



Local 514

TWU vs IBT/AMFA

Thinking of Retiring?

Please contact Local 514's Retirement Counselor Mark Loeber for details. Contact details are listed below:

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Bankruptcy Information

Information about the bankruptcy comes almost everyday for hearings etc. The informer only goes out weekly. For the most current information, we highly recommend that you go to the computer at home or at work and go to www.twu514.org and see daily up to the minute updates. This is the fastest and most reliable way to be informed. You can also sign up for updates at www.twu.org (the International TWU website).

With the US Airways deal now a distinct possibility, it is time to review where the TWU membership in Tulsa now stands fourteen months after American's Chapter 11 filing; particularly in light of the claims of two competing organizations that they could have handled this event better than the TWU.

- If there is a merger and an approved reorganization plan, TWU represented AMTs and Title II mechanics will receive **at least** \$4.73 (or 17.4%) in pay increases by September 12, 2015, or by the conclusion of the first three years of the Agreement. This does not include the industry standard pay adjustment based on UAL/DAL rates which we will be entitled to at that time, which is likely to add substantially to the amount of pay increase.
 - Precontract rate for base pay of topped out title 1 and 2 was 27.20
 - At Date of signing 9-12-12 pay raise 3% 28.02
 - MOU Merger pay raise= 4.3% base pay is 29.22
 - On 9-12-13 base pay raise =3% base pay is 30.10
 - On 9-12-14 base pay raise = 3% base pay is 31.00
 - On 9-12-15 base pay raise = 3% base pay is 31.93
 - Industry Average adjustment is September 12, 2015

The difference between 27.20 and 31.93 is 17.4%. The reason why the raises produce this overall percentage is because there is a compounding effect on the scheduled percentage pay increase as the rates increase.

- We will have an additional opportunity to restore sick, vacation, and holidays, as well as improve health care coverage when we harmonize the AA and US Airways mechanic agreements after a merger.
- We have secured these improvements and the opportunity for further improvements while requiring the Company to keep close to two thirds of our work in house and preserving the vast bulk of the heavy overhaul operation and back shops in Tulsa.
- We now have several unions (IBT, AMFA, IAM) claiming that they could have done better than the TWU in dealing with AA's bankruptcy; but, none can point to an instance in which they actually did better than the TWU when they were responsible for dealing with a bankrupt carrier. There are no such instances. The TWU has preserved far more pay and work than any organization seeking to displace us. That is a simple fact.

There is one other simple fact. No union besides the TWU has managed to protect a full heavy overhaul operation such as still exists in Tulsa. Those who put their trust in another organization to continue to accomplish this are basing their hopes on faith not performance.

Bobby:

Per your request, I have reviewed and researched what I believe are a number of misconceptions surrounding the AMR Profit sharing Plan and its removal from the MOU.

- AMR has not paid profit sharing to employees in since 2000, when the company earned a record \$1.3 billion in pre-tax profits. (I checked records back to 1990). There is no reason to assume a profit is likely after a 13 year drought. Remember the 2003 Restructuring Plan also promised profit sharing.
- Profit sharing is not (as some believe) the same as a pay raise. In its simplest form, profit sharing is a onetime lump sum payment to employees based on company profits from the previous year. The company must earn a profit each year if there is to be any pay-out.
- Under the AMR-TWU formula, 5% of pretax profit will first be placed in a pool for distribution to all AMR employees as a lump sum. If the company earns a billion dollars, for example, 5% of that profit (\$50 million) would be put into a profit sharing pool to be divided among all company employees. Since the TWU represents about 25% of the company payroll, our share would be \$12.5 million. For the average TWU member this would mean about \$625 as a onetime payment. By comparison, a 4.3% pay increase for an AMT is \$1.20 per hour, or over \$2500 per year in his paycheck, guaranteed. This 4.3% will also compound every year with other pay increases, so has a permanent and increasing value that profit sharing does not.

I also checked with our senior leadership that was directly involved with the high level merger MOU discussions, and I believe the following points I learned are also important.

- To begin the meeting, US Airways negotiators congratulated the TWU for doing such great work preserving jobs. They would never have allowed an agreement with a 35% outsourcing cap, they said. They fully expected the TWU to simply agree and sign an MOU that they had written, which included no money.
- US Airways was under no obligation to negotiate with us. A merger does not require TWU consent or participation, and will go through with or without an MOU with us.
- The 4.3% pay increase was negotiated from zero, and was entirely upside (new money).
- The 4.3% pay increase was not tied to any formula or specific dollar value, nor was it based on what APA or APFA did. Discussions were centered on the highest percentage pay increase we could extract in exchange for an MOU to make a merger transition easier for them, without coming away with nothing.
- The TWU did not “trade” profit sharing for the pay increase. US Airways was adamant that an MOU that contained any money for our members would require removal of the profit sharing provision.

Let me know if you have any questions.

John

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