



Kicking off the New Year

January 3, 2011

Happy New Year! I want to thank you all for your hard work over the holiday season. I truly value your contributions to helping ensure our operations ran smoothly during this busy time of year. Thank you also for consistently delivering a quality product and for the outstanding service that our customers have come to expect from American. Your hard work throughout 2010 is greatly appreciated, and I'm looking forward to 2011.

As you may know, this week, January 4-6, the company and APFA negotiating teams meet with our new NMB mediator, Director of Mediation Larry Gibbons. I know I speak for our whole team when I say that I am excited to get back to the table and back to work. The company and APFA negotiating teams will exchange formal proposals during this time, and I am looking forward to building on the progress made in the previous negotiations sessions.

We are committed to providing competitive pay and benefits for you and all of our employees, and our proposals support this commitment. During our last mediated negotiations session with APFA, the company made several proposals that moved significantly toward the union. Our proposal has real wage increases – a 3 percent contract signing bonus plus structural pay increases that compound to 9.9 percent over five years. We also improved our proposal on sequence pay protection to include carry-over time, and moved toward the union's position on health benefits and retiree medical. As we continue our negotiations with APFA, we will keep you updated through the AANegotiations.com website.

Negotiations is a give-and-take process, and I continue to believe that through hard work, focus, respect and creativity from both sides, we can and will reach a new agreement that everyone can be proud of.

Thank you for your time today. If you have any suggestions for future columns, please [email](mailto:cscheu@american.com) me. I look forward to hearing from you.

Kind regards,

A handwritten signature in black ink that reads "Cathy D. Scheu". The signature is written in a cursive, flowing style.

Cathy Scheu