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Flight Attendants ‘Indict’ American Airlines Top Execs for ‘Multiple Acts of Managerial Incompetence’

Charge Top Management with “Moral Contempt” for Enriching Themselves at the Expense of Employees and Shareholders

Eules, TX – American Airlines Flight Attendants declared today that the company’s top five executives are guilty in the court of public opinion of “managerial incompetence” and acts of “moral contempt,” stemming from a 14-count indictment brought by the Association of Professional Flight Attendants (APFA).

The Flight Attendants’ verdict was swift and overwhelming: American’s five top executives were guilty for repeatedly granting themselves multi-million-dollar bonuses while the airline records another year of dismal earnings, a charge made even more despicable by the huge financial sacrifices of employees to keep the airline afloat.

American is the only major airline still losing money while all other major carriers have recovered and were operating profitably last year. The indictments resulted from 14 charges subjected to online voting by Flight Attendants. The full APFA indictment and results of the voting can be found at www.apfa.org.

AA Flight Attendants held picketing events at airports across the country to draw attention to top management’s reprehensible acts and to protest yet another round of multi-million-dollar executive bonuses.

Among the charges Flight Attendants voted overwhelmingly to find the executives guilty of was “Manipulating the Performance Share Plan so that 50 percent of the Executives’ Awards Are Guaranteed.”

“Since assuming office the Executives, along with their cohorts on the AMR Board of Directors, have concocted a series of executive incentive stock plans that generate huge financial windfalls despite American’s actual performance,” the charge read.

“In 2010, in response to the fact that over the past few years AMR’s stock price had dropped by more than 50 percent, they nearly doubled the number of shares the Executives could receive in

annual performance bonuses. The Executives thereby escaped the destruction of value they visited upon the airline's shareholders."

In reporting the guilty vote, APFA noted that "by increasing the number of targeted shares in the Performance Share Plan (PSP) and devising this fail-proof payout arrangement, the Executives have accomplished what few in corporate America would dream possible - pay *regardless of performance*."

Other charges on which Flight Attendants found American's top executives guilty were:

- Adopting an Executive Pay Formula that Generates More than \$25 Million in Personal Profits for Every \$1 Billion in Corporate Losses;
- Not Being Capable of Restoring the Airline to Profitability; and,
- Making False Promises to Contribute while Devising Real Plans to Plunder.

This last count is especially galling to Flight attendants, who have sacrificed more than \$3 billion in pay and benefits to keep the company from going into bankruptcy. "In 2003," the charge read, "the Executives induced the Flight Attendants to forego one-third of their wages, benefits and work rules by representing that the Executives would make a proportionate contribution to the Company's revival.

"While the Flight Attendants voluntarily made and continue to work under these concessions, the Executives never honored their promise of parity. Instead they created the richest compensation scheme for executives in American Airlines history."

Another count on which the executives were found guilty was "Purposefully Treating the Flight Attendants Negotiations with Disdain and Without the Requisite Intent to Reach an Agreement."

"The Executives also deliberately prolonged negotiations for almost three years beyond the April 30, 2008 amendable date in order to continue reaping the \$340 million in annual concessions provided by that contract."

APFA is the nation's largest independent Flight Attendant union representing the nearly 18,000 American Airlines Flight Attendants. www.apfa.org