

## ARTICLE 1 – SCOPE

- Modify the Eagle ASM letter outlined in **Attachment 1.5 – SEAT MILES SCHEDULED BY COMMUTER AIR** in one of the following methods:
  - Modify the 6% to 10% and maintain current counting methodology and exclude the following additional markets from the ASM cap:
    - CID-ORD
    - BNA, RDU, SJC, STL Eagle routing
    - Eagle pre-1993 ASM's
    - Markets in which AA & AE both fly

The report and measurement period will remain as is provided under the current letter of agreement

- Upon modification or elimination of this letter in each of the other six (6) AA/TWU labor agreements, Article 42(a) of the Fleet Service agreement will be amended to provide a system job protection date of 6/6/2000.
- Current book on Mergers, Labor Protection Provisions and Successorships.
- Outsource Dayline Cabin at all Domestic stations
  - The Company agrees not to furlough from the stations listed below until eight hundred sixty three (863) employees in the system from the Fleet Service Clerk classification have separated from the Company. Employees electing to accept the Voluntary Separation Program as outlined below will be counted towards the eight hundred sixty three (863) employees.
    - BOS            MIA
    - DFW            ORD
    - JFK            SFO
    - LAX

### Voluntary Separation Program:

- In the interest of providing options for Fleet Service Clerk employees, the Company proposes the following terms for a voluntary separation package:
  - For employees who retire from AA prior to January 1, 2011:
    - Lump sums paid in 2010 would be considered pensionable earnings for purposes of calculating pension benefit.
    - Retiree medical terms and conditions remain unchanged and will retire with current retiree medical benefits.
    - Special voluntary separation allowance: **\$25K**

- For employees who resign from AA prior to January 1, 2011 under the 50/55 rule:
  - Lump sums paid in 2010 would be considered pensionable earnings for purposes of calculating pension benefit.
  - Retiree medical terms and conditions remain unchanged and will retire with current retiree medical benefits.
  - Special voluntary separation allowance: **\$25K**
- For employees who resign from AA and forfeit any recall rights prior to January 1, 2011:
  - Special voluntary separation allowance: **\$25K**

#### **ARTICLE 4 – COMPENSATION**

- Lump sum of 4.0% on DOS – **(Signing Bonus)**

Formula: FT:  $2080 \times (\$21.16 + \$0.30) = \$44,637 \times .04 = \$1785$   
 PT:  $1040 \times (\$21.16 + \$0.30) = \$22,318 \times .04 = \$893$

- Lump sum of 3.0% six (6) months after DOS.

Formula: FT:  $2080 \times (\$21.16 + \$0.30) = \$44,637 \times .03 = \$1339$   
 PT:  $1040 \times (\$21.16 + \$0.30) = \$22,318 \times .03 = \$670$

- Structural increase of 2.5% eighteen (18) months after DOS.
- Lump sum of 3% thirty (30) months after date of signing, convertible in whole or part to a structural increase to retain AA's relative standing of the TWU's max hourly pay rate as compared to the max hourly pay rate(s) of CO, DL, UA, US, WN.

If not converted and is paid in all lump sum:

Formula: FT:  $2080 \times (\$21.69 + \$0.30) = \$45,739 \times .03 = \$1372$   
 PT:  $1040 \times (\$21.69 + \$0.30) = \$22,869 \times .03 = \$686$

- Crew chiefs will be paid at their Crew chief rate for all overtime and CS's, provided company may utilize Crew chiefs in the capacity of a Crew chief when they are working a similar shift (within 30 minutes).
- Crew Chief override for all at \$1.75/hr.

- New Profit Sharing (Continental match)
  - 15% of all operating earnings (1<sup>st</sup> dollar)
    - The above percentage will create a fund from which awards are distributed to all participating employees. Individual awards will be distributed March 15 of the following year. Payments are not pensionable. Each employee's award will be determined by the percentage of their earnings relative to overall payroll participants. This plan replaces the existing profit sharing plan.
- Variable compensation plan: Mutually commit to develop a variable compensation plan (Gain sharing) prior to the amendable date, which is intended to replace the Customer Service component of the plan.

## **ARTICLE 5 – SHIFT DIFFERENTIAL – *TA'd 3-7-10***

- Current book

## **ARTICLE 6 – OVERTIME – *TA'd 3-7-10***

- Vacation will be considered as time worked for overtime purposes.
- Standardize overtime procedures through Joint Committee.

## **ARTICLE 7 – HOLIDAYS – *TA'd 3-7-10***

- Add Martin Luther King Day (2011), Memorial Day (2010) and the day after Thanksgiving (2010).
- Rate of pay for all holidays worked will increase to double time following DOS.
- Modify holiday provision from “automatically off” unless required to “automatically required” except at base maintenance locations.

## **ARTICLE 8 – VACATIONS – *TA'd 3-7-10***

- Provide one (1) “personal day” effective DOS (payable and accumulated in hours based on work schedules and status).
- Jointly create procedures for the selection and utilization of these hours within Ninety (90) days from date of signing.
- Allow the employee to receive pay in lieu of taking the day. Unused day will be paid out as eight (8) hours for full time and four (4) hours for part time (as of your status on 12/31) by January 31<sup>st</sup> of the following year.
- **Employee must have one year of company service as of December 31 for use in the following year.**

## ARTICLE 34 - SICK LEAVE

- Increase the SK leave accrual rate from five (5) days per year to eight (8) days per year effective January 1, 2011. Increase maximum accumulation of sick time from 180 days to 210 days for Fleet Service and 150 days to 210 days for Ground Service. Tied to Article 41 proposal.

## ARTICLE 40 – PENSION

- Craft a defined contribution plan for new hires in lieu of participation in the defined benefit plan.

Following one year of eligibility service, the employee will receive an automatic 1% Company contribution based on qualified pensionable earnings as defined under the defined benefit plan with no employee contribution required.

Following one year of eligibility service, the Company will match employee contributions on a dollar for dollar basis for all contributions above the employee 1% contribution up to a maximum of 4.5% such that Company contribution does not exceed 5.5%.

In the event that any other work group exceeds 5.5% Company contribution the Fleet Service group would be matched to that amount.

- Provide a one time option for all current employees for changing from a defined benefit plan to a defined contribution plan. Defined benefit plan to be subject to a “hard freeze” for those employees electing to participate in the new 401k DC plan.

## ARTICLE 41 – BENEFITS

- Create a joint committee to explore the formation of a Voluntary Employee Beneficiary Association (VEBA) Trust for Retiree Medical to be administered by the TWU.

### Current retirees:

- No change to current plans.

### Current employees:

- There are two (2) options available at the time of retirement for current employees:
  - Option 1 – The plan as proposed June 2, 2009 – Post funding plan.

**ARTICLE 41 – BENEFITS (cont'd)**

- Option 2 – Employees who elect this option will be able to fund Under 65 retiree medical coverage for themselves with sick bank hours at a rate of twenty (20) hours per month of coverage for themselves and all eligible dependents.
  - Employee pre-funding does not apply.
  - Amend Article 34 - Sick Leave to include the following enhancements:
    - Accrual rate of 2/3 of a day per month (Maximum 8 days/year).
    - Maximum accrual of 1680 hours (210 days).
  - If sick bank is insufficient to provide medical coverage until the retiree's need for medical coverage ends, retiree may pay premiums to maintain retiree medical coverage. The premiums will be actuarially based on family status and age bands at retiree's expense.
  - Includes medical coverage for spouse and dependent children until the employee is or would have been 65, if the spouse is covered as an eligible dependent at the time of retirement or death of the retiree. Spouse and dependent coverage ends when the spouse becomes Medicare eligible.
  - TWU will have ability to review and validate plan every two (2) years.
  - The company will evaluate the sick hour to medical cost ratio every two (2) years and adjust the sick hours required for one month of medical coverage in accordance for future retirements.
  - After age 65, a guaranteed issue, employee paid Medigap plan will be available in lieu of the current over 65 plan.
- Employer prefunding contributions will cease date of signing.
- The Company and TWU will establish a joint committee to explore rollover options for employee prefunding balances. Absent an agreement on an alternative rollover option by 12/31/2010, active prefunding balances will be refunded by 6/30/2011.
- Eliminate the \$25 per Sick day payout upon retirement.
- Under both options plan design will be the same as management, which includes preventive care in network.
- Increase medical maximum from \$300,000 to \$500,000.

**Employees Hired After Date of Signing:**

## Under Age 65 Plan

- Employee pre-funding does not apply.
- Employees will have access only for retiree medical (no company subsidy).

## Over Age 65 (Eligible for Medicare coverage) Plan

- Replaced by a guaranteed issue, employee paid Medicare supplement plan.

**ARTICLE 42 – JOB SECURITY – *TA'd 3-7-10***

- Current book with the exception of the condition outlined in Article 1 above.

**ARTICLE 43 – PART-TIME – *TA'd 3-7-10***

- Current Book - with the exception of adding Bid Wall language to PT Utilization panel requirement.

**ARTICLE 47 – DURATION OF AGREEMENT**

- Duration of Agreement is DOS plus 48 months (approximately May 2014).
- Either party may elect to open the agreement six (6) months prior to amendable date.

**MISCELLANEOUS – *TA'd 3-7-10***

- Incorporate working together language as proposed in company proposal of June 2, 2009.