

ARTICLE 1 – SCOPE

- Modify the Eagle ASM letter outlined in **Attachment 1.5 – SEAT MILES SCHEDULED BY COMMUTER AIR** as follows:
 - Modify the ratio percentage of American Eagle / American Connection ASM's to American Airlines ASM's so that it will not exceed the average of the industry calculated based on the following carriers and their commuter partners: **Currently 21.3% without AA**
 - Continental
 - Delta + Northwest
 - United
 - US Airways
 - The calculation will be provided to the TWU each January and July
- Current book on Mergers, Labor Protection Provisions and Successorships
- Outsource Dayline Cabin
- Outsource fueling at those locations whereby Title III exclusively performs the function as of DOS
- Outsource fueling at locations whereby Title IV employees still perform the work only after all Title IV employees have left the station through retirement or otherwise
- **If TWU agrees to any or all of the above outsourcing proposals, the Company commits to provide furlough protection resulting from the change in the above referenced work; surplus will be managed through attrition and/or voluntary separation program; details of both to be discussed further.**

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: **\$20K**
 - 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: **\$20K**
 - For employees who resign from AA and forfeit any recall rights prior to January 1, 2011:
 - Special voluntary separation allowance: **\$20K**

ARTICLE 4 – COMPENSATION

- Lump sum of 4.0% on DOS – **(Signing Bonus)**
- Lump sum of 3.0% six (6) months after DOS
- Structural increase of 1.5 % 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 pay rate as compared to the max hourly pay rate(s) of CO, DL, UA, US, WN
- 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 crew chief when they are working a similar shift (within 30 minutes)

ARTICLE 4 – COMPENSATION

- Profit Sharing – no change from June 2, 2009 proposal
- Variable compensation plan: no change from June 2, 2009 proposal

ARTICLE 7 – HOLIDAYS

- Change holiday off to holiday work required; increase rate for current five (5) holidays from 1.5X to 2.0X for holiday;

ARTICLE 8 - VACATIONS

- Employees with less than ten (10) years accrue up to eighty (80) hours of vacation

ARTICLE 34 - SICK LEAVE

- Current book

ARTICLE 40 – PENSION

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

Same proposal as June 2, 2009 – New hires – up to 5.5% Co. match/Choice for actives **only** w/ soft freeze

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
- Retiree Medical – No change from June 2, 2009 proposal

ARTICLE 42 – JOB SECURITY

- Current Book

ARTICLE 47 – DURATION OF AGREEMENT

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

● Miscellaneous

- Incorporate working together language as proposed in company proposal of June 2, 2009
- Standardize overtime procedures through Joint Committee – Article 6
- Add Bid Wall language to PT Utilization panel requirement – Article 43