

AA/TWU AIRCRAFT MECHANIC AND  
RELATED

COMPANY COMPREHENSIVE  
PROPOSAL

JANUARY 13, 2010

# CONTENTS

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- OPEN ARTICLES
- LETTERS OF MEMORANDUM
- LETTERS OF AGREEMENT
- LIST OF TENTATIVELY AGREED UPON ARTICLES
- ATTACHMENTS

# COMPANY PROPOSALS

## ARTICLE 1 – RECOGNITION AND SCOPE

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- **INCLUDE WORKING TOGETHER LANGUAGE (SEE ATTACHMENT 1)**
- **EAGLE ASM LETTER MODIFICATION (SEE ATTACHMENT 2)**
- **AIRCRAFT MAINTENANCE OVERSEAS SUPPLEMENT (SEE ATTACHMENT 3)**
- **MODIFY ARTICLE 1(d) TO MATCH FLEET SERVICE ARTICLE 1(c) FOR TITLE II (SEE ATTACHMENT 4)**
- **BUILDING CLEANERS – UPGRADE REMAINING TULSA BUILDING CLEANERS TO PMM THEN OUTSOURCE BUILDING CLEANER ACTIVITIES. JOINTLY DEVELOP AN ATTRITION PLAN, INCLUDING SPECIAL SEVERANCE/TRANSFER-OUT, WITHIN SIX (6) MONTHS FROM DOS.**

# COMPANY PROPOSALS

## ARTICLE 3 - HOURS OF WORK

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- **IMPROVE AA & MRO ABILITY TO COMPETE WITH 24/7 WORK FORCE (PROVIDE RELIEF FROM 1/7 RULE CONSTRAINTS AT OVERHAUL BASES).**  
**(SEE ATTACHMENT 5– Full text sub-committee agreement)**

# COMPANY PROPOSAL

## ARTICLE 4 – COMPENSATION

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- DOS 3.0% LUMP SUM
- DOS + 12 MOS 3.0% LUMP SUM\*
- DOS + 24 MOS 2.0% LUMP SUM\*
- DOS + 36 MOS 2.0% LUMP SUM\*

NOTE: \*CONVERTIBLE IN WHOLE OR IN PART TO A STRUCTURAL INCREASE TO RETAIN AA'S RELATIVE STANDING OF THE TWU'S MAX HOURLY CHART RATE AS COMPARED TO THE MAX HOURLY CHART RATES(S) OF WN, FL, B6, CO, US, DL, UA

\*\*APPROXIMATE GROSS AMOUNTS (EXAMPLES SHOWN AT MAX RATES)

THE LUMP SUM IS A PERCENTAGE OF THE CHART RATE PLUS PREMIUMS ANNUALIZED AS FOLLOWS AND IS PENSIONABLE:

DOS & DOS + 12 3.0% LUMP SUM

### TITLE I LINE AMT

2080 HRS x (\$27.20 + \$5.00 + \$.55) \$32.75 = \$68,120 x .03 = \$2,044 \*\*

### TITLE I LINE CC/TCC/INSP

2080 HRS x (\$27.20 + \$5.00 + \$.55 + \$1.75) \$34.50 = \$71,760 x .03 = \$2,153 \*\*

### TITLE I BASE AMT

2080 HRS x (\$27.20 + \$5.00) \$32.20 = \$66,976 x .03 = \$2,009 \*\*

### TITLE I BASE CC/TCC/INSP

2080 HRS x (\$27.20 + \$5.00 + \$1.75) \$33.95 = \$70,616 x .03 = \$2,118 \*\*

# COMPANY PROPOSAL

## ARTICLE 4 – COMPENSATION

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- DOS + 24 & 36      2.0% LUMP SUM

NOTE: \*APPROXIMATE GROSS AMOUNTS (EXAMPLES SHOWN AT MAX RATES)

THE LUMP SUM IS A PERCENTAGE OF THE CHART RATE PLUS PREMIUMS ANNUALIZED AS FOLLOWS AND IS PENSIONABLE:

2.0%

TITLE I LINE AMT

2080 HRS x (\$27.20 + \$5.00 + \$.55) \$32.75 = \$68,120 x .02 = \$1,362 \*

TITLE I LINE CC/TCC/INSP

2080 HRS x (\$27.20 + \$5.00 + \$.55 + \$1.75) \$34.50 = \$71,760 x .02 = \$1,435 \*

TITLE I BASE AMT

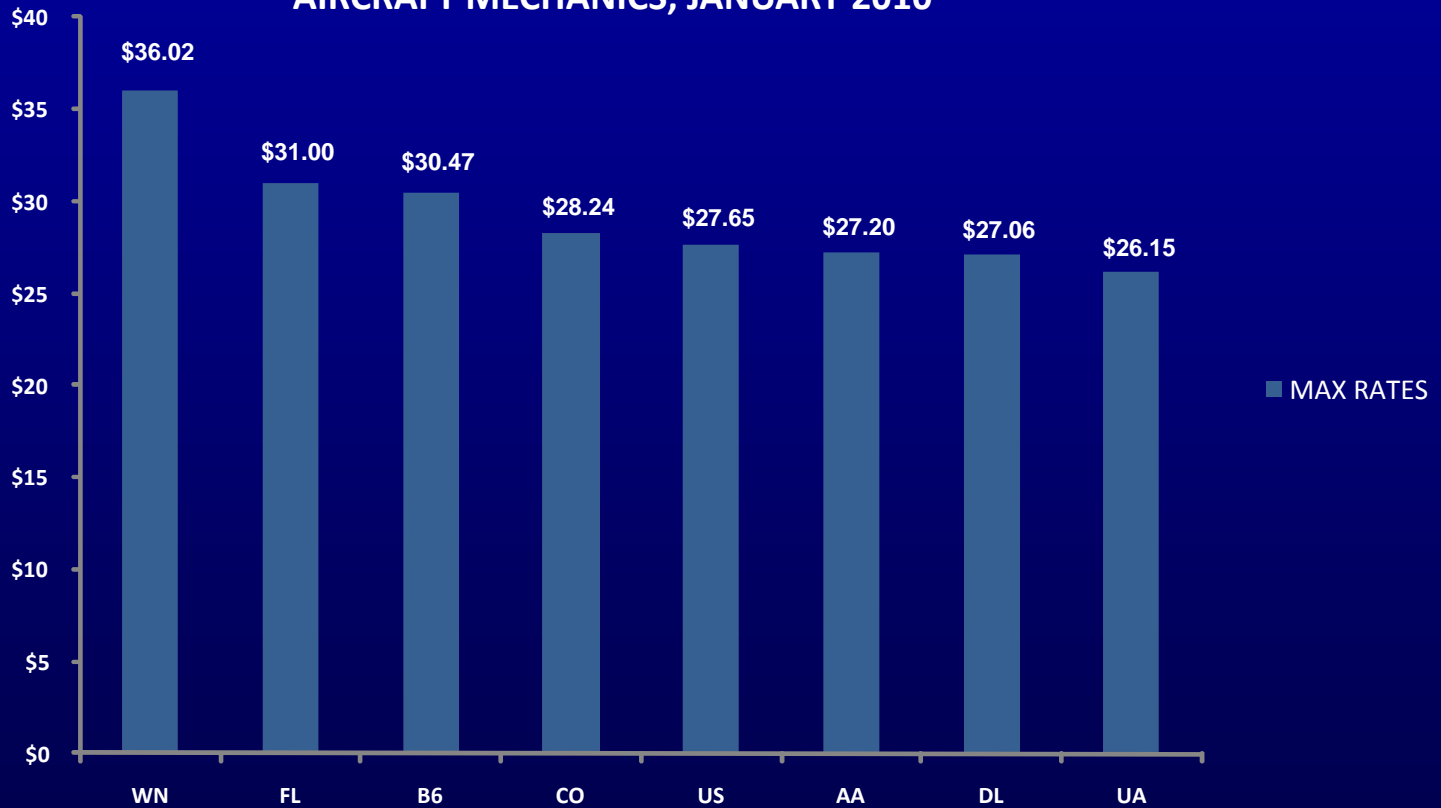
2080 HRS x (\$27.20 + \$5.00) \$32.20 = \$66,976 x .02 = \$1,340 \*

TITLE I BASE CC/TCC/INSP

2080 HRS x (\$27.20 + \$5.00 + \$1.75) \$33.95 = \$70,616 x .02 = \$1,412 \*

# COMPANY PROPOSAL

## MAX FULL-UP HOURLY PAY RATES AIRCRAFT MECHANICS, JANUARY 2010



1/13/10

CONFIDENTIAL AND PRIVILEGED

MECHANIC AND RELATED

This chart shows the max hourly chart rate.

# COMPANY PROPOSAL

## ARTICLE 4 – COMPENSATION

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DOS & DOS +12 - 3.0%

NOTE: \*APPROXIMATE GROSS AMOUNTS (EXAMPLES SHOWN AT MAX RATES)

TITLE II Line

F/T = 2080 HRS x (\$27.20 + \$1.70+.55) \$29.45 =\$61,256 x .03 = \$1,838\*

TITLE II Base

F/T = 2080 HRS x (\$27.20 + \$1.70) \$28.90 =\$60,112 x .03 = \$1,803\*

DOS + 24 & 36 - 2.0%

TITLE II Line

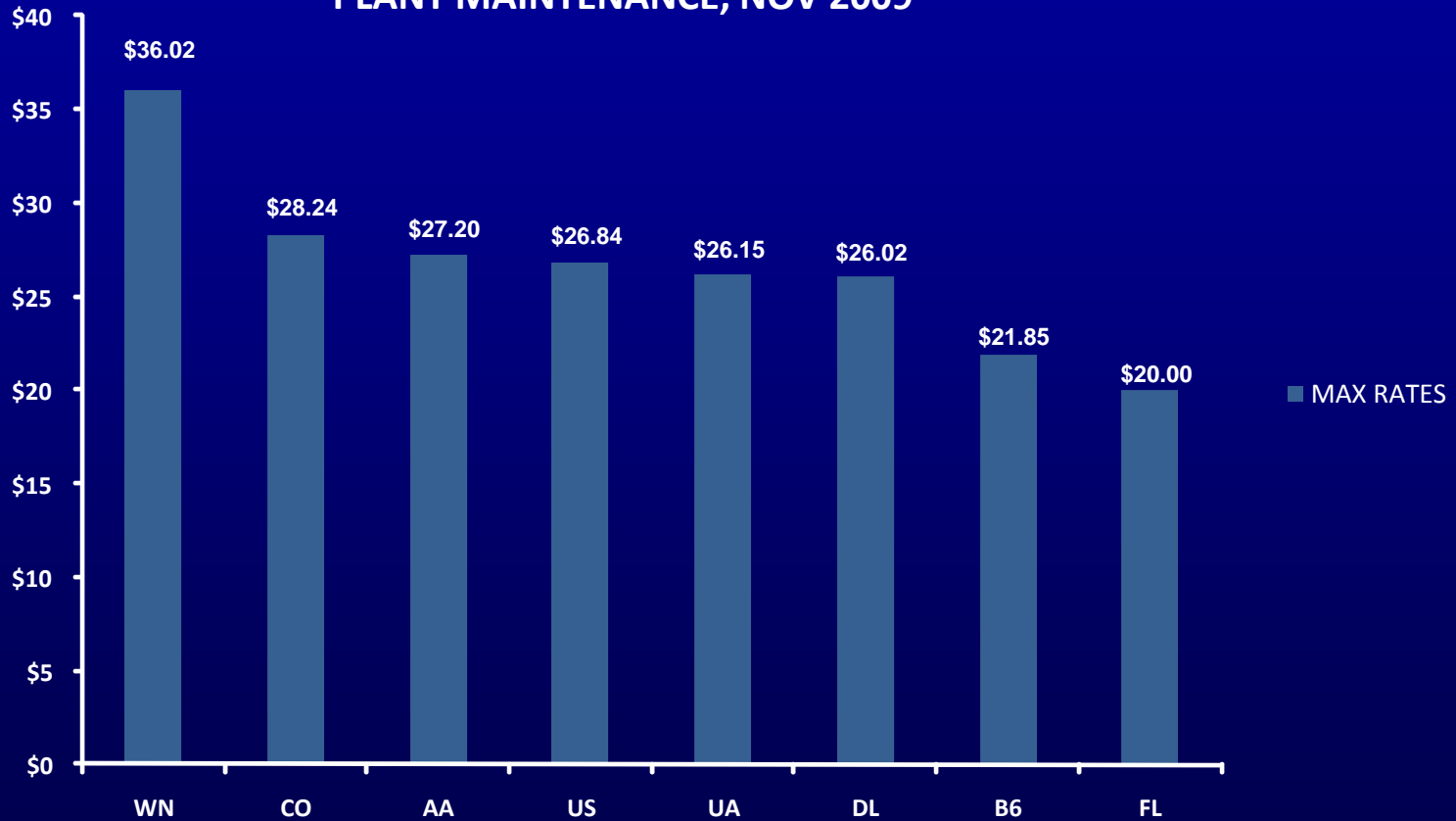
F/T = 2080 HRS x (\$27.20 + \$1.70+.55) \$29.45 =\$61,256 x .02 = \$1,225\*

TITLE II Base

F/T = 2080 HRS x (\$27.20 + \$1.70) \$28.90 =\$60,112 x .02 = \$1,202\*

# COMPANY PROPOSAL

## MAX FULL-UP HOURLY PAY RATES PLANT MAINTENANCE, NOV 2009



1/13/10

CONFIDENTIAL AND PRIVILEGED

MECHANIC AND RELATED

# COMPANY PROPOSAL VARIABLE COMPENSATION

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- **MUTUALLY COMMIT TO DEVELOP A VARIABLE COMPENSATION (GAIN SHARING) PLAN FOR EACH AGREEMENT, PRIOR TO THE AMENDABLE DATE, WHICH IS BASED ON THE FOLLOWING PRINCIPLES:**
  - **SIMPLE AND EASILY UNDERSTOOD BY EMPLOYEES**
  - **FISCALLY RESPONSIBLE (SELF FUNDED)**
  - **PERFORMANCE BASED**
  - **CONNECTED TO EMPLOYEE ACTION: “LINE OF SIGHT”**
  - **TIED TO CORPORATE AND LOCAL BUSINESS RESULTS**
  - **STRUCTURED TO MOTIVATE CONTINUOUS IMPROVEMENT**

# COMPANY PROPOSALS

## ARTICLE 5 – SHIFT DIFFERENTIAL & TEST HOP

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- ENHANCE TEST HOP INSURANCE FROM \$100K TO \$150K

# COMPANY PROPOSALS

## ARTICLE 6 – OVERTIME

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- **CURRENT BOOK WITH THE EXCEPTION OF ATTACHMENT #6  
(COMMON GUIDELINES)**

# COMPANY PROPOSAL

## ARTICLE 7 – HOLIDAYS

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### MODIFY ARTICLE 7 AS FOLLOWS:

- INCREASE NUMBER OF HOLIDAYS AS FOLLOWS:
  - ADD MEMORIAL DAY AND THE FRIDAY AFTER THANKSGIVING EFFECTIVE 2010
  - ADD MARTIN LUTHER KING DAY EFFECTIVE 2011
- INCREASE HOLIDAY WORK RATE FROM 1.5x TO 2.0x EFFECTIVE DOS
- MODIFY HOLIDAY PROVISION FROM “AUTOMATICALLY OFF” UNLESS REQUIRED, TO “AUTOMATICALLY REQUIRED” EXCEPT AT BASE MAINTENANCE LOCATIONS
- ADD LANGUAGE TO REFLECT 4/10’s HO PAID 10 HOURS (LOM 6/05/2006)

# COMPANY PROPOSAL

## ARTICLE 8 – VACATION

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- **ALL EMPLOYEES WITH LESS THAN 10 YEARS CAN ACCRUE UP TO 80 HOURS OF VACATION TIME PER YEAR**

# COMPANY PROPOSALS

## ARTICLE 11 – CLASSIFICATIONS AND QUALIFICATIONS

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- **CREATE / MODIFY/ REMOVE, EXISTING JOB DESCRIPTIONS TO IMPROVE EMPLOYEE PRODUCTIVITY/COMPETITIVENESS (SEE ATTACHMENT 7)**
  - **WITH THE EXCEPTION OF :**
    - **PARTS WASHER/AIRCRAFT CLEANER**
    - **LINE ASM**

# **COMPANY PROPOSALS**

## **ARTICLE 12 – PROMOTIONS AND JOB POSTINGS**

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- **AUTOMATE PROMOTIONS AND TRANSFER SYSTEM**
- **INCORPORATE ENHANCED HIGHER CAPACITY POSITION EVALUATIONS**
- **UPDATE QAM TO REFLECT CURRENT DESCRIPTIONS AND TEST REQUIREMENTS**
- **MODIFY BASE TRANSFER MEMORANDUM TO MORE EFFICIENTLY RESPOND TO CHANGES IN WORKLOAD**
- **IMPROVE BASE LABOR LOAN WORK RULES  
(SEE ATTACHMENT 8 – As agreed in sub-committee with attachment 12.3 open)**

# COMPANY PROPOSALS

## ARTICLE 15 – REDUCTION IN FORCE

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- TENTATIVE AGREEMENT WITH EXCEPTION OF 15.c.5 (LICENSE PAY)
  - OPEN TO FURTHER DISCUSSION, ref - IMPLEMENTATION

# COMPANY PROPOSALS

## ARTICLE 25 – RECALL & CALL-IN WORK

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- **CURRENT BOOK**

# COMPANY PROPOSAL

## ARTICLE 34 – SICK LEAVE

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- **MODIFY 34 (d) TO RESTORE 100% RATE OF PAY FOR SICK OCCURRENCES**

**2010**

- **MODIFY ACCRUAL RATE FOR 2010 TO REFLECT AN INCREASE TO SIX (6) DAYS (TO BE CREDITED FOR USE IN 2011)**

**2011**

- **MODIFY ACCRUAL RATE FOR 2011 AND THEREAFTER TO REFLECT AN INCREASE TO EIGHT (8) DAYS (TO BE CREDITED FOR USE IN 2012)**
  
- **NOTE ONE DAY EQUALS 8 HOURS**

# COMPANY PROPOSALS

## ARTICLE 36 – MEAL PERIODS

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- **CURRENT BOOK**

# **COMPANY PROPOSAL**

## **ARTICLE 40 – RETIREMENT BENEFITS**

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- **FOR NEW HIRES PROVIDE A DEFINED CONTRIBUTION PLAN:**

**ALL MECHANIC & RELATED EMPLOYEES HIRED AFTER THE EFFECTIVE DATE OF THE AGREEMENT WILL AUTOMATICALLY BE ENROLLED IN SUPER SAVER PLUS 401(k) PLAN AND WILL RECEIVE A COMPANY PROVIDED MATCHING CONTRIBUTION AFTER COMPLETION OF ONE YEAR ELIGIBILITY SERVICE**

**ENROLLMENT WILL REFLECT AN AUTOMATIC 3% EMPLOYEE CONTRIBUTION; EMPLOYEE CAN INCREASE OR DECREASE AND CHANGE INVESTMENT SELECTION AT ANYTIME**

**EMPLOYEE CONTRIBUTION WILL INCREASE 1% EACH YEAR UNTIL 5.5% EMPLOYEE CONTRIBUTION IS ACHIEVED; EMPLOYEE CAN INCREASE OR DECREASE AT ANYTIME**

**COMPANY WILL MATCH THE EMPLOYEE CONTRIBUTION DOLLAR FOR DOLLAR UP TO 5.5% OF PENSIONABLE PAY UPON MEETING ELIGIBILITY REQUIREMENTS**

**EMPLOYEES HIRED AFTER EFFECTIVE DATE OF AGREEMENT WILL NOT BE ELIGIBLE FOR DEFINED BENEFIT PLAN**

# **COMPANY PROPOSAL**

## **ARTICLE 41 – GROUP INSURANCE CONTRIBUTIONS**

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### **RETIREE MEDICAL**

**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  
(SEE ATTACHMENT 9)**

### **CURRENT RETIREES**

**NO CHANGE TO CURRENT PLANS**

### **CURRENT EMPLOYEES**

**REFUND EMPLOYEE PREFUNDING BALANCES**

**EMPLOYER PREFUNDING CONTRIBUTIONS WILL CEASE DATE OF SIGNING**

# COMPANY PROPOSAL

## RETIREE MEDICAL

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- PRE-65 RETIREE MEDICAL PLAN
- MONTHLY POST FUNDING RETIREE MEDICAL PREMIUMS WILL MATCH THE CURRENT 25% OF RETIREE MEDICAL PLAN COSTS
- MONTHLY POST FUNDING RETIREE MEDICAL PREMIUMS WOULD COMMENCE FOR RETIREMENTS ON OR AFTER 1/1/2010 (SUBJECT TO CHANGE DUE TO TIMELINE OF IMPLEMENTATION PLAN)
- TERMS OF RETIREE MEDICAL WILL BE NO LESS FAVORABLE THAN THE RETIREE MEDICAL PLAN DESIGN, ELIGIBILITY, AND CONTRIBUTIONS OFFERED TO MANAGEMENT
- AGE 65 AND OVER RETIREE MEDICAL PLAN
  - AFTER AGE 65, A COMPANY SPONSORED, GUARANTEED ISSUE, EMPLOYEE PAID MEDIGAP PLAN WILL BE AVAILABLE IN LIEU OF THE CURRENT AGE 65 AND OVER RETIREE MEDICAL PLAN

# COMPANY PROPOSAL RETIREE MEDICAL

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## EMPLOYEES HIRED AFTER DATE OF SIGNING

**UNDER AGE 65 PLAN:**

**EMPLOYEE PRE-FUNDING DOES NOT APPLY**

**EMPLOYEES WILL BE PROVIDED GUARANTEED ACCESS TO U65 RETIREE MEDICAL WITH NO COMPANY SUBSIDY.**

**OVER AGE 65 (ELIGIBLE FOR MEDICARE COVERAGE) PLAN:**

**REPLACED BY A COMPANY SPONSORED, GUARANTEED ISSUE, EMPLOYEE PAID MEDIGAP PLAN.**

# COMPANY PROPOSALS

## ARTICLE 42 – JOB SECURITY

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- **MODIFY SYSTEM AND STATION PROTECTION AS NECESSARY TO ALLOW THE IMPLEMENTATION OF WORKRULE CHANGES**

# COMPANY PROPOSAL

## ARTICLE 47 – DURATION OF AGREEMENT

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- **DOS + 4 YEARS**
  - **MODIFY ARTICLE 47 TO REFLECT A FOUR (4) YEAR DURATION FROM DOS**
  - **PROVIDE AN EARLY OPENER PROVISION THAT ALLOWS EITHER PARTY TO SERVE NOTICE NO EARLIER THAN SIX (6) MONTHS FROM THE AMENDABLE DATE**

# COMPANY PROPOSAL NEW PROFIT SHARING PLAN

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- **THE PLAN ACCUMULATES:**
  - **30% OF THE FIRST \$250M**
  - **25% OF \$250M TO \$500M**
  - **20% OF >\$500M**
- **PLAN IS UNCAPPED**
- **PAID AS A PERCENTAGE OF EARNINGS TO TOTAL LABOR EXPENSE**
- **SUPPLEMENT EXISTING PROFIT SHARING PLAN WITH THE ABOVE EARNINGS THRESHOLD**
- **REPLACES AIP PLAN**
- **EFFECTIVE FOR THE 2010 YEAR AND THE DISBURSEMENT OF THE PLAN, IF APPLICABLE WILL BE IN MARCH OF THE FOLLOWING YEAR.**

# COMPANY PROPOSAL

## PROFIT SHARING PAYOUT – EMPLOYEE’S PERSPECTIVE

### AMT

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<u>PRE-TAX PROFIT (MM)</u>	<u>NEW PROFIT SHARING PLAN</u>	<u>OLD PROFIT SHARING PLAN</u>	<u>VARIANCE</u>
\$ -	\$ -	\$ -	\$ -
\$ 250	\$ 1,150	\$ -	\$ 1,150
\$ 500	\$ 2,109	\$ -	\$ 2,109
\$ 1,000	\$ 3,642	\$ 1,142	\$ 2,501
\$ 1,250 *	\$ 4,409	\$ 1,712	\$ 2,697

\* INCLUDES THE AIP FINANCIAL COMPONENT

# COMPANY PROPOSALS LETTER OF MEMORANDUM

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- MAJORITY OF THE LETTERS ARE AGREED UPON, HOWEVER SOME LETTERS STILL NEED FURTHER DISCUSSION

# COMPANY PROPOSALS

## LETTER OF AGREEMENT

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### TAESL – LETTER OF AGREEMENT

- **SUPPLEMENT TO AGREEMENT COVERING TAESL'S UNIQUE MRO ENVIRONMENT**
  - **ASM/AMT RATIO – 50% THROUGH GROWTH, ATTRITION & VOLUNTARY PROGRAMS**
  - **TAESL TO BE TREATED AS A SEPARATE “TYPE WORK” FOR RIF, RECALL, & TRANSFERS**
  - **ALTERNATIVE WORK SCHEDULES, BY MUTUAL AGREEMENT, FOR TAESL**

# COMPANY PROPOSALS

## LETTER OF AGREEMENT

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### DWH – LETTER OF AGREEMENT

- **SUPPLEMENT TO AGREEMENT COVERING DWH**
  - **NO 1/7<sup>TH</sup> RULE AS PROPOSED IN ARTICLE 3**
  - **ABILITY TO UTILIZE HEADCOUNT BETWEEN TERMINAL/DFW HANGAR & DWH BASED ON OPERATIONAL NECESSITY**
  - **SAME 50% ASM RATIO AS MAINTENANCE BASES**
  - **ADD DWH TO THE 1DF ONE STATION COMPLEX AS OUTLINED IN ARTICLE 46**

# COMPANY PROPOSAL TENTATIVE AGREEMENTS

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## AGREEMENT TO INCLUDE ALL PREVIOUSLY TA'D ARTICLES

- ARTICLE 2 – DEFINITIONS
- ARTICLE 9 – PROBATIONARY PERIOD
- ARTICLE 10 – SENIORITY
- ARTICLE 13 – SYSTEM SENIORITY LIST
- ARTICLE 14 – LOSS OF SENIORITY
- ARTICLE 15 – REDUCTION IN FORCE
- ARTICLE 16 - RECALL
- ARTICLE 17 – LEAVES OF ABSENCE
- ARTICLE 18 – MILITARY LEAVE
- ARTICLE 19 – TERMINATION OF EMPLOYMENT
- ARTICLE 20 – BULLETIN BOARDS
- ARTICLE 21 – WORK SCHEDULES
- ARTICLE 22 – REGULAR AND RELIEF ASSIGNMENTS
- ARTICLE 23 – TRAINING
- ARTICLE 24 – ABSENCE FROM DUTY
- ARTICLE 26 – FIELD WORK
- ARTICLE 27 – GENERAL

# COMPANY PROPOSAL TENTATIVE AGREEMENTS

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- **ARTICLE 28 – NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND COMPLIANCE**
- **ARTICLE 29 – REPRESENTATION**
- **ARTICLE 30 – DISMISSAL**
- **ARTICLE 31 – GRIEVANCE PROCEDURE**
- **ARTICLE 32 – BOARDS OF ADJUSTMENT**
- **ARTICLE 33 – NO STRIKE – NO LOCKOUT**
- **ARTICLE 35 – TEMPORARY EMPLOYEES**
- **ARTICLE 37 – SEVERANCE ALLOWANCE**
- **ARTICLE 38 – UNION SECURITY**
- **ARTICLE 39 – PHYSICAL EXAM**
- **ARTICLE 43 – PART-TIME EMPLOYEES**
- **ARTICLE 44 – MOVING EXPENSES/OPTIONAL SEVERANCE FOR PROTECTED EMPLOYEES**
- **ARTICLE 45 – EFFECT ON PRIOR AGREEMENTS**
- **ARTICLE 46 – ONE STATION AGREEMENTS**