

SPECIAL APFA HOTLINE
AA/US AIRWAYS MERGER ANNOUNCED
February 14, 2013

APFA wholeheartedly welcomes the news that the management teams of US Airways and American have announced their collective decision to merge and that they are eager to get the merger process started. This transaction will be an integral part of American's Plan of Reorganization, which it currently is required to file by April 15.

This development speaks to the courage and resolve of the APFA membership. Our union's efforts to realize this merger began nearly a year ago, when we were quick to identify the benefits of this strategic alternative. Since then, there have been a series of tense negotiations and heroic stare-downs, but the Flight Attendants never blinked. As a result, we will soon find ourselves working at an airline that can compete with any in the industry, under an industry-rate contract, and for a new management team that appreciates our hard work.

Never before in a major airline bankruptcy has organized labor achieved such an outcome. The unions on American Airlines property banded together and forced an alternative on management that is better for the Company, the industry, our passengers, and the employees.

Though the highest hurdle is now behind us, there remain some significant challenges ahead. Fortunately, our team is already preparing for the next steps in this process and we are ready to press on. With this development, there will be lots of exciting changes and we still have much work to do. But the largest challenge is now behind us.

Typically, approval for the merger and an exit from bankruptcy can take anywhere from 4-6 months or possibly more. The following is an explanation of the several layers of approval that must be completed before the merger can be finalized.

What's Left Before American Exits Bankruptcy?

1. American files a [Plan of Reorganization](#) ("POR") and Disclosure Statement that provides for, among other things, treatment of creditors and a merger transaction (Disclosure Statement includes an explanation of the Plan and the treatment of the various creditor classes)
2. Disclosure Statement approved by court depending upon the requirements outlined by the US Bankruptcy Code
3. Pursuant to a POR that provides for a merger of the two airlines, unsecured claims will receive a recovery in the form of equity in the new American
4. Merger requires approval from the Department of Justice (DOJ) and would entail [Hart-Scott-Rodino](#) ("HSR") review
5. Bankruptcy Court approval is required at various stages and stakeholders (for example: UCC, creditors, labor, etc.) have an opportunity to object
6. The POR must receive necessary votes from stakeholders to become "effective"
7. More than 1/2 in number and at least 2/3 in dollar amount of impaired classes of creditors must vote in favor of the POR, among other requirements
8. Once declared effective, a confirmed Plan will discharge the company's outstanding debts and allow the company to emerge from Bankruptcy

Typically, the process takes 3-4 months beginning with the filing of a POR, depending on whether there are stakeholders opposing the POR.*

- Week 1: File POR/Disclosure Statement**
- Week 4: Hearing to approve Disclosure Statement**
- Weeks 5-7: Distribution of information and solicitation of votes (20 days)**
- Week 7: Voting deadline for POR, tabulation of votes**
- Week 9: Hearing to confirm POR**
- Week 12: POR becomes effective Debtor emerges**

**A merger transaction may entail additional time beyond a typical bankruptcy process given DOJ and Hart-Scott-Rodino requirements*