



AIRCRAFT MAINTENANCE

June 9, 2006

Attn: ALL SEA,SAN,PHX, and LAS AIRCRAFT MAINTENANCE EMPLOYEES

Tomorrow marks the start of a new era at each of your cities, with several of your long time fellow co-workers no longer working at your city, and some no longer working for A.A. in any capacity. I wish to thank each of those employees for the contributions they made to your city during their tenure at that location.

I also want to thank each of you for continuing to work professionally through the reduction in force period. Round #1 is completed, and Round #2 is in progress, with I believe only a total of 13 employees system wide affected in Round #2.

As each location begins to work forward from June 10, 2006, it is imperative that each and every team member comes to work prepared to work daily/nightly, and comes prepared to accomplish as much as physically is possible during their on duty period. We need to do this for two reasons – 1, because we all hired in and stated we would do so, and 2-because it is necessary to attain higher performance levels to keep your location safer from ending up on any possible future lists as a “poor performer”. If there is a need for any future reductions, station performance will be one of the measured criteria that could decide the future of a particular location. Also be aware that “time standards” are only a budgetary tool for use as we work to determine a station’s normal minimum staffing. If work can be performed under the published standard, great! It frees an individual up to assist others on a particular shift, given that day’s / night’s workload. Some days/nights the workload may be greater than we are manned for, and we understand that, but over a cross-section of days/nights, the workload is very balanced when we go in and do studies of staffing/workloads.

I have heard the rumor regarding another possible lay off in September, and my sources tell me that it currently is only a rumor out in the “work force”, and that my sources do not have knowledge of any current plan for further reductions. With that said, anything is certainly possible. Fuel prices are remaining at levels much higher than in previous years, which is making the ability to return a “profit” a tougher goal to reach. You can’t just raise the price of a ticket, because the passenger flying today bought his/her ticket 30-60, or more, days ago, when that ticket may have been priced to factor in fuel costs at that time of purchase. Do what you can do daily, to lower costs. It all help\$.

I’m also highly concerned about a couple of recent events. Each of our cities has 757 flying, and the recent announcement of the former TWA 757 fleet departing active service will certainly impact our cities in some manner, in my opinion. Capacity Planning, the Group that decides when/where/how often we fly to any particular location, also continues to re-work the schedule. As an example, PHX was slated for closure-then scheduled to remain open with 4 terminating aircraft. NOW, in September, they are slated to go back to 6 terminating aircraft. Great news for PHX !, but trying to CONT.

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work out logistics of how PHX will be able to handle the workload is tough, given that we know very little about what the “Check” requirements will be, and what the “fleet mix” will be in the Fall. I look for additional changes in the other Cities as well.

Today, I have also learned of the possibility that each and every one of you may have to attend a 40-hour training course at either SFO or LAX. Fall Protection Training also looms for each and every one of you, and is an approximate 6 – 8 hour course requirement-with an OSHA deadline of November for completion.

With all of these changes, and the additional training, I need to forewarn everyone that PV's requests, and even CS's, may be turned down so that we can have adequate manning for station workload and/or training attendance. You will see a renewed interest in bringing Lost Time down to acceptable levels. The current levels are 3 to 4 times higher than the acceptable standard of 2.5% of scheduled work hours. (A commitment of 4/10's was that Lost Time would be reduced....it didn't happen, anywhere....) Use your Sick Bank for its intended purpose, and for those occasions when you are unable to work. I personally believe the majority of employees are healthier than their attendance records indicate. Having adequate manning on duty will be a focal point of many of our decisions.

We could debate at length the many decisions that are made, and future decisions that may need to be made. In the end, my responsibility is to do as much as possible to protect the employment of as many of you as possible. While I'm not necessarily directly involved in conversations related to possible station reductions and/or closures, doing what I can through keeping you informed and motivated to protect yourselves through your performance, and attendance records, is all I really can do for you. The rest is up to you, whether individually, or as a Station Team. I'm seeing some recent performance gains at some locations, and I hope to continue to see that trend. ALL locations need to reduce Lost Time use, as Overtime will be very limited in use as a tool to “replace” Lost Time headcount. Your Supervisors and I will continue to support you in the various ways that we can, given the constraints of today's operations.

(Original Signed by:)

Richard K. Wood

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cc: John Healey- Managing Director

John “J.R.” Ruiz – President, TWU Local #564

