

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
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AMR CORPORATION, <i>et al.</i>,	:
	:
Debtors.	:
	:
-----X	

	Chapter 11 Case No.
	11-15463 (SHL)
	(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF DENNIS NEWGREN
IN SUPPORT OF DEBTORS' MOTION TO REJECT COLLECTIVE BARGAINING
AGREEMENTS PURSUANT TO 11 U.S.C. § 1113**

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I, DENNIS NEWGREN, subject to the penalties provided by law for perjury, do hereby declare the following to be true and correct on the basis of my personal knowledge and upon information from the business records of American Airlines, Inc. in my custody and control.

I. IDENTIFICATION OF DECLARANT

1. On March 26, 2012, I executed the Declaration Of Dennis Newgren In Support Of Debtor's Motion To Reject Collective Bargaining Agreements Pursuant To 11 U.S.C. § 1113 (the "**March 26 Newgren Declaration**"). In my March 26 Declaration, I provided a description of my employment history and job duties at American Airlines, Inc. ("**American**" or "**the Company**"). See March 26 Newgren Declaration ¶ 1.

2. Details related to the Company's information sharing efforts were previously submitted in the Declaration Of Denise Lynn In Support Of Debtors' Motion To Reject Collective Bargaining Agreements Pursuant to 11 U.S.C. § 1113 (the "**Lynn Declaration**"). I make this Supplemental Declaration in order to provide an updated account of the Company's extensive information sharing efforts with APA, specifically responding to statements made by Lawrence Rosselot, American Airlines pilot and Chairman of APA's Technical Analysis and Scheduling Committee, who alleges that the Company failed to provide certain information.

3. This declaration is based on my personal knowledge and experience, upon information and materials provided to me at my request by others working under my supervision, and upon records regularly kept in the ordinary course of American's business that are within my custody and control as Managing Director, Flight. I would be competent to testify to these matters as a witness if called to do so.

II. INFORMATION SHARING WITH APA REGARDING AAMPL

4. For several years, American has utilized an optimization tool for its manpower planning for pilots. This tool is known as the American Airlines Manpower Planning Model (“AAMPL”).

5. On March 6, 2012, American gave a presentation to APA representatives entitled “Pilot AAMPL Overview.” A copy of this presentation is AA Ex. 1809. Among other things, this presentation addressed (1) the complexity of pilot manpower planning; (2) the data inputs applied to the AAMPL model assumptions; and (3) the objectives and benefits of using the AAMPL model. On March 7, 2012, American posted to *Intralinks* the slides from its March 6, 2012 presentation (*Intralinks* Document No. 22.45).

6. On March 9, 2012, APA sent American a Scheduling and General Data Request, requesting, among other things, that American run three specific scenarios using AAMPL and provide the outputs to APA. This APA Request is AA Ex. 1810. The inputs for the three scenarios requested by APA were 81 hour schedule maximum, 83 hour schedule maximum, and 85 hour schedule maximum. On March 15, 2012, Neil Roghair of APA sent me a set of requests for information by email. A copy of this March 15 Request is AA Ex. 1811. Request No. 6 (Scheduling and General Data Requests) asks for: “[A] copy of the AA Crew Resources manpower optimization tool for the pilot planning process, including the methodologies and assumptions used for developing the pilot manning requirements for June 2012 through December 2017, based on the Company’s proposed business plan.”

7. On March 19, 2012, American met with APA representatives to present the results of the AAMPL scenarios that APA had requested in its March 9 Request and to discuss some of the logic in the model. At the meeting, American passed to APA a summary of the three AAMPL scenario results in response to APA’s March 9 Request. A copy of that summary is AA

Ex. 1812. In order to provide further information about the sensitivity of the AAMPL inputs, we decided to include a fourth scenario in the results provided to APA and reflected in AA Ex.

1812. On AA Ex 1812, all of APA's various scenarios show the trend lines in the same zone between the current book and the Company's proposal. At the conclusion of the meeting, APA representative Larry Rosselot said that the APA representatives would like to run another scenario on the model; American representatives responded that they would try to set something up.

8. On March 22, 2012, APA sent a request seeking details regarding how reserves are planned for in the AAMPL model, including what assumptions are used for reserve utilization rates. The data request also sought details regarding how AAMPL considers PBS in planning for reserve staffing levels. APA's March 22 Data Request is AA Ex. 1813.

9. On March 23, 2012, American posted to *Intralinks* responses to Mr. Roghair's March 15 Request, including to Request No. 6 (the copy of AAMPL). American stated: "A demo of the model has been scheduled for Monday, March 26, 2012 at 1430 . . . and will be explained. (For proprietary reasons, an actual copy of the model is not currently able to be produced.)." A copy of this response is AA Ex. 1814 (*Intralinks* Doc. No. 22.68).

10. American met with APA to present a demonstration of the workings of the AAMPL model and answer APA's questions on March 26, 2012 and March 27, 2012. During these meetings, American explained the underlying assumptions of the model, including those concerning reserve utilization rates and reserve planning (and how PBS is taken into account in reserve planning).

11. On March 26, 2012, members of American's negotiating team and I met with Mr. Rosselot, Mr. Roghair, and other APA representatives to present the scheduled AAMPL

demonstration. Tuell Green of American led a discussion of how the model works, focusing on its inputs, assumptions, and outputs, its operation (input by Excel, computation by mathematical software, and output in Excel), and the notations and variables in use. Next, Jodie Barwick of American walked the meeting participants through a review of the model outputs. As during the March 19, 2012 meeting, APA asked questions and American responded. Steve Iverson of American indicated that the model was too complex for a novice to run, but that American could have someone sit with APA to go through scenarios. Mr. Roghair expressed thanks, and agreed that this was the next step. American and APA agreed to meet the next morning, on March 27, 2012, at 10:00 a.m.

12. As set forth in the Declaration of Keith Austin, during the March 27, 2012 meeting, American projected the pages of the AAMPL model on a large screen and demonstrated how the model worked. American offered to run additional scenarios on the spot, in the presence of the APA representatives, in order to illustrate the workings of the model. APA requested that American run four scenarios on the AAMPL model. American ran the four scenarios during the meeting, and APA representatives took notes.

13. On March 30, 2012, APA sent a data request asserting that American had yet to provide responses to various requests from March 22, 2012, including two AAMPL-related requests:

- 2(d)(viii): In the AAMPL model, provide specific detail on how reserves are planned for, including what assumptions are used for reserve utilization rates.
- 2(d)(ix): In the AAMPL model, provide specific detail how PBS is taken into account in reserve planning.

APA also said that it was seeking the following “new data requests,” among others:

- (2) Please provide a copy of the two (2) AAMPL model PPT presentations presented to APA . . . on March 26, 2012, and
- (3) Please provide a copy of the assumptions and results produced from the various AAMPL runs conducted on March 27, 2012.

APA's March 30 Data Request is AA Ex. 1815.

14. On April 10, 2012, American posted to *Intralinks* Document No. 22.75 in response to new request (2) in the March 30 Data Request ("Please provide a copy of the two (2) AAMPL model PPT presentations presented to APA at FSU on March 26, 2012"). The document reflects a recap of the scenarios captured in the March 19 scenarios (which were presented and discussed at the March 26 meeting), as well as two new scenarios that were presented on March 26. *Intralinks* Document No. 22.75 is AA Ex. 1713.

15. On April 11, 2012, American responded to APA's March 22 Data Request. In response to the questions regarding AAMPL assumptions, American said that it had provided the requested information during its March 26 and March 27, 2012 meetings with APA representatives. American's April 11 Response is AA Ex. 1817 (*Intralinks* Doc. No. 22.77).

16. Also on April 11, 2012, I sent an e-mail to Neil Roghair (of APA) responding to Mr. Roghair's inquiry on the status of various requests. In the email, I stated that *Intralinks* Document No. 22.71 was posted on April 3, 2012, in response to new request No. 3 in the March 30 Data Request. At the time I sent the email, I had been informed that *Intralinks* Document No. 22.71 contained the results of the March 27 scenarios on the AAMPL model. However, I have since learned that 22.71 was a highly confidential benefits document. My reference to 22.71 in response to APA's request for the March 27 scenarios was a mistake. My April 11 email is AA

Ex. 1818. In my April 11 email, I also said, accurately, that *Intralinks* Doc. No. 22.75 was posted on April 10, 2012, in response to new request No. 2 in the March 30 Data Request.

17. On April 12, 2012, APA sent a set of requests (erroneously dated April 13, 2012), seeking AAMPL-related items (see items 2(d)(iv)-(v), 3(a), 4(a), 4(b), and 4(e)(ii)). Request No. 4(a) stated:

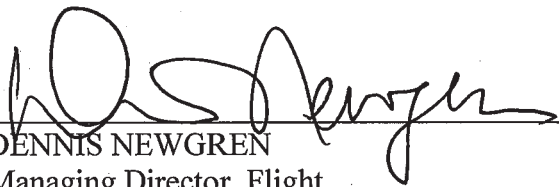
Please provide a copy of the assumptions and results produced from the various AAMPL runs conducted on March 27, 2012. (Newgren e-mail to Roghair on 4/12/2012 @ 11:24 a.m. states this question has been answered on 4/3/2012 with the posting of Intralink[s] file 22.71. However, this file is not accessible to all relevant APA representatives, including the APA Negotiating Committee.)]

APA's April 13 Request is AA Ex. 1819.

18. On April 21, 2012, American provided a response to APA's April 13 Request (sent on April 12). American posted its response as *Intralinks* Document No. 22.87. This document provides further elaboration on the AAMPL model's underlying assumptions. The April 21 response also provided a further response to Request No. 4(a), the request for a copy of the March 27 results. The response said that the "document [22.71] has previously been designated on *Intralinks* as 'Confidential,' and we believe it became accessible to additional APA representatives including the APA Negotiating Committee." AA Ex. 1820. American also provided responses to APA's other AAMPL-related requests, items 2(d)(iv)-(v), 3(a), 4(b), and 4(e)(ii). As far as I am aware, between April 21, 2012 and Mr. Rosselot's testimony in this matter, APA never called to American's attention that *Intralinks* Document No. 22.71 was not the correct document, nor did it ask for the correct document to be provided.

I declare under penalty of perjury that the foregoing is true and correct on the basis of my personal knowledge and the business records of American Airlines.

Executed this 20th day of May, 2012.


DENNIS NEWGREN
Managing Director, Flight
American Airlines

AA Exhibit 1713
Filed Under Seal

AA Exhibit 1809
Filed Under Seal

AA Exhibit 1810

Scheduling and General Data Request Dated 3/9/2012

1. Please provide a detailed explanation of the changes made to the AA Crew Resources manpower optimization tool (or AAMPL model) with assumptions to account for the change in bidding systems, specifically from a bidding system that offers pre-built lines of flying to a preferential bidding system.
2. Calculate manning requirements using the "AAMPL" model for the following ALV and RALV (rigs set to current book), and provide the outputs to APA.

ALV	RALV
81	81
83	83
85	85

3. Please provide a detailed explanation of the difference between a line construction window of ± 5 versus ± 7 and its effect on pilot manning using a preferential bidding system.
4. Please provide a detailed explanation of the number that was used for unit cost in cells H35 - H38, in Tab "Supp CC", in the "American Airlines Section 1113(c) Proposal to the Allied Pilots Association Valuation Model".
5. Please provide supporting detail showing how elimination of the Int'l Premium savings in the "American Airlines Section 1113(c) Proposal to the Allied Pilots Association Valuation Model" was calculated, including detailed explanation (including calculations) as to how the total ramp hour growth of 15% over the 6 year period that was used instead of using the 23% Int'l growth over the 6 year period as presented in Bev Goulet's presentation on February 1 2012, represent an accurate representation of what Int'l premium savings would be.
6. Please provide detail explaining how the additional training heads carried to cover both growth and the FTDT Final Ruling impacts will not be able to realize the impact of any of the new productivity (10.41 bh/pilot) as demonstrated in the white board discussions conducted at Flagship on March 9, 2012.

AA Exhibit 1811

APA Scope Data Requests

- Domestic P&L and load factors with upline/downline net contribution included. We receive this data for international routes; we are asking to have the same information for domestic routes.

-- Detail on aircraft types operated during the Jan-Nov 2011 period (specifically, which aircraft are flown on which routes, or at least sub-regional detail by aircraft type)

-- December 2011 operating results (excluding BK special items) be added so we have full year 2011, including upline/downline revenue.

- Specific route and fleet plans for each of the next five years, particularly 2017, including airport pair (i.e., JFK to XXX, etc.), equipment type and projected P&L detail if available

- AMR has supplied general summaries, indicating that detail cannot be finalized due to dependence on negotiations. Although that may be true, we expect that there is a "best-guess" scenario as to what will happen. So instead of knowing that there will be X ASMs in a particular region, we'd like to at least know what aircraft type will fly what particular routes. Any additional detail that can be provided will be very helpful to our scope consultants

-- AMR's plan documents already include maps showing "current", "planned additions" and "non-overlap partner" routes for all their major international gateways -- the only problem is that the points aren't labeled. Please identify the specific routes on each map, which aircraft they're likely to utilize, and planned level of service (if known).

-- If any of the above items, particularly 2017 plans & projections, do not exist (i.e., some elements are based on aggregates or placeholders), then please advise.

- Our scope consultants, negotiators and professional advisors are struggling with limitations that have been imposed on the files in Intralinks (particularly excel files). We have been working with counsel and Interlink personnel to get these issues resolved.

BENEFITS

1. Item 9 of Attachment C to the Company's Section 1113(c) Proposal to APA stated, "The proposed plan provisions will apply to pilots currently in benefit, excluding claims paid under the Pilot Retirement Benefit Program." The Company's response to Request 2 of APA Request dated February 23, 2012 stated, "For pilots with dates of disabilities after 2/1/04, benefits will continue under the current plan provisions for those currently in benefit." Confirm that Item 9 of Attachment C to the Section 1113(c) Proposal to APA has been withdrawn by the Company and that the Company's response to Request 2 of APA Request dated February 23, 2012, i.e., that pilots with a disability incurred on or after February 1, 2004 will not be affected by the Company's Section 1113(c) Proposal. If Item 9 has not been withdrawn, reconcile the two statements.
2. As an attachment to the Company's Section 1113(c) Proposal, the Company provided a document entitled "Pilot 1113(c) Priceout," which provided valuations for several of the Company's contract proposals. State whether the valuations related to the Long Term Disability Plan remain accurate under the Company's response to Request 2 of APA Request dated February 23, 2012. If so, explain how the valuations were calculated, including identifying all assumption used. If not, provide and explain new valuations.
3. If the Company's most recent proposal for Long Term Disability Plan coverage will apply to pilots with a disability incurred on or after February 1, 2004:

- a. Describe how the Company's proposal will affect the benefits received by pilots whose disabilities are mental and nervous in nature and who have been disabled for more than twenty four months?
 - b. Describe how the Company's proposal will affect the benefits received by pilots who are classified as disabled from any occupation and have been disabled for more than twenty four months?
 - c. Describe how and when the income offset will be applied for such pilots?
4. Describe how the Company's proposal will affect the benefits received under the Long Term Disability Plan by pilots who are currently disabled and whose disability was incurred prior to February 1, 2004. Describe how these benefits will be affected if the Defined Benefit Pension Plan is terminated and the Pension Benefit Guaranty Corporation determines that such pilots will receive benefit payments that are less than the disability payments currently received from the Defined Benefit Pension Plan.
5. APA's health actuarial form, The Segal Company, has reviewed the Company's Section 1113(c) Long Term Disability Proposal to APA and has requested the following regarding the Term Sheet Savings Amount (Document 22 12 1113-APA Tab LTD) :
 - a. Confirmation is needed that the difference between the Ultimate Savings and the Discounted Saving at 4.2% of \$9.7 MM and \$7.3 MM is the time value of money. The \$9.7 MM is the cash savings for participants who become

disabled in 2012 and the \$7.3 MM is the present value of those saving discounted at 4.7%

- b. Please confirm the Discounted Savings in each year is the present value of the disability income in the current year.
- c. The Discounted Savings only applies to disabled pilots on January 1, 2012 or after. Pilots currently on disability, pending disability, or unreported but who were disabled prior to January 1, 2012 are not valued and are not affected by this proposal.
- d. The Discounted Savings amounts for years 2013 through 2017 do not appear to reflect expected changes in the active population, such as retirements, re-entry (assuming a stable population), and wage inflation. If the Discounted Savings for these years is based on the anticipated Term Cost for these years, it is appropriate for these assumptions to be utilized. It appears that the Company has used the same Term Cost for each of the projection years.
- e. Has the savings due to the change in LTD medical coverage been valued on the term sheet? If yes, please provide the value and documentation on how it was determined.
- f. The Company's actuary mentions its 2012 Term Cost assumes 122 claimants become disabled in 2012. Does this include those who do not make it to payment status? We do not see how they arrive at this number based on the incidence assumptions and active Pilot census with which we were provided. We request further detailed information regarding the incidence rate

assumption and active Pilot demographics in order to understand the determination.

- g. The Company is assuming age 62 as the retirement age, or plan exit age. Census information provided by the AA indicates that there were 298 Pilots age 62 and over (or 129 from the Company valuation model). How are these individuals accounted for, if disabled? Are they assumed to not draw any benefits? How is the actuarial cost to the plan accounted for, since these Pilots may draw benefits to age 65?
- h. What are the Term Cost and projected cash flows under the current and proposed plans? What are the liability and projected cash flows for currently open, pending and IBNR claimants under the current and proposed plans? What are the amounts just mentioned for both the Income and Medical benefits separately?
- i. Please provide a statement of all assumptions utilized in the development of the Term Sheet savings for LTD that are different from the December 31, 2011 Company valuation. Please also provide key assumptions that were not included in the December 31, 2011 Company valuation, such as the percent of pending claimants that make it to payment status, and the incurred but unreported claims assumption.
- j. Please provide full actuarial tables for certain key assumptions, such as incidence rates, termination rates, benefit amounts by person or rolled up by age.

- k. What Social Security Disability award assumption was utilized? What were the assumptions for the prevalence rate and amount for each type of offset: Social Security, State Disability, worker's compensation, and other earned income? If these offsets were modeled by duration or age, then please provide the full tables utilized.
6. The Company assumed an 8.25% discount rate in valuing post retirement medical and life insurance liabilities in a report entitled "American Airlines – Pilots' 2011 Economic Costs" in file 21.28 on Intralinks. The report "American Airlines Inc. Postretirement Welfare Plan ASC 715 Valuation" (file 26.70 on Intralinks) used a weighted-average discount rate of 5.69% Explain how the 8.25% discount rate discount rate used in file 21.28 was selected and why it differs from the interest discount rate used in valuing liabilities under the ASC 715 report in file 26.70.
7. The Company assumed 7,923 active pilots in the calculations of Year 1 savings on the term sheet provided by the Company to APA. Explain how and why this number was selected and why the Company did not instead use 8,574 pilots, the number in the pilot census file provided by the Company that was used to determine the economic costs.
8. Describe in detail the Company's proposal for pilot dental benefits.

Scheduling and General Data Requests

1. Please provide an explanation why proposed contractual changes that the Company claims are “revenue” items are not being credited with a savings (i.e. crew rest seats and scope)?
2. Please provide an explanation why the Company is proposing cost saving contractual changes that are not listed as line items on the Company’s 1113(c) valuation sheet?
 - i) Changes to premium pay structure
 - ii) Changing of the Filling of Open Time (DOTC) procedures
 - iii) Changes to reserve system
 - iv) Elimination of furlough letters
 - v) Increased vacation float
 - vi) Training flexibility
 - vii) Section 17.P – failure to qualify
3. Please explain why the Company is not crediting APA with full productivity implementation until 2016, which would be three and one-half years after contract implementation (assumes June 1, 2012 implementation)? The Company’s “Pilot Headcount Forecast Relating to Section 1113(c)” document shows that by December 2013 the Company will be in full recall / new hire mode and thus would have no idle / excess pilots.
4. Please provide a breakdown of the annual training events by month and equipment (excluding recurrent training) for the past ten-years. Please provide a breakdown of the Company’s planned annual training events, by month and equipment (excluding recurrent training), beginning in June 2012 through December 2017.
5. Please provide a breakdown that includes the methodology used to arrive at the headcount impact of the new FAA Flight, Duty and Rest rules? The Company provided APA with a response on February 27, 2012 that included an aggregate number of 471 pilots, broken down

- into three sub-sections (short-call and international reserves, limits on duty hours, rest period frequency and length), but did not break the numbers down with the methodology used to arrive at the figures.
6. Please provide a copy of the AA Crew Resources manpower optimization tool for the pilot planning process, including the methodologies and assumptions used for developing the pilot manning requirements for June 2012 through December 2017, based on the Company's proposed business plan.
 7. Please provide the methodology and assumptions used to calculate pilot retirements beginning in January 2012 through December 2017? AAPilots.com shows 690 Age-65 pilot retirements between now and January 2018, yet the Company's "Pilot Headcount Forecast Relating to Section 1113(c)" document shows that by January 2018, 1,315 pilots will have retired (assumes 30 pilot retirements per month from March 2016 through December 2017, which is the number last used in the Company's spreadsheet).
 8. Please provide a breakdown of how many pilots (including total percentage of active pilots), by four-part bid status, floated vacation in the 2011/2012 and the 2012/2013 vacation years? Please provide a breakdown by individual pilot of how many weeks they were eligible to float and how many weeks were floated. Please provide, by four-part bid status, a summary breakdown of how many total vacation weeks were eligible to float and how many weeks were floated.
 9. How many hours were paid in 2011 and through the 1st two-months of 2012 under Section 18.G.2.B. (premium pay)? Please provide a breakdown of the number of pilots, events, and hours by four-part bid status for each contractual month in 2011 and January and February 2012
 10. Please provide a breakdown of the number of sequences in 2011 and through the 1st two-months of 2012 that resulted in a reassignment due to a domestic reserve pilot not proffering for a domestic sequence that signed-in prior to 07:00 a.m. for the first day of reserve availability following a DFP or other planned absence ending at midnight? Please provide a breakdown of the number of pilots and events by four-part bid status for each contractual month in 2011 and

January and February 2012.

11. Please provide a breakdown of how many sequences (by four-part bid status) the Company has modeled to be flown by voluntary pick-up by out of base pilots under the Company's proposed Daily Open Time Coverage (DOTC) changes?
12. Please provide a breakdown of the number of hours (if on a trip) and days of reserve availability missed (if not a sequence) in 2011 and through the 1st two-months of 2012 by reserve pilots calling in fatigued? Please provide the breakdown by the number of pilots and events (to include hours missed and/or days of reserve availability missed) by four-part bid status for each contractual month in 2011 and January and February 2012.
13. Please provide any information contained in the Company's modeling reflecting any headcount savings generated by the implementation of PBS and "compression" for reserve pilots?
14. Please provide any information contained in the Company's modeling reflecting any monetary savings that would be achieved by eliminating Letter JJ(4) and Letter TT from the collective bargaining agreement?
15. Please provide any information contained in the Company's modeling reflecting any monetary savings that would be achieved by amending Section 17.P. (Failure to Qualify) from the collective bargaining agreement?
16. Please provide any information contained in the Company's modeling reflecting any monetary savings that would be achieved by eliminating the B-Fund from the collective bargaining agreement?

AA Exhibit 1812
Filed Under Seal

AA Exhibit 1813

APA Data Request – March 22, 2012

Active Medical:

1. Provide a complete list of formulary prescription drugs. (The MEDCO website makes it difficult and cumbersome to compile a complete list of formulary drugs)
2. Provide a written explanation why the company has used an Actuarial Value methodology as opposed to a Relative Value methodology to value cost savings as a result of active medical plan design and premium changes. (In 2003, the parties mutually agreed to value active medical changes using the Relative Value methodology)
3. Provide a written explanation why the company did not model pilot behavioral changes for future active medical plan selection, given the significant depth of proposed changes to both monthly premiums and plan designs.
4. Provide a written explanation of how the company modeled the planned migration in future enrollment between the Value and Standard medical plans.
5. Provide a dollar value in savings for the “ Out-of-network Out-of-Pocket Maximum” per the company’s updated active medical proposal of March 15, 2002.

Retiree Medical

1. Provide a written explanation why the company used an 8.25 percent discount factor in valuing retiree medical liabilities. Segal recommends no more than a 5 percent discount factor. Current professional actuarial and accounting standards use a rate between 4 percent and 5 percent.
2. Was the discount factor used to value the AA retiree medical proposal selected by AMR senior management or the third-party professional actuarial firm contracted by the company to provide the valuation?

Dental:

1. Provide the methodology and line item breakout of the company’s valuation of the APA Dental proposal (February 8, 2012), including the following three items:

- a. Preventive Care covered at 100 percent
- b. Increase in lifetime Orthodontia coverage to \$2k and include for all family members
- c. Increase in annual dental benefit max to \$2k per year

Scheduling:

1. Regarding the company's priceout for elimination of the domestic/international fence provisions, what does Row 10 "workrule adjustment" mean and why did the company use 50%?
2. Regarding the company's priceout for elimination of the domestic/international fence provisions, in Row 13 there is a note stating the expected savings is a "high-end estimate". Provide a written explanation for what this means.
3. Provide an updated valuation for paying one (1) minute of pay for every two (2) minutes of ground time greater than 2:00. (Company valuation uses data from 2008).
4. Provide an updated valuation for paying one (1) minute of pay for every 3.25 minutes of duty (Company valuation uses data from 2008).
5. Provide the valuation savings for the company's Remote Satellite proposal (March 15, 2012)
6. The company term-sheet does not have a line item cost savings for the "Substitution of Equipment" proposal. Provide an explanation why the company is not assigning a value to their proposed change on this issue. Provide a breakdown of the number of hours in 2011 (by four-part bid status) paid to pilots for a "Substitution of Equipment" and the savings that would be derived if the company proposal had been in place in 2011.
7. When does the company plan to provide the data requested by APA (16 question Scheduling and General Data Request document from March 15, 2012) that the company stated was "in process" on March 20, 2012? Specifically, questions 5, 7, 10, 12 and 13.
8. The company has a valuation in their term-sheet to eliminate lineholder guarantee as a \$6 million savings (six-year average). APA has modeled the company's proposed change as an \$11 million savings based on 2011 numbers. APA calculated the savings through a reduction in wages of \$8.8 million (difference between adjusted guarantee and PPROJ minus CPA cash outs for each regular pilot for all of 2011, calculated by the pilot's payrate at the end of the month), plus 30.1 percent in variable benefits. Explain how the company

- modeled the elimination of lineholder guarantee and from what year(s) they extracted the information used to model the cost savings.
9. In the AAMPL model, provide specific detail on how reserves are planned for, including what assumptions are used for reserve utilization rates.
 10. In the AAMPL model, provide specific detail how PBS is taken into account in reserve planning.

Intralink File Access:

1. The following Intralink files have increased security restrictions:
 - a. 22.14 – Active Medical Aggregate Financial Projections
 - b. 22.15 – Active Medical Analysis Assumptions
 - c. 22.17 – APA Summary of Defined Contribution Plan Costs
 - d. 22.18 – APA Economic Cost for DBP & Post Retirement Medical & Life
 - e. 22.24 – Estimated January 1, 2012 FT & TNC Summary
 - f. 22.36 – 20120228 Company Response to APA Request – Supp. CC

Provide a written explanation why APA does not have the same level of access (to the Intralinks files listed above) as other Intralink files. Please provide access to the above files at the regular security level.

AA Exhibit 1814
Filed Under Seal

AA Exhibit 1815

APA Data Request – March 30, 2012

1. AA provided a partial response to the APA Scheduling and General Data request (from March 8, 2012) on March 20, 2012. AA stated in their response that answers to the following questions were, “In Process”.
 - a. Please provide a breakdown of the annual training events by month and equipment (excluding recurrent training) for the past ten-years. Please provide a breakdown of the Company’s planned annual training events, by month and equipment (excluding recurrent training), beginning in June 2012 through December 2017.
 - b. Please provide a breakdown that includes the methodology used to arrive at the headcount impact of the new FAA Flight, Duty and Rest rules? The Company provided APA with a response on February 27, 2012 that included an aggregate number of 471 pilots, broken down into three sub-sections (short-call and international reserves, limits on duty hours, rest period frequency and length), but did not break the numbers down with the methodology used to arrive at the figures.
 - c. Please provide the methodology and assumptions used to calculate pilot retirements beginning in January 2012 through December 2017? AAPilots.com shows 690 Age-65 pilot retirements between now and January 2018, yet the Company’s “Pilot Headcount Forecast Relating to Section 1113(c)” document shows that by January 2018, 1,315 pilots will have retired (assumes 30 pilot retirements per month from March 2016 through December 2017, which is the number last used in the Company’s spreadsheet).
 - d. Please provide a breakdown of the number of sequences in 2011 and through the 1st two-months of 2012 that resulted in a reassignment due to a domestic reserve pilot not proffering for a domestic sequence that signed-in prior to 07:00 a.m. for the first day of reserve availability following a DFP or other planned absence ending at midnight? Please provide a breakdown of the number of pilots and events by four-part bid status for each contractual month in 2011 and January and February 2012.

- e. Please provide a breakdown of the number of hours (if on a trip) and days of reserve availability missed (if not a sequence) in 2011 and through the 1st two-months of 2012 by reserve pilots calling in fatigued? Please provide the breakdown by the number of pilots and events (to include hours missed and/or days of reserve availability missed) by four-part bid status for each contractual month in 2011 and January and February 2012.
 - f. Please provide any information contained in the Company's modeling reflecting any headcount savings generated by the implementation of PBS and "compression" for reserve pilots?
2. APA submitted a data request on March 22, 2012 with the following questions. AA has yet to provide a response to these questions:
- a. Active Medical:
 - i. Provide a complete list of formulary prescription drugs. (The MEDCO website makes it difficult and cumbersome to compile a complete list of formulary drugs)
 - ii. Provide a written explanation why the company has used an Actuarial Value methodology as opposed to a Relative Value methodology to value cost savings as a result of active medical plan design and premium changes. (In 2003, the parties mutually agreed to value active medical changes using the Relative Value methodology)
 - iii. Provide a written explanation why the company did not model pilot behavioral changes for future active medical plan selection, given the significant depth of proposed changes to both monthly premiums and plan designs.
 - iv. Provide a written explanation of how the company modeled the planned migration in future enrollment between the Value and Standard medical plans.
 - v. Provide a dollar value in savings for the " Out-of-network Out-of-Pocket Maximum" per the company's updated active medical proposal of March 15, 2002.
 - b. Retiree Medical
 - i. Provide a written explanation why the company used an 8.25 percent discount factor in valuing retiree medical

liabilities. Segal recommends no more than a 5 percent discount factor. Current professional actuarial and accounting standards use a rate between 4 percent and 5 percent.

- ii. Was the discount factor used to value the AA retiree medical proposal selected by AMR senior management or the third-party professional actuarial firm contracted by the company to provide the valuation?

c. Dental:

- i. Provide the methodology and line item breakout of the company's valuation of the APA Dental proposal (February 8, 2012), including the following three items:
 - 1. Preventive Care covered at 100 percent
 - 2. Increase in lifetime Orthodontia coverage to \$2k and include for all family members
 - 3. Increase in annual dental benefit max to \$2k per year

d. Scheduling:

- i. Regarding the company's priceout for elimination of the domestic/international fence provisions, what does Row 10 "workrule adjustment" mean and why did the company use 50%?
- ii. Regarding the company's priceout for elimination of the domestic/international fence provisions, in Row 13 there is a note stating the expected savings is a "high-end estimate". Provide a written explanation for what this means.
- iii. Provide an updated valuation for paying one (1) minute of pay for every two (2) minutes of ground time greater than 2:00. (Company valuation uses data from 2008).
- iv. Provide an updated valuation for paying one (1) minute of pay for every 3.25 minutes of duty (Company valuation uses data from 2008).
- v. Provide the valuation savings for the company's Remote Satellite proposal (March 15, 2012)
- vi. The company term-sheet does not have a line item cost savings for the "Substitution of Equipment" proposal. Provide an explanation why the company is not assigning

a value to their proposed change on this issue. Provide a breakdown of the number of hours in 2011 (by four-part bid status) paid to pilots for a “Substitution of Equipment” and the savings that would be derived if the company proposal had been in place in 2011.

- vii. The company has a valuation in their term-sheet to eliminate lineholder guarantee as a \$6 million savings (six-year average). APA has modeled the company’s proposed change as an \$11 million savings based on 2011 numbers. APA calculated the savings through a reduction in wages of \$8.8 million (difference between adjusted guarantee and PPROJ minus CPA cash outs for each regular pilot for all of 2011, calculated by the pilot’s payrate at the end of the month), plus 30.1 percent in variable benefits. Explain how the company modeled the elimination of lineholder guarantee and from what year(s) they extracted the information used to model the cost savings.
- viii. In the AAMPL model, provide specific detail on how reserves are planned for, including what assumptions are used for reserve utilization rates.
- ix. In the AAMPL model, provide specific detail how PBS is taken into account in reserve planning.

e. Intralink File Access:

- i. The following Intralink files have increased security restrictions:
 - 1. 22.14 – Active Medical Aggregate Financial Projections
 - 2. 22.15 – Active Medical Analysis Assumptions
 - 3. 22.17 – APA Summary of Defined Contribution Plan Costs
 - 4. 22.18 – APA Economic Cost for DBP & Post Retirement Medical & Life
 - 5. 22.24 – Estimated January 1, 2012 FT & TNC Summary
 - 6. 22.36 – 20120228 Company Response to APA Request – Supp. CC

Provide a written explanation why APA does not have the same level of access (to the Intralinks files listed above) as other Intralink files. Please provide access to the above files at the regular security level.

3. APA submitted a data request on March 27, 2012 with the following questions. AA has yet to provide a response to these questions.
 - a. Provide the revised AA March 21, 2012 valuation sheet (AA valuations of AA proposals) in Excel format so APA may expand the decimal place and see the actual figures
 - b. The revised Valuation Models supporting the revised valuation sheet, including listing what assumptions and/or methodologies changed from the previous valuation(s).
 - c. Provide an Excel copy of the supporting model and analysis used to create Intralinks file 26.1.7, "OA Contract on AA_OAL Salary Benefit Workrules Priceout 2011"

The following are additional new data requests:

1. With recent changes in AA 1113(c) term-sheet proposal valuations, the company has not provided an updated copy of the company's comprehensive valuation model. Provide APA with an updated copy of the company's comprehensive valuation model (Intralinks 22.12).
2. Please provide a copy of the two (2) AAMPL model PPT presentations presented to APA at FSU on March 26, 2012.
3. Please provide a copy of the assumptions and results produced from the various AAMPL runs conducted on March 27, 2012.
4. Provide the reduction in paid hours modeled by the company as a result of modifying trip/duty rig provisions per the company proposal?
 - a. How much does this save annually?
 - b. What percentage of the reduction in paid hours does the company attribute to a reduced pilot headcount and how many fewer pilots would the company need per the company proposal?
 - c. Explain how this savings is factored into the savings from Schedule/Max Workrules?
 - d. The OA Contract on AA Pilot Analysis provided by the company (Intralinks 26.1.7) states that if AA were to implement the trip/duty rigs in place at CAL (which is what the company

is proposing), the company would realize \$51 million in annual savings. Where does this show on the company's March 21, 2012 valuation sheet?

5. Provide revised priceout models (including the methodology) for the following company proposals (initially requested by FO Roghair to Mr. Newgren on 3/27/12 at 12:33pm CST):
 - a. Pay Groupings – company has decreased the six-year average savings by \$2 million (March 5, 2012, company placed a value of \$13 million on pay groupings, now valued at \$11 million per company March 21, 2012 valuation sheet). Why and what assumptions changed?
 - b. Modify Int'l Premium – include how regular and reserve pilots will be paid. For example, will a reserve pilot only receive international override if the reserve pilot flies a sequence(s) qualifying for international override per the company's proposal.
 - c. Pay > Actual or sequence – company has decreased the six-year average savings by \$2 million. Why and what assumptions changed?
6. Regarding the company proposal to displace and assign the FO on an augmented sequence to an open FB or FC position, provide a breakdown by 4 part bid status of all sequences in 2011 that resulted in either the Captain or FO being displaced on an augmented flight where the FB and/or FC position was open at the time of displacement.
7. During a March 26, 2012 negotiating session with AA Crew Resources and AA Finance, the company stated the APA and AA scheduling/work rule proposals would eliminate an additional 180 pilot jobs (due to PBS effects) versus the company's previous valuations. The company further stated APA would be receiving a credit of \$8 million in savings in the company's valuation of the AA and APA proposals.
 - a. Provide an updated valuation sheet (last one was March 21, 2012) reflecting the company's valuation of the AA and APA scheduling/work rule proposals year-by-year and the six-year average.
 - b. Provide the difference in assumptions that changed in the company's modeling that resulted in the additional savings and pilot headcount reduction.
 - c. Provide the methodology of how the elimination of an

additional 180 pilot jobs results in a cost savings of \$8 million.
The company has stated the cost of an incremental pilot is
between \$80 - \$90k. 180 pilots X \$80k = \$14.4 million. 180
pilots X \$90k = \$16.2 million

AA Exhibit 1817
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AA Exhibit 1818
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AA Exhibit 1819

APA Data Request – April 13, 2012

APA has removed those questions (from prior data requests), which were answered by the company on April 10, 2012 or in the Newgren e-mail to FO Roghair on April 12, 2012 @ 11:24 a.m.

There are approximately 29 questions from prior data requests that APA is still waiting for a company response. Additionally, this data request includes 20 new questions at the end of this document.

Also, the company is not providing APA with timely notification of responses provided to APA data requests, including the posting of files to Intralinks.

Many of the recently posted Intralink files are not accessible to all relevant APA representatives, including the APA Negotiating Committee. This has been noted in APA's new data requests (question #11) at the end of this document and highlighted in yellow after the question in the original data request.

1. AA provided a partial response to the APA Scheduling and General Data request (from March 8, 2012) on March 20, 2012. AA stated in their response that answers to the following questions were, "In Process", yet responses have only been received for four questions. Provide a written explanation why APA has not yet received a response to these questions that were submitted over one-month ago:
 - a. Please provide a breakdown that includes the methodology used to arrive at the headcount impact of the new FAA Flight, Duty and Rest rules? The Company provided APA with a response on February 27, 2012 that included an aggregate number of 471 pilots, broken down into three sub-sections (short-call and international reserves, limits on duty hours, rest period frequency and length), but did not break the numbers down with the methodology used to arrive at the figures.
 - b. Please provide any information contained in the Company's modeling reflecting any headcount savings generated by the implementation of PBS and "compression" for reserve pilots?

2. APA submitted a data request on March 22, 2012 with the following questions. AA has yet to provide a response to the questions regarding active medical, retiree medical and dental. Provide a written explanation why APA has not yet received a response to these questions:

a. Active Medical:

- i. Provide a complete list of formulary prescription drugs. (The MEDCO website makes it difficult and cumbersome to compile a complete list of formulary drugs)(Newgren e-mail to Roghair on 4/12/2012 @ 11:24 a.m. states this question has been answered on 4/3/2012 with the posting of Intralink file 27.26. However, this file is not accessible to all relevant APA representatives, including the APA Negotiating Committee).
- ii. Provide a written explanation why the company has used an Actuarial Value methodology as opposed to a Relative Value methodology to value cost savings as a result of active medical plan design and premium changes. (In 2003, the parties mutually agreed to value active medical changes using the Relative Value methodology)
- iii. Provide a written explanation why the company did not model pilot behavioral changes for future active medical plan selection, given the significant depth of proposed changes to both monthly premiums and plan designs.
- iv. Provide a written explanation of how the company modeled the planned migration in future enrollment between the Value and Standard medical plans.
- v. Provide a dollar value in savings for the “ Out-of-network Out-of-Pocket Maximum” per the company’s updated active medical proposal of March 15, 2002.

b. Retiree Medical

- i. Provide a written explanation why the company used an 8.25 percent discount factor in valuing retiree medical liabilities. Segal recommends no more than a 5 percent discount factor. Current professional actuarial and accounting standards use a rate between 4 percent and 5 percent.

- ii. Was the discount factor used to value the AA retiree medical proposal selected by AMR senior management or the third-party professional actuarial firm contracted by the company to provide the valuation?

c. Dental:

- i. Provide the methodology and line item breakout of the company's valuation of the APA Dental proposal (February 8, 2012), including the following three items:
 - 1. Preventive Care covered at 100 percent
 - 2. Increase in lifetime Orthodontia coverage to \$2k and include for all family members
 - 3. Increase in annual dental benefit max to \$2k per year

d. Scheduling:

- i. Provide an updated valuation for paying one (1) minute of pay for every two (2) minutes of ground time greater than 2:00. (Company valuation uses data from 2008). The company's April 11, 2012 response via Intralinks file 22.77 is non-responsive.
- ii. Provide an updated valuation for paying one (1) minute of pay for every 3.25 minutes of duty (Company valuation uses data from 2008). The company's April 11, 2012 response via Intralinks file 22.77 is non-responsive.
- iii. The company term-sheet does not have a line item cost savings for the "Substitution of Equipment" proposal. Provide an explanation why the company is not assigning a value to their proposed change on this issue. Provide a breakdown of the number of hours in 2011 (by four-part bid status) paid to pilots for a "Substitution of Equipment" and the savings that would be derived if the company proposal had been in place in 2011. The company's April 11, 2012 response via Intralinks file 22.77 is non-responsive. There are many cases where a pilot's entire sequence is not flown by the original pilot due to a substitution of equipment (example: pilot is scheduled to fly a DFW – LGA – DFW turnaround on a S80 and the flights are substituted with a 737). The pilot is removed with pay and credit with no obligation.

- iv. In the AAMPL model, provide specific detail on how reserves are planned for, including what assumptions are used for reserve utilization rates. The company's April 11, 2012 response via Intralinks file 22.77 is non-responsive.
 - v. In the AAMPL model, provide specific detail how PBS is taken into account in reserve planning. The company's April 11, 2012 response via Intralinks file 22.77 is non-responsive.
- 3. APA submitted a data request on March 27, 2012 with three questions. The response to question a. below was non-responsive (does not include assumptions and methodologies) and AA has yet to provide a response to question b.
 - a. The revised Valuation Models supporting the revised valuation sheet, including listing what assumptions and/or methodologies changed from the previous valuation(s). (Intralink file 22.73 is non-responsive to this request)
 - b. Provide an Excel copy of the supporting model and analysis used to create Intralinks file 26.1.7, "OA Contract on AA_OAL Salary Benefit Workrules Priceout 2011"
- 4. APA submitted a data request on March 30, 2012. AA has yet to provide a response to the following questions from the March 30, 2012 data request. Provide a written explanation why APA has not yet received a response to the remaining questions:
 - a. Please provide a copy of the assumptions and results produced from the various AAMPL runs conducted on March 27, 2012. (Newgren e-mail to Roghair on 4/12/2012 @ 11:24 a.m. states this question has been answered on 4/3/2012 with the posting of Intralink file 22.71. However, this file is not accessible to all relevant APA representatives, including the APA Negotiating Committee.
 - b. Provide the reduction in paid hours modeled by the company as a result of modifying trip/duty rig provisions per the company proposal?
 - i. How much does this save annually?
 - ii. What percentage of the reduction in paid hours does the company attribute to a reduced pilot headcount and how many fewer pilots would the company need per the

- company proposal?
- iii. Explain how this savings is factored into the savings from Schedule/Max Workrules?
 - iv. The OA Contract on AA Pilot Analysis provided by the company (Intralinks 26.1.7) states that if AA were to implement the trip/duty rigs in place at CAL (which is what the company is proposing), the company would realize \$51 million in annual savings. Where does this show on the company's March 21, 2012 valuation sheet?
- c. Provide revised priceout models (including the methodology) for the following company proposals (initially requested by FO Roghair to Mr. Newgren on 3/27/12 at 12:33pm CST):
- i. Pay Groupings – company has decreased the six-year average savings by \$2 million (March 5, 2012, company placed a value of \$13 million on pay groupings, now valued at \$11 million per company March 21, 2012 valuation sheet). Why and what assumptions changed?
 - ii. Modify Int'l Premium – include how regular and reserve pilots will be paid. For example, will a reserve pilot only receive international override if the reserve pilot flies a sequence(s) qualifying for international override per the company's proposal.
- d. Regarding the company proposal to displace and assign the FO on an augmented sequence to an open FB or FC position, provide a breakdown by 4 part bid status of all sequences in 2011 that resulted in either the Captain or FO being displaced on an augmented flight where the FB and/or FC position was open at the time of displacement.
- e. During a March 26, 2012 negotiating session with AA Crew Resources and AA Finance, the company stated the APA and AA scheduling/work rule proposals would eliminate an additional 180 pilot jobs (due to PBS effects) versus the company's previous valuations. The company further stated APA would be receiving a credit of \$8 million in savings in the company's valuation of the AA and APA proposals.
- i. Provide an updated valuation sheet (last one was March 21, 2012) reflecting the company's valuation of the AA and APA scheduling/work rule proposals year-by-year and the six-year average.
 - ii. Provide the difference in assumptions that changed in the

company's modeling that resulted in the additional savings and pilot headcount reduction.

- iii. Provide the methodology of how the elimination of an additional 180 pilot jobs results in a cost savings of \$8 million. The company has stated the cost of an incremental pilot is between \$80 - \$90k. 180 pilots X \$80k = \$14.4 million. 180 pilots X \$90k = \$16.2 million

The following is an additional new data requests:

1. Does the company's April 10, 2012 response (Intralinks 22.76) to the APA request for annual training events include training events as a result of displacements or is it only a breakdown of training events by pilots who had bid into higher equipment (transition and upgrade – either as an FO to FO, FO to CA, CA to CA, etc.)?
2. Why does the company not have a training forecast for 2015 through 2017, even though the business plan and underlying 1113(c) proposals to APA are based on projections through 2017?
3. Provide a training forecast for 2015 through 2017 based on the projected business plan and underlying 1113(c) proposals to APA.
4. In the company's April 10, 2012 response to APA regarding the calculation of planned pilot retirements (Intralinks 22.76), the company states, "The company has made a modest adjustment to its retirement forecast since the data from the "Retirements" tab was created". Why did the company make an adjustment increasing the planned pilot retirements between now and 2018?
 - a. Please provide the methodology and assumptions used to make an adjustment to calculate pilot retirements beginning in January 2012 through December 2017?
 - b. What was the average planned age for pilot retirements in the company's initial Retirement tab of the Valuation model and what is the new average planned age for pilot retirements?
 - c. What analysis did the company use to adjust the increased planned pilot retirements?
 - d. What impact does the company's updated pilot retirement forecast have on the company's valuation sheet?
5. It appears in the company's April 10, 2012 response (Intralinks 22.76) to APA regarding the breakdown of sequences (for 2011) causing a reassignment due to a domestic reserve pilot not proffering for a domestic sequence that signed-in prior to 07:00 a.m. for the first day

- of reserve availability following a DFP or other planned absence ending at midnight, resulted in an increase of 13,025 additional paid hours.
- a. What is the annual cost savings to eliminate the 13,025 additional paid hours?
 - b. How many fewer pilots will be required?
 - c. Why did the company use an 80 percent realization factor and not a 100 percent realization factor?
 - d. Why did the company not make a volume adjustment for years 2013 through 2017?
 - e. What impact does this change have on the company's valuation sheet?
6. The company EXCEL spreadsheet used to model the company's proposed changes to the premium pay structure appears to be inaccurate. In Column J, there are 53 cells without any value where there should be a value. Please fix the spreadsheet and provide a revised priceout of the savings of the company's proposal.
 7. The company has proposed to eliminate Section 15.D.1. – regularly scheduled pilots shall receive not less than five (5) separate periods of forty-eight (48) consecutive hours free from all duty with the company at their base during each contractual month. Confirm that under the company's proposal, a pilot could be scheduled to work every day of the month, with no requirements to have a calendar day off at a pilot's home base and that the company could satisfy the new FAR rest requirements of 30-hours off every 168-hours by having a pilot on layover?
 8. Provide APA with any analysis and/or presentations regarding any potential merger and/or acquisition initiatives undertaken by the company within the two years PRIOR to declaring bankruptcy on November 29, 2011.
 9. Provide APA with any analysis and/or presentations regarding any potential merger and/or acquisition initiatives undertaken by the company since declaring bankruptcy on November 29, 2011.
 10. Provide APA with any analysis of potential mergers and/or acquisitions done by the company as part of developing the business plan underlying its current 1113(c) proposals to APA.
 11. Intralink File Access:
 - i. The following Intralink files may have increased security restrictions and are not available to all relevant APA

representatives, including the APA Negotiating Committee.

1. 22.69
2. 22.70
3. 22.71
4. 22.72 – Working Version – Valuation Model
March 21, 2012 Proposal to APA
5. 22.73 – Working Version – Valuation Model April
4, 2012
6. 22.74
7. 27.26

Provide a written explanation why relevant APA representatives do not have the same level of access (to the Intralinks files listed above) as other Intralink files. Please provide access to the above files at the regular security level.

12. Provide an updated valuation sheet in the same format as the ones provided previously (i.e. February 1st, February 23rd and March 21st).

AA Exhibit 1820
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