TWU Follow Up Q and As

Does the current MOU eliminate the former “me too” language for comparison of wages, benefits and working conditions for non-union hourly and the non-union salaried and management employees of the Company for all “me too” purposes?

The "me too" was only with AA. If AA remained stand alone the "me too" would stay in effect through its defined expiration.

TWU understood that USAir was not a party to the original "me too”. It was important that we captured some key " me too " protection in the MOU. USAir reluctantly agreed to " me too" protection.

The TWU reserved its right “to maintain and/or assert a claim in regard to American’s other CBAs (per the “me too” letters) with APA and APFA as well as the other non-union groups through December 19, 2012.” (That is the date the court approved the last 1113 CBA). Additionally, this right also applies toward any new agreement entered into between American and APA or APFA between that date and prior to the Merger.

In short, <u>the “me too” provision is maintained</u> for TWU employees with regard to all groups to December 19, 2012; and after that date to the other unionized work groups at AA . At the time of merger the "me too" will no longer apply at all.

What is the difference between the earlier “me too” provision and the provisions that remain currently under the MOU?

The purpose of the initial “Me too” provision was to ensure that TWU represented class and crafts were treated no less favorably, with regard to target amounts of labor <u>savings</u> demanded by American, than other groups at the airline, both union and nonunion. That particular provision was to end the earlier of either the effectuation of concessions of all workgroups or six (6) months after AA emerged from the bankruptcy process.

The USAIR MOU will continue to protect TWU employees with terms no less favorable in the aggregate revisions for than any other group (union or non-union) as to prior targeted concessions up to December 19, 2012. However, after that date the USAir "me too " applies to any future agreed upon

improvements negotiated by APA or APFA (not to non-union groups) ---up until the merger.

In sum, USAir did not want any extension of the "Me too". Still, the TWU kept all of the "me too" intact through the last 1113 approved by the court; and, going forward we have the protection with regard to the other CBAs.

How would TWU enforce the MOU if the "me too" or any other provision is violated by American/US Airways?

Section 9 contains specific procedures for the resolution of any disputes between American/US Airways and TWU over the interpretation or application of the MOU. Any disputes will be handles on an expedited basis with a designated arbitrator. The dispute shall be heard no later than 30 days following a submission to the System Board, and shall be decided within 30 days following the hearing. (There also are judicial remedies we would consider).

When will we receive a signed copy of the MOU?

The final document was posted.

Were any agreements entered into by the Company and APA or APFA between December 19, 2012 and the date of the MOU (January 25, 2013) that would have triggered the former "me too?"

No, because on December 19, 2012, the Bankruptcy Court approved the final agreement between APA and American. No other agreement within the scope of the "me too" language was entered into with American and approved by the court.

Why was the specific period of time between December 19, 2012 and January 25, 2013 excluded?

It was not excluded. Rather it addressed the reality that both APA and APFA, by December 19th, had the final terms of their LBFOs ratified by their members and approved by the Bankruptcy court.

Paragraph 7 <u>maintains protection</u> for TWU class and craft employees from any discrepancies in target amounts from the APFA and APA LBFOs (and the non-union groups) for the period of December 19, 2012 and earlier, and also for the two other union groups from the date of the MOU and later, up to any merger.

Once merged USAir was not going to be subject to a "me too" to which it never wanted to agree as in the norm in other airline settings.

Paragraph 3 uses the new term “hourly base wage rate.” That is not a term used in the Dispatch CBA. Does the term “hourly base wage rate” mean the same as “regular hourly rate?”

Yes, that was the intention.

8. The MOU provides for a 4.3% hourly base rate increase. Given the below methodology shouldn’t the increase be approximately 4.8%?

<u>APA original “ask”</u>	*<u>APA 1113 “ask”</u>*	*<u>“ask” reduction</u>*
370m (less 15%)*	*315 m**	*20% to 17%*

<u>APA original “ask”</u>	*<u>APA MOU “ask”</u>*	*<u>“ask” reduction</u>*
370m (less 55 & 87m)*	*228m**	*20% to 12.324%*

**means millions*

*Because the TWU received a previous 3% “ask” reduction the calculation should be 20% - 12.324% = **7.676%***

7.676% - 3% = 4.676%

US AIR never agreed to any "me too" provision before signing the MOU. The prior "me too" applied exclusively to American. Each union, therefore, had to negotiate the best deal for its members. There was no agreement that US Air would tie the raises it gave TWU employees (4.3%) into any other group. Each union MOU was stand alone.

9. Paragraph 6 (e) refers to "four groups". Who is the fourth group?

(i) Fleet service employees, (ii) maintenance control technician employees, (iii) M&R employees, and (iv) stock clerk employees. As represented by the IAM.

10. If this merger does not occur, what is the plain language, no longer in effect date or event, of the "me too" LOA?

If a merger is not approved as part of the plan of reorganization, then the MOU is not in effect. The "me too" LOA by its terms remains in effect until the earlier of: 1) six (6) months after the date American emerges from the bankruptcy process; or 2) when the changes described in paragraph 1 (Company's 1113 (c) motion) or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, <u>are implemented</u> for all non-TWU union or non-union employee groups

11. Who is accomplishing and how far along are we in the valuation validation for APA, APFA, and non-union hourly and non-union salaried and management employees?

The TWU economist and lawyer experts have conducted initial reviews. As of this writing, nothing has yet triggered the "me too" provision. TWU's experts will continue their scrutiny appropriately.

12. Why didn't the contract groups have the choice of where in the CBA's they wanted to apply the 4.3%?

The MOU was a voluntary agreement. US Air did not want profit sharing plans; instead, the focus was for any savings to be put into pay raises. Again, US Air had no legal obligation to negotiate anything with us.

13. In paragraph 6 of the MOU document it states that seniority integration will be "determined according to the TWU's internal procedures." What exactly are the TWU "internal procedures"?

It refers to a merger between two TWU represented groups. The TWU policy is date of hire. However, it is further understood per the MOU: 1) the integrated seniority list shall have only a prospective (forward looking) effect; 2) no "system flush" effect whereby an employee may displace another employee from the latter's position as a result of the integrated seniority list; 3) employees in furlough status can't bump or displace employees in active status at that time; 4) the integrated seniority list shall not contain conditions or restrictions that increase the costs associated with training above those normally associated with the merger of two airlines; and 5) the 'new American' shall not implement the integrated seniority lists until implementation of a single collective bargaining agreement for these designated groups at pre-merger US Airways and pre-merger American.

14. Is American still obligated to abide by the agreements (CBAs and other documents filed with the court) it made with TWU?

While the Company is still in bankruptcy, it is obligated by the court to live up to the agreements it has made. Further, our CBAs and MOUs with American may be enforced through arbitration.

15. Does the TWU have a designated person acting on behalf of active retiree employees in the 1114 process?

Yes, the retirees are represented by the TWU legal team in the 1114 process. Current active employee issues were addressed in the 1113 process and are not at issue in the 1114 proceedings.

16. Are the 757 and health care 29d settlements included the 4.8 equity stake?

Only these two claims were specifically calculated to be part of the equity formula.

17. What about the rest of the claims in the document, are they dismissed? And are the local claims are still part of the BK process?

The other claims (e.g. discipline or individual cases) were either preserved or withdrawn after legal analysis. The full settlements, including which claims were maintained, were posted and shared many months ago.