

September 6, 2013

F/O Greg Cordes  
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Re: Improper A Fund Pension Credit Date used for Former American Eagle Pilots - Grievance

CERTIFIED MAIL  
EMAIL

Captain Rusty McDaniels  
Allied Pilots Association  
O'Connell Building  
14600 Trinity Boulevard  
Suite 500  
Fort Worth, TX 76155-2512 USA

Dear Rusty,

I appreciate your time last Friday in discussing the company's failure to utilize the date the former American Eagle pilots should have been allowed to transfer to American Airlines, had they not been wrongfully withheld, for their A fund vesting and credit purposes.

Many of these pilots are just now realizing the fact that they have been severely and unfairly financially harmed, and are seeking advice on how to get this corrected. Former American Eagle pilots are also very concerned if our own union, the APA, after having fought for years to delay and/or preclude us from transferring to AA at all, is now ready to step up and start representing us when it comes to such an egregiously unfair situation, which the APA helped create.

You stated in our conversation, that your belief is that the language and intent of Mr. Nicolau was, because AA management said that it was not legal for AA to retroactively apply the former AE pilots' A fund start date to the date that they should have transferred to AA, that the "make whole" for that damage was simply excluded from the remedy award. The Former American Eagle pilots reject that argument. First of all, this flies in the face of the make-whole doctrine of the grievance process. No labor union, properly representing their membership would simply let that go. Secondly, the question is, was AA's argument that it would be illegal to correct the vesting / funding start date to when these pilots should have transferred to AA even fact, or was it just another thinly veiled lie to side-step their pension obligations, that went unchallenged by the unions?

Below is an excerpt from Mr. Horton's 2006 reemployment agreement in which he is given make-up pension credit to restore his pension to reflect continuous service at AA, when in fact he had resigned from AMR Corporation and had gone to ATT for 4 years:

The Executive shall be provided with one and one-third additional years of age and service credit for each year worked during the Employment Period (for up to a maximum 3.9 years of additional age and service credit) for all purposes of American's Supplemental Executive Retirement Program (the "SERP") all with the effect that Executive shall be deemed to have served continuously with American since August 1985.

So the argument is, it is legal for management, but not legal for the pilots?

You also said that this award was the result of settlement discussions for which transcripts exist that would shed clarity on the intent of the parties and Mr. Nicolau. The question that begs an answer is; if Mr. Nicolau's "award" was actually the result of settlement discussions, then for what, and to whom, were the monetary damages for these former AE pilots pension funds bargained away? A diligent labor union does not simply walk away from 3 years of members' pension vesting without something, such as liquidated damages, in return.

Additionally, the former American Eagle pilots do not share the APA's interpretation of the Nicolau award with respect to the use of word vesting. Black's Law Dictionary, 7<sup>th</sup> Edition defines "vested" as:

Having become a completed, consummated right for present or future enjoyment; not contingent; unconditional; absolute.

As such, we believe the intent of the language requires that the harmed pilots have a consummated, unconditional and absolute right to their pension funds from the date that they should have transferred to AA had they not been wrongfully withheld.

Moreover, notwithstanding the Nicolau Award, the American Eagle pilots should have been made whole for the damages they suffered by being illegally withheld. It is impossible to make a reasonable argument that it is fair and correct for the pilots that were improperly placed into the AA new hire classes in place of the former American Eagle pilots, to have in effect swapped pension credited YOS start dates with the former AE pilots, now enjoying what should have been the former AE pilots start date, while the former AE pilots are now relegated to what should have been the more junior pilot's start date. It's simply wrong, does not make sense, and needs to be corrected. Most any judge will likely agree.

It is incumbent on the APA to do the right thing here, and to begin to vigorously and effectively represent this group of AA pilots (former American Eagle Pilots), as they do with other pilots on the APA seniority list. There has been substantial financial harm done to these former American Eagle pilots, with this issue being just a portion of the total harm.

Per our conversation you advised me to submit a brief on this issue. To allow me to accomplish this, I hereby request copies of all of the settlement transcripts and / or agreements pertaining to the 0108 Remedy Award.

I am not requesting this information solely for myself, but on behalf of the more than 30 other former American pilots who currently wish to join Mr. Sandhu's grievance.

I earnestly request that the APA immediately file a grievance on this matter. Should APA decline to do so, I request a written explanation of APA's position

Sincerely,

F/O Greg Cordes

cc: Captain Steve Roach  
First Officer Thomas Copeland