

Q. If it is determined by AAA that the contract is ratified on August 24th, what will be designated as the DOS?

A. August 24th or the date AA is notified from the Intl TWU that the ratification results are official.

Article 1 Recognition and Scope

Background: Regarding changes in Article 1, specifically, the Successorship and Substantial Sale provisions. A few years back, TWU members were concerned and asked what could be done in case AA spun off Aircraft Maintenance and Engineering or a significant portion. This was driven by press reports regarding what assets American had available to raise capital and what United had done e.g. United Services and Delta with Delta Tech Ops. A good example of this was in the 1990's, Lufthansa had created a subsidiary called Lufthansa Technik.

From day one of negotiations, the M&R committee asked and received help from the TWU Labor attorneys to provide language to put protection in the agreement should this happen.

Working with the attorneys, we were told we could not prevent a sale/spinoff as long as it met the requirements of Article 1 para (e). However, we could make sure our Members would be given consideration should this happen. The language in the agreement today is not exactly as we proposed in November 2007. The language was constructed with the TWU Labor attorneys and AA legal department to mitigate the impact to our Members should AA ever decide to sell or spin off M&E.

The new language is in addition to the current protection in Article 1 para. (e) which states:

(e) Contracting Out of Work. In the interest of providing stable employment, but nevertheless to permit the Company to maintain and continue the development of air transportation under applicable laws, the Company will perform aircraft and aircraft component maintenance and overhaul, and other related work, as its present employees have the normal time and the skills to perform, and for which the Company can reasonably make available the necessary facilities.

(1) Additionally, it is agreed that the Company may continue to contract out work not exceeding the scope of its present contracting out practices. The Company will provide to the Union, in January and July of each year, a report, which indicates the extent of the aircraft maintenance work, which has been contracted out as a percentage of the total aircraft maintenance expense in the preceding six (6) months for purposes of ensuring consistency with this obligation.

Unfortunately, the new language is being portrayed by a few as a detriment instead of the fact that it is added protection for TWU members.

Q. How do the changes in the Successorship and the addition of the Substantial Asset Sale affect me?

A. The Successorship provision provides certain protections in the event AA is sold, merged, or acquired by another entity, including another airline. Under the provision, the Company cannot finalize such a transaction unless the successor agrees to recognize the TWU as the representative of the employees on the TWU Seniority List, employ all employees on the TWU Seniority List, and be bound by the terms of the AA/TWU Agreement. (It further provides that if the successor is an air carrier or affiliate of an air carrier American will, at TWU's option, require the successor to integrate seniority lists in a fair and equitable manner.)

**AA/TWU M&R Tentative Agreement
Q&A Addendum**

July 26, 2010

The Substantial Asset Sale provision provides new, additional protections in the event AA, for example, sells or transfers a defined portion of its M&E facilities to an entity that is or plans to operate as an air carrier or repair station. Under this provision, the acquiring entity must offer jobs to that number of employees on the TWU Seniority List at least equal to the number of employees required to staff that portion of the facilities sold or transferred by AA, and integrate those employees into its seniority list in a fair and equitable manner.

Q. Under Article 1 (I), Other Labor Protective Provisions In Substantial Asset Sale, if AA were to sell one of the M & E bases or line maintenance operation/assets, would I be able to bump the remaining portion of the system or would I only be eligible for rehire at the new company.

A. The Substantial Asset Sale provision only comes into play when a transfer transaction involving AA's aircraft maintenance facilities meets the 20% threshold, so the parties would need to first determine whether the transaction meets that substantial threshold. If such a transaction met the 20% threshold, and the transaction was concluded, you would remain an AA employee and you would still be covered by the AA/TWU Agreement, and would be able to exercise your seniority rights under the Agreement to bump within the system. The acquiring entity would be obligated to offer jobs to employees on the TWU Seniority List, as described above in the Answer above.

Q. Say Rolls/AA wanted to create a one stop shop at AFW; how would the Substantial Asset Sale provision protect me? Would I be an AA employee, a Rolls employee, or an employee of the new company? How would this affect my transfer rights at AA? What if there was a RIF at the new company, would I still have my rights to bump the system?

A. Each transaction would need to be evaluated on its own facts and circumstances to determine if the Substantial Asset Sale provision was applicable, and also what other rights and obligations under the AA/TWU Agreement may be applicable. See also Answer above.

Q. The language in Article 1 does not address the ability to bump the system, nor does it say I am guaranteed a job at a newly formed company. All it states is the acquiring party will have to provide jobs and honor the existing collective bargaining agreement for that number of employees responsible for the portion affected by the transaction.

A. See Answers above.

Q. Will the affected TWU/AA employees be hired, or will the new company just have to hire an equal amount of employees? Also if the company is held outside of AMR corporation, how does AA and the TWU intend to enforce the honoring of the CBA in an at will state with at will employees.

A. See Answer above. The Railway Labor Act, the law pursuant to which the AA/TWU Agreement is negotiated, maintained, and governed, preempts state right-to-work laws.

Q. What is the definition of an "Aircraft Maintenance Facility"?

- 1) Is it a Hanger? A Maintenance Base? A portion of a Maintenance Base?
- 2) Is it the area for A/C maintenance repair "only" considered and is it less office, storage, and/or break area space?
- 3) Could or is the footprint of gate space at the terminal considered a maintenance facility since we perform aircraft maintenance there?

**AA/TWU M&R Tentative Agreement
Q&A Addendum**

July 26, 2010

A: The parties have agreed that "Aircraft Maintenance Facilities" include all facilities operated by the Company for the maintenance of its aircraft.

Q. What is the definition of "constitutes 20% or more of the value of the Aircraft Maintenance Facilities of the Company"?

- 1) Define "Value"?
- 2) How has or will the "value" be determined? And by whom?
- 3) What are some examples of "20% or more of the value of the Aircraft Maintenance Facilities of the Company" by base or station and/or by groups of bases or stations?

A: There is not a separate definition in the T/A of "constitutes 20% or more of the market value of the Aircraft Maintenance Facilities of the Company." It is the threshold the parties agreed to that triggers the applicability of the new, additional protections in the substantial asset transaction scenario.

Q. What would happen if a transaction took place that was less than the 20% threshold?

A. If a transaction took place under the 20% threshold (or above 20%) and if the transaction was considered part of AA (single carrier-e.g. subsidiary), the employees would be considered AA employees (TWU members) and would have all the same rights under the collective bargaining agreement. If the company tried to sell off said portion in lieu of creating a subsidiary, Article 1 para (e) would protect the TWU members affected.

Q. If a base is sold, does it remain under the Railway Labor Act? (both Oklahoma and Texas are right to work states)

A. If a Maintenance base is sold to an outside entity, the buyer (or successor) would have to honor the collective bargaining agreement. The condition of the sale would require the successor to maintain the CBA with the TWU to enable them to perform the work. If the successor did not maintain the agreement, it would be like any other contractual violation, and subject to resolution through the grievance process or through outside legal action.

Whether the successor is under the RLA or not is not relevant. If it is another air carrier, it would remain under the RLA. Which law it falls under is determined by the character of the owner. If, for instance, UPS bought the facility, since it is not an air carrier and not under the RLA, then it would be under the NLRA, but the buyer would still have to honor the terms of the existing collective bargaining agreement. Being located in a right to work state would not trump the CBA.

Article 2 – Definitions

Q. In Article 2 – Definitions, paragraph (n), "Maintenance Base" as used in this Agreement will include the following locations; TULE, AFW, and MCIE. Why is DWH not listed here?

A. The parties agreed to discuss DWH subsequent to ratification and depending on the outcome of those discussions, may require the addition of DWH to the definition. It was premature to add it to Article 2 at this time.

Article 4 – Compensation

Q. Will I receive a check for all hours worked since May 5, 2010 that will include that license premium?

A. Yes.

Q. If the 24th is the date and I retire on August 31st, will I be eligible for the 6% signing bonus and the 3% back pay?

A. Yes.

Q. If I am a line mechanic at MCI and I am carried on the MCIE seniority roster, will I be eligible for the 6% bonus?

A. No, if you are line mechanic you will receive the appropriate compensation and premiums as a line mechanic.

Article 11 – Classifications and Qualifications

Q. Can you describe how a reduction in force would work at the bases with the new classification of Support Mechanic Airframe? Example: A Senior AMT is laid off and the only less senior employee available to bump is the new Support Mechanic Airframe – what would happen to the Support Mechanic and his license pay?

A. If an AMT is provided a reduction in force notice, one of the options available will be to displace a less senior employee in a lower classification, of which the SMA will be one of them.

Q. What about the AMT's Pay? If his only option is to the SMA position, will he keep License Pay or lose 1 of them?

A. He would continue to receive pay for both licenses. In Article 15c(5) of the TA, it states:
(5) The parties have agreed that if an Aviation Maintenance Technician, as a result of a reduction in force, **elects to displace** an Overhaul Support Mechanic, **Support Mechanic Airframe**, he will carry his classification, appropriate **pay seniority**, and chart rate with him. He will receive any License Premium or any Skill Premium.

Q. What is meant by the language stating Support Mechanic Airframe will be limited to 20% of AMTs in Aircraft Overhaul (AO)?

A. At any of the overhaul bases, the company will be able to have Support Mechanic Airframe working on the docks, but no more than 20% of the total AO AMT dock population may be on the docks.

Q. Is this 20% in addition to the 25% OSM cap; wouldn't this for all practical purposes make it a 45% OSM/SMA (lower classification) cap?

A. The 20% SMA cap is measured differently and independently of the 25% OSM cap. The 25% OSM cap is the percentage of OSMs at a particular base that are allowed based on the number of Title I employees at that base.

Example: 25% OSM calculation - AFW

Number of OSMs = 223

Number of Title I employees = 1436

% of OSMs = 15.6%

The 20% SMA is measured against the number of AMTs in AO (on the airframe overhaul docks) at any given base. AMTs are included in the Title I number used above.

**AA/TWU M&R Tentative Agreement
Q&A Addendum**

July 26, 2010

Hypothetical Example - AFW
Number of SMAs = 25
Number of AMTs in AO (on the docks) at AFW = 200
% of SMAs = 12.5%

Since the SMA percentage is based on a subset of the Title I employees used in the OSM cap calculation, you cannot combine the OSM and SMA to establish a common percentage because they are measured against two different criteria. OSM cap is a percentage against all the Title I employees at the base, while the SMA percentage is more limiting against the AMTs at a base assigned to AO.

Q. During a reduction in force, can a senior SMA be displaced by a junior AMT?

A. No, a senior SMA will not be able to displace a junior AMT.

Q. Can a senior SMA be bumped by a junior AMT, the way it is answered is not correct so can a Junior AMT displace a Senior SMA during a RIF?

A. Title I seniority governs with respect to displacing in a lower classification. An AMT less senior to an SMA, cannot displace the SMA. It is seniority driven.

Q. With regards to the new SMA classification, what is the definition of "airframe?" Where does the line reside between airframe work and systems work? As an example, landing gear removal and replacement. Traditionally, this is a systems job. How about ailerons and their rigging? These are just 2 traditionally systems jobs that we are wondering where they will fall in this new classification.

A. Based on Attachment 11.17 and the SMA job description in Article 11, is not intended to have SMAs perform landing gear removal and replacement work, nor aileron rigging. Since this is a new classification, Attachment 11.17 includes the formation of a SMA review panel to review and decide upon these work related type issues.

Q. On page 112, it seems there are some who believe that it is a loophole and that an AMT who is reduced will not keep his License pay, please clarify.

A. A RIF'd AMT who displaces an SMA or OSM will retain his/her license premiums.

Q. I am a laid off AMT working in the Paint Shop at AFW as an AMT-O, all I ever do is OSM work (paint airplanes), with the new language in the T/A do I get paid my licenses premium?

A. Yes, if you are an AMTO you will be restored to an AMT with license premiums. However, you will be subject to reassignment to an AMT position as soon as one becomes available.

Article 12 – Promotions and Jobs to be Posted

Q. What happens in a Crew Chief evaluation when the local TWU and management do not agree and the panel deadlocks?

A. In a panel review, if the members of the panel, consisting of 2 members from the TWU and 2 members from management become deadlocked on the case before them, the review will be referred to the Chief Operating Officer and the TWU Local President. If there is still a deadlock at that point the employee has the right to grieve.

**AA/TWU M&R Tentative Agreement
Q&A Addendum**

July 26, 2010

Q. What were the changes to the base labor loan procedures and how will the changes work?

A. The base labor loan is intended to allow flexibility to move resources within a business unit based on operational requirements.

Q. In the tentative agreement's Article 12 Transfer memorandum, can you explain how I would be able to transfer within the base? It seems like I am unable to transfer to other areas on the base. Also what does the change to transfer memorandum mean to me?

A. Article 12 Attachment 12.1 continues to provide transfer opportunities at the overhaul bases. Provision (b) of Attachment 12.1 provides the means for the Company to post vacancies to employees at the base and the criteria.

Article 27 – General

Q. Language was added to Article 27 (m), for actual days served. Could you please clarify what the intent of adding these words to the language? What does actual days served mean?

A. It was added to provide clarity as in some cases members on the off shift have been called and had to grieve for their "day" of pay and others had been called and dismissed. At some locations the Company wanted to pay partial days, we felt this best clarified the problem if your called and showed up and do your duty you would receive your pay from AA for the entire day.

Q. If I am summoned and show up at Jury Duty and then are released without payment, I will get credit for the day for Jury Duty from AA? All I am required to provide is my summons correct, we are not required to get paid by the court to get paid by AA?

A. You need to provide some evidence that you appeared at court for jury duty and were released without payment.

Article 41 – Retiree Medical

Q. I read the FAQ on retiree medical after I was asked the following question; will the refund of retiree medical be considered taxable when it was pulled out of after-tax dollars in the first place?

A. No, only the investment earnings are considered taxable.

Q. What I found was that there will be interest paid on that money when it is distributed. So is it the interest earnings that are taxable like on a bank account or is it the total amount?

A. Yes, just the interest earnings.

Q. If both my wife and myself are AA/TWU employees and my wife is younger than 50 years of age as of 12/31/10 and I am older than 50 can she choose to decline retiree medical and still fall under my benefit?

A. While either is employed, one can opt out of insurance and be a spouse on the other's plan. When one retires, as long as the other is employed, the retiree can be covered as a spouse on the active employee's plan. When both are retired, each must have their own plan, so when both are retired, the over 50 would continue under the existing plan, and the under 50

**AA/TWU M&R Tentative Agreement
Q&A Addendum**

July 26, 2010

would go into retiree medical based on the under 50 rules, using sick and, if applicable, the enhanced reinstated sick to cover the retiree medical below 65, and the post 65 rule for the under 50 employee.

Q. In the LOM 11 (VEBA Letter) can you please explain the intent of the letter specifically? What does it mean when it states:

In the interest of finding a mutually beneficial solution, the Company and the TWU commit to form a joint committee with the sole purpose to explore the feasibility of establishing a Voluntary Employees' Beneficiary Association (VEBA) similar to the agreement between the UAW and General Motors that was approved in 2007.

A. The sole purpose of the letter is to form a joint committee (TWU and AA) to explore the feasibility of establishing a VEBA, the letters purpose is not to establish a VEBA it is only a commitment to look into one.

Any changes to retiree medical would still need to be negotiated between the TWU and AA and then voted on by the membership.