

TWU Early-Out Incentive Program Q&A – May 10, 2012

The company is responding to these questions based on its interpretation of the various plans, however, nothing in this document modifies the actual plan documents and in the event of a conflict, the plan documents will supersede this Q&A.

Process

When will I be able to sign up for the Early-Out?

Information about the sign-up window will be available subsequent to ratification of the TWU agreements.

How do I sign up for the Early-Out?

That process is still being finalized, but will most likely be similar to how employees sign up for Stand-in-Stead options.

Once I submit my name for the Early-Out package, can it be rescinded?

As long as the Early-Out window is open, you can add or remove your name. Once the window closes, you cannot add or remove your name. You will have the ability to accept or refuse the Early-Out package when the granting of the award takes place and upon notification from the company. If you accept the Early-Out package, you cannot change your mind and refuse it. If you refuse the Early-Out package, you cannot change your mind and accept it.

How will my manager know I selected the Early-Out program?

Your manager will have to approve your election.

Who will determine my last day?

The company will decide the release dates based on operational needs.

Can a manager limit the number of employees in a department who can take the Early-Out option?

Yes. However, the underlying intent in offering this Early-Out was to mitigate involuntary furloughs. Therefore, at stations and locations where there are expected furloughs, managers should be granting the number of Early-Out options based on the number of furloughs within each classification and status. With respect to requests up and above the number of furloughs, the manager may limit or deny those employee elections based on operational needs. M&E has committed to granting all Early-Out requests for eligible AMTs, Title II and Stores employees. Employees' last day of work will be dependent on operational requirements, but the company will consider seniority and an individual's preference, to the extent possible, when awarding exit dates.

If I don't take the Early-Out and I am later considered for layoff, can I go back and elect the Early-Out?

No. The Early-Out program will be offered as part of the implementation of the AA/TWU restructuring agreements on a one-time basis.

What if I owe the company money when I leave?

Payroll will deduct any money owed to the company from your final check, such as travel service charges or paycheck advances. Normally, all separated employees have their AA Credit Union loan payments converted from payroll deduction to monthly coupon payments. To cover the period between the end of your employment and the receipt of your coupon book, the

equivalent of one month's deductions for each of your loans will be withheld from your final paycheck.

What happens if one or more of the TWU-represented workgroups doesn't vote in their proposal? Will the Early-Out still be available?

The Early Out is only available and will only be implemented for workgroups that ratify their agreement.

Eligibility

I'm on a leave with reinstatement rights. Can I elect the Early-Out?

Yes. You are eligible if you are on an approved leave of absence. A leave of absence with reinstatement rights meets those criteria.

If I'm on furlough, am I eligible for the Early-Out?

No. Employees on layoff as of DOS are not eligible for the Early-Out.

Can I bridge to retirement if I take the Early-Out?

The company is not offering any type of bridge to retirement program as part of the settlement proposals.

How do I know if I have System or Station protection?

Go to the [Careers](#) page in Jetnet and consult the [Seniority Lists](#) for your Title group. The seniority list indicates who has system or station protection

Benefits

Will changes to company policy, benefits and privileges apply to me if I take the Early-Out Incentive Package?

Yes. Employees participating in the Early-Out agree to be bound by all relevant policies and plans, and acknowledge and agree that any change to those policies, benefits and privileges apply to them just as to active employees. A package regarding all the benefits, policies and privileges will be provided to each eligible employee.

Will I maintain my recall rights?

Everyone who is approved for the Early-Out program will be required to forfeit seniority and relinquish any and all claim to reemployment and recall.

Will I be paid for my unused sick time?

The provision in Article 34 of the AA/TWU agreements relative to the payout of \$25 per day based on 8 hours per day for unused sick time has not been changed as part of this settlement proposal. Therefore, if you meet the retiree age and service requirements at the time you take the EO Program, you will receive this payment at the time you commence your retirement.

If someone takes the Early-Out option, will they be eligible for unemployment?

Unemployment eligibility criteria vary by state, so it will depend on the state eligibility requirements in your particular state. Many states consider acceptance of an early out to be a "voluntary quit" and do not award unemployment benefits under those circumstances.

What happens to my unused vacation time?

Your unused vacation time will be paid out.

If I elect the Early-Out program, will I keep my employee number for use with benefits and travel privileges?

Yes.

When can I begin receiving my pension?

The Early-Out program does not involve your pension plan. Your decision to begin receiving your pension payment depends on several variables, such as your age and years of credited service. Refer to *Jetnet* for more information about your pension plan and how your benefit is calculated.

If I take the Early-Out package, will I be eligible for flight benefits?

You will be eligible for 18 months of travel (24 months if you have Perfect Attendance for the last 90 days) just as if you were furloughed, unless you meet the qualifications for retiree travel, in which case, you will be eligible for retiree travel.

Will those individuals who are younger than 50 as of date of signing who elect this option be eligible for travel benefits once again when they reach retirement age at 55?

No. If an employee leaves prior to qualifying for the 50-55 rule, they forfeit lifetime travel and access to retiree medical.

If I take the Early-Out and then retire, do I get my prefunding refunded or do I go into the retiree medical and go under the 1114 process?

That depends on the point in time that the employee retires. Following DOS, there will be an implementation period before the changes to retiree medical can be implemented. An employee retiring after the effective date of the change will be under the new arrangement and will get a refund of prefunding contributions. An employee who retires before the date of the change will be under the current plan and subject to the changes through the 1114 process. Depending on the outcome of the 1114, that employee may also receive a refund of prefunding contributions, but that is unknown at this time.

Cobra

If I am laid off mid-year and elect Cobra Benefits Coverage, do the copays, deductibles and max out of pocket start over?

No, the deductibles used before are continued under the Cobra coverage, because it is the same plan. Only the amount you pay for the medical coverage and method of payment are changed.

If I am already on Cobra coverage on Unpaid SKLOA and get laid off, does the Cobra coverage time frame extend past the 18 months?

If you are on an Unpaid SKLOA during the first 12 months and you are currently paying for your active medical coverage, you will be eligible for 18 months of COBRA continuation. Employees on COBRA following 12 months of medical coverage under the Unpaid SKLOA are eligible for 36 months of COBRA continuation. If you are already enrolled in COBRA from your Unpaid SKLOA, your Early-Out is not a second qualifying event; you will not be solicited for any additional COBRA continuation.

Examples

I am 44 years of age with 22 years of Company seniority as of date of signing and am **not affected by a RIF, am I eligible for the Early-Out?**

Since you do not meet the age requirement, you are not eligible.

I am 48 years of age with 14 years of Company seniority as of date of signing and am not affected by a RIF, am I eligible for the Early-Out?

Since you do not meet the service requirement, you are not eligible.

I am system-protected, 48 years of age with 14 years of Company seniority as of date of signing and am affected by a RIF, am I eligible for the Early-Out?

Since you do not meet the service requirement, you are not eligible for the Early-Out; however, you would be eligible for regular severance and the \$12,500 special severance.

I am not system-protected, 48 years of age with 17 years of Company seniority as of date of signing and am affected by a RIF, am I eligible for the Early-Out?

Since you do meet the age and service requirement, you are eligible for the Early-Out. You would be entitled to regular severance and the \$10,000 separation allowance. Since you are not system or station protected you are not entitled to the \$12,500 special severance.

I am not system-protected, 48 years of age with 17 years of Company seniority as of date of signing and am not affected by a RIF, am I eligible for the Early-Out?

Since you do meet the age and service requirement, you are eligible for the Early-Out. You would be entitled to regular severance and the \$10,000 separation allowance. Since you are not system or station protected you are not entitled to the \$12,500 special severance.

I meet the 45/15 criteria for the Early-Out and am based at a station that will be completely outsourced. Since I will be affected by a RIF, am I eligible for the Early-Out?

Yes, since you meet the age and service requirement you are eligible for the Early-Out.