manual, and we are charged with keeping it up to date and having that manual in our possession every time we report for duty. End of story.

The cost, both emotional and monetary, is too high to run the risk. Personally, I would rather take the time, update the manual, and move on to the next item on the "to do" list. Take this caution to heart – putting your revisions in your bag to do them on your layover will not satisfy the FAA, especially if you have a backlog of two or three.

The other thing I would offer is this: in light of some of the sen-

AmericanAirlines March 18, 2003 Ms. Joann Matley National Safety Coordinator Association of Professional Flight Altendants 1004 West Euless Boulevard Eukas, Texas 76040 Deat Joann: This letter will confirm our mutual understanding regarding the use of any and all APEA safety communications, specifically from Joann Matley, National Safety Coordinator. These communications will not be used as a means of evidence by American Airlines, Inc. to support any disciplinary actions taken against noncompliant flight attendants in the areas of safety and regulatory compliance nor will they be cited in any arbitration. Joann, I am pleased we are able to reach this non-precedent setting agreement. Please feel free to contact me if you have any questions. Sincerely aura. Louta Burnett Managing Director Flight Service Operations oc: Lorraine Mase-Hecker John Ward

sitive security information, doing revisions on layovers should be a thing of the past. The most secure way to dispose of the revision material is to shred the pages that are removed or to dispose of them in American operations.

As the world around us continues to swirl, we must stay the course. As always, fly safe and call if you need us.

Check the SSI Web site on the Flight Service Web site for the very latest Security Information.



Nancy Archer APFA National Contract Coordinator

It was the best of times...if only briefly

It was one year ago that I had the privilege of taking on my position as the APFA Contract Coordinator. Despite the fact that the airline industry was in the midst of change and turmoil, we were enjoying the first year of our exciting new contract that we fought so hard for I was given the responsibility of ensuring that the company was in daily compliance and assisting the membership in getting familiar with some of the changes. In essence, I was the "baby sitter" of a near perfect child.

Now, a year into my position, I look back and can only vaguely remember the excitement of the final stages of implementing our agreement. The past year has been spent with so many challenges to our work group that I cannot even remember a time when we were able to fully recognize and enjoy the 2001 agreement. Literally, from the first day it was ratified, it was being challenged.

One year ago, we were facing

the details of final implementation schedules when our attention was diverted to furloughs, Overage Leaves, and Partnership Flying. No sooner had we been working on those projects than the TSA mandated fingerprinting for all airline employees. That caused operational challenges systemwide for Flight Attendants for various reasons. Just as the fingerprinting issues were finally being worked out, we received notification that CRAF flying was going to begin, and we had to ensure the company was in full compliance with our contract regarding the assignments. This also coincided with the company's request from all the unions at AMR to "restructure" their agreements. I was involved in the talks with the company. It was very painful to watch what our negotiators had to endure during those weeks. They worked so hard and sacrificed so much of their time and personal lives to bring us that industry-leading contract only to have it ripped apart and dismantled in front of their eyes. It was as if that "near

perfect" child had just been kidnapped and then having everyone place the blame on them for it. That "baby" has been replaced by a rag doll, which none of us have any positive emotional attachment to. I am, now, in charge of babysitting that rag doll.

Part of that responsibility is to make sure we have Contract Representatives available during APFA hours to answer your questions about the contract and help you understand the new provisions. Please keep in mind that the representatives are line Flight Attendants just like you, and they give their time to come work for the APFA. They are also struggling through these changes and feeling the same emotions you are. When you call for your answers, please remember that you are talking to a colleague. Should you have comments about the agreement or wish to express opinions, I would encourage you to direct those to your Base Chairperson or Vice Chairperson. Our representatives are not in a position to field complaints or comments. Their job is strictly to assist you with contractual questions. I understand that times are very tough right now, and we are all experiencing a tremendous amount of stress. This is also the time when we need to be respectful of each other and that includes the calls made to your colleagues, the representatives on duty.



APFA Contract Rep Darold Harris

Flight Attendant Restructuring Agreement Implementation Schedule

<u>May 2003</u>

- Salary reduction of 15.6%
- Reduce vacation accrual by 33%
- Eliminate pre-vacation "48"
- Minimum threshold for health benefits (first look back in May 2004)
- Minimum threshold for VC/SK accrual (first look back in Jan 2004)
- Eliminate Article 6E benefits
- Waive crew meals
- Reduce SK accrual to 3 hours
 per month
- Eliminate rapid reaccrual
- Incentive pay at 70 hours and above
- Eliminate EPT pay up to 12 hours
- Modify uniform point program
- Eliminate IOD salary continuance
- Language pay for language of destination only
- Last trip of the month protection to 5 days

- Eliminate furlough pay
- Reduce lineholder guarantee to 70 hours
- Increase monthly maximum to 80 Dom/85 Intl
- Increase make-up flying to 85 Dom/90 Intl
- Reduce per diem for Domestic and International
- Reduce premium pays by 50%
- Reduce Purser bidding obligation
- Employee medical contribution increase

June 2003

- Increase trip selection maximum to 77 Dom/82 Intl
- Create pure bid lines to 82
 Dom/87 Intl
- Implement unlimited PVD's

<u>July 2003</u>

- Eliminate Overage Leave benefits
- Eliminate Part Time program

November 2003

• Waive all paid holidays

To Be Determined

- Layover rest to FAA minimums for Dom and Intl
- Pay deadhead at 100% pay credit at 50%
- Language pay for language of destination only and to most senior speakers
- Eliminate underfly**

**The company and APFA will continue to meet to discuss the underfly "swap."



Jena Hopkins APFA National Scheduling Coordinator

Monthly Maxiums Updated

By Brent Peterson APFA Scheduling Representative

Accompanying this article is an updated chart providing you with a quick reference to determine your monthly maximums. You may want to clip this chart and keep it with your contract.

OPEN REPLACEMENT

When using the chart, remember that availability Flight Attendants are considered regularly scheduled Flight Attendants for the purposes of complying with the monthly maximums. Open Replacement Flight Attendants also need to be aware of the new minimum threshold(s) they will need to meet in order to be released from future available days. A Domestic Open Replacement Flight Attendant who is not available on the last day of the month must have a minimum of 72:16 in her/his GTD column in order to be released from all remaining AVBL days. If a Domestic Open Replacement Flight Attendant is available on the last day of the

month, she/he will be released from that day of availability once she/he has a minimum of 74:01 in her/his GTD.

An International Open Replacement Flight Attendant who is not available on the last day of the month must have a minimum of 77:16 in her/his GTD column in order to be released from all remaining days. If an International Open Replacement Flight Attendant is available on the last day of the month, she/he will be released from that day of availability once she/he has a minimum of 79:01 in her/his GTD.

OPTIONS Only you may change your option. You can change your option either through AVRS or in DECS. You will automatically trigger your options if you trip trade above your monthly maximum. If you want to trade with open time above your No Option maximum, you must first change your option. If you would like to fly a make-up trip that would cause you to exceed your No Option maximum, you must first change your option. Crew Schedule is only required to proffer trips for which you are legal. Once you change your option, you may not change it back. Picking up an Optional Exchange will not change your option.

PURE BIDS This is a new category for Domestic flying. There are several restrictions on a pure bid. In order for a trip selection to have more than 77 hours for Domestic or 82 for International, the flying must consist of the same legs and same layover cities. The home base departure times of the sequences may not vary by more than four hours. If you are awarded a pure bid, you will be considered to have exercised Option I. The pure bids may exceed the monthly pure bid maximum of 82 hours for domestic or 87 for International only if the company and the APFA agree, on a case-by-case basis, to except the credit hour restriction. Any exceptions are subject to annual renewal.

Note: Increased monthly maximums and increased make-up over the monthly maximums were implemented on May 1, 2003. The increase in trip selection maximums and pure bids will be implemented on June 1, 2003.

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	DOMESTIC FLIGHT ATTENDA	ANT MONTHLY GUARANTEE	S
Type of Schedule	Base Pay	Incentive Pay	Total Guarantee
Regular	70 Hours	0 Hours	70 Hours
Reserve	70 Hours	5 Hours	75 Hours
	DOMESTIC FLIGHT ATTEN	DANT MONTHLY MAXIMUMS	
Type of Schedule	Trip Selection Maximum	SPROJ Maximum	PROJ Maximum
No Option	77 Hours	77 Hours	80 Hours
Option I	82 for Pure Bids*	80 Hours	
		82 for Pure Bids	No Limit
Make-Up Over			
Monthly Maximum		85 Hours	No Limit
Option II		No Limit	No Limit
Reserve	Not Applicable	Not Applicable	85 Hours
	INTERNATIONAL FLIGHT ATTEN	NDANT MONTHLY GUARANT	EES
Type of Schedule	Base Pay	Incentive Pay	Total Guarantee
Regular	70 Hours	0 Hours	70 Hours
Reserve	70 Hours	5 Hours	75 Hours
	INTERNATIONAL FLIGHT ATTE	ENDANT MONTHLY MAXIMU	MS
Type of Schedule	Trip Selection Maximum*	SPROJMaximum	PROJMaximum
No Option	82 Hours	82 Hours	85 Hours
Option I	87 for Pure Bids*	85 Hours	
		87 for Pure Bids	No Limit
Make-Up Over			
Monthly Maximum		90 Hours	No Limit
Option II		No Limit	No Limit
Reserve	Not Applicable	Not Applicable	85 Hours

*The Company and the APFA may, on a case-by-case basis, agree to except the leg and credit hour restrictions of "pure" monthly trip selections.



Emily Carter APFA National Health Coordinator

SARS

The CDC recognizes the recent efforts of the country's airline industry and air crewmembers in response to SARS, a newly recognized respiratory illness. The CDC views air crewmembers and the airline industry as valued stakebolders and vital resources in the control of SARS.

– Barbara Grajewsky, Ph.D.

On April 30, the APFA Health and Hotel Departments joined a teleconference of infectious disease specialists and epidemiologists from the CDC (Centers for Disease Control) and NIOSH (National Institute of Occupational Safety and Health). The teleconference was meant to share the latest information available on Severe Acute Respiratory Syndrome (SARS) regarding the transmission, epidemiology, and protection of air crewmembers as well as the current rationale for the interim guidelines appearing on the CDC Web site. These guidelines can be found at http://www.cdc.gov/ncidod/sars/.htm.

John Jernigan, M.D. confirmed that the culprit was of viral etiology and a form of a coronavirus, the same family as the common cold. Since SARS is a virus, antibiotics are ineffective, and the disease generally resolves on its own. A wellknown antiviral ribaviran has been tried with mixed results. As of May 6, the World Health Organization (WHO) is reporting 6,521 cases of SARS with 461 deaths in 30 countries. In the United States, there were a total of 65 confirmed cases as of May 6 and no deaths reported. Health organizations and ministries are watching the response to the worldwide spread of SARS and using the information to prepare health programs for possible outbreaks of other infectious diseases like smallpox that may be more challenging.

SARS is believed to be transmit-

ted by respiratory secretions from coughs and sneezes. People who are infected with SARS may contaminate themselves with bodily secretions and then touch surfaces such as tabletops and doorknobs. According to Dr. Jernigan, there is little evidence of airborne contagion. In other words, the virus does not float around like a gas and hang around in the air after the infected person has left the area.

Infected people are thought to be most contagious when their symptoms are pronounced, but even Dr. Julie Gerberding, director of the CDC, has questions about the relative contagion potential of super-carriers who seem to be more capable of transmitting the disease than others who were equally infected. This would not be uncommon. Typhoid Mary (Mallon) was a cook infected with salmonella typhi in early twentieth century New York who was reluctantly isolated after spreading typhoid fever through her many kitchen assignments. In the Folkestone District of England about the same time, a typhoid fever outbreak was spread by a milkman (name unknown) who had never had the disease. In the case of SARS, Flight Attendant Esther Mok was dubbed a super-spreader by the health minister of Singapore after most of the cases in that area could be traced to

Ms. Mok's shopping trip to Hong Kong. This is a new microbe that appeared first in a crowded country. The United States has been very fortunate – so far. Good public health practices like isolation and quarantine are the keys to containment. Hopefully, learning everything that is possible and practicing good hygiene will ensure a quick conclusion to this outbreak.

Dr. Phyllis Kozarsky of the CDC elaborated on the precautions that are included on the CDC Web site. These are as follows:

• Place a mask on the passenger who is suspected of having SARS.

• Isolate this passenger and if possible seat passenger next to a window.

• Emphasize hand hygiene.

In medical emergencies, remember to use gloves and protective equipment. Ensure that your hands are clean before you touch your face or contact lenses. Use hand-cleaning products if you are unable to wash your hands immediately after touching surfaces that may have been touched by others. The CDC stresses that gloves do not replace good hand washing. It is important to remember that SARS begins with a fever greater than 100.4° F (<38.0°C). Other symptoms include headache, dry

cough, body aches, and respiratory symptoms.

Barbara Grajewski, Ph.D. of NIOSH described the effort of the CDC to implement surveillance of crewmembers and passengers from the Far East. Passengers identified as possible SARS sufferers are met by the CDC, and some are guests of NIOSH and asked to submit to blood tests and follow-up. In the future, Flight Attendants may be asked to answer questionnaires after working suspected flights or flights from Asian cities. Since the passenger can take a feverreducing aspirin before departing and symptoms could be less obvious, the CDC has no plans to monitor boarding passengers or submit passengers to temperature strips.

The CDC, WHO, and IATA (International Air Transport Association) will make every effort to coordinate their information in the future. Watch the APFA Web site for links and address your questions to **Health@apfa.org**,

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Patty Bias APFA Hotel Coordinator

Ring-A-Ding-A-Ding



Ring-Ring, Ring-Ring. Is your phone ringing in your hotel room?

I want to update you on the issue of placing credit cards or cash deposit for phones. Our APFA attorneys have written the company a three page letter that fully describes the reasons we believe the bhones should have access to 911. The letter is posted on the Hotel Department page of the APFA Web site. Please contact the APFA Hotel Department immediately if any layover botel asks for a personal credit card or cash deposit for phones. I sent a letter to all botels informing them of the Union's position. It is also on the Web site.

As you know, you can be required to place a credit card or cash deposit for incidentals. Incidentals are room service, movies or other hotel services. Don't forget you must pay your hotel charges before departing the hotel!

Which way is up? My compass is spinning!

With everything going on at our union, it is difficult not to feel that we are all being pulled every direction; the truth is we are. The Hotel Department and Article 21 of our contract continues to be a target for the company. As I discussed in the February issue, the company violated the contract and past practice when it signed the contract with the long layover hotel in Denver. As a result, a Presidential Grievance has been filed, a copy of which is contained in this article. Currently we are awaiting the initial response from the company. You can review the process by reading Article 28.B.2, Presidential Grievances on pages 268-269 of our contract. Carry your contract with you; with some of the hotels you may find yourself in, it will make the time pass a little more quickly and we could all benefit from it. I will keep you informed as to the status of the union's Presidential Grievance.

'Til Next Time, Patty

Flight Attendant

Suggestions: Tim from IDF offers this: "We've all been on that layover where we're the only crewmember who hasn't been to that particular city and the rest of the crew has their own plans." With the presumption that we'd all prefer to get recommenda-

tions or warnings from crewmembers while on a layover, we're happy to let you know that one of our fellow Flight Attendants has created a notebook so that crew can communicate with each other regarding what to see, do, and be aware of in a particular city. One is available in Sao Paulo, the other in Santiago, Chile.

The idea is that you can write your suggestions on hotel stationery and put it in a notebook at the hotel. There should also be a place for business cards that others can copy and use when they go out.

The one in GRU is at the Concierge Desk and in SCL in the crew room. If you stay at a hotel often, try to get one started. If there is no crew room, then ask the hotel to allow one to be kept at the Concierge Desk.

Hotel News and Reviews

As this article is going to press, we are awaiting confirmations on contracts on the following hotels: Manchester, England; San Diego, long and short; Columbus, Ohio; New Orleans, long; Oakland, short; San Francisco, short; and Atlanta, long and short.

Additionally, there are reviews scheduled in several Central American cities and Memphis. We are also completing the advance planning necessary for the remainder of the second quarter renewals and advising the company of our requests for third quarter reviews.

Montreal, Long; Two weeks after renewing at the Renaissance Hotel du Parc, the management there decided to begin using about 50 percent of the hotel as a college dormitory. Obviously our crews are no longer there. It was decided by the company that we would move to the airport hotel.

White Plains;

as reviewed by Betsy Bush, a former member of the committee who was kind enough to help us with the increased workload. Thanks, Betsy.

We moved to the Crown Plaza White Plains, a recently renovated hotel in a wonderful downtown location. Due to a long drive and heavy traffic, the move was necessary.

All of the rooms have a king size bed or two doubles, all with triple sheeting. They all feature coffeemakers, hair dryers, makeup mirrors, safes, iron/board, and two phone lines with complimentary local and 800 calls. There will be a \$1 charge for Internet access.

On the lower level, there is an indoor pool, hot tub, and work out equipment. The YMCA is located three blocks from the hotel, and they will provide transportation and complimentary passes.

Other hotel amenities include a business center that is equipped with a computer, printer, fax, and copier. It is currently being expanded and moved. Also, Fenimores, the hotel restaurant, is open from 0630-2200 and offers a 10 percent discount to crewmembers. The hotel also has a lobby bar with a projection television.

Located across the street is the Westchester Mall, featuring over 150 stores including Nordstrom's and Neiman Marcus. There are many restaurants in the area.

The hotel will provide a welcome letter, and you can also find the hotel web site on the Hotel Department's web page of the APFA Web site.

Minneapolis/St.Paul, Short; as reviewed by Carrie Maniaci

On May 1st we moved to the Hilton Airport Hotel. Due to airport expansion, the current hotel will be closing in June.

The Hilton is a newly renovated hotel that is just minutes from the airport. The rooms are clean, quiet, and comfortable offering all the basic amenities of coffee makers, iron/ironing boards, and hair dryers. There are three restaurants and 24hour room service, all extending a 25 percent discount, as well as a 24-hour grab-n-go cart in the lobby. They have an indoor pool, spa, and sauna along with a workout room and health club close by with discounted guest passes. There is hourly shuttle service to the Mall of America, which is just several blocks away. Adjacent to the hotel is the MV Valley National Wildlife Refuge that has great jogging trails and complimentary snow

shoeing in the winter.

Rochester, MN, Long; as reviewed by Steve Carter

Our new hotel, effective May 1st, is another popular Hilton Garden Inn. It is across the street from our former hotel. Although we had only a few complaints and had not called for a review, the hotel wanted to change the terms of its contract with American Airlines. The terms were unacceptable to the company.

The hotel has 147 rooms and is only three years old. It is connected via a skywalk-way to the Galleria Mall and, of course, the Mayo Clinic (which we can't seem to be able get away from). All rooms have either two double beds or one king.

The rooms have all of the standard amenities that the "Garden Inn" product offers, such as microwave and refrigerator, coffee maker, cable television, clock radio, iron/board, and hair dryer. Telephones have two lines. All local and 800 calls are free. Room doors have double locks, chains, and peep holes. Windows have blackout drapes. The hotel restaurant is open for breakfast starting at 0630. Room service is available for dinner from 1730-2130. You can also enjoy lunch and dinner at any of the local restaurants in the Mall or surrounding area. The hotel also has The Pantry, which is a Hilton Garden Inn standard, open 24 hours.

The hotel has an exercise room, indoor pool, and Jacuzzi. We hope you enjoy your new Rochester layover.

Hotel Committee Member Biography:

"New Hire" Scott P. Meehl brings to the APFA an eclectic mix of cultural and experience viewpoints. Scott grew up near Boston and left after high school to further his studies in France. Training in Paris simultaneously as a translator and interpreter, he also did a four-year engineering internship near Lyon in the optics industry.

After almost 10 years in France, he returned to the states to work for the French jeweler Cartier. When a Brazilian subsidiary opened in São Paulo, Scott made frequent trips to Brazil, which gave him the chance to learn Portuguese. "My first American layover in GRU was déjà vu. When I worked for Cartier, I used to stay several weeks at a time at the Renaissance São Paulo."

Some of you may ask: How did this guy end up at American Airlines? "At 42, I started flying late in my career. Like many of my fellow new hire Flight Attendants, I was a corporate refugee, fed up with the stress. So I followed my dream to fly for a living. "I live in Northern California with my partner of 26 years, Jean-Pierre, and I commute to JFK, where I have been based since the beginning of my 2 year flying career. I love international flying and am proud to put my French and Portuguese language and cultural skills to good use. I'm an Anglo-Saxon with a Latin soul.

"As a junior Flight Attendant, I feel it is my responsibility to learn and understand how our union functions and through participation help shape its future direction. I am pleased to be part of the APFA Hotel Committee under Patty Bias."



Association of Professional Flight Attendants CERTIFIED RETURN RECEIPT # 7002 2410 0001 9653 7926

April 3, 2003

BASE CASE # 2003-APFA-3

Mr. Jeff Brundagy, Vice President Employee Policy and Relations American Airlines, Inc. P.O. Box 619616, Mail Drop 5235 DFW Airport, TX 75261-9616

RE: Violation of Article 21 - Hotel Selection Procedures

Dear Mr. Brundage:

On February 20, 2003 Captain Kudwa, Vice President, Flight was sent the attached latter relaying APFA's concerns regarding procedural deviations from the application of Article 21. To date I have received no response or answer to the issues raised. Therefore, in accordance with the provisions of Article 28.2. of the Basic Agreement between American Airlines, line, and the Association of Professional Flight Attendanta, I hereby protest the Company's violation of Article 21 and any and all relaxed Articles of the Collective Bargaining Agreement by failing to follow the procedures outlined in Article 21 and the past practice of the parties regarding the selection of hypowr hotels contained in the Agreement.

I demand that the Company introductly cease and denist; properly follow the procedures outlined in Article 21 for the hotel selection process; provide any monetary savings amount due to hotel changes be credited to the APFA to be applied to potential wage reduction rentoral; and, any and all additional relief deemed appropriate.

John Ward President Attachment APEA SBA EDH HIST JURST (URST / ARMS ROUT / 20040) R4.0377 540-0600 + Fee (977 540-2022 -----

APFA/AAL Restructuring Agreement April 16, 2003 – 5:00 PM CDT

Base	Yes	No	Sub Total	Dues Arrears	Total #	Ballots Received	# Ballots Mailed
BOS	392	270	662	15	677	81.86%	827
BOSI	217	130	347	2	349	88.80%	393
DCA	226	246	472	7	479	76.15%	629
DCAI	50	65	115	0	115	84.56%	136
DFW	2,054	832	2,886	91	2,977	84.29%	3,532
IDF	1,040	384	1,424	24	1,448	89.83%	1,612
IMA	655	855	1,510	32	1,542	87.81%	1,756
IOR	699	482	1,181	19	1,200	88.63%	1,354
JFK	889	854	1,743	34	1,777	84.70%	2,098
LAX	776	719	1,495	25	1,520	81.94%	1,815
LAXI	199	182	381	5	386	88.13%	438
LGA	768	554	1,322	42	1,364	70.60%	1,932
MIA	681	636	1,317	40	1,357	87.27%	1,555
ORD	1,349	620	1,969	62	2,031	83.75%	2,425
RDUI	60	20	80	3	82	84.54%	97
SFO	465	456	921	29	950	79.70%	1,192
SFOI	120	95	215	5	220	83.97%	262
SLT	1	17	18	0	18	75.00%	24
STL	120	2235	2,355	128	2,483	82.33%	3,016
Total	10,761	9,652	20,413	563	20,976	83.60%	25,093

Martha Wright Griffiths 1912-2003

Martha W. Griffiths, the "first woman" of the APFA, died Tuesday, April 29, 2003, at her home in Armada, Michigan. At her death, Martha was 91. In her prime, she had led the fight to pass the Equal Rights Amendment, added language banning sex discrimination to the 1964 Civil Rights Act, and oh, so much more.

Martha was a 10-term U.S. House of Representatives member and Michigan's first elected female lieutenant governor. She used her feisty personal style to spearhead women's rights in both the U.S. Capitol and in Michigan's state capital.

What workgroup used the Civil Rights Act to make significant changes in employment laws? Why was Martha Wright Griffiths made an honorary member of the APFA? What is the name of the highest award that can be bestowed by the APFA Board of Directors to a member of the APFA? Learn the answers to all of these questions, plus much more about APFA's beloved Martha in next month's **Skyword**.

Skyword plans to publish a feature article on the life and times of Martha W. Griffiths. This will be a celebration of Martha's long and distinguished career. She was one of a kind, and we are proud to be a part of her story.

Base Field Reports

IOR

The last few weeks have been some of the most turbulent times in our flying careers. Since there were implementation delays in many items of our 2001 Contract, we have had the misfortune of not being able to profit from the fruits of our labor. This last month we all agonized along with the Negotiating.Team and painfully watched our contract be totally butchered and items assigned just a "dollar value". The impact of this devastation has affected all of us. We are certainly hoping for better times somewhere in the future. In the meantime, we can only take things one day at a time.

Many of our IOR trips have been cut back. Fortunately, both Craf flying and the return of our seasonal trips have supplemented us somewhat. We would like to extend a special thank you to IOR Council Rep Cathy Lukensmeyer who has given much time to help us in a multitude of areas during this extremely busy time for APFA. Our two IOR Retirement Reps. Kate Grant and Eileen Maclennan have just retired. We welcome IOR F/A's Eloise Smith and Ann Cain who will

replace them as the IOR Retirement Reps.

At IOR, pension questions still appear to be a priority item. We have seen guite a few retirements in the past few weeks. Judging from the volume of retirement inquiries and calls etc., it looks like we will have quite a few more retirements in the near future. The new retirement calculation feature on JetNet is terrific. We urge you all to access the site and get your own individual calculations, including your "best 48" where applicable. Remember the "hotpath". Once in JetNet, go to "Benefits and Pay", then "My Retirement", then "request/view estimates." Then fill in dates or retirement and commencement and finally look at "calculation formulas".

Nancy Moehring IOR Chairperson Michael Meyer IOR Vice Chairperson

DCA

The past several weeks have truly been trying for us all, and Heidi and I just wanted to take this opportunity to thank all of you for your support and professionalism throughout this entire ordeal. As always, this base has shown that even when we don't all agree, we can remain respectful to each other and pull together regardless of what comes our way. It is truly an honor to represent you.

On the local level, we wanted to bring to your attention the continued overstaffing at DCA Flight Service. Per the company's own formula, the ratio of Flight Service managers should be one FSM for every 150 Flight Attendants. Currently, our ratio at DCA is closer to 1 to 80. We have addressed the inequity of local management not sharing in the sacrifices that they have extorted from us. The response that we are getting from our regional manager, Sherry Poetsche, is that this overstaffing in DC is necessary because the Flight Attendants here need the support at all three of our airports. Sherry is maintaining that it is the Flight Attendants

who want this overabundance of managers.

If this is truly your wish, then we can respect that. However, we doubt that that is the case. I would ask you all to e-mail Sherry with your feedback on this issue at **Sherry.Poetsche@aa.com**. We will continue to hold Flight Service accountable to the same standards that they have set for us.

In Unity,

Tim and Heidi

EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT YOUR PENSION - BUT DIDN'T KNOW WHERE TO FIND IT! BY Jill Frank, Retirement Specialist

Ever wonder exactly what your pension benefit would be if you left the company today? How about at the end of the year? Maybe you want to stay five more years. "My Retirement" on Jetnet provides that information and much more!

WHERE TO FIND It:

Log Into Jetnet Click On Benefits and Pay Go To My Retirement

WHAT IT PROVIDES:

"My Retirement" brings together a wealth of retirement information in one place. Remember that while you are browsing you can click on any of the highlighted terms like "credited service" or "vesting" for more information. If you still have questions, click on the "help" link at the top right for frequently asked questions and a form to send vour questions to American Airlines Employee Services. Plan on the better part of an hour to tour the site and view all of the information it offers. Also located on the site is a "Retirement Kit," which provides all of the forms that you need for retirement as well as pertinent information. American is currently updating this area. so you may see some information that is out of date.

STATEMENT DATA:

Click on "**My Retirement**" for your 2002 pension statement. This provides you with a quick snapshot of your accrued retirement information

- 1. YOUR normal retirement date (age 65)
- 2. YOUR vesting status
- 3. YOUR years of credited service (as of 12/31/2002)
- 4. YOUR accrued annual benefit
- 5. YOUR estimated annual benefit at 55, 60, and 65 (if you are older than these ages or won't have enough Years of Credited Service to retire at them, there will not be a number shown)

Although this statement provides a quick snapshot, it is limited to an estimate for a single form of payment at three ages. To assist your retirement planning, you'll want to run a more informative estimate.

ESTIMATES:

Click On: Request/View Estimates

This brings up a box labeled "Pension Estimates," which requires information from you. (Some Flight Attendants have reported problems here, like being "locked out" of the date fields. If the date field won't let you begin typing, use the delete or backspace key to clear the field, then type in the date you want.)

- 1. LEAVE THE COMPANY ON Complete the last day you plan to work.
- START YOUR BENEFIT ON This has to be the first day of a month, sometime after the Leave the Company On date above.
- JOINT ANNUITANT'S BIRTH DATE – You may leave this blank if single; if married, it is already there. If you wish a different beneficiary, you may use this to determine benefits based upon the beneficiary's age.
- 4. CLICK ON SUBMIT

Pension Estimates

In less than five seconds, a highlighted field that is labeled "date estimate created" will come up in the box below. Click on this blue line (DO NOT click on submit again while it is taking five seconds), and you'll get a personal pension estimate. (You may check "save this estimate," so it will be there if you wish to review it again.)

This estimate will show the following:

- 1. The last day worked that YOU supplied
- 2. The date YOU supplied to begin your pension
- 3. YOUR Final Average Salary
- 4. YOUR Annual Rate of Pay
- 5. YOUR Retirement Eligibility Service (used to determine eligibility for retiree benefits)
- 6. YOUR Credited Service as of 12/31/2002
- 7. Credited service that YOU will have based on the date you supplied for leaving the company provided you continue in a paid status until then
- 8. YOUR age on your planned commencement date
- 9. The age of YOUR joint annuitant on that date

Now comes the good part.

Estimated Monthly Benefit

Here are the estimates of what your pension will be, based upon the information you put in. (If you wish a hard copy, look for the gray print box at the upper right side of the page. It won't work to use "'file – print."")

Forms of Payment

This gives you the forms of payment available. You will be able to choose the one that best meets your needs.

- 1. LIFETIME ANNUITY The first section shows what your lifetime annuity is with no beneficiary.
- a. Reading across the column, if you put in a joint annuitant, it shows what the benefit would be based upon which amount you decided to leave the annuitant in the event of vour death.
- b. Next to that is the amount of your benefit if you decided to go with the 10-, 15-, or 20-year period.
- 2. JOINT AND SURVIVOR POP UP ANNUITY – This shows what the benefits would be with the "Pop Up" option (see Skyword, March 2003 for explanation). The section will not be here if no joint annuitant is supplied.
- 3. LEVEL INCOME OPTION a. If taken to age 62, the amount until 62, then the lifetime amount after 62. b. If taken to full Social Security age (the age each person is eligible for full Social Security benefits is determined by the year in which they were born), the amount from retirement until that age, then the amount for the lifetime remaining.

This is what your benefits would be based upon American's records. The BIG question most of us have is: How did they arrive at these numbers? Now

the fun begins.

Just above the area where it begins to show your estimates is a paragraph that begins: "Your estimated benefit is based upon the highest result of the Plan Calculation Formulas." Click on the highlighted PLAN CALCULATION FORMULAS.

Plan Calculation Formulas

This page gives you all of the calculation details for the different methods used to determine your benefit. Whichever one yields the largest annuity is the one that will be used for your pension.

It also gives you YOUR pensionable salary history for the last 10 years! For each year, it shows:

- 1. YOUR pensionable salary
- 2. How many months YOU
- worked
- 3. How much retirement eligibility service YOU accrued
- 4. YOUR annualized salary
- 5. YOUR value per month

There is other retirement information available on Jetnet including the Summary Plan Description and the "Retirement Kit." which includes the forms you will need to complete in order to actually notify the company how you wish to receive your pension payments.

If, after reviewing the site and contacting American Human Resources, you still have unanswered questions, you can contact the APFA for help. To do so, please call 1-800-395-2732 and dial either 8171 for the Contract Desk or the following extensions:

8652 8653 8654 8655 8656 8657
8659
8660
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8665
8666
8668
8671
8672
8673

Again, the path to follow for this tour of your pension benefits is:

JETNET **BENEFITS AND PAY** MY RETIREMENT **REQUEST/VIEW ESTIMATES** FILL IN DATES PLAN CALCULATION FORMULAS



APFA Phone Watch April 2003

Airline Aid Included in War Supplemental Bill By Joan Wages, APFA Washington Representative

Just before leaving for spring recess, Congress passed legislation to fund the war in Iraq. The White House opposed financial assistance for the financially ailing airlines, but House and Senate members from both sides of the aisle supported giving some help to the industry. The airlines were asking for \$9 billion – the final amount they were allotted was closer to \$3.3 billion. The help will be extended in several ways.

Extension of War Risk Insurance

The Department of Transportation will continue to underwrite war risk insurance for the air carriers through 2004. According to the Allied Pilots Association, American Airlines' war risk insurance would have soared to \$900 million annually.

Limit on Executive Compensation

The Secretary of Transportation may not provide war risk insurance after August 31, 2003, and before January 1, 2005, to an air carrier unless the air carrier agrees an executive officer's compensation for the 12 months beginning on April 1, 2003, is an amount equal to no more than the annual salary paid to that officer during the air carrier's fiscal year 2002.

Temporary Suspension of Security Service Fees

Airlines will not have to add the \$2.50 security fee per flight segment to tickets beginning on April 1, 2003 until September 30, 2003. Airlines have claimed that they have been unable to pass this charge on to passengers and have consequently had to pay it themselves. This will save carriers millions of dollars.

Reimbursement to the Airlines

This reimbursement will cover some of the costs for security mandates Congress has imposed since the events of September 11, 2001. If costs exceed ceilings set in this provision, then carriers will be reimbursed at the ratio of their costs to sum of reimbursable costs of all carriers for years 2002 and 2003. One report estimated American would receive \$410 million as its share of the reimbursements. American estimates that it has spent more than \$400 million for additional security measures.

Cockpit Door Reimbursement

An amount of \$100 million was allotted to cover costs for installing the secure cockpit doors that were not previously covered under the prior appropriation.

Airport Security Expenses

An amount of \$375 million is made available to airports for operating expenses and capital investment related to improvements in aviation security.

Bond's Sense of the Senate

Senator Kit Bond (R-MO) attempted to include his mandatory arbitration amendment concerning the seniority of employees in American's purchase of TWA. When Bond met resistance on the Senate floor, he worked to include a Sense of the Senate that states:

• Airline layoffs from American Airlines should be conducted in a manner that maintains the maximum level of fairness and equitable treatment for all parties involved; and • American Airlines should encourage its employee groups to integrate all employees in a manner that is fair and equitable for all parties involved.

This Sense of the Senate remained in the final version of the war supplemental bill. As defined by the Senate Parliamentarian, a Sense of the Senate is an opinion of the Senate that has no force of law, so no action will be taken as a result of this provision. It is anticipated that Senator Bond will hold a hearing on this seniority integration issue within the next couple of months. He introduced legislation two years ago - hearings have not been held on the matter. It is expected that APFA President John Ward would be allowed to testify if hearings are held.

Congress has a long-established practice of not interfering in matters that are pending before the Courts. Since the seniority integration is being challenged in three District Courts, there is little likelihood this matter will gain momentum in Congress in the near future.

Other Capitol Hill Issues

Surface to air missiles were examined in a House hearing on the subject. The hearing was closed to all other than members of Congress and staff and resulted from sufficient evidence to convince Chairman John Mica (R-FL) that this is a very real threat to the aviation industry. Last November, the topic grabbed everyone's attention when two infrared-homing missiles were fired at Israel's Arkia Airlines as it departed Mombasa, Kenya. Both of the missiles missed their target, but the world became aware of the possible devastation.

Legislation has been introduced in the Senate (S. 311) and House (H.R. 580) that would mandate missile defense systems be installed on all commercial aircraft. Senator Barbara Boxer (D-CA) and Representative Steve Israel (D-NY) are the respective sponsors of these bills. Let them know of your support.

A















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