



Spring Training

It's finally that time of year: baseball season is upon us. Opening Day is just around the corner and as some of you may know, I'm a huge St. Louis Cardinals fan. With a few trades and some young upstarts, I'm feeling pretty good about the Cardinals' chances this year. Needless to say, I've had the game on my mind a lot recently.

It's no coincidence, then, that I've started to view our negotiations in baseball terms. But instead of viewing each other as the opponent, we should be thinking about how we're going to field a team that's going to beat our true adversaries – Delta, Southwest, Continental and all the other carriers that we compete against every day.

In my opinion, Delta may be our most formidable opponent right now. They're expanding operations in some of our most important hubs, like New York, with recently announced plans to offer 11 daily departures from LaGuardia to O'Hare. They just completed a slot swap deal with US Airways to give them 125 slots at LGA and are actively growing their transatlantic network. By this summer, the Delta-Air France-KLM partnership is expected to control 25 percent of the transatlantic market and generate about \$12 billion in annual revenues. That's an increase from Delta's 2005 international network of approximately 45 daily round-trip U.S. to Europe flights to more than 100 daily flights scheduled by the Delta-Air France-KLM joint venture for summer 2010. And don't forget how strong Delta is in the Asia Pacific market, a presence that could have been even more dominant if its plan to lure JAL from **oneworld** to SkyTeam had been a success. If Delta had influenced JAL to switch alliances, we would have seen an anti-competitive landscape where they dominated a majority of the USA-Japan travel market.

I believe that when working with the APA, we have to be jointly focused on fighting these real threats to our jobs and future and make sure we are positioned to be the most competitive airline we can be. So maybe this negotiations process can be viewed as our Spring Training. We're looking collaboratively at our team and trying to understand what we've got to do to win a division title. Where are our strengths? Where are our weaknesses? What kind of big impact improvements can be made to help make this season a success without mortgaging our future or taking on too much risk?

There's no denying that negotiations over the past few years have been tough. Lots of thought and preparation have gone into proposals, lots of discussions and meetings with the APA, but unfortunately there's not a lot to show for our effort thus far. But with a recent change of players, I think the momentum is starting to change. There's a lot of progress happening at the table. In the month that the company has been meeting with the reconstituted APA negotiations team, we have reached tentative agreement on six issues – more than half as many as were reached in over three years of bargaining up to this point. Some have been fairly non-contentious such as probation periods. Some, though small in nature, have been quite important, such as System Board of Adjustment. We're finally starting to get into the more significant items and have been able to have lengthy discussions about scheduling related issues. And they've been productive.

I hope I'm right, but I feel like recent negotiations may have changed the entire direction of this process and we're starting to talk about solutions to common problems. Both sides are showing up ready to look at the issues at hand and are ready to work. Do we always agree on what the play call should be or what pitchers to start? Absolutely not. But we've started to adopt a mindset that by looking at things together and talking them through, we have a better understanding of the long-term situation and what that means for the entire team. And hopefully that will mean an AA victory.

I've also been thinking about my role as Director of Crew Relations and what I can do to show my support both for AA's efforts to succeed against the other carriers and also for the key role all of you play. For a while now, I've been eager to get back out there and fly the line. I think it's one of the best ways for me to be available so that you have the opportunity – if you want to do so – to give me whatever feedback you want to provide one-on-one about the operation, about the proposals the parties have put on the table, and whatever else you may want to bend my ear about. I now have the opportunity to do just that – fly more often – so you'll be seeing a lot more of me in the cockpit. When we meet, don't hesitate to ask the hard questions. I may not have all of the answers, but I'll do my best to answer them.

Until then, enjoy the 2010 baseball season and best of luck to my Redbirds.

Strength and Honor,

A handwritten signature in black ink, appearing to read "John A. Hale". The signature is fluid and cursive, with a large initial "J" and "H".

Captain John Hale
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