

To: All TWU-Represented Stores Members

From: TWU Stores Negotiating Committee

Subject: Stores Tentative Agreement May 5, 2010

Dear Brothers and Sisters:

The attached are highlights and excerpts of the recent Tentative Agreement (T/A). The complete full text Material Logistics Specialists (formerly known as Stock Clerks) Tentative Agreement will be distributed to all American Airlines TWU-represented Locals in the near future. When you receive the full text tentative agreement we would encourage all of you to review all full-text changes so you can completely understand all the proposed contractual provisions when it becomes available to you.

Article 1 – SCOPE

- New language incorporated in the agreement to protect members in case of “mergers”, “acquisitions” and/or “spin-offs.”

ASM Cap Changes

- Agreed to allow the current Eagle Available Seat Miles (ASM) to increase:
 - Modify the cap from 6% to 10% with the current counting methodology, but excluding the following additional markets from the ASM Cap:
 - BNA, RDU, SJC, STL Eagle routing
 - Eagle pre-1993 ASMs
 - Markets in which AA and AE both fly

Article 2 – Definitions

- Added or clarified the following terms:
 - “Basic” classification means non-bid classification as referenced in Article 11.
 - Changed name from “Stock Clerk” to “Material Logistics Specialists”.
 - Changed “Classification Seniority” to “Pay Seniority” for clarification purposes. No change in intent.
 - “Complex” replaces “Set” and denotes a group of cities in close geographical proximity as referred to in Article 46(a).
 - “Days” will mean “Calendar” day(s), unless otherwise specified.
 - Changed bid position to “Higher Capacity” (HC) and refers to the following positions:
 - “Crew Chief”, and “Technical Crew Chief” in the Title V group.
 - “Maintenance Base” will refer to TULE, AFW, and MCIE

Article 3 – Hours of Work

- Removed the 1/7th work schedule restriction at Overhaul Bases, Article 3(i), as determined by the Managing Director of Supply by each work unit, based on operational needs.

Article 4 - Compensation

- **Signing bonus of 6% lump sum (at new pay rate) on date of signing for Base employees, except the Control Materials Storage (CMS) personnel, who will be getting the Hazardous Material premium instead.**
- All Title 5 Members will receive:
 - 3% structural increase effective May 5, 2010
 - 1.5% structural increase effective May 5, 2011
 - 1.5% structural increase effective May 5, 2012
- Premium pay changes including:
 - Higher Capacity Premium: Increase one dollar to \$2.75/hour effective May 5, 2010
 - Hazardous Material Premium: Create a \$0.75/hour premium for all Line personnel and Base CMS personnel, effective May 5, 2010.

- Weekend Shift Premium for Overhaul Bases: Create a \$0.50/hour premium for shifts beginning between 2100 Friday and 2100 Sunday, effective May 5, 2010.
- Base Employee Gain Sharing plan: Mutually commit to develop a variable compensation plan and implemented within 180 days from DOS.

Article 5 – Shift Differential

- Current Book

Article 6 – Overtime

- **Eliminated the 40-hour work requirement in Article 6(b).**

Article 7 - Holidays

- Increase total number of holidays from five (5) to eight (8) per year. (Memorial Day, Good Friday and Day after Thanksgiving)
- Increase Holiday Work (HW) rate of pay from one-and-a-half times (1.5 X) to double-time (2 X).

Article 8 – Vacations

- Provide two (2) paid “Personal Days” per year, effective date of signing. Employees may receive pay in lieu of taking the days, which will be paid by January 31 of the following year.
- Increase the accrual rate for employees with less than five (5) years seniority to eighty (80) hours of vacation per year, or two weeks.

Article 9 – Probationary Period

- No Changes

Article 10 – Seniority

- Notification provision to discuss with the Local TWU President or his designee in advance of its intent to make an MPR assignment.
- Added language to clarify initial placement on seniority list for tie breakers.

Article 11 – Classifications and Qualifications

- Added name change to Material Logistic Specialists

Article 12 – Promotions and Jobs To Be Posted

- Added Higher Capacity position evaluation for Crew Chiefs.
- Added provision to utilize Electronic Transfer/Bid System.
- Added language for new Electronic Transfer/Bid process and time requirements.
- Modified transfer memorandum to reduce steps in filling of vacancies at Bases.
- Crew Chiefs will be utilized on off shifts e.g. CS/OT if regularly assigned Crew Chief for that shift is unavailable

Article 13 – Seniority Lists

- Master Seniority lists on Jetnet updated daily.
- Added language that the Local Union will assist with the investigation of the seniority protests.
- Clarified Seniority Protest filing procedures and Protest Panel meeting times.
- Clarified panel decisions will be forwarded to the TWU Local and posted on the ATD website.

- Added language that any adjustment to Occupational Seniority resulting from a transfer bypass will result in a simultaneous Pay seniority adjustment.

Article 14 – Loss Of Seniority

- Added language to accrue seniority “indefinitely.”

Article 15 – Reduction In Force

- Added clarification language throughout the Article to flow the Reduction in Force (RIF) process.
- System options are now outlined for Title V, Basic Classification (non-bid) and Higher Capacity (bid) positions protected or unprotected.
- Phraseology has been adopted to reflect changes made throughout the agreement, Pay seniority, Higher Capacity, etc...
- Language incorporated to reflect current practice of “re-sizing” the juniority list.
- Clear direction and timelines are provided for employees and company administrators involved in a Reduction in Force (RIF).

Article 16 – Recall

- New provision to allow unlimited occupational seniority accrual and unlimited recall.
- New language for employee requirements for updating contact information.
- New language to include instructions for employee and a required report date' and ' in writing
- New language 'accept of refuse using the online tool' within 'seven (7)' calendar days
- New language for employee requirements who has accepted recall involving background checks
- New language for any employee who has been laid off and is off payroll that fails to notify the Company will be considered to have refused recall and will lose all right to any recall and his seniority will be forfeited in that Title group
- New language for employees that require extension time limits due to extenuating circumstances
- New language to provide a “Validation” Committee of TWU and Management and completion date, along with the new unlimited accrual of seniority and unlimited recall right to be prospective from DOS.
- New language to clarify the correlation between Articles 10 and 16 (a).

Article 17 – Leaves of Absence

- New Government Leave for those in elected office
- New language for accrual of “Pay” seniority during injury
- Clarified Leave of Absence (LOA) processes

Article 18 – Military Leave

- Clarified language- no change to the intent

Article 19 – Termination of Employment

- Current Book

Article 20 – Bulletin Boards

- Current Book

Article 21 - Rotation of Shifts

- Commitment to discuss and explore using online tool for local bidding.

Article 22 – Intentionally Left Blank

- N/A

Article 23 - Attendance at Hearings, Investigations or Training Classes

- Employee attending training on day off will be paid overtime rates.
- New language begin travel time sixty (60) minutes before scheduled departure.

Article 24 - Absence from Duty

- Current Book

Article 25 - Recall and Call – in Work

- Incorporated language from previous attachments

Article 26 – Field Work

- Added new language for stand by time
- New language for field trips to retrieve parts or tools at locations not staffed

Article 27 – General

- New language that both the Company and the Union mutually pledge their commitment to a culture of safety in the workplace
- New language for notification process and corrective action in a reasonable time frame on safety complaints
- New language for processing safety issues for when safety action taken is not satisfactory
- New language for the frequency of safety meetings
- New language for TWU Safety representatives to receive reports
- New language for adjusting days off for Jury Duty
- New language that the Company will not reimburse the cost of lost or stolen badges.

Article 28 – No Discrimination, and Recognition of Rights and Compliance

- New language for letters of discipline properly assessed in the event of a sit-down, walkout, stoppage, strike, slowdown or curtailment of work will not be subject to the two year time frame to remain in record.

Article 29 – Representation

- Current Book

Article 30 – Grievance Procedure for Dismissal/Corrective Action

- Changed Title to Article 30 – Grievance Procedure for Dismissal/Corrective Action
- Changed Article to be specific for cases involving dismissal or corrective action of a member
- The intent of these changes was to combine dismissal and corrective action into one Article.

- Incorporated Letter of Agreement language on time limits

Article 31 - Grievance Procedure for Contractual Disputes

- Changed Title to Article 31 – Grievance Procedure for Contractual Disputes
- Changed Article to be specific for cases involving contractual violations/interpretations
- Clarification of time limits from Chief Operating Officer decision

Article 32 – Boards of Adjustment

- Clarified postponement procedures
- New language for clarifying late documents and witness list timeframe
- New language the parties will explore grievance tracking system

Article 33 – No Strike – No Lock Out

- Current Book

Article 34 – Sick Leave

- Increased the sick leave accrual rate from five (5) to eight (8) days per year.
- Increased the maximum accumulation of sick time from 1200 hours (150 days) to 2000 hours (250 days). This was made in conjunction with the Retiree Medical proposal.

Article 35 – Temporary Employees

- Current Book

Article 36 – Meal Periods

- Current Book

Article 37 – Severance Allowance

- New language clarifying severance pay outs will be paid as a lump sum

Article 38 – Union Security

- Updated mailing addresses

Article 39 – Fitness for Duty

- Re-wrote Article to comply with today's practice
- New language fitness for duty
- New language temporary restrictions
- New language permanent restrictions
- New language Medical Review Board
- New pay protection language or the usage of sick time if being held out for medical determination.
- New language appeals process and or Accommodation Review Board.

Article 40 – Pension

- Provide a defined contribution 401(k) plan for new hires.
 - After one year of eligible service, new hires will receive an automatic 2.5% company contribution to the Super Saver Plus 401(k) plan, based on qualified pensionable earnings with no employee contribution required.
 - After one year of eligible service, the company will also **provide** a 100% match for employee contributions up to a maximum of 3%, for a total maximum company contribution of 5.5%.

Article 41 – Benefits- Retiree Medical

- **Current Retirees:**
 - No changes to plans for current retirees.
- **Current Employees 50 or older (with either 120 months prefunding or who opted into prefunding when first eligible):**
 - No changes to current plans.
- **Current Employees 49 or Younger**
 - **Pre-65:** Employees may fund Pre-65 retiree medical coverage with sick bank hours at a rate of 20 hours per month of coverage for themselves and all eligible dependents. Employee pre-funding does not apply and the Sick Leave article will be amended to accrue a maximum of eight (8) days per year and to change the maximum accrual to 250 days (2000 Hours). If a retiree's sick bank is insufficient to provide medical coverage until the retiree turns 65, the retiree will pay monthly premiums at the same rate as other groups that are post-funding for retiree medical coverage at that time (currently 25% of the cost).
 - **Post-65:** Retirees will have access to a guaranteed issue Medicare supplement plan with no company subsidy.
- Employer prefunding contributions will cease at date of signing.
 - Eliminate the provision providing a \$25 per-sick-day payout upon retirement.
 - Under both options, the plan design will be the same as management, which includes preventive care in-network.
- Increase medical life-time maximum from \$300,000 to \$500,000
- **Employees who are less than age 44 as of 12/31/2010 will have the option to roll the prefunding refund into a 401(k) account or take a cash payout.**
- **Employees who are 45, 46, 47, 48 or 49 years of age as of 12/31/10 will have the same options as outlined above or the option to not receive a prefunding refund and have sick leave credits added to the employee's existing sick leave bank, at the time of retirement, for retiree medical as follows:**

Age 49 as of 12/31/10:	840 hours of sick leave credits
Age 48 as of 12/31/10:	720 hours of sick leave credits
Age 47 as of 12/31/10:	630 hours of sick leave credits
Age 46 as of 12/31/10:	540 hours of sick leave credits
Age 45 as of 12/31/10:	480 hours of sick leave credits
- **However, at the time of retirement, the company will look back at your time on payroll since 5/5/2010, and if there are any occurrences of illness or injury that used 45 or more consecutive days of sick time, the company will replenish those sick days, which then can be used toward your sick conversion for retiree medical coverage.**

New Hires

Pre-65: New hires may fund Pre-65 retiree medical coverage with sick bank hours at a rate of 20 hours per month of coverage for themselves and all eligible dependents. Employee pre-funding does not apply and the Sick Leave Article will be amended to accrue a maximum of eight (8) days per year and to change the maximum accrual to 250 days. If a retiree's sick bank is insufficient to provide medical coverage until the retiree turns 65, the retiree will pay monthly premiums, actuarially based on family status and age bands at the retiree's expense.

Post-65: Retirees will have access to a guaranteed issue Medicare supplement plan with no company subsidy.

- Create a Joint committee to explore the feasibility of a Voluntary Employee Beneficiary Association (VEBA) Trust for Retiree Medical to be administered by the TWU.
- The Union and Company will enter into a side letter to address the Sick Leave conversion method for SJU employees.

Article 42 – Job Security

- Removed 2003 attachment

Article 43 – Part Time Employees

- Current Book

Article 44 – Moving Expenses / Optional Severance for Protected Employees

- Added language - \$12,500 moving allowance for Crew Chief bump.

Article 45 – Effect on Prior Agreements

- Current Book

Article 46 – One Station Complex Agreements

- New language clarifies one-station complex bumping procedures.
- Members retain recall rights to the station they were displaced prior to transfer's being awarded within the one-station complex.

Article 47- Duration of Agreement

- Established the duration of the agreement as three years (3) from May 5, 2010. This includes a provision which would allow either party to open six (6) months early.
- Wage Adjustment Provision ("Wage Opener"). This provision is to ensure that the TWU classifications maintain their compensation standing with the industry comparators up until the amendable date of this agreement.

Miscellaneous Letters

- DWH letter extended pending negotiations
- Letter of Agreement concerning Pension and Retiree medical benefits of a similar structure with the APA and APFA agreements
- Letter of Agreement for a 'Profit Sharing Plan': Replace the current AIP plan with an un-capped annual profit sharing plan that rewards employees at the "first dollar" of pre-tax earnings, excluding "special", "unusual" and "non-recurring" items.

In closing, we anticipate the full text tentative agreement to be sent to the locals in late June or early July. You will have 30 days to review it in its entirety prior to voting. We encourage all our members to educate yourselves with the contents, there are a number of significant revisions pertaining to scope, mergers and acquisitions, work rules, pensions, retiree medical and the administration of the agreement.

Consult with TWU Shop Stewards or Officers to answer any questions.

Fraternally,

Your Stores Bargaining Committee