



## The road to a new contract

As we wait to hear from the National Mediation Board on next steps on negotiations with APFA, I'd like to take a moment and say, we believe that a negotiated solution is the best solution for our flight attendants. There is a significant risk that any other option could result in a less satisfactory outcome for our flight attendants than one the parties negotiate. It is our hope to continue mediated bargaining with APFA and continue to move forward towards reaching a new deal.

I am personally aware, both as a former flight attendant and as a negotiator, the bargaining process can be lengthy, even muddled, and at times, well, frustrating. But we have come a long way, and we shouldn't lose sight of that progress. Since beginning negotiations in June 2008, the teams have reached tentative agreements on 28 articles. Now more than ever, I think it is important that we focus on the 11 remaining articles and forge ahead.

I think it's also important to share, during our recent bargaining session ending March 3, the company offered two comprehensive proposals to APFA which moved toward the union in several areas of the contract, including structural pay increases, sick leave, vacation, scheduling, hours of service, and expenses – items we know are among the things most important to APFA. In order to get to these things and others, we proposed an eight-year deal that would help us balance our costs over the long term. We know eight years may be long for both parties, so we also proposed that the contract have a six-month amendable period after four years (May 1, 2014). If the six-month period does not produce an agreement, each party may submit up to five proposals (excluding compensation) to binding interest arbitration – meaning that neutral third parties would determine what changes would be made.

Our current proposal would continue to keep our flight attendants among the best compensated in the industry. Currently, APFA's proposal would add hundreds of millions of dollars of costs to the company. The reality is we can't compete with such costs – especially when our labor expenses are among the highest in the industry – in an industry that has changed dramatically since 2001.

To learn more about our latest comprehensive proposal, I invite you to read the second edition of "Flight Attendant Negotiations News." Pick up a copy at your base or download it [here](#). As we've said before, proposals can change. And, as you will see, many have already changed since February. The company is also closely following the healthcare reform legislation and reviewing it to determine what it will mean for American.

We want a new agreement. While we cannot speculate what the NMB will decide, I am confident that through continued work, focus, respect and creativity from both sides, we can and we will reach a new agreement with APFA in the near future.

Thank you for your time today. As always, please feel free to [email](#) me. I appreciate hearing your thoughtful feedback and questions.

Kind regards,

Cathy Scheu