

APFA

EXECUTIVE COMMITTEE MEETING

SPECIAL EC MEETING via Teleconference July 20, 2012

Resolution Tally Sheet	Resolution #: 2
	Maker: Glading
	Second: Gluth
	Date: July 20, 2012
	Time: 10:55 a.m.

Resolution Name: LBFO

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

COMMENTS:

	Aurigemma	Baumert	Bernstein	Clements		Treasurer	Secretary	Vice President	President
YES	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
NO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PASS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ABS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PXY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
REC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

YES: 8 NO: 0 ABSTAIN: 0 ABSENT: 0

Status: *Passed* *Failed* *Tabled* *Withdrawn* *Show of Hands*

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

WHEREAS, on February 1, 2012, American began the Section 1113 process by making proposals to modify each of its collective bargaining agreements with APFA, APA and TWU and presenting the stand-alone business plan upon which these proposals were based; and

WHEREAS, at that time American explained that it intended to reduce the labor costs of its represented employees by \$990 million annually and that the share of concessions allocated to the Flight Attendants and reflected in its Section 1113 proposal to APFA totaled \$230 million; and

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WHEREAS, in February 2012, APFA's advisors assessed American's stand-alone business plan and underlying data and concluded that the plan contained numerous unrealistic assumptions and unachievable projections; and

WHEREAS, during this same time, US Airways announced that it would pursue a merger with American, based, in large part, on its determination that such a combination would offer operational and financial synergies that neither airline could achieve as stand-alone carriers; and

WHEREAS, APFA agreed that an American-US Airways merger would create a strong, profitable airline that would provide the Flight Attendants with far greater job security than American's seriously defective stand-alone plan; and

WHEREAS, throughout the negotiations which took place in February and March APFA repeatedly told American that \$230 million in annual concessions was unnecessary and unfair but American refused to lower that demand, and, as a result, no agreement was reached at that time; and

WHEREAS, on March 27, 2012, when American had not reached an agreement with any of its unions, it filed a Section 1113 motion in the bankruptcy court seeking authority to reject all of its labor contracts; and

WHEREAS, if the court grants American's motion it is understood that American will unilaterally impose its Section 1113 proposals and thereby extract \$990 million in concessions from its unionized workers; and

WHEREAS, on April 12, 2012, after four days of negotiations, APFA and US Airways reached an agreement that was conditioned on the confirmation of a plan of reorganization which provided for an American-US Airways combination; and

WHEREAS, during the Section 1113 hearings held during the weeks of April 16, May 14 and May 21, American maintained that it was entitled to \$230 million in annual concessions from the Flight Attendants; similarly, in bargaining which took place in May and June 2012, American's demand remained unchanged; and

WHEREAS, on June 27, 2012, APA reached a tentative agreement with American that would cut Pilot labor costs by 17% rather than 20% as American had previously demanded; in addition, two-thirds of the Pilots' projected allocation under the profit sharing plan as originally proposed would be used to further reduce the amount of concessions; and

WHEREAS, based on the tentative agreement with APA, the bankruptcy court informed the parties that it would postpone issuing a decision on the Section 1113 motion to reject those collective bargaining agreements for which consensual agreements had not been reached until the week following August 8, when APA anticipated its ratification voting period would be completed; and

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WHEREAS, on July 5, 2012, American made a last best and final offer (“LBFO”) to APFA that contained the same percentage reductions as contained in the APA Tentative Agreement – the Flight Attendants’ costs would be reduced by 17% and the concessions would be further cut by shifting two-thirds of their profit sharing allocation. In addition, the early-out program under which eligible Flight Attendants would receive a \$40,000 severance payment was treated as a no-cost item. Based on these three factors, the total amount of concessions contained in the Company’s LBFO is significantly less than the \$230 million American had sought since February 1; and

WHEREAS, on July 11, 2012, Tom Horton issued a letter to the employees of American Airlines in which he stated, “it now makes sense to carefully evaluate a range of strategic options, including potential mergers, which could make the new American even stronger. This evaluation is being conducted by our leadership team and our Board of Directors in collaboration with the creditors committee;” and

WHEREAS, under Article III, Section 4A of the APFA Constitution, the Executive Committee has the authority to interpret the Constitution, subject to the approval of the Board of Directors; and

WHEREAS, the Executive Committee interprets Article XI of the Constitution to apply to proposed collective bargaining agreements accepted by a majority vote of the Negotiating Committee and sent out to the membership for approval (by the Executive Committee or Board of Directors) and certain letters of agreement and side letters that have been entered into by American and APFA and ratified by the Executive Committee, but not to proposals submitted by American without acceptance by the Negotiating Committee or agreement with APFA and ratification by the Executive Committee; and

WHEREAS, the LBFO submitted by American on July 19, 2012 is precisely that – a last best final offer by American – and thus the LBFO is an offer only, not a proposed collective bargaining agreement accepted by a majority vote of the APFA Negotiating Committee or a letter of agreement or side letter entered into between American and APFA, and therefore is not governed by the procedures outlined in Article XI of the APFA Constitution; and

WHEREAS, the APFA nonetheless believes that the membership should have the right to consider the LBFO and decide whether or not APFA will accept it; and

WHEREAS, the mailing of the ballots on or before July 21, 2012 and the counting of the votes on August 19, 2012 will meet the provision of Article VI, Section 5.D that the balloting date be thirty (30) days after the sending of the ballots to the membership;

THEREFORE BE IT RESOLVED, by the Executive Committee of APFA, that the LBFO shall be sent to the membership as a referendum to determine whether APFA will accept the LBFO, with efforts made – to the maximum extent practicable – to provide the membership with the complete terms of the LBFO.