

AMERICAN AIRLINES EXPLORING MERGER OPTIONS



When it comes to American Airlines few people seem to know what is going to happen when all is said and done to the failing company. For those of you who do not remember here is an excerpt from our earlier coverage about the massive layoffs that the company planned in order to work out its [bankruptcy issues](#). "How many workers are getting the boot? Well, that is the worst of the news. The layoffs are expected to affect up to 20,000 workers. While that number is massive, it is by no means the entirety of the company's workforce. AMR actually employs about 87,000 workers between the two airlines, so the cuts will end up being about one quarter of the total staff. That is, if the numbers are as high as is expected. At the current moment there is no official statement with a solid number on the layoffs that are coming. We do know that in a letter the CEO of American Airlines, Tom Horton, warned staffers that every work group in the company should get ready to lose staff of up to 20%. He made it very clear in this letter that this would include the management groups. The company is looking to save many billions of dollars, and they are expected to get about \$1.25 billion of those savings from cutting back on staff." After that some of the layoffs were mitigated by some serious concessions made to the workers. Still, the company did cut about 13,000 workers when all was said and done. Sadly, this was not enough to put the company to right. The company is still forcing its workers to make concessions, and considering a merger. This week the union for the flight attendants agreed to cut back on more in the way of work hours and pension benefits for the existing workers. The company, which has not done much to inspire the faith of its workers, is also looking into merging with a more successful company. As you can imagine the union for the workers, who are currently bearing the brunt of those cuts, endorsed the idea of cutting back on the current management and moving to a company with a more cost effective strategy. For now the proposed merger partner is with US Airways Group Inc. Of course other companies have [merged](#) recently, "Take for example the recently announced merger of Coventry Health Care and Aetna. For those of you who are not familiar with the acquisition here is a look at the [official announcement](#)," Aetna (NYSE: AET) and Coventry Health Care, Inc. (NYSE: CVH) today announced that they have entered into a definitive agreement pursuant to which Aetna will acquire Coventry in a transaction valued at \$7.3 billion, including the assumption of Coventry debt.(1) Coventry is a diversified managed health care company that offers a full portfolio of risk and fee-based products, including Medicare Advantage and Medicare Part D programs, Medicaid managed care plans, group and individual health insurance, coverage for specialty services such as workers' compensation, and network rental services...For the current moment the company has not said how many workers are set to be impacted by this kind of a merger, but when all is said and done the workers will no doubt feel some kind of an impact in terms of job losses. There will be some redundancy that will cut back on the number of staffers, though for not there is no hard number."