

American Airlines®

March 29, 2004

Mr. Gary Yingst
International Vice President
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Dear Gary,

As you are well aware, the scheduling of our operation has been a primary focus of our efforts to reduce costs by optimizing our airplane utilization as well schedule to optimize revenue. With these changes, there is usually a need to adjust staffing levels at the airports and other locations in order to support the operation. Some airports may benefit from added flights, while others may not as a result of a reduction in flights. Since this is occurring rather frequently these days and is expected to continue in the future, we want to provide a possible alternative to a reduction in force by affording TWU represented employees at those station or locations where we have a surplus a chance to leave the Company voluntarily.

To try and accomplish this, the Company will open a Stand-in-Stead (SIS) option for TWU represented employees for an indefinite period of time. **Any TWU represented employee covered by the Mechanic and related, Fleet Service, Stock Clerk and Technical Specialist agreement may sign up for Stand-in-Stead.** The Company will formally notify the Intl TWU if the Company opts to close the window of opportunity. Employees that have an interest in leaving the Company can exit and receive regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f). Since these eligible employees would normally not have an opportunity for severance, the employee will sever from the Company without recall rights. For those system or station protected employees who are awarded the Stand-in-Stead, the \$12,500 special severance payment is not applicable.

In order for an employee to be offered for a Stand-in-Stead, the employee must be in the **same classification and status**, as those employees deemed surplus at that station. i.e. If FT FSCs are declared surplus, then FT FSCs who have signed up will be offered the Stand-in-Stead. The same would hold true for Crew Chiefs and Inspectors. The only possible exception is the case whereby the surplus is declared in the non-bid classification and we have Crew Chiefs and/or Inspectors interested in SIS. In those situations, it will require the approval of ER, operating management and the Intl TWU in order to offer SIS to the Crew Chief and/or Inspector. i.e. surplus is in AMT; only Crew

Chief – AMTs and Inspectors put in for the SIS. In order to allow a Crew Chief AMT or Inspector to SIS for the surplus AMTs, it will require the aforementioned approval.

1. **FOR STAND IN STEAD OUTSIDE OF THE REDUCTION IN FORCE PROCESS:**
Opening SIS indefinitely will allow employees that want to leave the Company an avenue to add their name at any time for consideration when a location needs to reduce headcount. Employees can add their name, or delete their name, as their personal needs change. Employees can add their name to the list on Jetnet.
2. The station will have access to the list of interested employees and will determine if they can reduce headcount through SIS. Local management will determine if they can “approve” employees that have signed up for SIS and if so, should establish an effective date for pulling the list as well as for the exit date. Employees will be approved based on classification, status and Occupational seniority. Once employees are offered the SIS, they must accept or refuse. If accepted, then the employee is bound to the terms and conditions of the SIS and cannot refuse subsequent to the acceptance.
3. For Stand in Steads outside the RIF process, these should only be offered to employees on the list at the time management determines they have a surplus. In other words, SIS under these circumstances should not be offered if there is a need to replace the employee taking the SIS.
4. **FOR STAND IN STEAD DURING THE REDUCTION IN FORCE PROCESS:** If a Reduction-in-Force (RIF) becomes necessary due to the fact that an insufficient number of employees signed up for SIS than were deemed surplus at a particular station, then the SIS sign up will be frozen during the RIF process. This is necessary to ensure the seniority and juniority lists for the RIF are accurate.
5. Communication will be put on the website stating the SIS window will freeze at a particular time/date, and re-open after the RIF. Employees can add/delete their name up until the freeze deadline. Once the freeze is effective, there can be **no** additions to the list. Additionally, once the freeze goes into effect, an employee cannot remove their name.
6. All SIS should be offered prior to the issuance of first round RIF notices at those locations with a surplus. In the event, there is deemed to be a surplus during the subsequent rounds of the original RIF, due to a displacement, then SIS will be offered, to those on the SIS list for that station, classification and status. In those circumstances the employees must accept the SIS. There will be no right of refusal under these circumstances due to the need for continuing with the RIF process in accordance with the timetable as established by the AA/TWU agreement.
7. The terms and conditions of the SIS will be those in place at the time the SIS is offered to the employee. Those terms and conditions will be made available on Jetnet.

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 Intl TWU's concurrence. If you agree with the above, please indicate by signing below.

Sincerely,

James B. Weel
Director
Employee Relations

Agreed to:

Gary Yingst
AA System Coordinator
Transport Workers Union of America

cc: R. Richardi
B. Reding
J. Brundage
D. Levine
J. Little
J. Conley
B. Gless
M. Tinsman
C. Alexander
EPR Principals