

# Comparison of M&R Bankruptcy Agreements

This document is not intended to be a comprehensive comparison. It is intended to highlight major economic changes only.

	American TWU (July 2012)	United AMFA (2nd bankruptcy agreement May 2005)*	Northwest AMFA (Dec. 2005)	US Airways IAM (2nd bankruptcy agreement Jan. 2005)**
Duration	6 years, 48 month early opener	2005 - 5 years, 51 month early opener	AMFA went on strike about a month prior to bankruptcy and the concessionary Agreement that eventually went into place was the one imposed by NW during the strike. Contract was due to remain in effect for four full years after emergence from bankruptcy.	2005 - 5 years, 48 month early opener
Compensation	<ul style="list-style-type: none"> <li>- Base pay increase of 3.0% DOS;</li> <li>- Annual increases of 3.0%, 3.0%, 3.0%, 1.5%, 1.5%;</li> <li>- Industry comparable pay adjustment DOS+36</li> <li>- Committee to explore gain sharing program</li> </ul>	<ul style="list-style-type: none"> <li>- 2005 AMFA contract (2<sup>nd</sup> bankruptcy) - pay reduction (includes license premiums and differentials) of 3.9% DOS,</li> <li>- Annual increases of 1.5%, 1.5%, 1.5%, 1.5%</li> </ul>	<ul style="list-style-type: none"> <li>- Pay reduction of -34.6%</li> <li>- No annual increases.</li> </ul>	<ul style="list-style-type: none"> <li>- 2005 contract (2<sup>nd</sup> bankruptcy) - pay reduction of -8% DOS</li> <li>- Eliminate longevity, line and skill premiums</li> <li>- A (\$1.00) and P (\$1.00) license premiums reduced, apply only when work requires each license</li> <li>- Eliminate shift differential</li> <li>- Annual increases of 1.0%, 1.0%, 2.0%, 2.0%</li> </ul>

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Base Pay Projection over Duration	Top mechanic rate from \$27.20 to \$31.54 (16.0% increase over 6 years)	Top mechanic rate from \$25.38 to \$25.89 (2.0% increase over 5 years)	Top mechanic rate reduced from \$30.89 to \$22.95 (-34.6% reduction).	Top mechanic rate reduced from \$24.75 to \$24.17 (-2.4% reduction).
Scope and Outsourcing	<p><b>Title 2</b> Outsource cabin and building cleaning and eliminate classifications, outsource certain GSE and facility maintenance work at bases, cargo facilities and stations with fewer than 5475 annual departures; outsource plant maintenance work at HDQ, FSU, GSW and SOC. Outsource terminal and hangar facilities work except for bag systems, carousels, and jet bridges. Create MSP classification (replaces PM Man).</p> <p>Permits outsourcing of up to 35% of aircraft-related maintenance and up to 15% of Line Maintenance (within</p>	<p>Company may contract out heavy maintenance without restriction except that three C check lines at SFO may not be outsourced. UA may contract out up to 20% of all other maintenance including line, facilities and automotive; 747 and 777 HM at foreign repair stations is allowed Outsource computer technicians, utility and fueling.</p>	<p>The NWA-AMFA Bankruptcy Agreement of May 2005 effectively eliminated remaining job scope by allowing the company to outsource work to any vendor with a lower price.</p>	<p>Company may outsource all 757, 767 and A330 work except routine line; company may outsource 50% of 737 Q checks; company may outsource all shop work; PIT and CLT will be maintained as bases – all A320 S checks done in house</p> <p>Outsource all GSE except in hubs; outsource all plant maintenance except key work defined by company.</p> <p>Outsource all utility/bldg cleaner work except in hubs, eliminate lead inspector, and outsource deicing work.</p>

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	the total of 35% for M&E). Company to close AFW and relocate work to TULE or DWH.			
<b>Number of M&amp;R Employees pre- and post- bankruptcy</b>	<b>System Wide</b> 11,500 (Nov. 2011) 8,800 (Dec. 2014) Note: 2014 projection based on scope changes and job reductions planned by AA	14,828 (Dec. 2002) 4,785 (Dec. 2005) Note: many scope (outsourcing) changes were agreed to in first bankruptcy agreement in 2003.	DOT data shows a workforce of 5,862 M&R employees on 12/31/2000 was reduced to 1,460 by the time of the bankruptcy filing and to less than 300 at the combined Northwest /Delta carrier today.	3,317 (Dec. 2004) 2,223 (Dec. 2005)
<b>Vacation</b>	Eliminate 6th week of vacation.	No change – max vacation remained at 7 weeks for workers with more than 29 years of service.	Reduced to 4 week maximum at 9 years of service.	Reduced to maximum 4 weeks at 17 years.
<b>Overtime</b>	Max. OT pay 1.5x	Max. OT pay 1.5x	Max. OT pay 1.5x	Max. OT pay 1.5x

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Holidays	Book (5 holidays, HW paid at 1.5x)	Reduce statute holidays from 8 to 6, plus 2 floating holidays. HW paid at 2.0x	Six holidays - three at 1.5x and three at 2.5x. No rolling holiday (employee must work the actual holiday to receive HW pay)	Holidays reduced from 8 to 5. HW paid at double time.
Sick Leave	Book (Accrual 5 days. First day paid at 50%, 100% thereafter.)	Accrual 12 days. First 7 days paid at 75%, 100% thereafter.	Accrual 12 days. 100% pay for all SK.	First five days of each occurrence paid at 50%, 100% thereafter.
Pension	Defined Benefit Plan Frozen; replaced by 5.5% matching 401k plan.	Defined Benefit Plan terminated; replaced by 5.0% defined contribution plan.	Defined Benefit Plan Frozen; replaced by companywide 401k plan (no matching contribution stated in contract).	Defined Benefit Plan terminated; replaced by 3.0% defined contribution plan. Maintain 401k match (50% match of first 2% contributed by employee)
Retiree Medical	Company funded retiree medical eliminated. Employees will have access to a company sponsored pre-65 retiree medical option. Over 65 employees will be offered chance to purchase a guaranteed issue	Pre-Medicare: Employees pay between 40% and 80% of monthly premiums depending upon years of service. Post-Medicare: Employees pay 100% of monthly premiums for Medicare	Eliminated.	Pre-age 65 - Employee may apply sick bank at a rate of 38 hours per month (\$13.25 per hour). Once sick bank is exhausted employee has "access only" and must pay 100% of plan cost.

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	Medicare supplement plan. The employee and employer portion of prefunding balances will be returned to employees.	supplement less \$90 company contribution.		Post-age 65 – No plan or access.
<b>Early Out</b>	For employees at least 45 years old with at least 15 years of service, the company will offer a \$22,500 “early out” payment in addition to severance pay per the contract. Employees will give up recall and reemployment rights. Company will not limit the number of employees accepting.	Employees entitled to regular severance pay per the contract.  (Note: A special enhanced severance package was offered to utility and computer techs only due to outsourcing of entire work units. No mention found in Term Sheets or Contract detailing an enhanced severance applicable to AMTs, PM Mech’s etc. ).	Employees entitled to regular severance pay per the contract.	Employees w/ over 15 years of service electing voluntary separation offered regular severance pay per the contract plus lifetime flight benefits. Employees give up reemployment and recall rights.

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NOTES				
* United filed for bankruptcy in 2002 and negotiated two concessionary agreements in bankruptcy before emerging in 2005. The first bankruptcy agreement in 2003 did not contain sufficient concession dollars to allow the company to emerge from bankruptcy so a second round was completed in 2005. Most changes above reflect the impact of the second UA contract.				
*** US Airways filed for bankruptcy in 2003 and again in 2004 and negotiated two concessionary bankruptcy agreements. The changes above reflect the impact of only the second US Airways bankruptcy contract. The first bankruptcy included 19.7% in reductions to M&R compensation.				
M&R employee counts for UA, US and NW above from carrier DOT Form 41 data filings and the MIT Airline Data Project.				

**DELTA BANKRUPTCY:** No detailed information was available for Delta, but news reports state that all non-pilot employees took pay cuts of between 7% and 10% and all defined pension plans were frozen. DOT data shows that Delta reduced its mechanic and related work force from a pre-bankruptcy level of 7,357 to 4,872 by the time it emerged.