

SUPPORT US AIRWAYS MERGER, BELEAGUERED UNIONS BESEECH AMR BOARD



Frustrated and exhausted of the indecision and uncertainty prevailing over the proposed merger between American Airlines and US Airways Group, three labor unions at American Airlines have appealed directly to the company's board of directors, asking them to support the merger instead of waiting for the airline to come out of its bankruptcy. The Unions published an "open letter" advertisement in the Star-Telegram and some other newspapers, addressing it to the board of directors of Fort Worth-based AMR Corp. American Airlines parent company. The letter was signed by the leaders of the unions, who represent 55,000 employees of the airlines and say that a merger will not only augment the combined network of the two airlines, but also save jobs and boost revenue. "An American Airlines-US Airways merger would be mutually beneficial by filling the gaps in each carrier's network and boosting overall revenue," the letter said. The letter, signed by leaders of the Allied Pilots Association (APA), the Transport Workers Union (TWU) and the Association of Professional Flight Attendants (APFA) said, "Under the plan put forth by US Airways management, a merger now between American Airlines and US Airways would result in a rejuvenated American Airlines." AMR has always resisted merger offers saying that it was committed to emerging from Chapter 11 as a stand-alone company. AMR persists in maintaining that its stand-alone plan would create \$3 billion in financial improvements by 2017. However, for the plan to succeed it would have to cut labor costs by \$1.25 billion a year. The letter advertisement beseeches the Board to shelve their standalone stand and merge with the US Airways writing, "The 'standalone' business plan that AMR management has presented as part of our airline's Chapter 11 restructuring has been greeted with almost universal skepticism by industry analysts. For this reason, we urge you to consider an alternative path - one that those same analysts and nearly 55,000 American Airlines employees have enthusiastically endorsed. We truly believe that the merger plan put forth by US Airways represents a better path for our airline's future and respectfully request that you engage with US Airways management now." Last week, American Airlines executives appeared in U.S. Bankruptcy Court to press the court to terminate its existing union contracts so that it can push ahead with its reorganization plans. It had proposed cutting 13,000 union jobs, but expected opposition from unions made it revise its offer to the Transport Workers Union, to cut 10,000 jobs. Unions says that the difference between the two airlines is stark for US Airways has promised to save 6,200 American Airline jobs that would otherwise be eliminated under American's original restructuring plan. A spokesman for the airline, Bruce Hicks said "Nothing changes as a result of these latest statements from our unions. It should be easy for anyone to understand the agendas of other interested parties and their sense of urgency to advance them, and their actions continue to demonstrate that. We don't need to address them again." Laura Glading, president of the Association of Professional Flight Attendants, "We expect management to try to pry us apart, but I believe this letter tells the board that we intend to see this effort through together. Consolidation with US Airways is American's best avenue out of bankruptcy and back to prosperity." Even though US Airways has not submitted a formal merger proposal to AMR, which has been given rights from bankruptcy courts to restructure without external intervention, it has entered into a labor deal with AMR's unions, which the unions have welcomed wholeheartedly. Being members of AMR's creditors committee they can have a say in the restructuring. The American Airlines Unions have confirmed that they have talked with their US Airways counterparts and have been assured of joint contracts in the event of a merger. US Airways is on record saying that a merger with AMR would generate at least \$1.2 billion a year and accrued benefits could be passed to employees of the combined carrier.