

# AmericanAirlines®

July 11, 2012

Timothy J. Gillespie  
International Representative  
Transport Workers Union of America  
1791 Hurstview Drive  
Hurst, TX 76054

Dear Tim,

This letter will confirm our understanding relative to the implementation of the Early Out Letter of agreement contained within the recently ratified AA/TWU Fleet Service agreement.

As you know, in accordance with the "Me,too" provision, the Company cannot implement the new terms and conditions of the restructured agreement until such time consensual ratified agreements have been reached with all of the unions at AA or for those without consensual agreement, abrogation of the collective bargaining agreement through the 1113c process. Based on the current status of the APA, APFA and the TWU M&R and Stores agreements, implementation of the new terms of the AA/TWU Fleet agreement would not occur any sooner than mid to late August, 2012.

However, since the Fleet agreement has ratified and contains the Early Out letter, the Company is interested in opening the window for eligible employees to sign up for the Early Out starting July 23rd and closing on August 12<sup>th</sup>. Eligibility for the Early Out is based on age (45 years old) and Company seniority (15 years) as of August 15, 2012. The August 15, 2012 is subject to change and is based on the assumption the effective date for the new terms of the AA/TWU Fleet agreement will be August 15, 2012.

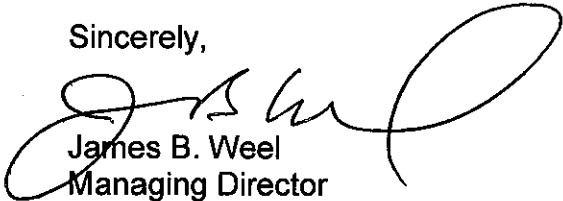
In providing this opportunity, it will allow employee's sufficient time to consider their choice to sign up; however, the Company will not grant or award any of the Early Out opportunities until such time the conditions have been met to fully implement the new terms of the AA/TWU Fleet agreement as outlined above.

In addition, the Company will simultaneously open the window of opportunity for employees not eligible for the Early Out, to sign up for the Stand in Stead (SIS) program. In the interest of ensuring employees are signing up for the Early Out or the SIS based on their eligibility, the names on the **current SIS list as of July 22, 2012 will be deleted**. Employees interested in the SIS will be able to sign up starting July 23, 2012. Since the SIS letter of agreement is a continual process, the ability to sign up will remain open indefinitely; however, we will notify you when we plan to pull the SIS list for purposes of awarding prior to the anticipated reduction in force.

The Company will distribute and provide communications to ensure employees are fully aware of the window of opportunity for both the Early Out and SIS programs for Fleet Service and Ground Service employees.

If the above accurately reflects your understanding of the agreement, please indicate by signing below. If you have any questions, please feel free to contact me at [REDACTED]-[REDACTED].

Sincerely,



James B. Weel  
Managing Director  
Employee Relations - TWU

Agreed to:



Timothy J. Gillespie  
International Representative  
Transport Workers Union, AFL-CIO

- cc: L. Einspanier
- Vice Presidents- Customer
- G. Drummond
- T. Hollinrake
- Managing Directors – Customer
- M. Waldron
- T. Herschell
- B. Gless
- D. Taber
- General Managers
- ER Opns Support Managers
- Talent Services

## LETTER OF MEMORANDUM – 5 – EARLY OUT INCENTIVE ALLOWANCE

DOS

Mr. Robert F. Gless  
Deputy Director - ATD  
AA System Coordinator  
Transport Workers Union of America, AFL-CIO  
1791 Hurstview Drive  
Hurst, TX 76054

### Early Out Incentive Allowance

Dear Robert,

During the 2012 restructuring negotiations, the TWU expressed an interest in reaching an agreement on an Early Out program that would provide a means to mitigate involuntary furloughs for TWU represented employees.

In the interest of reaching a consensual agreement for those TWU employee groups that will experience furloughs as a result of the terms and conditions agreed to within the respective AA/TWU restructuring agreements, the Company agrees to provide the following incentives on a one time basis:

1. **Eligibility:** Any TWU represented employee covered by the agreement who is on active payroll or an approved Leave of Absence as of DOS.
2. For employees who were system or station protected prior to DOS and who are subject to a reduction in force in accordance with Article 15 of the AA/TWU agreements in connection with implementation of the restructuring agreement:
  - a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
  - b. Provide the \$12,500 special severance payment under Article 44
  - c. In order to receive a. and b. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.
3. For all employees, whether affected by a reduction in force or not, who are willing to voluntarily separate from the Company to reduce the involuntary

reductions at that station or on the system and who are 45 years of age or older and have 15 years or more of Company seniority, the Company will:

- a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
- b. Provide the \$12,500 special severance payment under Article 44 (if the employee was system or station protected prior to DOS)
- c. Provide a \$10,000 separation allowance for full time employees/\$5000 for part time employees
- d. In order to receive a., b. and c. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.
- e. The Company maintains discretion as to the number of employees provided this Early Out incentive allowance and as to the separation dates for such employees. When the number of employees willing to accept this incentive exceeds the number the Company is willing to provide, occupational seniority will determine the employees awarded.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15 and Occupational seniority, therefore this agreement requires the International TWU's agreement. If you agree with the above, please indicate by signing below.

Sincerely,

James B. Weel  
Director  
Employee Relations

Agreed to:

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Robert F. Gless  
Deputy Director - ATD  
AA System Coordinator  
Transport Workers Union of America, AFL-CIO

Examples of estimated pre-tax payout amounts by TWU classification

	<u>Regular Severance<sup>1</sup></u>	<u>Sys. Protection Special Severance</u>	<u>Special Incentive</u>	<u>Total</u>
AMT - Line	\$17,030	\$12,500	\$10,000	\$39,530
AMT - Base	\$16,744	\$12,500	\$10,000	\$39,244
OSM	\$11,450	\$12,500	\$10,000	\$33,950
PM Mech - Line	\$15,314	\$12,500	\$10,000	\$37,814
PM Mech - Base	\$15,028	\$12,500	\$10,000	\$37,528
PMM	\$9,989	\$12,500	\$10,000	\$32,489
A/C Cleaner	\$9,672	\$12,500	\$10,000	\$32,172
Parts Washer	\$9,937	\$12,500	\$10,000	\$32,437
Utility Person	\$9,209	\$12,500	\$10,000	\$31,709
Cabin Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
Bldg Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
FSC - FT	\$11,159	\$12,500	\$10,000	\$33,659
FSC - PT	\$7,811	\$12,500	\$5,000	\$25,311
Ground Svc.	\$11,159	\$12,500	\$10,000	\$33,659
Stock Clerk	\$11,159	\$12,500	\$10,000	\$33,659
MCT	\$21,788	\$12,500	\$10,000	\$44,288
Dispatch	\$25,548	\$12,500	\$10,000	\$48,048

<sup>1</sup>Assumes 13 week's severance at max. rate including applicable premiums