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October 15, 2012

TO: AA TWU Members – Title I, II and V

Re: TWU – ATD Local Restructure Update – Overview

Dear Brothers and Sisters:

The purpose of this letter is to provide you with important background information regarding the restructuring plan for Mechanic and Related Locals (M&R) that was announced at the October 2, 2012 Presidents Council Meeting. In particular, I want to provide you with the financial and practical reasons for the proposed restructuring.

The plan was not finalized until late September by the ATD and then presented to the International Administrative Committee (IAC) for approval. In short, the plan, if implemented, would merge all of the Line M&R Locals into one Local, realign base stations into Local 514 and place Title II into the joint Locals.

As further discussed below, each Local and their members may submit comments on the proposed plan; **these comments must be received by October 22, 2012.**

The Bases for Change

The principal reason for the proposed restructuring stems from the need to address changes resulting from the 2012 M&R and Material Logistics Specialists (MLS aka Stores) collective bargaining agreements. Specifically, as a result of these agreements, the M&R Locals need to significantly scale back expenses while preserving member representation. This is precisely what the restructuring plan seeks to accomplish.

The Reason for Cost Changes: There are two basic reasons for the need for cost reductions at the M&R Locals.

First, the negotiating committees for these agreements agreed to not retain (as a concession to the Company) the so-called “Baker Letter.” Under the Baker Letter, numerous Local officers and representatives performing Union work are paid by American Airlines. Effective December 1, 2012, with the elimination of the Baker Letter, these costs will be shifted to the M&R Locals, which will cause a significant increase in costs to these Locals.

To understand the significant additional costs that will be shouldered by the Locals as of December 1, consider that: a topped out AMT annual wage is over \$70,000

(2012 CBA) and then add benefits, taxes, and other costs. Then consider that there are over 20 Local representatives whose costs are covered by American. Thus, this is not a small amount of money involved.

Second, under the new agreements and as a result of the Company's planned acquisition of new aircraft, the number of mechanic members will likely drop from approximately 12,000 to under 8,000 by 2017, along with the accompanying drop in dues for the Locals.

These financial changes -- in the absence of a restructuring -- will cause financial pressure on the M&R Locals' ability to represent their members, as they will need to, among other things, reduce member representation time, cut steward training, give less time to local labor councils, and reduce political activities -- all of which are important to our labor union.

The Restructuring Plan to Cut Costs While Preserving Representation: In basic terms, the restructuring plan cuts costs by considerably reducing overlapping structures among the M&R Locals. For example, there will be one Line Local President and one Base Station Local President; one Line Local Treasurer and one Secretary and one Base Station Local Treasurer and one Secretary; one Line Local books to be handled and one Base Station Local books to be handled; one Line Local office and one Base Station Local office; and on and on -- rather than the numerous Presidents, Treasurers, Secretaries, books, and offices that currently exist.

At the same time, the restructuring will aim to use cost savings to continue the level of Union representation serving your interests. By consolidating and thereby cutting costs, the Locals are strengthened, versus what would happen without the restructuring, reinforcing their ability to serve your representation needs. Restructuring the Locals should also improve communications. Instead of numerous Locals presenting communications, which may be inconsistent at times, members would receive direct updates through the new streamlined Local structure.

Note also that our M&R and MLS agreements contain early opener provisions for 2017; it is imperative that our union be in a better position before then.

After the American M&R restructuring is complete, the ATD will continue to monitor Local structure and will consider further consolidation as appropriate.

The Planned Restructuring

What will the restructuring look like, if authorized by the International Executive Council and implemented as proposed by the ATD?

The most significant change would be the consolidation of the line maintenance Locals into a new Local -- Local 591. There would be an election of officers for Local 591 for Line M&R. The new Local Executive Board will initially be structured as follows:

Local 591 Executive Board

- President -- Responsible for ensuring proper administration of the agreement, responsible for signing off on all Locally applicable agreements (in accord with current Local practice), attend

all American Airlines VP level leadership meetings, attend all M&R contract negotiations, file 29(d) grievances, attend all Presidents Council Meetings;

- 1st Vice President – Responsible for coordinating all Regional Vice Presidents, based on recommendations from Regional Vice Presidents schedules cases for arbitration; duties as assigned by the President, also successor to President in the event that person is unable to complete their term of office;
- Regional Vice Presidents – There will be five regional vice presidents who will: be responsible for the members in their region; be the Grievance Chairperson in their respective region; coordinate with Local Arbitration Unit on cases going forward; be the point of contact for American Airlines Managing Directors in the region they are responsible for; and oversee the stewards body in their region;
- Secretary Treasurer – Responsible for all Local finances and budget;
- Recording Secretary – Responsible for all communication at the Local;
- Executive Board Members (two) – Responsible for tasks and committees as assigned by the Executive Board, one position set aside for Title I and one for Title V (additional positions will be determined by permanent Bylaws once officers take office);
- EAP Peer Coordinators – Responsible for EAP program within regions (these positions will be determined by permanent Bylaws once officers take office);
- Safety Coordinators – Responsible for oversight of System Safety with regions (these positions will be determined by permanent bylaws once officers take office);
- ASAP/SMS Representatives – Responsible for assisting members with understanding and using the ASAP and SMS programs, work with TWU International ASAP/SMS Representative (these positions will be determined by permanent Bylaws once officers take office).

Interim Bylaws for Local 591 are being completed (to be instituted if the planned restructuring takes place). After the election of Officers and the Executive Board members, these representatives will review the interim Bylaws and submit changes that they think will enhance effective representation of their members.

Local 514

As noted, the restructuring plan for the base membership calls for placing all such members in the same Local – Local 514. This will provide the benefit of ensuring consistent application of the contract and quality communication with the membership. For purposes of this change, the Local 514 Executive Board would remain essentially unchanged, except that its Bylaws should be reviewed to address the need for representation on the Executive Board for members at DWH and TAESL.

Title II

Title II would be split between the two primary work areas – base and Domestic Airport Services (DAS). This planned representational split is based on the following: to which management does the Title II group reports. Title II members in the base work for aircraft maintenance and those in DAS work primarily for passenger service. Because passenger service management directs the Title III and Title II DAS membership as well, it makes sense that they should be moved to the joint Locals in the line maintenance environment. In those Locals, the bylaws should be reviewed to address representation at the Local for Title II. Title II DAS membership will remain part of the M&R class and craft per NMB rules and negotiate with Title II at the bases. The Negotiating Bylaws will be updated to address Title II DAS member representation for negotiations by the joint Locals.

Additional Changes

There will also be a need to review and make appropriate changes to both the AA System Presidents Council Bylaws and the AA-Negotiating Committee Bylaws.

Comment Period

The ATD and IAC have asked that each Local and any member submit any comments to the International Secretary-Treasurer's office. The address is 501 3rd Street NW, 9th Floor, Washington, DC 20001, Attention: Joe Gordon, or send comments by email to the following:
j-gordon@twu.org.

These comments must be received by October 22, 2012 because the proposed plan will be submitted to the IEC for consideration on October 23, 2012.

Summary

As discussed above, many changes are proposed and TWU is soliciting your comments regarding the restructuring plan. It is also important that you be aware that your grievances will not be dropped and Union representation will be better supported (as described above).

Fraternally,



Robert Gless
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