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## Carty resigns as American Airlines CEO

By David Koenig  
THE ASSOCIATED PRESS

FORT WORTH, Texas — The embattled chairman and chief executive of American Airlines resigned Thursday, and the company reached out to workers with an easier-to-swallow cost cutting package as the world's largest carrier desperately tried to avoid bankruptcy.

The resignation of Donald J. Carty came after flight attendants balked at the new deal, which improves potential bonuses for employees and shortens the length of concessions by one year to five years. The deal would also provide incentives for "additional cash compensation," said John Darrah, president of the pilots' union.

The boards of the pilots' and transport workers' unions approved the new concessions package, but flight attendants also would have to OK it, as would the company's board of directors.

The new chief executive, Gerard Arpey, called the top four officials of the flight attendants' union to his office Thursday night, a union spokesman said.

“(I will) restore the confidence of all employees in their great company.”

— Gerard Arpey  
new AA CEO

The spokesman, George Price, said the union had not rejected the latest deal but still had concerns about its "duration and lack of incentives." He said the union board could vote on the measure Friday morning.

A \$1.8 billion cost-cutting package that was agreed upon last week unraveled after employees learned of previously undisclosed executive perks, including bankruptcy-proof pensions and huge bonuses.

Carty apologized for not telling workers sooner about the executive benefits. The company eventually canceled bonuses for the top six executives that were worth twice their annual salary, but left in place the \$41 million in pension funding for 45 executives.

Arpey, the company's president, replaced Carty as CEO, while board member Edward A. Brennan will take over as chairman.

Arpey said he would work to "restore the confidence of all employees in their great company."

It was not clear, however, whether the combination of Carty's resignation and the sweetened labor deal would be enough to prevent a bankruptcy filing by the world's largest carrier. AMR board members, who met all day Thursday, declined to comment, referring questions to the company.

Adding to the pressure on Carty was Wednesday's first-quarter financial report from AMR, which posted a worse-than-expected \$1.04 billion loss.

Congratulations to the following students who were honored at Leadership Invitational, sponsored by Class Councils and The Association of Former Students, held on April 24, 2003. The following student organizations and leaders were recognized for their outstanding contributions to the Texas A&M campus and community.

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