

The Association.



THE TWU-IAM ASSOCIATION

March 22, 2018

American Derails Negotiations

In this period between scheduled negotiating sessions, the Association leadership met with American Airlines management principals in the hope of better understanding each other's position on the outstanding issues that need to be resolved in order to conclude negotiations. Significant issues, including wages, job scope protection, pensions and medical benefits remain open.

The Association entered these meetings expecting to set the stage to conclude negotiations in our next full negotiating session. If American management had that same goal, a tentative agreement to present to you for your consideration and vote would have been close. Unfortunately, American management had a different plan.

American Airlines Executive Vice President Steven Johnsen, who had never participated in a single negotiating session since opening proposals were shared more than two years ago, led the discussions for the company. Johnsen's presence not only failed to bring us closer to an agreement, but he single-handedly derailed the significant and steady progress that both sides had been making in these negotiations. As a result of Johnsen injecting himself in the process, we are now further away from a tentative agreement than we were a month ago.

Johnsen, who American Airlines paid more than \$30 million over the last four years, delivered the message that American could not afford to provide proper healthcare, job security and retirement income for Association members.

In discussing profit sharing, he said no improvements were possible. This completely contradicts CEO Doug Parker who acknowledged American's sub-par profit sharing scheme in a discussion with employees on January 18, 2018 and said it had to be improved in negotiations.

American Airlines is demanding that legacy US Airways members lose the healthcare that they earned through a strike and which has survived two bankruptcies. The Association's position is that **the better healthcare should be extended to cover all Association members**, the cost of which would be less than the annual compensation of the carrier's top three officers.

Johnsen also refused to discuss defined benefit pensions for Association members. Instead, he wants to mandate major employee concessions when the airline is making more than \$3 billion a year in pre-tax profits.

Negotiating is a process where both parties engage in discussions to reach a common agreement. There must be give and take from both sides. Steven Johnsen is not interested in negotiating. He is not interested in agreement. He is only interested in the Association acquiescing to his will. The Association, however, responded to his demands appropriately, which resulted in Johnsen having a tantrum, leaving his other company negotiators in the lurch and storming out of the room.

Steven Johnsen's presence has marked a dramatic shift from the productive discussions we had been having with American's experienced negotiators. In these meetings Johnsen displayed a unique combination of arrogance and ignorance that will prevent us from reaching an agreement.

The entire Association negotiating committee will meet next week in Washington, D.C. to discuss the sudden and insulting shift American has taken. We will also discuss the coordinated mobilization of the Association's more than 30,000 members in response to Steven Johnsen's deliberate sabotaging of your career, your future and your contract negotiations.

The Association is committed to quickly concluding negotiations. But we must have a willing partner across the table to do so.

Fraternally,

A handwritten signature in black ink that reads 'Alex Garcia'.

Alex Garcia
TWU International Executive Vice President
TWU/IAM Association Director

A handwritten signature in black ink that reads 'Sito Pantoja'.

Sito Pantoja
IAM General Vice President
TWU/IAM Association Vice Director