

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:
 - 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 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
- Outsource Bus Driver – LAX/ORD
- Establish a new Dayline Cabin Clerk classification within the Fleet Service agreement that will perform the Dayline Cabin Cleaning function at the following locations:
 - BOS MIA
 - DFW ORD
 - JFK SFO
 - LAX
 - LGA
- Rates of pay and benefits to be addressed in Article 4, 40 and 41.
- Scope of work: All Dayline Cabin duties as assigned by the bill of work (BOW), including the appropriate Security Checks.
- Work schedules for the new classification will be exclusive to the Dayline Cabin Clerk classification, in the locations outlined above.
- The Dayline Cabin Clerk will be responsible to management for the overall performance of the duties assigned to him/her.

- 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.

The Company will offer the following voluntary separation program to Title III employees at the locations identified above and to all Title IV employees in the system:

Voluntary Separation Program:

- In the interest of providing options for Fleet Service Clerk and Ground Service 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 3.0% on DOS – (Signing Bonus)
- Structural increase of 3.0% effective DOS.
- Structural increase of 1.5% effective DOS plus twelve (12) months
- Structural increase of 1.5% effective DOS plus twenty four (24) months

ARTICLE 4 – COMPENSATION (cont'd)

Rates of pay for newly established Dayline Cabin Clerk classification:

Step 1	\$7.25
Step 2	\$7.75
Step 3	\$8.25
Step 4	\$8.75
Step 5	\$9.25
Step 6	\$9.75
Step 7	\$10.00

Rates of pay and working conditions will remain for the term of this and the succeeding collective bargaining agreement.

- 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 (1st 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.
- Wage reopener to retain AA's relative standing of the TWU's max. hourly rate as compared to the max. hourly rate(s) of CO, DL, UA, US, WN. This applies anytime of the agreement.

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 31st 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 250 days for Fleet Service and 150 days to 250 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 2.5% 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 **2.5%** contribution up to a maximum of **3.0%** such that Company contribution does not exceed 5.5%.

Terms of the Defined Contribution plan (DC) will be no less favorable than those offered to management

- 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 age 50 or older as of 12/31/10; with either 120 months of prefunding or who opted into prefunding when first eligible:

- No change to current plans.

Current employees less than age 50 as of 12/31/10:

- Allow employees to fund Under 65 retiree medical coverage 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 2000 hours (250 days).
 - If sick bank is insufficient to provide medical coverage until the retiree's need for medical coverage ends, retiree will pay monthly premiums to maintain retiree medical coverage at the same rate as other groups that are post funding for retiree medical coverage at that time. (Current post funding rate is 25% of cost).
 - 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 three (3) years.
 - The company will evaluate the sick hour to medical cost ratio every three (3) years and adjust the sick hours required for one month of medical coverage in accordance for future retirements.

Current employees less than age 50 as of 12/31/10 (cont'd):

- 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 established rollover options for employee prefunding balances.
- For employees, who are under age 45 as of 12/31/2010, you will have the option to roll the prefunding refund into a 401(k) or take a cash payout.
- If you are 45-49 years of age as of 12/31/10, you will have the same options to roll into a 401(k) or take a cash payout, or you can choose to not receive a prefunding refund and instead have more sick leave credits added to your existing sick leave bank at the time of retirement, to be used for retiree medical. The credits will be provided as follows:

Age 49 as of 12/31/10: 840 hours of sick leave credits which equates to 3.5 yrs.

Age 48 as of 12/31/10: 720 hours of sick leave credits which equates to 3.0 yrs.

Age 47 as of 12/31/10: 630 hours of sick leave credits which equates to 2.6 yrs.

Age 46 as of 12/31/10: 540 hours of sick leave credits which equates to 2.3 yrs.

Age 45 as of 12/31/10: 480 hours of sick leave credits which equates to 2.0 yrs.

Note: The sick leave credit conversion is subject to legal and tax review. The deadline date for choosing which option you want to select will be determined soon, but is expected to be some time in August 2010.

At the time of retirement, the company will look back at the employee's record since 5/5/2010, and if there are any occurrences of illness or injury that required the use of 45 or more consecutive days of sick time, the company will replenish those sick days, which then can be used toward the sick conversion for retiree medical coverage.

- Eliminate the \$25 per Sick day payout upon retirement.
- 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.
- Allow employee to fund Under 65 retiree medical coverage with sick bank hours at a rate of twenty (20) hours per month of coverage for self and all eligible dependents.
- Amend Article 34 - Sick Leave to include the following enhancements:
 - Accrual rate of 2/3 day per month (Maximum 8 days/year).
 - Maximum accrual of 2000 hours (250 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.

Over Age 65 (Eligible for Medicare coverage) Plan

- After age 65, a guaranteed issue, employee paid Medigap plan will be available in lieu of the current over 65 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 36 months (approximately May 2013).
- 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.