

**AA/TWU M&R Tentative Agreement
Q&A (V1)**

July 1, 2010

General

Q. Will this contract go into effect prior to other TWU contracts? Or will we wait on all groups to ratify?

A. If the M&R agreement ratifies, it will ratify on its own and is not contingent on other AA/TWU agreements.

Article 1 – Scope language changes

- New language incorporated in the agreement to protect members in case of mergers, acquisition and spin-offs
- New language moving current Tulsa Building Cleaners to Utility Man positions, to be paid at the Utility Man pay rate scale.
- Cabin Cleaners at DFW, LAX and ORD to be paid at the Utility Man pay rate scale.
 - In order to provide options for affected Cabin Cleaners at DFW, LAX and ORD, Tulsa Building Cleaners only, the company will offer a voluntary separation package for employees in these classification in locations identified above.
- ASM Cap Changes - Agreed to allow the current Eagle ASM (Available Seat Miles) to increase:
 - Modify the cap from 6% to 10% with the current counting methodology, but excluding the following additional markets from the ASM Cap:
 - BNA, RDU, SJC, STL Eagle routing
 - Eagle pre-1993 ASMs
 - Markets in which AA and AE both fly

The above listed markets excluded from the ASM cap total, based on historical data, represented an additional 2.4% increase to the cap.

Questions on Scope language changes

Q. How do the changes in the Successorship and the addition of the Substantial Asset Sale affect me?

A. It provides wage and benefit protection in the event AA is sold, merged, or acquired by another airline or operator. In the event AA should sell off a significant portion of its M&E facilities, the acquiring party will have to provide jobs and honor the existing collective bargaining agreement for that number of employees responsible for the portion affected by the transaction.

Q. Who is eligible for the Voluntary Separation Program?

A. Any Utility Man, Building Cleaner/Cabin Cleaner who is active or on an approved leave of absence.

Q. What is the utility man job scope?

A. Refer to Article 11 of the AA/TWU Mechanic & Related agreement for the current job description. The TA would add cabin cleaner job duties to the job description of the Utility Man classification.

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Q. What will happen to the cabin cleaners if during the Fleet negotiations it is decided to outsource that bill of work?

A. In the event the AA/TWU Fleet negotiations results in daytime cabin outsourcing, the company and the TWU will meet to discuss the scope of work associated with the cabin cleaner employees. The company committed that these employees will not be forced to relocate.

Q. On what date will the pay slotting occur for the cabin cleaners transitioning to utility man start?

A. Pay slotting will be effective 5/5/2010.

Q. With the change to the current cabin cleaners going to utility man will they be relocated?

A. No, current cabin cleaners will be transitioned to utility man positions at the same station where they are currently located.

Q. What are the specific changes to the AE/AA ASM Cap and how will it impact the Mechanic & Related workgroup?

- A. The specific changes to the ASM restriction were two-fold and allowed for an additional 6.4% regional ASMs that can be flown without restriction:
1. A pure numeric change of the 6% restriction to 10%.
 2. An agreement to exclude certain markets from the restriction which adds an additional 2.4% of AE ASMs, which would not be charged against the percentage cap.

This still keeps American far below the 21.3% industry average, but does provide additional flexibility over today's cap.

In 1Q10 the AMR regional network contributed the following to the AMR network:

- 1.5 M AE to AA connecting passengers, which accounts for 9.1 points of load factor and is the equivalent of 14,215 MD80 departures
- Yields for AE to AA connecting passengers are almost 12% higher than AA to AA connecting passenger yields
- Almost 50% of the passengers onboard AE aircraft are connecting to AA flights
- AE has added 19 new cities to the AMR network this year alone, and 53 new routes. Of those 53, only 6 involve substituting for mainline service.

In addition, the AA/APA agreement restricts the number of 70 seat CR7 aircraft at AE. AE has ordered the final (22) CR7s that is allowed under the contract and therefore AE is now restricted in ordering any additional CR7 aircraft unless an agreement is reached with APA.

Conversely, AA has firm orders for forty-five (45) 737-800 deliveries for 2010 and 2011 and seven (7) 777 deliveries in 2013 - 2016. The point is that AA ASMs should grow over the next several years based on these deliveries.

The company does not anticipate any impact to M&R. M&E workload is primarily driven by AA aircraft and not regional ASMs or aircraft.

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Q. With the A/E ASM Cap changes and the exclusion of where AA and AE markets, could the company make routes like BNA-ORD and DFW-PHL 100% Eagle? What routes could be turned into 100% Eagle?

A. Under the current letter of agreement, as well as with the changes in the Tentative Agreement, the company could make routes like BNA-ORD or DFW-PHL all AE, as long as the cap requirements are met. However, our intention is to use the cap changes to optimize the network with a better mix of regional and mainline flying.

Q. Please explain the intent of the ASM language changes when referencing the following exclusions, and what flexibility they give to the company.

A. BNA, RDU, SJC, STL Eagle routing – These locations were previously AA hubs, but no longer are.

Eagle pre-1993 ASMs – This refers to excluding departures in AE legacy markets that preceded the March 1, 1993 original ASM cap letter. These are very established Eagle routes that would probably never support mainline flying.

Markets in which AA and AE both fly – Mainline flying could replace Eagle on select flights in a current “All Eagle” market without the remaining Eagle service in that market counting against the cap. This application is prospective from DOS. A market is defined as a specific city pair in which AE or AA departs from and arrives at. Example: DFWBNA is a market as defined by the AE/AA ASM letter.

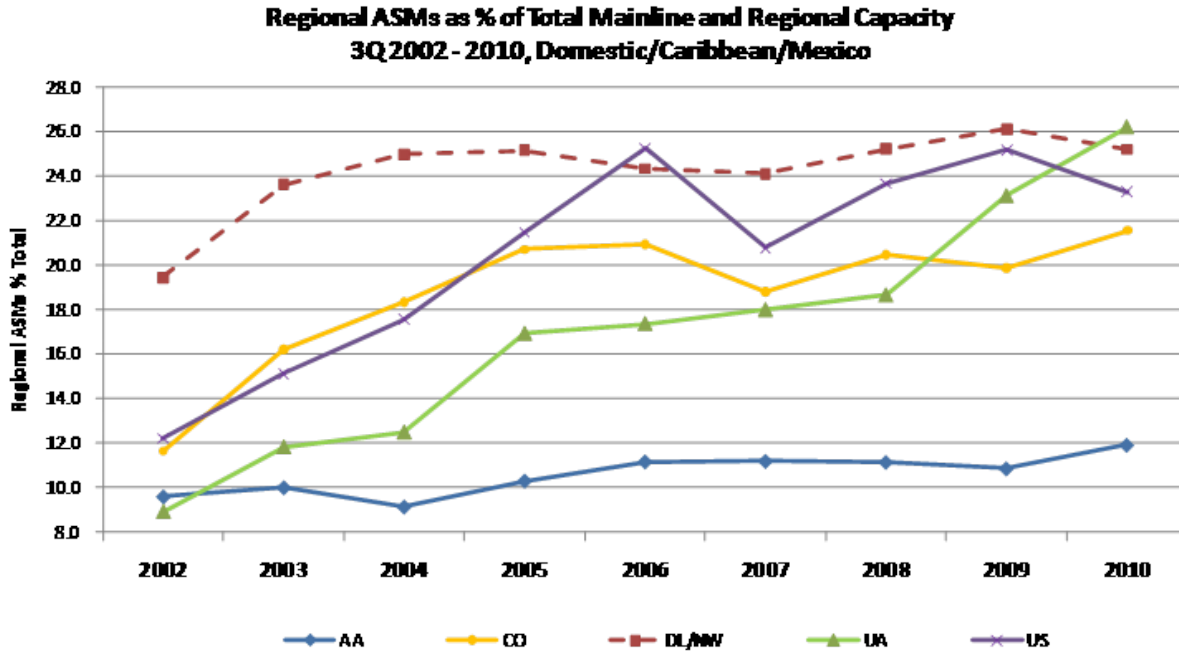
Q. To clarify on the "market in which AA & AE both fly" are these current shared markets, or any future shared markets?

A. Future shared markets.

About 9% of AE’s ASMs are flown in mixed markets (i.e., flown with a combination of mainline and regional service). This compares to 25% - 30% for our competitors. Thus, AMR is not able to mix mainline and regional flying nearly to the extent our competitors can, which means we can’t match our capacity to market demand (by time of day and/or by season) nearly as well as our competitors. This inefficiency becomes a competitive disadvantage because our revenue performance and our profitability suffers compared to our competitors.

AMR’s legacy competitors have regional partners that fly about twice as much of their systems on a percentage basis. The chart below shows the % of total domestic/Carib/Mexico ASMs flown by the regional partners. AA’s 12% in 2010 compares to almost 22% for CO, 23% for US, 25% for DL/NW, and 26% for UA. AMR cannot be successful flying markets with mainline costs against our competitors

with regional costs.



Q. Is the cap limited to 12.4% ASMs?

A. The restriction on the cap is 10% of those AE ASMs that are charged against the cap. The methodology is no different than the cap percentage today. That is there are certain AE ASMs included in the cap and there are AE ASMs that are excluded. The additional markets that were excluded as part of this TA were reflective of 2.4% points of ASMs that were historically charged against the cap percentage. Those AE ASMs will no longer be charged.

Q. With the exclusions mentioned that equal 2.4% points that were ‘historically’ charged against the cap and now won’t be, can those exclusions create a scenario where those exclusions create an ASM percentage that could go well beyond 12.4% ASM’s?

A. The restriction on the cap is 10% of those AE ASMs that are charged against the cap. The methodology is no different than the cap percentage today. That is, there are certain AE ASMs included in the cap and there are AE ASMs that are excluded. The additional markets that were excluded as part of this TA were reflective of 2.4% points of ASMs that were historically charged against the cap percentage. Those AE ASMs will no longer be charged.

Q. If Eagle was to divest from AMR, how would that affect the ASM letter?

A. If divested, the ASM letter would not be affected. American Eagle would most likely continue to feed passengers to AA and the ASM letter covers all commuter flying that feeds AA.

Article 2 – Definitions language changes

- Added or clarified the following terms:
 - ‘Basic’ classification means non-bid classification as referenced in Article 11.
 - Changed ‘Classification Seniority’ to ‘Pay Seniority’ for clarification purposes no change in intent.
 - ‘Complex’ replaces ‘set’ and denotes a group of cities in close geographical proximity as referred to in Article 46(a).
 - ‘Days’ will mean calendar day(s) unless specified otherwise.
 - Changed bid position to ‘Higher Capacity’ (HC) and refers to the following positions: ‘Crew Chief,’ ‘Inspector’ and ‘Technical Crew Chief’ in all Title groups
 - ‘Maintenance Base’ refers to TULE, AFW and MCIE

Question on Definitions language changes

- Q. How does the change in definition of Crew Chief, Inspector, and Technical Crew Chief to one classification to be known as “Higher Capacity” affect me for RIF or upgrade?**
- A. There is no effect from the current procedures in place, but it is now defined to reflect the past practice.
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Article 3 – Hours of Work language changes

- New language - removed the 1/7th work schedule restriction at overhaul bases, Article 3 (i), as determined by Managing Director’s of each business unit based on operational needs.

Questions on Hours of Work language changes

- Q. How will the 1/7th rule affect Title II at AFW?**
- A. The modification to the 1/7th rule allows operational management (MD) to schedule more employees on the weekend if the operation requires. In regards to the specific impact to Title II at AFW, it is hard to say at this time.
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Article 4 Compensation language changes

- **Lump Sum Signing Bonus:** There is a signing bonus of 6% lump sum at the new pay rate on date of signing for Title I and Title II Base employees, Line A/C Cleaner, Line Plant Maintenance Man and Line Utility Man.

Questions on Lump Sum Signing Bonus

- Q. Can you provide some examples of how the lump sum is calculated and an estimated amount for each of the classifications covered?**

- A. Basic formula for a Full time Employee:
2080 x (chart rate + Higher Capacity (if applicable) +license/skill premium) X 6%

Crew Chief AMT:	2080 hrs. x (\$28.02 + \$2.75 + \$5.00) x 0.06 = \$4464
AMT:	2080 hrs. x (\$28.02 + \$5.00) x 0.06 = \$4120
Crew Chief Auto/Facility Mechanic:	2080 hrs. x (\$28.02 + \$2.75 + \$2.50) x 0.06 = \$4152

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Auto/Facility Mechanic:	2080 hrs. x (\$28.02 + \$2.50) x 0.06	= \$3808
OSM	2080 hrs. x (\$22.68) x 0.06	= \$2830
PMM	2080 hrs. x (\$19.79) x 0.06	= \$2469
Crew Chief Aircraft Cleaner	2080 hrs. x (\$19.16 + \$2.75) x 0.06	= \$2734
Aircraft Cleaner	2080 hrs. x (\$19.16) x 0.06	= \$2392
Crew Chief Parts Washer	2080 hrs. x (\$19.68 + \$2.75) x 0.06	= \$2799
Parts Washer	2080 hrs. x (\$19.68) x 0.06	= \$2456
Crew Chief Utility	2080 hrs. x (\$18.24 + \$2.75) x 0.06	= \$2620
Utility Man	2080 hrs. x (\$18.24) x 0.06	= \$2276

Q. Why are the line mechanics not getting the 6% lump sum like the base mechanics?

- A. The agreement was based on industry market rates, and it was determined the Line compensation should be given in the form of the structural chart rate increases and the Line premium increase to \$2.55/hour for Title I and \$1.95/hour for Title II.

The classifications of Plant Maintenance Man, Aircraft Cleaner and Utility Man in the Line Maintenance operation will receive the lump sum based on the new rates, since they do not receive a line premium.

Q. If a member retires between May 5, 2010 and date of signing, (if the contract is ratified) will they receive the 6% signing bonus at the bases?

- A. No, to be eligible for the signing bonus you must be an active employee or on an approved leave of absence on or after the DOS.

Q. Will the 6% lump sum for cabin cleaners be for their existing rate or the new rate as a Utility Man?

- A. Their lump sum signing bonus will include the new rate as a Utility Man.

- **Structural Increases to Chart Rate:** There are structural increases to all classifications in Title I and Title II. A 3.0 percent increase effective May 5, 2010, a 1.5 percent increase May 5, 2011, a 1.5 percent increase May 5, 2012

Questions on Structural Increases

Q. If I retire before date of signing, am I entitled to back pay for the structural increase?

- A. No, to be eligible for the structural increase you must be an active employee or on an approved leave of absence on or after the DOS.

- **Premium Pay Increases**

There are Premium pay changes including:

- Crew Chief premium (Higher Capacity) Increase to \$2.75/hour effective May 5, 2010
- Title I AMT Line Premium increase to \$2.55/hour effective May 5, 2010
- Title II Mechanics Line Premium increase to \$1.95/hour effective May 5, 2010
- Skill Premium for Title 1 Machinists/Bench Avionics/Composites/Platers and Aircraft Welders: Increase to \$5.00/hour, equivalent of an AMT two-license premium, effective May 5, 2010
- Title I AMT Line Midnight Skill Retention Premium: For shifts beginning between 2000 and 0400 hours, increase to \$1.50/hour
- Weekend Shift Premium for Overhaul bases: Provide a \$0.50/hour premium for hours worked for shifts beginning between 2100 Friday and 2100 Sunday, effective May 5, 2010

Questions on Premium Pay Increases

Q. Why is the line pay different for Title I and Title II employees?

A. Line compensation is based on market conditions for each classification. Using this methodology resulted in a \$2.55/hour Line premium for Title I AMTs and a \$1.95/hour Line premium for Title II Plant Maintenance Mechanics.

Q. How are the raises being distributed across each workgroup?

A. The structural increases to the wage charts provide for a 3% increase on date of signing, 1.5% increase at the second year and 1.5% increase at the third year for both Base and Line Mechanics and all other classifications within the Mechanic & Related contract.

Q. Why is Title I the only workgroup to get the midnight skill retention premium?

A. The primary reason for providing the midnight retention premium in the 2001 negotiations was to retain AMTs on the midnight shift, when most of the work performed is scheduled check work. The company provided the premium to minimize the movement of AMTs from midnight to day shifts. This condition does not exist for Title II to the same extent that it does for Title I.

Q. Why was the Title I MRT eligibility time changed?

A. The intention of the MRT was to attract the most experience people to shifts that started late at night when most aircraft were down for heavier maintenance.

Q. Why was the shift differential not increased?

A. In this round of negotiations, it was determined compensation enhancements should be made in other areas.

Q. Will the acting Crew Chiefs receive the higher capacity premium?

A. Yes, the higher capacity premium of \$2.75/hour will be applied for acting Crew Chiefs.

Q. Is the \$0.50/hour weekend shift premium just for time worked Saturday and Sunday, or will it be paid for the full 40-hour week?

A. The weekend shift premium for the overhaul bases will be paid to those employees whose shift starts at or after 2100 on Friday and before 2100 on Sunday. The hours the employee works between those times will be paid the premium. Hours outside that timeframe will not be paid the premium.

Q. If I come in Saturday on overtime, do I receive the weekend shift premium?

A. No, the weekend shift premium is for those employees who are regularly assigned to the weekend shift.

Q. Is the 2nd shift eligible for the weekend shift premium?

A. The weekend shift premium will apply to 2nd shift, for Saturday and Sunday, so long as the shift starts prior to 2100 on Sunday.

Q. Will the weekend shift premium apply to 3rd shift workers who work Friday night?

A. The weekend shift premium for the overhaul bases will be paid to those employees whose shift starts at or after 2100 on Friday and before 2100 on Sunday.

Other Compensation Items

- Restoring license premium to AMTs currently working in OSM positions and not being paid the license premium as a result of a reduction in force, effective May 5, 2010.
- Incorporate new language for AMTs to retain license premium in future reductions in force to OSM position.
- Base Employee Gain Sharing plan: Mutually commit to develop a variable compensation plan and implemented within 180 days from DOS.

Questions on Gain Sharing

- Q. Will the “gain share” be broken out base-by-base for the 25% bonus each year?**
- A. It is uncertain at this time how it will be distributed. The company and the TWU will sit down and establish the terms and conditions of the plan within 180 days after date of signing.
- Q. The Base will participate in a “Gain Sharing Plan.” What is this?**
- A. The Gain Sharing Plan will provide additional compensation for employees at the bases who generate additional revenue through improved processes and procedures.
- Q. Would the revenue generated at the AFW Industrial Waste Water Treatment Plan fall into the Gain Sharing category?**
- A. This will be included in the discussions between the company and the TWU to establish the terms and conditions of the plan, which will take place within 180 days after date of signing.
- Q. How will the base Gain Sharing Plan be calculated?**
- A. The company and the TWU will sit down and establish the terms and conditions of the plan within 180 days after date of signing.

General questions on Compensation

- Q. Why did we not get back what we gave up in 2003?**
- A. The tentative agreement was designed to align American’s mechanics with the rest of the industry. The wage improvements given bring the Line to second in the industry and the Base to third in the industry, while we continue to do more work in-house than any other airline.
- Q. Can I roll my retroactive check and/or my lump sum check into a 401(k)?**
- A. Yes. There will be a need for a special selection window to allow this.
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Article 7 - Holidays language changes

- New language - Increase to total number of holidays from 5 to 8 per year
- New Language - Increase holiday work rate of pay from one-and-a-half times to double time.

Questions on Holiday language changes

Q. If I work this Memorial Day and Independence Day and the tentative agreement is ratified, will I get double-time in my retroactive check?

A. Yes, if the tentative agreement is ratified, you will be paid double-time for working both Memorial Day and Independence Day.

Q. If I am on a 4-10 schedule with Monday as one of my “days off” will I get my Holiday Worked/Holiday Off (HW/HO) pay for Memorial Day?

A. Yes, you will receive 8 hours of Holiday Off (HO) pay.

Q. If I used a vacation day on Memorial day will it be given back if the TA is ratified?

A. Memorial Day is an added holiday and is being treated retroactively, so under the application of the agreement, the holiday observation would roll to your next regular workday. If it rolls and you work, you will be paid 2.0x all hours worked on the observed holiday.

Article 8 – Vacations language changes

- New language - Provide 2 paid “personal days” per year, effective date of signing. Employees may receive pay in lieu of taking the days, to be paid by January 31 of the following year.
- New language - Increase the accrual rate for employees with less than 5 years seniority to 80 hours of vacation a year, or two weeks.

Questions on Vacation language changes

Q. When do the 2 paid personal days take affect and when can we take them?

A. The personal days will be effective date of signing. The parties will work out guidelines as to how they are selected, used, etc. prior to any employee being able to take them.

Q. When does the additional week of vacation accrual for those with less than 5 years take place and when can we bid them?

A. The new accrual rate for those less than 5 years will be effective as of May 5, 2010. They will be credited on 12/31/10 for use in 2011. They can be selected in the October/November 2010 selection process.

Article 10 – Seniority language changes

- Added notification provision to discuss with the local TWU President or his designee in advance of intent to make an MPR assignment.
- Added language to clarify initial placement on seniority list for tie breakers.

Questions on Seniority language changes

Q. Why was language added to clarify initial placement on seniority list?

A. It was communicated through seniority protests that many of the employees were unaware of this application and so the parties decided to add some clarifying language to address that concern.

Article 11 – Classifications and Qualifications language changes

- Removed reference to Title IV Ground Service.
- Added new classification of Support Mechanic –Airframe (limited to 20% of AMT's in AO – Docks implemented by attrition).
- Removed Title II Cabin Cleaners Classification (Members move into Utility Man-performing Cabin Cleaning functions).
- Removed Building Cleaners Classification (Members move into Utility Man).

Questions on Classifications and Qualifications language changes

Q. Why was Title IV Ground Service removed from the contract?

A. The Title IV Ground Service was moved from the M&R agreement to the Fleet Service agreement as part of the 2003 restructuring negotiations. Since Ground Service work is being transitioned over to Fleet Service, it made sense to place the Title IV group into the Fleet agreement.

Q. Why are we reclassifying airframe licensed OSMs to Support Mechanic Airframe (SMA) to move out to the docks?

A. We are reclassifying licensed OSMs to be more competitive within the industry on airframe overhaul, and also to provide an opportunity for our licensed OSMs to perform airframe work while being compensated with a license premium for that work.

Q. What is meant by the language stating Support Mechanic Airframe will be limited to 20% of AMTs in Aircraft Overhaul (AO)?

A. At any of the overhaul bases, the company will be able to have Support Mechanic Airframe working on the docks, but no more than 20% of the total AO AMT dock population may be on the docks.

Q. Can you please clarify what is meant by Support Mechanic Airframe classification will be implemented by attrition?

A. Since AO is made up of only AMTs right now, the only way the company will be able to place a Support Mechanic Airframe in AO on the docks will be when AMTs move out of AO on the docks. This means it will be a phased approach, rather than happening at one specific time.

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- Q. Can you describe how a reduction in force would work at the bases with the new classification of Support Mechanic Airframe? Example: A Senior AMT is laid off and the only less senior employee available to bump is the new Support Mechanic Airframe – what would happen to the Support Mechanic and his license pay?**
- A. If an AMT is provided a reduction in force notice, one of the options available will be to displace a less senior employee in a lower classification, of which the SMA will be one of them.
- Q. Will implementation of the SMAs out on the docks result in RIFs to current employees who are on the docks right now?**
- A. No, the implementation of the SMA into AO will not trigger a reduction in force.
- Q. When new docks start up, will they be set up with the new formula of 20% OSM and the balance AMTs?**
- A. Yes, Any new dock that becomes part of AO will be subject to the overall 20% limitation.
- Q. While there is a limitation on SMAs by dock, is there a limit by shift? Can an entire shift or crew be SMAs and if not, will a percentage of the slots be “reserved” for SMA-only bid?**
- A. The initial implementation will take place through attrition. Once the slots become available, it will be necessary to work out the allocation of the SMA slots locally, so they do not exceed 20% of the AMT AO population on the docks.
- Q. How do you plan to move the building cleaners to utility man positions?**
- A. The transition will be worked out locally based on the timeline of getting the contractor in place to start doing the building cleaner work. The move of the building cleaners to utility will occur as soon after date of signing as possible.
- Q. What are the chances of having an apprenticeship program for Title I, and will I be able to do that in all types of work in Title I?**
- A. An apprenticeship program for Title I is not included in this tentative agreement.
- Q. When can we expect to see any results of a Title II apprenticeship program?**
- A. The apprenticeship program is governed by a joint process, and the TWU and company have not scheduled any immediate discussions on this topic.
- Q. I am an AMT with recall to Tulsa, will there be an OSM upgrade to SMA while there is AMT's on recall that are currently at another station?**
- A. No, all AMT's would need to be recalled prior to implementing the new SMA classification

Article 12 – Promotions and Jobs to be Posted language changes

- New language for Higher Capacity (Crew Chief) position evaluation.
- New language having a provision to utilize Electronic Transfer/Bid System.
- New language for new Electronic Transfer/Bid process and time requirements.
- Modify transfer memorandum to reduce steps in filling of vacancies at Bases.

Questions on Promotions and Jobs to be Posted language changes

Q. Why was there a Crew Chief evaluation added, and how does it differ from the current probationary evaluation?

A. The proposed Crew Chief evaluations provide for a uniformed approach to Crew Chiefs throughout the system. The documented referenced was jointly created by the Union and the company. It is currently being beta tested in Tulsa for its effectiveness, and has been reported to have a positive result.

Q. Crew Chiefs will now be on a twelve-month review process; how soon will this start at my station?

A. The implementation of this process will be worked out by the parties soon after date of signing.

Q. What happens in a Crew Chief evaluation when the local TWU and management do not agree and the panel deadlocks?

A. In a panel review, if the members of the panel, consisting of 2 members from the TWU and 2 members from management become deadlocked on the case before them, the review will be referred to the Chief Operating Officer and the TWU Local's President.

Q. What were the changes to the base labor loan procedures and how will the changes work?

A. The base labor loan is intended to allow flexibility to move resources within a business unit based on operational requirements.

Q. What other changes to the Base Transfer Memorandum were made, if any? How will they affect the workforce?

A. One of the other changes to the memorandum included a modification to Attachment 12.1 that reduced the number of steps a vacancy was to be posted.

Q. Will there be training on the new electronic transfer system?

A. Yes, training will be available as soon as possible after the date of signing.

Q. When will the new electronic transfer system be activated?

A. The new transfer system is already in place. The new automated system for bid positions will be implemented by the end of year.

Q. What process will be in place if the computer system is down and it affects the timelines laid out in Article 12: Transfers?

A. In the event there is a computer issue that would impact the ability of employees to submit transfers, we will try and resolve the issue as quickly as possible and will work with the TWU International to determine if there is a need to address the issue in a different manner.

Q. In reference to Acting Crew Chief, what is meant by the language: "in the event a Crew Chief is not available, the appointment will be proffered to the senior pre-qualified employee regularly assigned to that work unit/shop/dock?"

A. Just as the language reads, the company will appoint the senior pre-qualified non-Crew Chief that is regularly assigned to that work unit/shop/dock to the assignment.

Article 13 – Seniority Lists language changes

- Master Seniority lists on Jetnet will be updated daily.
 - Add language that the Local Union will assist with the investigation of a protest.
 - Clarify seniority protest filing procedures and Protest Panel meeting times.
 - Clarify panel decisions will be forwarded to the TWU local and posted on the ATD website.
 - Add language that any adjustment to Occupational Seniority resulting from a transfer bypass, pay seniority will be adjusted simultaneously.
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Article 14 – Loss of Seniority language changes

- Add language to accrue seniority “indefinitely.”

Q. How will changes to Article 14 affect employees on layoff at date of signing?

- A. The parties will establish a joint committee to discuss and agree upon the implementation of these changes.
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Article 15 – Reduction in Force language changes

- Add clarification language throughout the article to all the reduction in force process to flow smoothly.
- System options are now outlined for each Title Group, Basic Classification (non-bid) and higher capacity (bid) positions for protected or unprotected.
- New phrasing has been adopted to reflect changes made throughout the agreement, pay seniority, higher capacity, etc.
- Incorporate language to reflect current practice of “re-sizing the juniority list.”
- Update types of work. Clear direction and timelines are provided for employees and company administrators involved in a reduction in force.
- Reinstate License Pay protection for displaced AMT’s into an OSM position.

Questions on Reduction in Force language changes

Q. When will the reinstatement of license pay be implemented for all the AMT’s currently in AMTO positions.

- A. If the Tentative Agreement is ratified by the membership it will be license pay will be paid to all AMTO’s effective May 5, 2010

Q. The language changed to reinstate license pay protection for AMT's – if ratified what would happen to the new classification of Support Mechanic Airframe's license pay if displaced?

A. If an SMA is displaced through a RIF and then displaces into an OSM position, the SMA will retain his/her license pay.

Q. Can an AMT displace a Support Mechanic Airframe?

A. SMA is a new classification within Title I and will be considered a lower classification than the AMT and a higher classification than an OSM. Based on this, Article 15 will be applied in the event of a reduction in force.

Q. During a reduction in force can a senior SMA be displaced by a junior AMT?

A. No, a senior SMA will not be able to displace a junior AMT.

Article 16 – Recall language changes

- New provision to allow unlimited occupational seniority accrual and unlimited recall.
- New language for employee requirements for updating contact information.
- New language to include instructions for employee and a required report date in writing.
- New language to “accept or refuse using the online tool” within 7 calendar days.
- New language for employees who have accepted recall involving background checks.
- New language for employees who are recalled but does not notify the company or return to work within 30 days. In this case, the employee will be considered to have refused recall and will lose all right to any recall and his seniority will be forfeited in that Title group.
- New language for employees that require extension time limits due to extenuating circumstances.
- New language to provide a union and company “Validation Committee” and completion date along with the new unlimited accrual of seniority and unlimited recall right to be prospective from DOS.
- New language to clarify the correlation between Article 10 and Article 16 (a).

Questions on Recall language changes

Q. With the new language allowing unlimited occupational seniority accrual and unlimited recall, how will this be implemented?

A. The parties will establish a joint committee to discuss and agree upon the implementation of these changes.

Q. Will the new unlimited recall rights and unlimited occupational seniority apply to those currently on layoff?

A. That has yet to be determined. The parties will establish a joint committee to discuss and agree upon the implementation of these changes.

Article 17 – Leaves of Absence language changes

- New Government Leave for those in elected office.
 - Clarified leave of absence processes.
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Article 21 - Rotation of Shifts language changes

- New language for a process to mutually establish shift and start times for drop-in work or unscheduled work at overhaul bases.

Questions on Rotation of Shifts language changes

Q. What is the purpose of the language change to establish shifts and start times?

A. The language was added to allow the Company and the TWU to sit down and discuss ways to cover unanticipated work, such as drop-ins, aircraft damage, etc.

Article 23 - Attendance at Hearings, Investigations or Training Classes language changes

- Employee attending training on day off will be paid overtime rates.
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Article 27 – General language changes

- New language for laundering uniforms of employees whose uniforms have been chemically-soaked.
- New language that both the company and the union mutually pledge their commitment to a culture of safety in the workplace.
- New language for notification process and corrective action in a reasonable time frame on safety complaints.
- New language for processing safety issues for when safety action taken is not satisfactory.
- New language for the frequency of safety meetings.
- New language for TWU Safety representatives to receive reports.
- New language for adjusting days off for Jury Duty.
- New language for damaged tool boxes.
- Increase coverage for total loss or damage to a tool from \$3,800 to \$4,400.
- Increase coverage for total loss or damage to a tote box/kit bag from \$600 to \$700.
- New language that requires the employee to report the loss of tools to his supervisor in writing and provide a copy of the police/security report.

- New language that the company will not reimburse the cost of lost or stolen badges.
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Article 28 – No Discrimination, and Recognition of Rights and Compliance language changes

- New language for letters of discipline properly assessed in the event of a sit-down, walkout, stoppage, strike, slowdown or curtailment of work will not be subject to the two-year timeframe to remain in record.

Questions on No Discrimination, and Recognition of Rights and Compliance changes

Q. Why was the ‘letters of discipline properly assessed’ language added to Article 28?

- A. The language was extracted from a previous letter of memorandum (LOM 5) and incorporated into Article 28 by incorporating the language in Article 28 it does not change the intent from the original intent of LOM 5.
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Article 30 – Grievance Procedure for Dismissal/Corrective Action language changes

- Changed Title to Article 30 – Grievance Procedure for Dismissal/Corrective Action.
 - Changed Article to be specific for cases involving dismissal or corrective action of a member.
 - The intent of these changes was to combine dismissal and corrective action into one article.
 - Incorporated Letter of Agreement language on time limits.
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Article 31 – Grievance Procedure for Contractual Disputes language changes

- Changed Title to Article 31 – Grievance Procedure for Contractual Disputes.
 - Changed Article to be specific for cases involving contractual violations/interpretations.
 - Clarification of time limits from Chief Operating Officer decision.
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Article 32 – Boards of Adjustment language changes

- Clarified postponement procedures.
 - New language for clarifying late documents and witness list timeframe.
 - New language the parties will explore grievance tracking system.
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Article 34 – Sick Leave language changes

- Increased the sick leave accrual rate from 5 to 8 days per year.
- All sick days will be paid out at 100%.
- Increased the maximum accumulation of sick time from 1200 hours to 2000 hours.
- This was made in conjunction with the Retiree Medical proposal.

Questions on Sick Leave language changes

Q. Will the 100% pay for all sick leave be retroactive to 5/5/10?

A. No, it will prospective from date of signing.

Q. Will the sick leave accrual calculation be effective from 5/5/2010?

A. The new sick leave accrual rate will be effective 5/5/2010.

Q. Will those employees 50 or older still be eligible to cash in their unused sick days at \$25 per day?

A. Yes, employees age 50 or older are still eligible for the \$25 per day payout.

Article 37 – Severance Allowance language changes

- Severance pay outs will be paid as lump sums.
- Clarify that the additional 2 weeks of severance allowance is limited to one-time use.

Questions on Severance Allowance language changes

Q. Why is the additional 2 weeks of severance that we would receive after 4 months limited to one time?

A. The historical application of the original language has been to provide the additional two weeks severance on a one-time basis and therefore it was decided to add the language to make this clear to all covered employees.

Article 38 – Union Security language changes

- Updated mailing addresses
-

Article 39 – Fitness for Duty language changes

- Re-wrote article to comply with today's practice.
- New language about fitness for duty.
- New language about temporary restrictions.
- New language about permanent restrictions.
- New language for medical review board.
- New language about pay protection language, or the usage of sick time if being held out for medical determination.
- New language about the appeals process and the accommodation review board.

Questions on Fitness for Duty language changes

Q. How would the language change to Article 39: Fitness for Duty effect disabled members?

A. Article 39 is designed to apply to all covered employees, whether you're disabled or not.

Article 40 – Pension language changes

- Provide a defined contribution 401(k) plan for new hires.
 - After one year of eligible service, new hires will receive an automatic 2.5% company contribution to the Super Saver Plus 401(k) plan, based on qualified pensionable earnings with no employee contribution required
 - After one year of eligible service, the company will also provide a 100% match for employee contributions up to a maximum of 3%, for a total maximum company contribution of 5.5%.

Questions on Pension language changes

Q. Can current employees opt to cash out of the retirement pension plan and roll into the matching 401(k)?

A. The tentative agreement does not provide that option for active employees.

Q. Is the 401(k) company match only for new hires?

A. Yes.

Q. Can you provide an example of how the Defined Contribution (DC) 401(k) plan will be applied to a new hire?

A. Upon eligibility into the plan, which is one year of service, the Company will automatically contribute 2.5% of pensionable pay into an employee's 401(k) account. The contribution is actually deposited into a separate Company account in your name, which you have access to for purposes of investment allocation.

**AA/TWU M&R Tentative Agreement
Q&A (V1)**

July 1, 2010

Pensionable pay includes: Chart rate, license/skill premium, line premium, higher capacity premium (Crew Chief, Inspector, etc.) and longevity pay. Overtime is not pensionable pay.

Example: Emp. A (based on a bi-weekly paycheck)

Chart Rate pay: \$2500
License Premium: \$400

Overtime: \$375
Total paycheck: \$3275

2.5% Contribution: \$72.50 (\$2900 x 0.025) = \$72.50

For an employee to receive a matching contribution from the Company, the employee must elect to defer more than 2.5% on a pre-tax and/or Roth contribution basis to the Plan. Company contribution cannot exceed 5.5%.

Example: Emp. B

Receives automatic Company Contribution: 2.5%
Employee B contributes: 1.5%
Company matching contribution: 0.0%

Emp. C

Receives automatic Company Contribution: 2.5%
Employee C contributes: 4.5%
Company matching contribution: 2.0%

Q. How often will the company's match be put into the new hire employee's matching 401(k) account?

A. The company's match will be put into the new hire's account every paycheck.

Article 41 Benefits – Retiree Medical language changes

See attachment.

Article 42 – Job Security language changes

- Upon modification or elimination of ASM Letter in Article 1 in each of the 7 AA/TWU labor agreements, Article 42: Job Security will be amended to provide a new system job protection date of 6/6/2000, adding approximately 588 Title 1 members to the system protection list.

Questions on Job Security language changes

Q. What are the other 6 TWU labor agreements that have to be modified for the M&R System Job Security date to change to 6/6/2000?

A. The Fleet Service, Stores, Technical Specialists, Dispatchers, Ground School Instructors and Simulator Technicians agreements have to modify or remove the ASM Cap.

Q. What determined the 6/6/2000 System Protection date?

A. The parties decided to be consistent with the proposed Fleet Service protection date.

Article 46 – One-Station Complex Agreements language changes

- New language clarifies one-station complex bumping procedures.
- Members retain recall rights to the station they were displaced prior to transfers being awarded within the one-station complex.

Questions on One-Station Complex language changes

Q. Please explain what is meant by members will retain recall rights to stations they were displaced from within the one-station complex, isn't that the current application?

A. This allows the employee displaced out of one station, such as LGA, and who goes to JFK the recall right back to LGA. It is very similar to the current application.

Article 47- Duration of Agreement language changes

- The proposed duration of the agreement is 3 years from May 5, 2010 to May 5, 2013. This includes a provision which would allow either party to open 6 months early.
- Wage Adjustment Provision ("Wage Opener") ensures that the TWU classifications maintain their compensation standing with the industry comparators until the amendable date of this agreement.

Questions on Duration of Agreement language changes

Wage reopener

Q. The wage opener provision is to ensure each classification (Title I AMT Midnight Shift and Title II Plant Maintenance Mechanic) maintain their current standing at the new rates. What takes place if another one of the comparators surpassed one of the classifications in compensation?

A. If a comparator surpasses the Line Mechanic or Plant Maintenance Mechanic with respect to relative standing during the life of the agreement, it triggers the opportunity for the TWU to open negotiations on wages, with the intent to make any necessary adjustment to restore the original standing.

Q. When the wage opener provision is executed and the two classifications' compensation is adjusted to maintain standing, what happens to all the other classifications in Title I and Title II?

A. For the Base AMT and the Base Title II Plant Maintenance mechanic, the chart rate will be adjusted the same as the Line AMT and Line Title II Mechanic. For the other classifications, the adjustment made will be equivalent to the percentage increase provided to Line AMT or Line Title II mechanic to restore the standing. Example: If the Line AMT chart rate was adjusted by 1.5%, then the other classifications within Title I would receive a 1.5% increase to the chart rates.

Q. Could the Company prevent or not agree to wage adjustments after a comparator surpassed a Materials Logistics Specialist?

A. If a comparator surpasses the AA rate during the life of the agreement, then the TWU will trigger the right to open on wages, with the intent to adjust the wage accordingly.

Miscellaneous Letters language changes

- DWH letter extended pending negotiations.
- Letter of agreement concerning pension and retiree medical benefits of a similar structure with the APA and APFA agreements.
- Letter of Agreement for a “Profit Sharing Plan”: Replace the current AIP plan with an uncapped annual profit sharing plan that rewards employees at the first dollar of pre-tax earnings, excluding special, unusual and non-recurring items.

Questions on Miscellaneous Letters language changes

Q. What is meant by the DWH letter when it references “pending negotiations?”

A. The parties agreed that there will be a need for further negotiations relative to the DWH facility. These will take place after ratification is reached.

Q. If the Pilots or Flight Attendants don’t adopt the same pension and retiree medical changes that the M&R agreement has, what would take place with the TWU M&R group and what would the remedy be?

A. In the event the APA or APFA negotiate pension or retiree medical benefits better than what the TWU has negotiated, negotiations will be held within the 30 days to determine a remedy.

Q. Is the proposed Profit Sharing Plan the same as the Continental Profit Sharing Plan?

A. Yes.
