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# Decline or Resign:

## Our Own Version of the Turn Around Plan

I know how frustrated you have been with management and their broken promises. The surrender of our quality of life, and the financial sacrifices we have made on behalf of our company since 2003 have been abused, and our faith in management is all but lost. Five years after our sacrifices to save our company from financial ruin, we are on the precipice of our own financial ruin.

As you know, on my administration's first day in office we kicked off our **Decline or Resign** campaign asking the top five executives to decline their bonuses or resign their positions. The prospect of **shared pain/shared gain** is unrealized, and the faith you placed in them cannot be restored unless and until they keep their commitments

to us. Once we begin bargaining, the APFA negotiating team will ask management to return all that we gave up - with interest.

Aside from their broken promises, the senior management team has grossly mismanaged the ongoing maintenance issues with the MD-80 fleet and the 777 cancellations due to pilot retirements. Our customers have been inconvenienced, ignored and otherwise neglected. Add to that the fact that AMR stock has declined 70% over the past year and it is clearer than ever that Arpey has disappointed AA's employees, its customers and its stockholders.

It is against this backdrop of broken promises and mismanagement that the AA

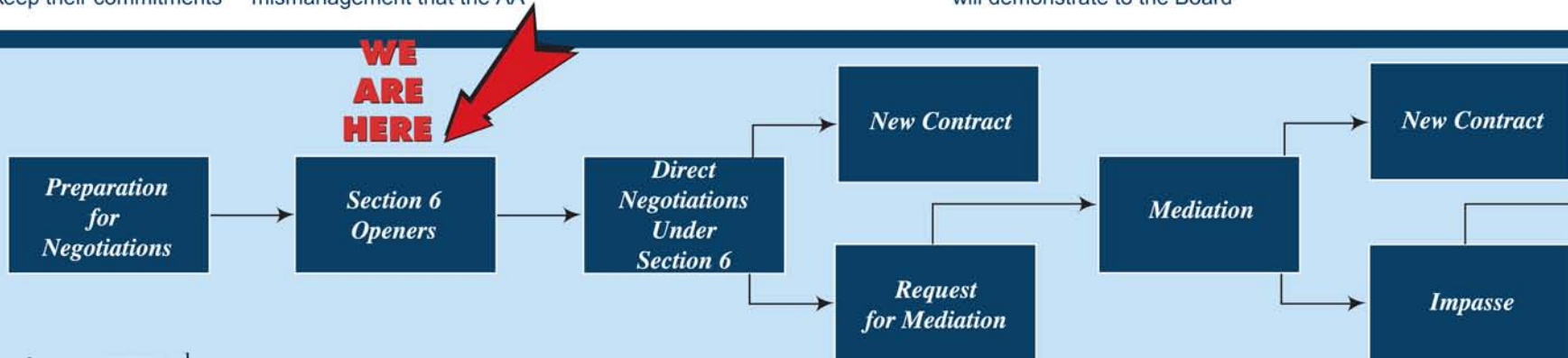
leadership team has chosen once again to reward themselves with bonuses worth around \$30 million. Management tells us that these are "performance-based" bonuses, because they're doing a top-notch job, and "retention" bonuses, to keep all that fine talent in the corporate ivory tower. This type of performance should neither be rewarded nor retained.

In mid-April, Gerard Arpey said, "I bear the ultimate responsibility for our failure to achieve precise compliance with the FAA directive relating to our MD-80 aircraft." Arpey, along with his senior management team bears responsibility for all of these failures and they must be held accountable; just as we are held accountable for ours.

**Fast forward to press time** and the top five have indeed refused to resign their positions following the acceptance of nearly \$17 million in executive compensation. Therefore, APFA will expand its campaign to AMR's Board of Directors. In anticipation of the May 21st annual shareholders meeting, the APFA Leadership will apprise each Board member of the harm management's acceptance of their bonuses has caused and will continue to cause this company. We will explain that these top executive officers cannot properly serve AA since they do not carry with them the employees' trust and confidence. We will show that they have exalted their own welfare over the well-being of the 60,000 other individuals who comprise AA. We will demonstrate to the Board

that these executives simply lack the kind of judgment required of corporate leaders. We will then ask the Board to demand the resignations of Messrs. Arpey, Horton, Garton, Reding, and Kennedy.

We need new leadership – leadership with integrity. We need a team that respects, values and rewards the contributions of frontline employees to the continued existence of our Company. The current team won't do it, so we will. It's our own version of the "Turn Around Plan."



# The Coalition of Flight Attendants

by Laura Glading

The Negotiating Team, along with the National Officers, began the year by joining the other FA unions at a Strategic Bargaining Summit in Washington, DC.

Representatives from APFA, The Association of Flight Attendants (AFA), the International Association of Machinists (IAM) District 142, and the Transport Workers Union (TWU) Local 556 came together January 8-10, 2008 in Washington D.C. Every airline represented by these unions had members attending the summit. The combined number of FAs represented by all unions totals over 90,000. Our goal was to develop a coordinated effort to raise industry standard wages, pensions, benefits, and working conditions for all FAs. A campaign was launched to reverse the era of concessions forced on many of the FAs during recent bankruptcies and restructurings. Everyone attending agreed to commit to collective action to advance FA contracts and careers.

With the majority of FA contracts up for negotiations in the next two years, the unions agreed that we have a rare opportunity to increase our leverage through close coordination of bargaining strategy, field mobilization, information sharing and communications. The attendees heard from a labor economist, industry lawyers,

researchers and prominent professors from the field of labor relations. Each provided insights and strategies for handling the bumpy road ahead.

One carrier's labor groups have already met the bargaining challenge by joining together. The Mesaba Airline Labor Coalition made up of the Mesaba AFA-CWA, Air Line Pilots Association (ALPA) and AMFA-represented employees described their very successful coordinated campaign to reach labor agreements with management. It was an all or nothing strategy that took great efforts by representatives of each of the groups to keep the Coalition together as the bargaining became intense. Imagine the difficulty when management attempts to divide and conquer by offering one group contract settlements but not the other two. Yet, they persevered and won solid contracts for all three groups. Following the Mesaba example, the five unions at Southwest Airlines formed a labor coalition as all three of their contracts will be open in 2008.

The FA Union Coalition stated in its press release: "Our fight extends beyond our legitimate and necessary contract demands. We also stand together to overturn the trend toward ever more excessive executive compensation, and to put an end to

anti-worker labor relations practices across the industry." The Coalition's member unions pledged to fortify or establish intra-carrier and industry-wide union coalitions and bargaining networks to strengthen cooperation and coordination.

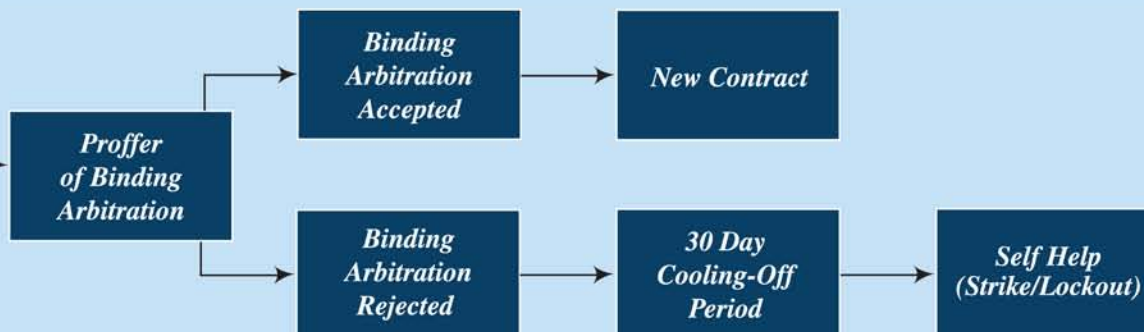
While the Coalition of FA Unions has been meeting on a regular basis for well over a decade, the topics of coordinated efforts have mostly focused on health and safety issues. The January meeting was the first time the FA unions agreed to work in a coordinated effort to address bargaining issues. All agreed that in the aftermath of September 11, the times have changed and that union plans and strategies must change as well.

A follow-up meeting was held in March to continue the efforts of the FA coalition. FA Fatigue will also be a major focus for the group. Specific joint efforts by all Coalition members will be identified and a plan for implementation will be outlined so that each bargaining unit will be supported by 90,000 FAs nationwide.

More will be announced in the months ahead about APFA's role in this united effort to achieve better contracts for aviation employees throughout the industry.

## APFA Negotiations Checklist

- Form the APFA Negotiating Team
  - Six Appointed Members
  - Six Elected Members
- Select Strategic Advisors
- Strategy Training for APFA Negotiating Team and APFA Leadership.
- Survey APFA Membership
- Prep Work for APFA's Openers in accordance with Section 6 of the Railway Labor Act (RLA)
- February 29, 2008 - Formal notices exchanged between parties to begin Section 6 bargaining.
- April 2008 - Initial Deadline for exchange of Section 6 Openers by APFA and AA
- April 2008 - Deadline for parties to agree on the schedule for Collective Bargaining
- June 2008 - APFA and AA begin Negotiations
- Tentative Agreement (TA) reached;\* or Impasse declared.** APFA or AA may request mediation by the National Mediation Board (NMB)
- NMB assigns mediator to conduct Contract discussions between APFA and AA
- TA reached;\* or Binding Arbitration** offered by NMB after determining no further mediation would be productive.
- Both parties accept binding arbitration; or One or both parties reject binding arbitration
- Binding Arbitration rejected - 30-Day Cooling-Off Period begins
- 30-day 'Super Mediation' between APFA and AA with NMB throughout the cooling-off period
- TA reached;\* or Self Help** is allowed following the 30-day Cooling-Off Period. The Union may withdraw services (strike) from Company; Company may declare a 'lockout' or impose Contract terms (changes to wages and/or work rules). Negotiations may continue by mutual consent during this period.
- TA reached;\* or Presidential Emergency Board (PEB)** – If a Strike occurs, the NMB will notice the President of the United States who may intervene by establishing an Emergency Board or Interest Arbitration, both of which contain an outside party deciding terms of our Contract.



\*Once a Tentative Agreement (TA) is reached, it is reviewed by APFA's Leadership, then forwarded to the APFA Membership for a ratification vote. If the TA fails, the process begins again from where it left off.