

**Exhibit "B"**

**American Airlines  
Settlement Proposal to the  
Transport Workers Union  
re: Mechanic & Related  
July 10, 2012**

20120710 1600

<b>OBJECTIVE</b>	All items in this settlement proposal are contingent upon a consensual collective bargaining agreement, i.e. they will become effective as described only upon the effective date of a new collective bargaining agreement between American and the Transport Workers Union.
<b>I. DURATION</b>	<del>Modify Article 47 to provide a duration of six (6) years from date of signing (DOS).</del> <u>Six (6) years from Date of Signing (DOS).</u> At any time following DOS plus forty-eight (48) months (24 months prior to amendable date), <u>but prior to DOS plus seventy-two (72) months, with sixty (60) days prior written notice by either party, the parties will commence negotiations in accordance with Section 6, Title I of the Railway Labor Act, as amended.</u>
<b>II. COMPENSATION</b>	<p>1. Modify Article 4 to provide Base Pay Rate increases for all Classifications <u>(except Title II MSP)</u> on the following scale:</p> <p><del>-effective DOS – 2.6%</del> <u>3.0%</u>  <del>-effective DOS + 12 months–2.6%</del> <u>3.0%</u>  <del>-effective DOS + 24 months – 2.6%</del> <u>3.0%</u>  <del>-effective DOS + 36 months – 2.6%</del> <u>3.0%</u>  <del>-effective DOS + 48 months – 1.55%</del>  <del>-effective DOS + 60 months – 1.5%</del></p> <p><del>2. Adjust Plant Maintenance Mechanic pay scale in Article 4(b) from 5 years to 7 years for new employees only. Plant Maintenance Man pay scale 10 years for new employees. See new proposed MSP pay scale.</del></p> <p><u>2. Provide for a joint committee to explore appropriate metrics and financial payouts of a gain sharing program for Line Maintenance, and separately, for Base Maintenance. See Employee Gain Sharing letters.</u></p> <p><u>2.3. Provide for an Industry Comparable Pay Rate Adjustment at DOS+36 for AMT's, (Attachment A) and for Plant Maintenance Mechanics (Attachment B).</u></p>
Profit Sharing	<del>3.4. Implementation of the Enhanced Profit Sharing Plan (See Attachment AC, "Enhanced New Profit Sharing Plan"). Current Profit Sharing plan and the Annual Incentive Plan (AIP) would be eliminated. Already provided.</del>
<b>III. SCOPE</b>	1. Modify Article 1(d) to provide for staffing of TWU represented employees (Title II) at stations where TWU Fleet Service Clerks are staffed (Me too with Fleet) Modify Article 1(d) to continue staffing with TWU represented employees at stations with 5475 or more annual AA departures. Modify 1(d) to re-staff former TWU staffed stations that have been de-staffed and new stations once they reach 7300 or more annual departures. Annual departure threshold for initial determination of stations to be impacted will be based

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on the most current January 2013 look back report provided to the TWU as obligated under the current Article 1(c) language. Thereafter, the determination of the scheduled departures will be made each January 1 and July 1 and will consider the prior twelve (12) month period.)

1. Modify Article 1 to permit the outsourcing of the following Title II work:

- Outsource all cabin cleaning, eliminate Cabin Cleaner classification.
- Outsource all existing building cleaner work, and eliminate Building Cleaner classification.
- ~~Outsource Ground Service Equipment work at TULE. A 10-man "Hot Shot" crew will be created to provide support/emergency GSE support.~~
- Outsource High Voltage (13500 and above) Electrical Maintenance at Bases.
- ~~Outsource Fire Extinguisher Maintenance at Bases.~~
- Outsource Central Plant Operation and Maintenance at Bases  
TULE will consist of a 20 Plant Maintenance Mechanics and 20 Plant Maintenance Support PersonsMen.
- ~~Outsource Waste Water treatment Operation and Maintenance at Bases.~~
- Qualifications for TAESL (TAESL operations, CUP, IWTP, Haz waste) will be PM92. The support for TAESL will consist of 2 Plant Maintenance Mechanic Crew Chiefs, ~~23~~ 28 Plant Maintenance Mechanics, and ~~4~~ Plant Maintenance Men. There will no GSE support.
- ~~Outsource painting projects at TULE, will keep 3 Painters for specialized projects.~~
- Outsource concrete, fencing, and major carpentry projects at TULE.
- All Ground Service Equipment work on non-powered equipment at ~~DAS~~ Customer Stations, to be done by PMM MSP, provided PMM MSP scope includes welding and use of cutting torch. Non-powered work performed by Line Maintenance will can be outsourced.
- ~~Outsource Lock and Key functions.~~
- Outsource all Facilities Maintenance work at HDQ, FSU, GSW, SRO, AFW (except TAESL which will have an initial headcount of ~~13~~ Plant Maintenance Mechanics), and SOC.
- Outsource Terminal and Hangar Facilities Maintenance work, except for bag systems, carousels and jetbridges (including PCA and KVA).
- Outsource all Facility and GSE related work associated with Cargo where Fleet Service is not staffed.

2. Title II Mechanic Headcount reductions at TULE – See Attached letter

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	<ol style="list-style-type: none"> <li>3. Change the name of Plant Maintenance Man to Maintenance Support Person.</li> <li>4. Establish new qualification requirement for Plant Maintenance Mechanic and Maintenance Support Person (unless required by local/state law)</li> <li>5. Expand MSP job scope, as in previously provided document.</li> <li>6. Establish a journeyman progression program for MSP.</li> <li>7. Increase system cap to 35% on MSP.</li> <li>8. Modify local procedures/policies to encompass changes such as OT, VC, and shift for MSP. Implementation of these Title II provisions will be within a six (6) month period. If mechanic reductions are not realized by attrition, a Reduction in Force will result (RIF).</li> <li>9. Company retains the right to outsource non-routine work (Title II).</li> <li>10. Modify Article 1 and all other applicable sections and Attachments to the Agreement and all other LOA's related to this provision to permit outsourcing of up to 35% of aircraft-related maintenance work <del>currently done in house</del>. The Company will not outsource more than 15% of its <u>aircraft related</u> Line Maintenance work. For the purposes of valuation we have listed examples of the initial plans; however other work may be contracted out in the future so long as the 35% is not exceeded. (Percentage to be based on dollar spend. <u>See attached ArticleSection 1 language.</u>) <ul style="list-style-type: none"> <li>• Company to close AFW, – T/A [TAESL remains open and staffed until the JV decides otherwise].</li> <li>• AFW work relocated to TULE or DWH– 767 LC/HC/SV, 777SV, 777TRV, Slide shop, coffee makers/oven shop, and battery shop.</li> <li>• Outsourced – 777 MBV, 767 FS, <u>767 SIP</u>, 757 HC, 757 MC, associated back shop support, <b>Main Cabin Extra Special Visits – All Fleet Types</b>, <b>B737 Air Data Probe ASB/AD (portion of fleet)</b>, Window Shop, Blade and Vane Shops.</li> </ul> </li> <li>11. Line Maintenance – outsource <u>up to 15%</u> within the 35%, for example, <ul style="list-style-type: none"> <li>• Line MX (CFPs)</li> <li>• Int'l Maintenance</li> <li>• Overnight Maintenance</li> <li>• Fuel Tank Work</li> </ul> </li> <li>12. Outsource peak demand work.</li> </ol> <p>*See Article 1 language.</p>
<p><b>IV. WORK RULES</b></p> <p>Hours of Work</p>	<ol style="list-style-type: none"> <li>1. Modify Articles 3 and Article 21 for Base and Line to permit management to establish work week, work cycles, and frequency of shift bids. Eliminate all local letters of agreement connected to Article 3 &amp; 21.</li> </ol>

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	<p><u>(Modify Article 3 to reinstate 4/10's language.)</u></p> <p>2. See <u>attached</u> -contract language changes to Article 3 and 21</p> <p>3. Article 3(i) to permit management to establish work schedules that include Saturdays and Sundays without restriction (eliminate 1/7th rule). <del>Value to be achieved by retaining 61 FSC who attrit at the rate of 15 per year.</del></p>
Overtime	<p>Modify Article 6:</p> <ul style="list-style-type: none"><li><del>• Provide for weekly (day off) overtime after an employee has worked in excess of 40 hours in a work week.</del></li><li>• Eliminate all local letters of agreements connected to overtime. <b>Company and TWU will meet and confer for 30 days following DOS to resolve and reach agreement on procedures. If no agreement is reached, the dispute will be mediated/arbitrated at the next scheduled Maintenance System Board – See Attached letter.</b></li><li>• Overtime to be solicited from signup list. T/A.</li><li>• Where applicable, have terminal and hangar operations in Class I stations solicited from separate overtime lists for holdover overtime. T/A</li><li>• Propose holding an employee past the end of his scheduled shift on overtime for the purposes of job continuity, for up to 3 hours. For the first 30 minutes employee would be paid for time worked. If assignment extends past 30 minutes but less than an hour employee will be paid 1 hour. For hour 1 through hour 3 employee will be paid for time worked.</li><li>• One set of universal Overtime Procedures for Line Maintenance. <b>Company and TWU will meet and confer for 30 days following DOS to resolve and reach agreement on procedures. If no agreement is reached, the dispute will be mediated/arbitrated at the next scheduled Maintenance System Board – See Attached letter.</b></li><li>• Ability for management to call overtime (Staff Admin) within any of the 4 OT buckets (HO, ECI, RC and DO) regardless of anticipated workload.</li><li>• <del>Ability to request a Crew Chief for OT and FT.</del></li><li>• Line Maintenance - Probation employees and 12(M) not eligible for overtime until probation/qualification period is complete.</li><li>• Ability to call overtime based on qualifications when appropriate.</li></ul>
Holidays	<p>1. Eliminate all local letters of agreement concerning holidays. (ORD Holiday Off letter)</p>

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Vacation	<ol style="list-style-type: none"> <li>1. Modify Article 8 to provide Flex vacation language stating that bidding will be completed no later than December 15. Employees must bid regular vacation first and then bid vacation weeks. Flex weeks will be available after number of weeks purchased are identified. (Accepted by TWU 02/24/2012 – TA)</li> <li>2. Reduce maximum vacation accrual from 30 days to 25 days.</li> <li>3. Eliminate Paid Personal Vacation Days (PV). (Accepted by TWU 02/24/2012 – TA.) Eliminate ORD VCO letter of agreement to be consistent with TA.</li> </ol>
Promotions and Jobs to be Posted	<ol style="list-style-type: none"> <li>1. Modify Article 12 consistent with language from the May 5, 2010 AA/TWU Maintenance and Related Tentative Agreement, with following exceptions: <ul style="list-style-type: none"> <li>• Add process for selection of Crew Chiefs using existing Tech Crew Chief process, and eliminate TUL Tech Crew Chief letter.</li> <li>• Remove SMA Classification.</li> <li>• Modify language on transfers to state that once a transfer has been accepted, the employee cannot refuse and the Company cannot rescind the transfer.</li> <li>• Modify language in 12(m) to provide for upgrade transfers to pass qualifications test prior to reporting for the new position.</li> <li>• Modify 12.1 labor loan provisions to provide a broader definition of a business unit (One shop operations) which will allow for greater flexibility of manpower within the defined area.</li> <li>• Electronic bidding for higher capacity. T/A</li> <li>• Eliminate ORD temporary re-assignment of work load letter, and DFW reassignment of manning procedure.</li> </ul> </li> </ol>
Reductions in Force	<ol style="list-style-type: none"> <li>1. <del>Eliminate Article 14 (b) and</del> Modify Article 15 as follows: <ul style="list-style-type: none"> <li>• <u>New LOM for a one-time restructuring RIF to include AFW, DWH, DFW re-alignment.</u></li> <li>• <del>Crew Chief, Tech Crew Chief, and Inspector will be surplusd back to basic classification at their location.</del></li> <li>• <del>Employees identified as being subject to RIF or displacement will be given 15 days to complete an online option form. The RIF will be conducted virtually, the forms will be processed with vacancies being filled first then bump options, after which employees will be given 14 days to report.</del></li> <li>• <del>—</del></li> <li>• For purposes of RIF only, DFW &amp; DWH will be considered as one station.</li> </ul> </li> <li>2. <del>Modify Article 15(i), 1(4) to provide that if an AMT or PM Mechanic, as a</del></li> </ol>

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	<p>result of a reduction in force, elects to fill an OSM or PMM position he will not carry his classification and chart rate as an AMT or PM Mechanic into the OSM or PMM position.</p> <p><b>3.2. Propose a modification of May 2010 TA to eliminate references to System Protection. <u>Revise Title II pay protection for reduced Mechanic to MSP – See Article 15 - Attachment 15.2.</u></b></p>
Recall	<p>1. Substitute Article 16 from the May 5, 2010 AA/TWU Maintenance and Related Tentative Agreement with the exception of 16(a), which shall be modified to reflect 10 year recall rights.</p>
Leave of Absence	<p>1. <del>Modify Article 17 – Leaves of Absence to reduce the duration of a SLOA and IDLOA from 5 years to 3 years.</del></p>
Training	<p>1. Clarify that, pursuant to Article 23, training will be assigned to those that will perform the work, without regard to occupational seniority. (TWU agreed – TA)</p>
Field Work	<p>1. Modify Article 26 to provide that Management will develop Field Trip Procedures to include distribution and utilization procedures. <del>Company and TWU will meet and confer for 30 days following DOS to resolve and reach agreement on procedures. If no agreement is reached, the dispute will be mediated/arbitrated at the next scheduled Maintenance System Board – See Attached letter.</del></p> <p>• <u>Eliminate all local agreements concerning Field Trips and Man for Man letters, such as ORD Field Trip Coverage letter. See distribution methodology language.</u></p>
Sick Leave	<p>1. <b>Modify Article 34 to provide for 50% pay for the first two days of absence.</b></p>
Meal Period	<p>1. Propose a “No Meal” penalty of 30 minutes. If employee is not provided a meal period the employee will be allowed to punch out 30 minutes prior to the end of his shift without affecting his daily pay.</p>
One Station Agreements	<p>1. Eliminate DFW Hangar 5 (DWH) letter and DWH Title II License/Testing Requirement letter. DWH will be a stand-alone base whether in its current location or at another location at DFW Airport.</p>
V. CLASSIFICATION	<p>1. <u>Accept TWU proposal on modification of 11(d) dated June 11, 2012 contingent on TWU acceptance of Company proposal modifying job descriptions.</u></p>

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	<ol style="list-style-type: none"><li>2. Modify Article 11(e) and (f) to permit management to establish qualifications, review changes with TWU <u>and consider TWU input</u>, and to implement changes to the Qualifications Administration Manual, and provide for a dispute resolution procedure. Eliminate all attachments to Article 11.</li><li>3. Modify restrictions on OSM utilization in Base operations, <del>and increase OSM cap to 30%.</del></li><li>4. Agree to streamline and standardize the utilization of an Avionics Technician by focusing the scope by ATA chapters (Scope TBD). Create a guideline of work scope. During normal work hours the alignment of work will be in accordance with the proposed scope, however, it does not preclude Avionics or General Technicians from doing either bill of work.<ul style="list-style-type: none"><li>• Avionics tasks are performed by utilizing the "Cradle to Grave" approach to assignments.</li><li>• Eliminate all Avionics local letters of agreement.</li></ul></li><li>5. Clarify that Tech Crew Chief and Crew Chief can assist crews as necessary to insure completion of assignments. Also, confirm Tech Crew Chief may perform the duties of a regular Crew Chief on a non-regular basis.</li><li>6. Consolidate Aircraft Cleaners and Parts Washers classifications; group will be identified as Cleaners.</li><li>7. Modify Job descriptions to encompass the changes in Article 1 and Article 12.</li></ol>
<b>VI. BENEFITS</b> Pension          401(k)	<ol style="list-style-type: none"><li>1. Amend the Basic Agreement so that the Company is not required to accrue future service benefits in the defined benefit pension plan (hard freeze). T/A.</li><li>2. Amend the Basic Agreement to provide that that the Company is not required to maintain or fund or provide a defined contribution pension plan, except as provided below.</li><li>3. <del>Amend the Basic Agreement to provide that the Company will offer a replacement benefit through a Super Saver 401(k) Plan. Employees will be automatically enrolled (with an option to opt out) at a pre-tax contribution of 3% of eligible earnings per payroll period, with a Company match of up to 5.5% of eligible earnings</del>  <u>Amend the Basic Agreement to provide that the Company will offer a</u></li></ol>



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	<p><u>replacement benefit through the Super Saver 401(k) Plan. Employees will automatically be enrolled (with an option to opt out) at an employee pre-tax contribution of 3% of eligible compensation per payroll period, with a Company match up to 5.5% of eligible compensation as defined by the SuperSaver plan document.</u></p> <p><u>Eligible Compensation – for the purposes of determining any matching contribution or Company contribution, eligible compensation will be the sum of all 401(k) deferrable compensation, e.g wages, overtime, CSW, etc., except for the following:</u></p> <ul style="list-style-type: none"> <li>• <u>Uniform Cleaning Allowance</u></li> <li>• <u>Overtime Meal Allowance</u></li> <li>• <u>Co-Terminal Expenses</u></li> <li>• <u>Expense reimbursements</u></li> <li>• <u>Approved expense allowances</u></li> <li>• <u>Company paid life insurance premiums</u></li> <li>• <u>Value of NRSA passes</u></li> <li>• <u>Pre-tax flexible benefit plan contributions</u></li> <li>• <u>Disability/Workers' Compensation payments</u></li> <li>• <u>Severance pay</u></li> <li>• <u>Termination Sick Premium</u></li> <li>• <u>Company paid employee expenses</u></li> <li>• <u>Benefit pay</u></li> <li>• <u>Tips</u></li> <li>• <u>Gain Sharing</u></li> </ul>
Active Medical Plan	4. See <u>revised Attachment-B D.</u>
Retiree Medical and Life	5. See Attachment <u>GE.</u>
<b>VII. JOB PROTECTION</b>  System and Station Protections	1. Eliminate Article 42 and Attachment 42.1, which currently limit the Company's ability to layoff protected employees.
<b>VIII. MISCELLANEOUS</b>	1. Eliminate Attachment 1.5 – Seat Miles Scheduled by Commuter Air

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ASM Cap	Carriers. <u>(Company to support a TWU request for a Bankruptcy claim)</u>
Moving Expenses/Option Special Severance	<ol style="list-style-type: none"><li>2. Eliminate the provision in Article 44, which provides for a supplemental moving allowance of \$12,500 to each employee who moved base stations during a layoff.</li><li>3. Retain, on a one time basis, the special severance allowance of \$12,500 to a previously protected laid off employee who relinquishes recall and re-employment rights for the purposes of the reductions in force associated with the restructuring agreement. One time designation of previously protected employees. See Early Out Incentive Allowance proposal.</li></ol>
Union Business Pay	<ol style="list-style-type: none"><li>4. Eliminate Baker Union Business Letter for elected representatives</li></ol>
LOM	<ol style="list-style-type: none"><li>5. <del>Apprentice Mechanic Program Letter.</del></li></ol>

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ATTACHMENT A

LETTER OF MEMORANDUM –20 – Industry Comparable Pay Rate Adjustment~~Special Wage Adjustment~~

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

DOS

Re: Industry Comparable Pay Rate Adjustment ~~Special Wage Adjustment~~ – Title I AMT

Dear Robert:

In the process of negotiating the agreement dated [DOS], and in the interest of reaching a consensual agreement, the parties recognized the potential need for a mid-term wage adjustment for Title I AMT's. Therefore, we agreed as follows:

FOR AMT's, Crew Chiefs, Tech Crew Chiefs and Inspectors: At [DOS]+36 months, a calculation will be made to determine the maximum regular hourly pay rate (i.e., base pay plus all relevant premiums) of the line mechanics at Delta, United, and US Airways in effect on that date. Those rates will then be averaged (arithmetic mean) and compared to the equivalent AMT rate at AA, Inexcluding any coincidental structural increase (i.e., the annual 3.0% increase to base pay at 36 months). If AA's maximum regular hourly pay rate is below the average, AMT's will receive an increase equal to the differential between AA and the average. In combination, the scheduled structural increase and the supplemental structural increase to base pay will yield a maximum regular hourly pay rate that equals the average of the comparator airlines.

See attached example of the calculation.

For all other Classifications within Title I: At [DOS]+36 months, a calculation will be made to determine the percentage increase in the Bureau of Labor Statistics' Employment Cost Index (seasonally adjusted Employment Cost Index for wages and salaries for all civilian workers, or "ECI") for the 36 month period beginning DOS. For each classification, if the percentage increase in the maximum base pay plus all relevant premiums as of [DOS]+36 has increased from their pay rate immediately prior to DOS at a rate less than ECI growth, then the employee will receive an increase sufficient such that the 36 month growth in maximum base pay plus all relevant premiums, including

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the increase, matches the growth rate of the ECI. For the purpose of this calculation, the most recent ECI at DOS and DOS+36 will be used.

While the Company currently envisions paying this adjustment in the form of a new Title I AMT Premium, applicable to all Title I AMTs, we reserve the right to use a different payment method (for example, adding the adjustment to the Base Pay Rate for Title I AMTs only). In any event, the new Premium would be considered part of Pensionable Earnings under the SuperSaver Plan and would be included in Eligible Earnings under the Profit-Sharing Plan. Since the adjustment is reflected in the base rate as a new structural increase, it would be considered part of Eligible Earnings under the SuperSaver Plan and would be included in Eligible Earnings under the Profit-Sharing Plan.

Agreed to:

{Original Signed on file}

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

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**Worked Example:**

**The following DOS + 36 example is provided for illustrative purposes only.**

<b><u>Mechanic Wage Rates <sup>1/</sup></u></b>					
		-	-	-	-
		-	-	-	-
	<b><u>AA @ 24 months from DOS</u></b>	<b><u>UA</u></b>	<b><u>DL</u></b>	<b><u>US</u></b>	<b><u>Legacy Avg.</u></b>
<b><u>Max Base Pay Rate</u></b>	<b><u>\$29.73</u></b>	<b><u>\$32.43</u></b>	<b><u>\$31.93</u></b>	<b><u>\$31.51</u></b>	<b><u>\$31.96</u></b>
<b><u>Longevity</u></b>	<b><u>\$0.00</u></b>	<b><u>\$1.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.33</u></b>
<b><u>License</u></b>	<b><u>\$5.00</u></b>	<b><u>\$4.25</u></b>	<b><u>\$4.00</u></b>	<b><u>\$3.50</u></b>	<b><u>\$3.92</u></b>
<b><u>Line</u></b>	<b><u>\$0.55</u></b>	<b><u>\$0.50</u></b>	<b><u>\$0.75</u></b>	<b><u>\$0.00</u></b>	<b><u>\$0.42</u></b>
<b><u>Shift Differential <sup>2/</sup></u></b>	<b><u>\$0.53</u></b>	<b><u>\$0.58</u></b>	<b><u>\$0.53</u></b>	<b><u>\$0.61</u></b>	<b><u>\$0.57</u></b>
<b><u>Max Regular Pay Rate</u></b>	<b><u>\$35.81</u></b>	<b><u>\$38.76</u></b>	<b><u>\$37.21</u></b>	<b><u>\$35.62</u></b>	<b><u>\$37.20</u></b>
		-	-	-	-
<b><u>1/ Aircon: 12/31/2012 projected</u></b>					
		-	-	-	-
<b><u>2/ Includes MRT premium</u></b>					
		-	-	-	-

**Wage Gap** = **Legacy Avg. Max Regular Pay Rate – AA Max Regular Pay Rate**  
= **\$37.20 – \$35.81 = \$1.39**

**3.0% Increase Value** = **AA Max Base Pay Rate x 3.0%**  
= **\$29.73 x 3.0% = \$0.89.**

**Title I AMT Adjustment** = **Wage Adjustment – 3.0% Increase Value**  
= **\$1.39 – 0.89**

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=\$0.50

The adjustment to the maximum hourly regular pay rate will appear as follows:

	<u>AA</u>	<u>Adjustment</u>	<u>AA New</u>	<u>Legacy Avg.</u>
<u>Max Base Pay Rate</u>	<u>\$29.73</u>	<u>\$1.39</u>	<u>\$31.12</u>	<u>\$31.96</u>
<u>Longevity</u>	<u>\$0.00</u>	-	<u>\$0.00</u>	<u>\$0.33</u>
<u>License</u>	<u>\$5.00</u>	-	<u>\$5.00</u>	<u>\$3.92</u>
<u>Line</u>	<u>\$0.55</u>	-	<u>\$0.55</u>	<u>\$0.42</u>
<u>Shift Differential <sup>2/</sup></u>	<u>\$0.53</u>	-	<u>\$0.53</u>	<u>\$0.57</u>
<u>Title I AMT Premium</u>	<u>\$0.00</u>			<u>\$0.00</u>
<u>Max Regular Pay Rate</u>	<u>\$35.81</u>	<u>\$1.39</u>	<u>\$37.20</u>	<u>\$37.20</u>

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Mr. Robert F. Gless

Deputy Director - ATD

Transport Workers Union of America, AFL-CIO

1791 Hurstview Drive

Hurst, TX 76054

DOS

Re: Industry Comparable Pay Rate Adjustment~~Special Wage Adjustment~~

– Title II Plant Maintenance Mechanic

Dear Robert:

In the process of negotiating the agreement dated [DOS], and in the interest of reaching a consensual agreement, the parties recognized the potential need for a mid-term wage adjustment for Title II, Plant Maintenance Mechanics. Therefore, we agreed as follows:

FOR Plant Maintenance Mechanics, Crew Chief - Mechanics and Tech Crew Chiefs: At [DOS]+36 months, a calculation will be made to determine the maximum regular hourly pay rate (i.e., base pay plus all relevant premiums) of the plant maintenance mechanics at Delta, United, and US Airways in effect on that date. Those rates will then be averaged (arithmetic mean) and compared to the equivalent Plant Maintenance Mechanic rate at AA, inexcluding any coincidental structural increase (i.e., the annual 3.0% increase to base pay at 36 months). If AA's maximum regular hourly pay rate is below the average, Plant Maintenance Mechanics will receive an increase equal to the differential between AA and the average. - In combination, the scheduled structural increase and the supplemental structural increase to base pay will yield a maximum regular hourly pay rate that equals the average of the comparator airlines.

See attached example of the calculation.

For MSP Classification: At [DOS]+36 months, a calculation will be made to determine the percentage Increase in the Bureau of Labor Statistics' Employment Cost Index (seasonally adjusted Employment Cost Index for wages and salaries for all civilian workers, or "ECI") for the 36 month period beginning DOS. For each classification, if the percentage increase in the maximum base pay plus all relevant premiums as of [DOS]+36 has increased from their pay rate immediately prior to DOS at a rate less than ECI growth, then the employee will receive an increase sufficient such that the 36 month growth in maximum base pay plus all relevant premiums, including the increase, matches the growth rate of the ECI. For the purpose of this calculation, the most recent ECI at DOS and DOS+36 will be used.

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~~While the Company currently envisions paying this adjustment in the form of a new Title I AMT Premium, applicable to all Title I AMTs, we reserve the right to use a different payment method (for example, adding the adjustment to the Base Pay Rate for Title I AMTs only). In any event, the new Premium would be considered part of Pensionable Earnings under the SuperSaver Plan and would be included in Eligible Earnings under the Profit-Sharing Plan. Since the adjustment is reflected in the base rate as a new structural increase, it would be considered part of Eligible Earnings under the SuperSaver Plan and would be included in Eligible Earnings under the Profit-Sharing Plan.~~

Agreed to:

Robert F. Gless

Deputy Director - ATD

Transport Workers Union of America, AFL-CIO



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Worked Example:

The following DOS + 36 example is provided for illustrative purposes only.

Title II Plant Maintenance Mechanic

Wage Rates <sup>1/</sup>

	-	-	-	-	-
	-	-	-	-	-
					<u>Legacy</u>
	<u>AA</u>	<u>UA</u>	<u>DL</u>	<u>US</u>	<u>Avg.</u>
<u>Max Base Pay Rate</u>	<u>\$29.73</u>	<u>\$31.17</u>	<u>\$31.50</u>	<u>\$29.51</u>	<u>\$30.73</u>
<u>Longevity</u>	<u>\$0.00</u>	<u>\$0.30</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.10</u>
<u>License</u>	<u>\$1.70</u>	<u>\$3.39</u>	<u>\$2.51</u>	<u>\$0.00</u>	<u>\$1.97</u>
<u>Line</u>	<u>\$0.55</u>	<u>\$0.10</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.03</u>
<u>Shift Differential <sup>2/</sup></u>	<u>\$0.03</u>	<u>\$0.56</u>	<u>\$0.53</u>	<u>\$0.61</u>	<u>\$0.57</u>
<u>Max Regular Pay Rate</u>	<u>\$32.01</u>	<u>\$35.52</u>	<u>\$34.54</u>	<u>\$30.12</u>	<u>\$33.39</u>

1/ Aircon; 12/31/2012

projected

2/ Includes MRT premium

Wage Gap = Legacy Avg. Max Regular Pay Rate – AA Max Regular Pay Rate  
= \$33.39 – \$32.01 = \$1.38

3.0% Increase Value = AA Max Base Pay Rate x 3.0%  
= \$29.73 x .03 = \$0.89

Title II Mechanic Adjustment = Wage Adjustment – 3.0% Increase Value  
= \$1.38 – \$0.89 = \$0.49

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The adjustment to the maximum hourly regular pay rate will appear as follows:

	<u>AA</u>	<u>Adjustment</u>	<u>AA New</u>	<u>Legacy Avg.</u>
<u>Max Base Pay Rate</u>	<u>\$29.73</u>	<u>\$1.38</u>	<u>\$31.11</u>	<u>\$30.73</u>
<u>Longevity</u>	<u>\$0.00</u>	-	<u>\$0.00</u>	<u>\$0.10</u>
<u>License</u>	<u>\$1.70</u>	-	<u>\$1.70</u>	<u>\$1.97</u>
<u>Line</u>	<u>\$0.55</u>	-	<u>\$0.55</u>	<u>\$0.03</u>
<u>Shift Differential <sup>2/</sup></u>	<u>\$0.03</u>	-	<u>\$0.03</u>	<u>\$0.57</u>
<u>Max Regular Pay Rate</u>	<u>\$32.01</u>	<u>\$1.38</u>	<u>\$33.39</u>	<u>\$33.39</u>

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**ATTACHMENT A**

**PROFIT SHARING**

**Implementation of the Profit Sharing Plan:**

- ~~1. Current profit sharing plan and the Annual Incentive Plan (AIP) would be eliminated.~~
- ~~2. Beginning at the first dollar of pre-tax income, the new Profit Sharing plan would pay awards equal to 15% of all pre-tax income, prorated to take into account any groups of frontline employees who do not participate in the plan. Pre-tax income for the purposes of these awards will be calculated prior to the effects on income of any special, unusual, and non-recurring items or incentive pay.~~
- ~~3. The Fund would be distributed equitably to all eligible employees based on each employee's eligible earnings. Profit sharing awards are not considered compensation for purposes of determining Company contributions or other benefits under any retirement plan.~~
- ~~4. Individual Awards will be distributed no later than March 15 of the following year for employees who meet the eligibility requirements as long as minimum funding provisions are met.~~

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ATTACHMENT C

NEW PROFIT SHARING PLAN

Implementation of the New Profit Sharing Plan:

- Current Profit Sharing plan and the Annual Incentive Plan (AIP) would be eliminated.
- Beginning at the first dollar of AA pre-tax income, the New Profit Sharing plan would pay awards equal to the schedule below, prorated to take into account any group of frontline employees who do not participate in the plan. AA pre-tax income for the purposes of these awards will be calculated prior to the effects on income of any special, unusual and non-recurring items or incentive pay.

<u>Year</u>	<u>Percent of pre-tax income</u>
<u>2012</u>	<u>5%</u>
<u>2013</u>	<u>5%</u>
<u>2014</u>	<u>5%</u>
<u>2015</u>	<u>5%</u>
<u>2016</u>	<u>5%</u>
<u>2017</u>	<u>5%</u>

- The New Fund would be distributed equitably to all eligible employees based on each employee's eligible earnings.
- Individual New Awards will be distributed no later than March 15 of the following year for employees who meet the eligibility requirements as long as minimum funding provisions are met.

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**ATTACHMENT B**

**ACTIVE MEDICAL**

1. ~~With the exception of the Standard plan design features in the chart below, all other plan provisions are subject to change at Company discretion. Plan design features and other plan provisions in the Core medical option may change at Company discretion and advance notice of any changes will be provided prior to implementation. To the extent the Company is offering the Value medical option in any Plan Year to employees, employees enrolled in the Standard and Core medical options will be eligible to enroll in the Value option; the Company, at its discretion may change plan design and contributions in the Value option.~~
2. ~~Aggregate employee contributions in 2012 will be 21% of the total projected cost of 2012 healthcare expenses (which include medical/Rx and administrative expenses) for the Standard and Core medical options. Contributions for the Standard and Core medical options will increase with inflation for these two (2) medical options. The Value medical option inflation will be calculated separately.~~
3. ~~Current coverage tiers for contributions will be replaced, as follows:~~

Current Coverage Tiers	New Coverage Tiers
Employee Only	Employee Only
Employee + 1	Employee + Spouse/Domestic Partner
	Employee + Child(ren)
Employee + 2 or more	Employee + Family

4. ~~The \$150 and \$1000 standard medical options in the current CBA will be eliminated including the elimination of the current inflation formula used to determine future contributions.~~
5. ~~Part time employees will be offered the same medical options as full time employees. Contributions for medical options for Employee Only coverage will be the same as full-time employees. Part time employees' contributions with dependents for the Value and Standard Plan will be two (2) times the FT contributions for employees enrolled in the same medical option and coverage tier. Part time employees' contributions with dependents for the Core Plan will be the same as FT contributions for employees enrolled in the same medical option and coverage tier.~~
6. ~~New employees eligible for healthcare coverage will default to the Core option, which is the Health Savings Account compatible medical option, for Employee Only coverage on their eligibility date, should another option or level not be elected during their initial enrollment.~~
7. ~~To the extent the Company is offering incentives in any Plan Year to employees for participating in the Healthmatters wellness program, employees enrolled in the Standard and Core Plans will be eligible for those incentives provided they meet the criteria (as established by the Company at its discretion) for earning the incentive.~~

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Active Medical Chart

	Value	Standard	Core
Plan Design Features	Non-contractual	Contractual	Non-contractual
Spending Accounts	N/A	HRA	HSA-Compatible
Spending Account Funding (2012 only)	\$0	\$500-employee/\$500 spouse	
In-Network Deductible (Single/Family)	\$300/\$900	\$1,000/\$3,000	
Out of Network Deductible (Single/Family)	\$1500/\$4500	\$3,000/\$9000	
Coinsurance (In/Out)	20%/50%	20%/50%	
In-Network Out of Pocket Max (Single/Family)	\$2,750/\$8,250	\$4,000/\$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	Unlimited	
Primary Care Physician Copay (In/Out)	\$20*	\$30*	
Specialist Copay (In/Out)	\$40*	20%/50%	
Retail Clinics Copay (In/Out)	\$40*	20%/50%	
Preventive Care*	\$0	\$0	
Emergency Room	Ded/Coins/\$100 CoPay	Ded/Coins/\$100 CoPay	
Pharmacy (Retail)			
Generic	\$10	20% (\$20 min/\$40 max)	
Formulary Brand	30% (\$20 min/\$75 max)	30% (\$30 min/\$100 max)	
Non-Formulary Brand	50% (\$35 min/\$90 max)	50% (\$45 min/\$150 max)	
Pharmacy (Mail)			
Generic	20% (\$0 min/\$80 max)	20% (\$10 min/\$80 max)	
Formulary Brand	30% (\$40 min/\$150 max)	30% (\$60 min/\$200 max)	
Non-Formulary Brand	50% (\$70 min/\$180 max)	50% (\$90 min/\$300 max)	

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Active Medical Chart

	Value	Standard	Core
<b>2012 Monthly Contributions</b>			
EE Only	\$115.00	\$67.59	\$58.06
EE + Spouse/DP	\$345.00	\$202.78	\$174.17
EE + Child(ren)	\$207.00	\$121.67	\$104.50
EE + Family	\$460.00	\$270.37	\$232.23
<b>2012 PT Monthly Contributions</b>			
EE Only	\$115.00	\$67.59	\$58.06
EE + Spouse/DP	\$575.00	\$337.97	\$174.17
EE + Child(ren)	\$299.00	\$175.74	\$104.50
EE + Family	\$805.00	\$473.15	\$232.23

\*Not subject to deductible

~~\*\* Core each deductible (single/family) is an aggregate that needs to be satisfied in total before coinsurance applies~~

~~\*\* Core the deductible is calculated as satisfying a portion of the OOP Max~~

~~\*\* Core each (single/family) OOP Max is an aggregate that needs to be satisfied in total before receiving 100% coverage~~

~~\*\*\*Preventive Rx not subject to deductible, coinsurance still applies~~

Value, Standard, and Core coinsurance amounts (Medical and Rx) apply towards OOP maximums

OOP amounts do not include the deductibles for Value or Standard

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**ATTACHMENT D**

**ACTIVE MEDICAL**

1. With the exception of the Standard plan design features in the chart and changes noted in #3 below, all other plan provisions are subject to change at Company discretion. Plan design features and other plan provisions in the Core medical option may change at Company discretion and advance notice of any changes will be provided prior to implementation. To the extent the Company is offering the Value medical option in any Plan Year to employees, employees eligible to enroll in the Standard and Core medical options will be eligible to enroll in the Value option; the Company, at its discretion may change plan design and contributions in the Value option or otherwise amend or eliminate the Value option.
2. Aggregate employee contributions for the Standard and Core medical options for 2013 will be 18%, 2014 will be 19%, 2015 will be 20% and 2016 and thereafter will be 21% of the total projected cost of each forecasted year of healthcare expenses (which include medical/Rx and administrative expenses). Contributions for the Standard and Core medical options will increase with inflation for these two (2) medical options with cost share set as explained above. The Value medical option inflation will be calculated separately.
3. The Standard medical option annual deductible will increase \$50 in 2015 and 2017 until the deductible reaches \$850 for employee only coverage, \$2,550 for family coverage.
4. Current coverage tiers for contributions will be replaced, as follows:

<u>Current Coverage Tiers</u>	<u>New Coverage Tiers</u>	<u>Multiplier</u>
<u>Employee Only</u>	<u>Employee Only</u>	<u>1.0</u>
<u>Employee + 1</u>	<u>Employee + Spouse/Domestic Partner</u>	<u>2.6</u>
	<u>Employee + Child(ren)</u>	<u>1.8</u>
<u>Employee + 2 or more</u>	<u>Employee + Family</u>	<u>3.5</u>

5. The \$150 and \$1000 standard medical options in the current CBA will be eliminated including the elimination of the current inflation formula used to determine future contributions.
6. Part-time employees will be offered the same medical options as full-time employees. Contributions for the medical options will be the same as full-time employees.
7. New employees eligible for healthcare coverage will default to the Core option, which is the Health Savings Account-compatible medical option, for Employee Only coverage on their eligibility date, should another option or level not be elected during their initial enrollment.
8. To the extent the Company is offering incentives in any Plan Year to employees for participating in the Healthmatters wellness program, employees enrolled in the Standard and Core Plans will be eligible for those incentives provided they meet the criteria (as established by the Company at its discretion) for earning the incentive.



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**Active Medical Chart**

	<u>Value</u>	<u>Standard</u>	<u>Core</u>
<b><u>Plan Design Features</u></b>	<b><u>Non-Contractual</u></b>	<b><u>Contractual Features</u></b>	<b><u>Non-Contractual</u></b>
<u>Spending Accounts</u>	<u>N/A</u>	<u>HRA</u>	<u>HSA Compatible</u>
<u>Spending Account Funding (2013 only)</u>	<u>\$0</u>	<u>\$375 ee &amp; \$375 sp</u>	<u>\$0</u>
<u>In Network Deductible (Single/Family)</u>	<u>\$300/\$900</u>	<u>\$750/\$2,250</u>	<u>\$2,000/\$4,000**</u>
<u>Out of Network Deductible (Single/Family)</u>	<u>\$1500/\$4500</u>	<u>\$3,000/\$9000</u>	<u>\$4,000/\$8,000**</u>
<u>Coinsurance (In/Out)</u>	<u>20%/40%</u>	<u>20%/40%</u>	<u>30%/50%</u>
<u>In Network Out of Pocket Max (Single/Family)</u>	<u>\$1,750/\$4,375</u>	<u>\$2,000/\$5,000</u>	<u>\$6,000/\$12,000**</u>
<u>Out of Network Out of Pocket Max (Single/Family)</u>	<u>\$6,000/\$15,000</u>	<u>\$6,000/\$15,000</u>	<u>\$12,000/\$24,000**</u>
<u>Primary Care Physician Copay (In/Out)</u>	<u>\$20*</u>	<u>\$30*</u>	<u>30%/50%</u>
<u>Specialist Copay (In/Out)</u>	<u>\$40*</u>	<u>20%/40%</u>	<u>30%/50%</u>
<u>Retail Clinics Copay (In/Out)</u>	<u>\$40*</u>	<u>20%/40%</u>	<u>30%/50%</u>
<u>Preventive Care*</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Emergency Room</u>	<u>Ded/Coins/\$100 CoPay</u>	<u>Ded/Coins/\$100 CoPay</u>	<u>Ded/Coins</u>
<u>Pharmacy (Retail)</u>			
<u>Generic</u>	<u>\$10</u>	<u>20% (\$10 min/\$40 max)</u>	<u>subject to deductibles and coinsurance***</u>
<u>Formulary Brand</u>	<u>30% (\$20 min/\$75 max)</u>	<u>30% (\$30 min/\$100 max)</u>	
<u>Non-Formulary Brand</u>	<u>50% (\$35 min/\$90 max)</u>	<u>50% (\$45 min/\$150 max)</u>	
<u>Pharmacy (Mail)</u>			

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<u>Generic</u>	<u>20% (\$0 min/\$80 max)</u>	<u>20% (\$5 min/\$80 max)</u>	<u>subject to deductibles and coinsurance***</u>
<u>Formulary Brand</u>	<u>30% (\$40 min/\$150 max)</u>	<u>30% (\$60 min/\$200 max)</u>	
<u>Non-Formulary Brand</u>	<u>50% (\$70 min/\$180 max)</u>	<u>50% (\$90 min/\$300 max)</u>	
<u>2013 Monthly Contributions</u>			
<u>EE Only</u>	<u>\$112.50</u>	<u>\$70.69</u>	<u>\$57.40</u>
<u>EE + Spouse/DP</u>	<u>\$292.50</u>	<u>\$183.81</u>	<u>\$149.25</u>
<u>EE + Child(ren)</u>	<u>\$202.50</u>	<u>\$127.25</u>	<u>\$103.33</u>
<u>EE + Family</u>	<u>\$393.75</u>	<u>\$247.43</u>	<u>\$200.91</u>

\*Not subject to deductible

\*\* Core - each deductible (single/family) is an aggregate that needs to be satisfied in total before coinsurance applies

\*\* Core - the deductible is calculated as satisfying a portion of the OOP Max

\*\* Core - each (single/family) OOP Max is an aggregate that needs to be satisfied in total before receiving 100% coverage

\*\*\*Preventive Rx not subject to deductible, coinsurance still applies

Value, Standard, and Core coinsurance amounts (Medical and Rx) apply towards OOP maximums

OOP amounts do not include the deductibles for Value or Standard

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**ATTACHMENT 6E**

**RETIREE MEDICAL & LIFE**

**Retiree Medical**

The Company proposes the following changes to the retiree medical and life coverage:

1. Amend the collective bargaining agreement, any letter agreements and any ancillary documents so that the Company is not required to maintain, fund, or provide for retiree medical or retiree life benefits, including elimination of the retiree medical and retiree life insurance references.
2. Early retirees age 55 – 64 will have access to a company sponsored retiree medical option. Contributions for this coverage will be 100% of projected annual expenses (which includes administrative expenses) using data, assumptions, and methodologies for calculating future retiree healthcare costs. For 2012, the Company will offer the pre-65 plan design (which includes a provider network) offered to management employees.
3. Retiree medical option for age 65 and over will cease. Retirees will be offered access to purchase a guaranteed issue Medicare supplement plan through a third party administrator, to the extent available.
4. An active employee who currently prefunds for retiree medical will be refunded the employee's prefunding account (which reflects investment experience), excluding employees who have already received prefunding refunds.
5. Contingent on the successful resolution of the Section 1114 process, as soon as practicable after termination of the Trust Agreement for the Group Life and Health Benefits Plan for Employees of Participating AMR Corporation Subsidiaries (Union Employees), the Company prefunding contributions for each participating active employee, and investment earnings attributable thereto, will be distributed to the employee (subject to applicable tax withholding ~~and/or excise tax~~), excluding employees who have already received refunds of their employee prefunding accounts.
6. Although it is the Company's intention to continue to make available access to early retiree medical coverage (age 55 – 64), the Company will reserve the right to modify, amend, or terminate the plan at any time.
7. Retiree life insurance benefit will be discontinued.

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LETTER OF MEMORANDUM – 9 – AFW, ~~MCIE~~, DWH AND TULE CHRISTMAS BASE CLOSING

From: James B. Weel

To: James C. Little

Re: AFW, ~~MCIE~~ DWH and TULE Christmas Base Closing

~~March 1, 2001~~ DOS

This will confirm our agreement that the AFW, ~~MCIE~~ DWH and TULE Maintenance Bases will be closed for one (1) week during the Christmas holiday period, requiring all employees to take vacation. (Except the Central Utility Plant, Coffee Maker/Oven Shop, Slide Shop and the Battery shop at AFW DWH and Central Utility in Tulsa.)

Administrative details will be determined by mutual agreement. The actual weeks of closure will be determined by mutual agreement. ~~or in the event the parties cannot agree, will be as follows for the term of this agreement:~~

~~2003 12/24/03 to 12/31/03 (includes Christmas Holiday off)~~

~~2004 12/24/04 to 12/31/04 (includes Christmas Holiday off)~~

~~The years of 2005 through 2008 will be determined by mutual agreement between the parties.~~

Due to operational requirements, employees may work during the Christmas Base closure period under the following procedures:

Prior to the start of vacation selection, the Company will identify the areas and the manning requirements needed for the following years Base Closure period. The employees will be allowed to sign a volunteer sign-up sheet showing his desire to work during the following year's Base Closure Period.

- a. Volunteer assignments will be awarded by occupational seniority and notified of their ability to work, by posting, no later than seven (7) calendar days prior to the start of the normal vacation selection.
- b. Employees in those shops, docks, or work units identified for the base closure may volunteer to work, for option blocks available by seniority if operationally required, up to the number of employees needed within each shop, dock, or work unit.
- c. Volunteers who are selected will be required to report for duty during the Period of Base Closure and, accordingly, will be guaranteed work or compensation in lieu of work, if work is not assigned.

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1. An employee volunteering to work and then subsequently transferring to another shop/dock/work area will be allowed to volunteer in his new area if his seniority will allow, or the employee will be allowed to fulfill his obligation to work in the shop/dock/work area where he had previously volunteered.
2. Employees volunteering to work are volunteering to work any shift. Every attempt will be made to assign volunteers to work their normally scheduled shift; however, due to operational requirements, employees may be reassigned to other shifts by inverse seniority only.
3. Employees scheduled for vacation or FLEX vacation during the base closure period may volunteer to work and be compensated in accordance with Article 8 and applicable IRS laws. Employees who have selected either PV or POH may also volunteer to work; ~~however, an employee who had selected PV and voluntarily working will not be charged with a PV and will not have the option of being paid for a vacation period, but will retain the vacation period for use in the following year.~~

Note: Current IRS guidelines do not allow for deferring Flex Vacation into the following year, regardless of what week your Flex vacation was scheduled.

4. All provisions of the current AA/TWU labor agreement will apply.
- d. If additional employees are needed to work base closure, the following will apply:
1. Employees in those shops, docks, or work units identified for the base closure may volunteer to work, if operationally required, up to the number of employees needed within each shop, dock, or work unit. If option blocks were offered prior to previous vacation selection a year in advance, the same offer must be maintained.
  2. If an employee volunteered during the previous vacation selection a year in advance, he will be allowed to work additional days if available.
  3. Volunteer lists will be posted and awarded in each shop, dock, or work unit thirty (30) days prior to the start of the base closure period.
  4. Volunteers will be selected by Occupational Seniority to work within their own respective shop, dock, or work unit. Every attempt will be made to assign volunteers to work in their regularly assigned work area; however, due to operational requirements, volunteers may be reassigned to other work areas by inverse seniority only.
- e. In the event there are insufficient volunteers:

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Employees with scheduled vacation, FLEX vacation, ~~PV~~, or POH and not volunteering will not be required to work.

On the Aircraft docks only, if additional volunteers are needed, they will be selected from within the appropriate Hangar Operation Center (HOC). ~~product line (e.g. Business Units in Tulsa AO, 777, 767, 757, 737, MD80, etc...)~~ In the event of insufficient volunteers, no employee will be required to work.

Employees not able to select vacation, Flex vacation, ~~PV~~, or POH will be allowed to work.

- f. A separate volunteer list will be maintained and posted for each classification (e.g. Crew Chief, Inspector, Aviation Maintenance Technician, Plant Maintenance Mechanic, Overhaul Support Mechanic, etc...). Crew Chiefs may volunteer to work as a Crew Chief and may volunteer to work in their non-bid classification. Assignments will be made in accordance with the above procedures and Crew Chiefs volunteering to work in their non-bid classification will be allowed to work within each shop, dock, or work unit by operational seniority.
- g. Unless otherwise noted, the holiday will be observed on the first day following the employee's vacation or days off in accordance with Article 7.
- h. Overtime work required on the days off either preceding or following the base closure/vacation week (unless otherwise noted) will be solicited in accordance with the local overtime administrative guidelines within each shop, dock, or work unit.
- i. Holiday work required on the designated Holiday Off (unless otherwise noted) will be solicited in accordance with the local holiday administrative guidelines within each shop, dock, or work unit, provided that no employee will be required to work the holiday or days off preceding the base closure period.

(Signed original on file)

AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012

ATTACHMENT 11.6 – ~~SHOP REPAIRPERSON~~ OVERHAUL SUPPORT MECHANIC PERCENTAGE

From: ~~Jane G. Allen~~-James B. Weel

To: ~~Edward R. Koziatek~~-Robert F. Gless

Re: ~~Shop Repairperson~~ Overhaul Support Mechanic Percentage

~~August 15, 1995~~ DOS

This will confirm our understanding reached during negotiations regarding the number of ~~Shop Repairpersons~~ Overhaul Support Mechanic (OSM) that may exist at the TUL/~~AFW~~ bases.

We have agreed that ~~Shop Repairpersons~~ OSMs shall be utilized in areas that do not require the license and high skill of an A&P Mechanic. Further, we have agreed that in no event will the number of ~~Shop Repairpersons~~ OSMs at either TUL or AFW exceed 25% of the total population of Title I employees at each base. We have further agreed that this percentage figure cannot be changed for the duration of this agreement, and for a minimum of additional four (4) years.

(Signed original on file)

AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012

LETTER OF MEMORANDUM – XX – Utilization of OSM Classification in Dock Operations

From: James B. Weel

To: Robert F. Gless

Re: OSM utilization in dock operations

DOS

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS.

In recognition of the need to competitively compete in a global market, the parties have agreed to modify the work scope for the classification of Overhaul Support Mechanic (OSM). The expanded scope will allow the utilization of the OSM Classification to accomplish cabin related work on aircraft in maintenance classified as Main Base Visit (MBV), Heavy C and Light C Check work or their equivalent.

OSM's assigned to cabin work will perform semi-skilled to moderately complex work in the cabin of the aircraft. Such work will include but not be limited to minor structure repairs, wet fiberglass lay-ups, cabin, ~~and over-wing exit doors~~, lavatory, galley and seat removal and repair, floorboard removal and installation, and sidewall and ceiling panel removal, repair and installation.

In recognition of this expanded job scope, the Company will modify the Qualification Administration Manual (QAM) to provide OSM's assigned to cabin work with credited experience for advancement to the classification of AMT.

(Signed original on file)



AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012

**LETTER OF MEMORANDUM – XX – DWH Operation**

**From: James B. Weel**

**To: Robert F. Giess**

**Re: DWH Operation**

**DOS**

This will confirm our understanding reached during the discussions leading up to 1113C Bankruptcy proceedings for Title I employees.

- DWH will be identified, in the Collective Bargaining Agreement and the Qualification Administration Manual (QAM), as a Base and a separate station from DFW.
- In the event of a reduction in force, permanent shutdown, or temporary station closure of DWH or DFW, any incumbent member, of the local TWU, will be allowed an additional option "to exercise their Occupational Seniority at the other station, provided they have Occupational Seniority to do so," all others will *only* be allowed to exercise their seniority in accordance with Article 15 and 16 respectively.
- DWH will maintain the following classifications. Examples of these classifications and skills are:
  - Quality Control
  - Crew Chief / Technical Crew Chief / AMT – Systems
  - Crew Chief / Technical Crew Chief / AMT – Structures
  - Crew Chief / Technical Crew Chief / AMT – Avionics
  - Overhaul Support Mechanic (OSM)

Additional Base skills may be added to meet the need of the operation; however, the Company will meet and confer with the TWU prior to the addition of the new skill. Examples of these are:

- AMT – Machinist
- AMT – Welder
- Cleaners
- New hire employees and transfers into DWH will be restricted from moving outside the station in accordance with the provisions of Article 12.
- Vacation selections will be administered in accordance with Article 8.

**AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012**

- **Base Closure will be administered in accordance with Letter of Memorandum 6**
- **Each work unit will have a separate overtime distribution list and overtime will be administered in accordance with the Base Maintenance Overtime Guidelines.**
- **Under the Company Business Plan, upon the closure of the AFW Maintenance Base the following shops and appropriate headcount, including OSM's, will be reassigned to DWH, as agreed upon by the company and union.**
  - **Slide Shop**
  - **Coffee Maker / Oven**
  - **Battery**
- **The OSM's percentage at DWH will be capped at 30% of the total population of Title 1 employees at DWH. Prior to adding additional OSM's to the station, the company will meet and confer with the TWU to provide the number and shop to which the OSM's will be utilized.**
- **The Company will meet and confer with the TWU prior to any expansion of the facility, outside the items contained in this letter of agreement.**

**(Signed original on file)**

**AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012**

**Avionics Letter of Agreement**

During our recent negotiations, we discussed the Company's position regarding Avionics personnel and their utilization within Line Maintenance. This letter outlines the issues discussed and agreed to by the Company and the Union.

Recognizing the need to improve our competitiveness, the Company expressed a need to streamline the Avionics department by narrowing and focusing the primary scope of the Avionics personnel. At the same time, the Company has made clear its intention to expand the skills of the General AMT population to include avionics skills for new and existing fleet types. However, until such time as the Company attains the appropriate level of avionics skill within its General Line Maintenance AMT population, the Company will maintain the Avionics job test area in Line Maintenance. This letter also confirms our understanding that our [mutual] Intent is to not extend the Avionics work or scope in operations where it does not function today.

While it is understood that in most instances, during normal work hours, the alignment of work will be in line with the below processes and duties, nothing precludes Line Maintenance AMTs in either the Avionics AMT job test area or the General AMT job test area from doing any bill of work or performing duties for which they are qualified. Avionics AMT's will accomplish their assigned work utilizing a "Cradle to Grave" concept unless otherwise directed by management. When necessary for operational efficiency, AMT's may be cross-utilized between the two job test areas while on shift.

**Avionics AMT's Processes and Duties:**

- Troubleshoot wiring, relays, defective connectors and contactors of any aircraft system.
- Auto Pilot/Auto flight Systems
- Communication Systems
- Power Systems
- Instruments/ Navigation systems
- Lower Minimum Program

The Parties agree to form a Committee comprised of TWU and Management, to review and recommend possible changes to the above scope of work.

This letter constitutes the sole letter in place between the Company and the TWU with regard to Line Maintenance Avionics. All other letters are null and void.

AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012

ATTACHMENT XX

DOS

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

Re: Overtime Procedures

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. The tentative agreement modified Article 6(c) to permit the Company to establish overtime distribution procedures in accordance with certain provisions in the agreement. In the interest of providing the TWU an opportunity to have some input into the development of those procedures, the Company agreed to present the TWU with the proposed overtime distribution procedures within thirty (30) days following DOS. Thereafter, the Company will meet and confer with the TWU for a period of thirty (30) days in order to reach a mutually satisfactory resolution. The Company and TWU agreed that each party shall designate no more than three (3) representatives to participate in the meet and confer process.

In the interest of resolving any disputes over the implementation of such procedures in a timely manner, the parties agree that if the parties do not reach a mutually satisfactory solution within thirty (30) days after the Company presents the TWU with the proposed overtime distribution procedures, the parties will jointly submit the open issues to a final and binding mediation-arbitration process.

In order to expedite the mediation-arbitration process, the parties agree to move the case to the top of the docket and it will be scheduled and heard at the next planned System Board of Adjustment for M&R.

The arbitrator will be empowered to mediate a mutually satisfactory solution. If an agreement is not reached through the one day mediation session, the arbitrator shall issue a final and binding interest arbitration award within a period of thirty (30) days following the date of the scheduled mediation. The arbitrator's award shall produce equivalent cost savings as valued by the Company and shall be consistent with any other ground rules established by the parties. The award shall be final and binding on the parties.

The parties shall share equally all costs of this mediation-arbitration process.

**AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012**

**Sincerely,**

**{Original Signed on file}**

**James B. Weel  
Managing Director  
Employee Relations**

**Agreed to this date:  
{Original Signed on file}**

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

AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012

ATTACHMENT XX

DOS

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

Re: Field Trip Work

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. The tentative agreement modified Article 26(f) to permit the Company to establish field trip work distribution procedures in accordance with certain provisions in the agreement. In the interest of providing the TWU an opportunity to have some input into the development of those procedures, the Company agreed to present the TWU with the proposed field trip work distribution procedures within thirty (30) days following DOS. Thereafter, the Company will meet and confer with the TWU for a period of thirty (30) days in order to reach a mutually satisfactory resolution. The Company and TWU agreed that each party shall designate no more than three (3) representatives to participate in the meet and confer process.

In the interest of resolving any disputes over the implementation of such procedures in a timely manner, the parties agree that if the parties do not reach a mutually satisfactory solution within thirty (30) days after the Company presents the TWU with the proposed field trip work distribution procedures, the parties will jointly submit the open issues to a final and binding mediation-arbitration process.

In order to expedite the mediation-arbitration process, the parties agree to move the case to the top of the docket and it will be scheduled and heard at the next planned System Board of Adjustment for M&R.

The arbitrator will be empowered to mediate a mutually satisfactory solution. If an agreement is not reached through the one day mediation session, the arbitrator shall issue a final and binding interest arbitration award within a period of thirty (30) days following the date of the scheduled mediation. The arbitrator's award shall produce equivalent cost savings as valued by the Company and shall be consistent with any other ground rules established by the parties. The award shall be final and binding on the parties.

**AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION  
RE: MECHANIC & RELATED  
July 10, 2012**

**The parties shall share equally all costs of this mediation-arbitration process.**

**Sincerely,  
{Original Signed on file}**

**James B. Weel  
Managing Director  
Employee Relations**

**Agreed to this date:  
{Original Signed on file}**

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

# AmericanAirlines®

DOS

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

Re: Mechanic & Related Term Sheet – Title II adjustments

Dear Robert,

The following reflect the updated terms that are included in proposal made on July 9, 2012:

1. Modify Article 1 to permit the outsourcing of the following Title II work:
  - Outsource all cabin cleaning, eliminate Cabin Cleaner classification.
  - Outsource all existing building cleaner work, and eliminate Building Cleaner classification.
  - Title II Mechanic headcount reductions at TULE will be 17% of budgeted headcount as of 1/1/2012.
  - Outsource High Voltage (13500 and above) Electrical Maintenance at Bases.
  - Central Plant Operation and Maintenance at TULE will consist of 20 Plant Maintenance Mechanics and 20 Maintenance Support Persons (MSP)
  - Qualifications for TAESL (TAESL operations, CUP, IWTP, Haz waste) will be PM92. The support for TAESL will consist of 2 Plant Maintenance Mechanic Crew Chiefs, 28 Plant Maintenance Mechanics, There will be no GSE support.
  - Outsource concrete, fencing, and major carpentry projects at TULE.
  - All Ground Service Equipment work on non-powered equipment at Customer Stations, to be done by MSPs, provided MSP scope includes welding and use of cutting torch. Non-powered work performed by Line Maintenance may be outsourced.



**By way of your signature(s) below, please indicate your acceptance of this clarification and understanding.**

**Sincerely,**

---

**James B. Weel  
Director  
Employee Relations**

**Agreed to:**

---

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

**cc: B. Collins  
J. Weel  
M. Easton  
M. Nelson  
C. Beaston**

## ARTICLE 1 – RECOGNITION AND SCOPE

(a) Pursuant to the certification from the National Mediation Board dated July 22, 1946, the Company recognizes the Union as the exclusive and sole collective bargaining agency, with respect to rates of pay, rules, and working conditions, for all employees within the United States or its territories, covered under this Agreement in the classifications set forth in Article 4, and as described in the classification descriptions in Article 11, who perform work as follows:

(1) The servicing, maintaining, modifying, and overhauling of airplanes (including airframes, engines, radios, components, accessories, instruments, systems, furnishings and equipment), while the airplane is on the ground, including such work as fabricating, repairing, assembling, disassembling, installing, removing, testing, inspecting (except visual inspection normally performed by flight crews at or about the time of flight departure), fueling, oiling, replenishing hydraulic and other fluids, and cleaning;

~~(2) The servicing, maintaining, repairing, and altering of bag systems, carousels, jetbridges, pre-conditioned air, and KVA units only at those Line Stations staffed by TWU represented employees who are currently performing that work, (including fixtures and equipment), and at Base stations only, such work as minor carpentry, plumbing, electrical (excluding high voltage), and welding.~~ (2) The servicing, maintaining, repairing, **and altering and construction** of buildings and grounds of **bag systems, carousels, jetbridges, pre-conditioned air, and KVA units only at those Line Stations staffed by TWU represented employees who are currently performing that work**, (including fixtures and equipment), and at **Base stations only**, such work as **minor carpentry, plumbing, electrical (excluding high voltage 13,500 volts and above), and welding.** ~~Landscaping, janitor and cleaning at TUL;~~

(3) The servicing, maintaining, and repairing of tools and equipment, including hand tools, power tools, machine tools, and mobile equipment provided by the Company for the use of employees in the performance of their work and, when assigned, those provided by the Company for the use of employees not covered by this Agreement, including such work as fabricating, repairing, assembling, disassembling, testing, inspecting, fueling, oiling, and cleaning;

(4) The servicing, maintaining, and repairing of ground radio equipment (except on-the-job service, repairs, and installation of ground radios), including such work as fabricating, repairing, assembling, disassembling, testing, and inspecting.

(b) It is understood and agreed that the work to be performed by employees covered by this Agreement does not include related indirect work performed by employees such

as supervisors, management specialists, managers, planners, professional employees, flight crews, dispatchers, office and clerical employees, agents, clerks, production assistants, staff assistants, and skycaps.

(c) It is understood that in an emergency, supervisors, flight crews, and other employees may perform or assist in performing any work that may be necessary to complete a particular operation. Where employees are reasonably available in point of time adequately to handle a situation on a regular, overtime, or field trip basis, the situation will not be deemed to be an emergency within the meaning of this paragraph.

(d) The Company will continue to assign American Airlines TWU represented employees covered by this Agreement in classifications, consistent with its established practices, as designated by the Company to all stations which have more than 5475 annual AA scheduled departures. Such scheduled departures will be measured each January 1 and July 1 and will consider the prior twelve (12) month period. The Company will staff new cities, and also re-staff former TWU staffed cities with 7300 or more annual departures.

(1) The Company may contract out the following non-aircraft-related maintenance work covered by this Agreement:

- ~~Outsource Ground Service Equipment work at TULE Base. A 10 man "Hot Shot" crew will be created to provide support/emergency GSE support.~~
- Outsource High Voltage Electrical Maintenance work at Bases.
- Central Plant Operation and Maintenance work at TULE will consist of 20 Plant Maintenance Mechanics and 20 MSPs.
- Outsource all work at AFW, except TAESL. Qualifications for TAESL (TAESL operations, CUP, IWTP, Haz waste) will be PM92. The support for TAESL will consist of 2 Plant Maintenance Mechanic Crew Chiefs, 28 Plant Maintenance Mechanics. There will not be GSE support.
- ~~Outsource Painting projects at TULE Base. TULE will keep 3 Painters for specialized projects.~~
- Outsource concrete, fencing, and major carpentry projects at TULE.
- Ground Service Equipment work on non-powered equipment at DAS Stations to be done by MSP, provided MSP scope includes welding and use of cutting torch. Non-powered work performed by Line Maintenance can be outsourced.
- Outsource all Facilities Maintenance work at HDQ, FSU, GSW, SRO and SOC.
- Outsource all Facility and GSE-related work associated with Cargo where Fleet Service is not staffed.
- Company retains the right to outsource non-routine work.

(e) Contracting Out of Work. To allow the company certain flexibility in outsourcing Aircraft-related Maintenance ~~but also establish certain limits on the outsourcing of such work~~, the company and the Union have agreed to establish limits on the amount of work the company may outsource, including the work that is currently outsourced. "Aircraft-related Maintenance" shall be defined as work involving the maintenance, repair, servicing, overhaul, inspection or modification of engines, components or aircraft. The Company and the Union agree to limit the percentage of outsourced Aircraft-related Maintenance to not exceed 35%, subject to exclusions or modifications described elsewhere in this agreement. Further, the parties also agree that no more than 15% of Line Maintenance work will be contracted out.

The calculation of the percentage of work being outsourced is given by:

Outsourcing % = Outside Service Costs ÷ (Direct Labor Cost + Direct Material Cost + Outside Service Costs), where:

"Outside Service Costs" is the amount charged by the external service vendor for aircraft-related maintenance, and the Direct Labor and Direct Material costs incurred for work performed by non-TWU AA employees, **except where excluded pursuant to paragraph e(2), below.**

"Direct Labor Cost" is the sum of all salaries and benefits costs of the TWU Title I employees without any accounting adjustments for capital, contract or other credits.

"Direct Material Cost" is the materials expense recognized in the accomplishment of aircraft-related maintenance events performed by AA TWU employees. Capitalized material is excluded; Shop Supplies will be included.

In order to reflect the benefit to the TWU of performing work on non-AA operated aircraft, the parties agree that the above-defined Labor Cost and Material Cost is intended to include such costs even when incurred in the performance of non-AA aircraft-related maintenance, including at TAESL, so long as such work is performed by TWU represented employees in accordance with the rates of pay, rules, and working conditions in the TWU/AA Agreement. ~~For avoidance of doubt, it is the parties' intention~~ that work performed by persons on the American Airlines Transport Workers Union Title I seniority list, including at TAESL or other entity, is considered in-sourced work.

In the event that the TAESL joint venture shrinks by 25% or more versus the full year 2011 period, or is terminated, the outsourcing limits will be adjusted accordingly. **Further adjustments will be made at each additional shrinkage of 25%, or more, versus the full year 2011 period.**

American Airlines will, from time to time, return aircraft, engines or other components that may require work to be done pursuant to the original terms of the lease or other

financing agreement. The Company may enter into an agreement with the lessor to reduce or eliminate that requirement. In that case, the aircraft will be returned without the work being accomplished. If at a future date the lessor or other party chooses to accomplish some or all of the eliminated work, such work is not covered under the provisions of this agreement, **provided the aircraft is not returned to the service of American Airlines following completion of the eliminated work. In the event the Company reacquires the aircraft through a leasing arrangement, the portion of the lease payments attributable to maintenance, commonly known as "maintenance reserves", will be included as outsourced work at the time the aircraft is returned to service. In the event the Company reacquires the aircraft through a purchase agreement, the increased value of maintenance life remaining on the aircraft will be considered to be outsourced work at the time the aircraft is returned to service.**

The parties also agree that, in the event that the Company is willing to make what it believes is an extraordinary **significant** investment to increase or improve its in-house capacity, the TWU and the Company will discuss whether a further adjustment of the outsourcing calculation is warranted.

(1) It is understood that nothing in this Article requires the maintenance of the present volume of work.

(2) The percentage set forth in paragraph (e) above may be exceeded in the event: (i) the Company's then-present employees do not have the normal time and/or skills to perform the work (provided that the manpower shortage is not a result of the Company's failure to reasonably anticipate and address its headcount requirements); or (ii) the Company's equipment or facilities are insufficient or are being fully utilized at the time the Company contracts out the work; **Work which is contracted out and which is characterized by (i) or (ii) of this paragraph is excluded from the outsourcing calculation.**

(3) The Company will provide the Director of the Air Transport Division, in January and July of each year, a report which indicates the percentage of total Aircraft-related Maintenance work and the percentage of Line Maintenance work that has been contracted out under paragraph (e) above in the prior 12-month period. ~~as well as the numerators and~~ **Not less than 120 days after the effective date of this agreement the Company will provide the Director of the Air Transport Division with a list of all work currently contracted out that exceeds \$1MM in annual spend with a supplier.**

(4) The time limit for grievances filed under Article 29(d) involving contracting out will be 90 days from the date the report was received.

(f) Although a proposed FAR Part 66 was previously considered and subsequently withdrawn by the FAA, in the event of a future approved FAR Part 66, or equivalent rulemaking, which may have an impact on the utilization of unlicensed personnel performing aircraft maintenance work, the Company agrees to maintain its current practices until such time it discusses and reaches an understanding with the TWU International of the impact of such change. This provision will only remain in force and effect during the life of this Agreement.

(g) Merger, purchase, or acquisition of another company: In the event of a merger, purchase, or acquisition of another company, involving that entire company or a substantial portion of that company by the Company, the TWU and the Company will meet to discuss the merger, purchase, or acquisition. The Company will provide the TWU with information concerning the proposed merger, purchase, or acquisition at the earliest feasible time to allow for the Union to prepare for those discussions. Those discussions will include the impact of the merger, purchase, or acquisition upon the TWU represented employees.

(1) The integration of the seniority lists of the respective employee groups will be governed by the provisions of Sections 3 & 13 of Allegheny-Mohawk, 59 CAB 22 (1972), provided that no employee on the master seniority list will be adversely impacted in rates of pay, hours, or working conditions by the integration.

(2) The rates of pay, rules, and working conditions contained in the Basic Agreement, as amended, will not be open for collective bargaining in the event of a merger nor will the TWU or the Company have any obligation to bargain upon changes thereto, except as provided in Article 47 – Duration of the Basic Agreement.

(3) The parties agree to submit to final and binding arbitration by an arbitrator approved by the National Mediation Board all disputes between the TWU and the Company which are not settled in the meetings provided above within six (6) months of the effective date of the merger. The costs of the arbitration will be shared equally by the parties and there will be only one such arbitration proceeding which will be the sole and exclusive remedy for all such disputes.

(4) It is understood that the provisions of Article 1(h) (1), (2), and (3) will not apply to the Company's purchase of assets of another airline which does not result in the integration of employees.

(h) Merger, purchase, or acquisition by another company: In the event of a merger, purchase, or acquisition of the Company by another company, the TWU and the Company will meet to discuss the merger, purchase, or acquisition. The Company will provide the TWU with information concerning the proposed merger, purchase, or acquisition at the earliest feasible time to allow for the Union to prepare for those discussions. Those discussions will include the impact of the merger, purchase, or acquisition upon the TWU represented employees.

(i) Labor protection provisions: In the event of a merger, purchase, or acquisition of the Company by another company, the integration of the seniority lists of the respective employee groups will be governed by the provisions of Sections 3 & 13 of Allegheny-Mohawk, 59CAB22 (1972). The employee groups of each carrier will remain separated until such time as the seniority lists are integrated in accordance with this paragraph.

(j) Successorship:

(1) The Agreement will be binding upon any Successor. The Company will not bring a single step or multi-step Successorship Transaction to final conclusion unless the Successor agrees, in writing, to:

(a) recognize the TWU as the representative of employees on the TWU System Seniority lists consistent with the Railway Labor Act, as amended;

(b) employ the employees on the TWU System Seniority list in accordance with the provisions of this Agreement;

(c) assume and be bound by this Agreement.

(2) If the Successor is an Air Carrier or an affiliate of an Air Carrier, the Company will, at the option of the TWU, require the Successor to agree to integrate the pre-transaction System Seniority list of the Company and the Successor in a fair and equitable manner within twelve (12) months of the Successorship transaction pursuant to Sections 3 and 13 of the Allegheny-Mohawk LPPs. The requirement of this provision does not apply to the Company's acquisition of all or part of another Air Carrier in a transaction, which includes the acquisition of aircraft and employees.

(k) The attachments on the following pages are agreed to by the parties and are incorporated as part of the Agreement.

**ATTACHMENT 1.1 – CONTRACTING OUT WORK – JOINT COMMITTEE**

**From:** Denise Lynn  
**To:** Robert F. Gless  
**Re:** Contracting Out Work – **AA System** Joint Committee – **Aircraft Maintenance  
Related Work TULE**

**DOS**

The Company has agreed to create a joint committee with the TWU International and the appropriate TWU local representatives for the purpose of ~~periodically~~ reviewing **quarterly**, insourcing and outsourcing practices. Such items as cost considerations, turn times, training, facilities and return on investment will be reviewed. The committee will be made up of three (3) management and two (2) TWU members with a Management Representative as the Chairperson.

**The Committee will be the forum for providing the TWU notice of future outsourcing of aircraft maintenance related work.**

(Signed original on file)



**-ATTACHMENT 1.2 THE COMPANY'S CURRENT PLAN FOR INCREASED  
OUTSOURCING**

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

Re: The Company's Current Plan For Increased Outsourcing

Dear Robert,

During the recent negotiations that led to the signing of the Agreement between American Airlines, Inc. ("American") and the Transport Workers Union of America ("TWU") covering Aviation Maintenance Technicians and Plant Maintenance employees effective DOS, the parties discussed the Company's need to outsource additional aircraft-related maintenance work.

The purpose of this letter is to clarify the Company's current plan to outsource additional work.

It is the company's current plan to contract out additional **Base** work, including the following:

B777 Main Base Visit

~~B777 Special Visit~~

~~B767 Special Visit~~

B767 SIP, Fail Safe

B757 Heavy Check

B757 Mid Check

~~B757 Special Visit~~

**Main Cabin Extra Special Visits – All Fleets**

**B737 Air Data Probe ASB/AD (portion of fleet)**

Peak Base Visits regardless of fleet or engine type; for example, where a full check line cannot be supported

Associated back shop work in support of the above.

Window shop and Blade and Vane Shop.

Line Maintenance: the company intends to contract out the repair of Aircraft Fuel Tank Leaks, provided the contractor furnishes their own tooling and equipment, and the accomplishment of the Customer Focus Package bill of work. It is also the company's intent to increase the amount of routine and non-routine work to be contracted out while the aircraft are at international and domestic stations, subject to the limitations described in **Article 1(e)**. To the extent that this work is

performed by persons who are not on the American Airlines Transport Workers Union Title I seniority list, this work will be deemed to be contracted out.

**In the event the Company decides to contract out work in addition to that listed on the previous page it may do so if (1) the additional work does not result in outsourcing above the percentage cap on outsourcing stated in Article 1(e) or (2) the Company's then-present employees do not have the normal time and/or skills to perform the work (provided that the manpower shortage is not a result of the Company's failure to reasonably anticipate and address its headcount requirements); or (3) the Company's equipment or facilities are insufficient or are being fully utilized at the time the Company contracts out the work;**

**Provided however, that if the work to be contracted out is currently being performed in-house, the outsourcing of that work will not directly result in the involuntary separation of any employee covered by this agreement.**

The parties agree that nothing in Article I or in this letter prevents the company from contracting out work currently or **previously** performed in house, subject to the other **restrictions of this agreement.**

It is understood between the parties that the provisions of Article 1 will remain in full force and effect.

Aside from the above, the company's current plan is that all remaining aircraft overhaul and line maintenance work will be performed by TWU represented mechanic and related personnel pursuant to the terms of the AA/TWU Mechanic and Related Agreement Article 1.

Sincerely,  
{Original Signed on File}

Agreed to:  
{Original Signed on File}

---

James B. Weel  
Managing Director  
Employee Relations  
American Airlines, Inc.

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

**LETTERS OF MEMORANDUM**

**LETTER OF MEMORANDUM – X – Outsourcing of Title II Work**

**Robert F. Gless  
International Representative  
Deputy Director - ATD  
Transport Workers Union of America, AFL-CIO  
1791 Hurstview Drive  
Hurst, TX 76054**

**DOS**

**RE: Outsourcing of Title II Work**

**Dear Robert,**

**This letter will confirm our understanding reached during the negotiations leading up to the agreement signed on DATE.**

**During these negotiations, work that was previously performed by Title II, was specified to be outsourced. In addition, several Attachments to Article 1 concerning the contracting out of work, were either modified or deleted.**

**While the contract specifies work that can be outsourced, the right to outsource non-routine work also exists. Prior to outsourcing any non-routine work, or work that continues to be in the scope of Title II work, the Company will discuss the need to outsource with the local TWU Representative before an agreement is reached with a vendor.**

**This discussion with the TWU does not require a mutual agreement in order for the Company to contract out the work. In addition, this discussion does not waive the right of the TWU to pursue the issue to arbitration based on the merits.**

**Sincerely,**

**Agreed to:**

**{Original Signed on file}**

**{Original Signed on file}**

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**James B. Weel  
Managing Director  
Employee Relations  
American Airlines Inc.**

---

**Robert F. Gless  
International Representative  
Deputy Director - ATD  
Transport Workers Union of America, AFL-CIO**

**[DOS]**  
**Robert F Gless**  
**International Representative**  
**AA System Coordinator**  
**Transport Workers Union of America, AFL-CIO**  
**1791 Hurstview Drive**  
**Hurst, TX 76054**

**RE: Operating Aircraft with a Capacity of more than 79 Seats**

**Dear Robert,**

**During the recent negotiations that led to the signing of the Agreement between American Airlines, Inc. ("American") and the Transport Workers Union of America, AFL-CIO ("TWU") covering Mechanic and Related employees effective [DOS], the parties discussed the APA proposals involving flying aircraft with more than 79 seats.**

**It is agreed that absent agreement between TWU and the Company to the contrary, all aircraft with greater than 79 seats, if flown by APA and operated by AMR corporation or its subsidiaries, are within the scope of this Agreement.**

**Sincerely,**  
**{Original Signed on File}**

**Agreed to:**  
**{Original Signed on File}**

---

**James B. Weel**  
**Managing Director**  
**Employee Relations**  
**American Airlines, Inc.**

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

**Exhibit "C"**

**American Airlines  
Settlement Proposal to the  
Transport Workers Union  
re: Stores  
July 10, 2012**

AMERICAN AIRLINES SETTLEMENT PROPOSAL TO  
THE TRANSPORT WORKERS UNION

RE: Stores  
July 10, 2012

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<b>OBJECTIVE</b>	All items in this Settlement Proposal are contingent upon a consensual collective bargaining agreement, i.e. they will become effective as described only upon the effective date of a new collective bargaining agreement between American and the Transport Workers Union
<b>I. DURATION</b>	Modify Article 47 to provide duration of six (6) years from date of signing (DOS). At any time following DOS plus forty-eight (48) months, but prior to DOS plus seventy-two (72) months, with sixty (60) days prior written notice by either party, the parties will commence negotiations in accordance with Section 6, Title I of the Railway Labor Act, as amended.
<b>II. COMPENSATION</b>	
Pay Rates	<ol style="list-style-type: none"> <li>Modify Article 4 to provide Base Pay Rate increases for all Classifications on the following scale: <ul style="list-style-type: none"> <li>-effective DOS – 3.5%</li> <li>-effective DOS + 12 months – 2.0%</li> <li>-effective DOS + 24 months – 2.0%</li> <li>-effective DOS + 36 months – 1.5%</li> <li>-effective DOS + 48 months – 1.5%</li> <li>-effective DOS + 60 months – 1.5%</li> </ul> </li> </ol>
Premium	<ol style="list-style-type: none"> <li><b>Material Logistic Specialist Premium</b> <ul style="list-style-type: none"> <li>• .45 at DOS</li> </ul> </li> </ol>
Industry Comparable	<ol style="list-style-type: none"> <li>Industry Comparable Pay Rate Adjustment (See Attachment A.)</li> <li>Provide for a joint committee to explore appropriate metrics and financial payouts of a gain sharing program for Stores. See Employee Gain Sharing letter.</li> </ol>
Profit Sharing	<ol style="list-style-type: none"> <li>New Profit Sharing (See Attachment B.)</li> </ol>
<b>III. SCOPE</b>	<ol style="list-style-type: none"> <li>Delete Article 1 (e), and attachment 1.1 – Modify scope such that work accomplished by TWU AMT will be supported by TWU Material Logistic Specialist.</li> <li>Accept TWU head count proposal - AFW (126), 27 AFW heads to DFW/DWH (exact location TBD), fewer bids (3).</li> <li>TULE A/O reduction (56), TULE Support Shop support reduction (30).</li> <li>Vendor Management Inventory Letter.</li> </ol>

## THE TRANSPORT WORKERS UNION

RE: Stores

July 10, 2012

	5. Develop letter addressing ordering of parts going forward.
<b>IV. WORK RULES</b>	
Shift Assignments	1. Modify Articles 3 and 21 to permit management to establish a maximum of three (3) of shift bids, all shift bids to be fixed. Eliminate any local agreements, and Modify Article 3 to permit management to establish work schedules at Overhaul Bases that include Saturdays and Sundays without restriction (eliminate 1/7th rule).
Overtime	2. <del>Clarify that Article 6 permits management discretion to distribute overtime within the crew or the appropriate work group as equitably as practicable, and eliminate all local agreements.</del> Company and TWU will meet and confer for 30 days following DOS to resolve and reach agreement on procedures. If no agreement is reached, the dispute will be mediated/arbitrated at the next scheduled Maintenance System Board. See attached letter.
Vacation	3. Delete current language in the agreement concerning 40 hour requirement. 4. <del>Reduce maximum vacation accrual from 30 days to 25 days.</del> 5. Eliminate Paid Personal Vacation Days (PV). TWU Agreed.
Posting Promotions and Jobs	6. <del>Modify Article 12(I) to state that once a transfer has been accepted the employee cannot refuse, nor can the company rescind, the transfer.</del>
Flex Bidding	7. Modify Article 8 as follows: Add Flex vacation language stating that bidding will be completed no later than December 15. Employees must bid regular vacation first and then bid flex vacation weeks. Flex weeks will be available after number of weeks purchased are identified. TWU Agreed.
Recall	8. Substitute Article 16 from the May 5, 2010 AA/TWU Stores Tentative, modified to reflect 10 year recall rights.
Leave of Absence	9. <del>Modify Article 17 - Leaves of Absence to reduce the duration of a SLOA and IDLOA from 5 years to 3 years</del>
Sick Leave	10. Propose current book.
Meal Period	11. Propose a "No Meal" penalty of 30 minutes. If employee is not provided a meal period the employee will be allowed to punch out 30 minutes prior to the end of his shift without affecting his daily pay.
One Station	12. Eliminate DFW Hangar 5 (DWH) letter and DWH Title II License/Testing Requirement letter. DWH will be a stand-alone base whether in its current location or at another location at DFW Airport.

**RE: Stores**

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V. CLASSIFICATION:	1. Modify Article 11(d) and (e) to permit management to establish qualifications, review changes with TWU, and to implement changes to the Qualifications Administration Manual, and provide for a dispute resolution procedure. Eliminate all attachments to Article 11
VI. BENEFITS Pension  401(k)	<p>1. Amend the Basic Agreement so that the Company is not required to accrue future service benefits in the defined benefit pension plan (hard freeze). T/A.</p> <p>2. Amend the Basic Agreement to provide that that the Company is not required to maintain or fund or provide a defined contribution pension plan, except as provided below.</p> <p>3. Amend the Basic Agreement to provide that the Company will offer a replacement benefit through the Super Saver 401(k) Plan. Employees will automatically be enrolled (with an option to opt out) at an employee pre-tax contribution of 3% of eligible compensation per payroll period, with a Company match up to 5.5% of eligible compensation as defined by the SuperSaver plan document.</p> <p>Eligible Compensation – for the purposes of determining any matching contribution or Company contribution, eligible compensation will be the sum of all 401(k) deferrable compensation, e.g. wages, overtime, CSW, etc. <u>except</u> for the following:</p> <ul style="list-style-type: none"> <li>• Uniform Cleaning Allowance</li> <li>• Overtime Meal Allowance</li> <li>• Co-Terminal Expenses</li> <li>• Expense reimbursements</li> <li>• Approved expense allowances</li> <li>• Company paid life insurance premiums</li> <li>• Value of NRSA passes</li> <li>• Pre-tax flexible benefit plan contributions</li> <li>• Disability/Workers' Compensation payments</li> <li>• Severance pay</li> <li>• Termination Sick Premium</li> <li>• Company paid employee expenses</li> <li>• Benefit pay</li> <li>• Gain Sharing</li> <li>• Tips</li> </ul>



## THE TRANSPORT WORKERS UNION

RE: Stores

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Active Medical Plan	1. See revised Attachment C – “Active Medical”.
Retiree Medical and Life	2. See Attachment D – “Retiree Medical & Life”.
<b>VII. JOB PROTECTION</b>	Eliminate Article 42 and Attachment 42.1, which currently limit the Company’s ability to layoff protected employees.
<b>VIII. MISCELLANEOUS</b>	
ASM Cap	1. Eliminate Attachment 1.4 – Seat Miles Scheduled by Commuter Air Carriers.
Moving Expenses/ Special Severance	2. Eliminate the provision in Article 44, which provides for a supplemental moving allowance of \$12,500 to each employee who moved base/stations during a layoff. 3. Retain, on a one time basis, the special severance allowance of \$12,500 to a laid off employee who relinquishes recall and re-employment rights for the purposes of the reductions in force associated with the restructuring agreement. See Early Out Incentive Allowance proposal.
Union Business Pay	4. Eliminate Baker Union Business Letter for elected representatives.

THE TRANSPORT WORKERS UNION

RE: Stores

July 10, 2012

**ATTACHMENT A****INDUSTRY COMPARABLE PAY RATE ADJUSTMENT – STORES**

At [DOS]+36 months, a calculation will be made to determine the maximum regular hourly pay rate (i.e., top-of-scale base pay plus license premium, line premium and longevity) of the equivalent classification at United, Delta, Continental and US Airways (or their successors) in effect on that date. Those rates will then be averaged (arithmetic mean) and compared to the equivalent rate at AA, including any coincidental structural increase (i.e., the scheduled 2.0% increase to base pay). If United and Continental workers, whether managed by one contract or two, are paid on the same pay scales, their maximum regular hourly rate will be treated as a single comparative value in calculating the average among comparator airlines. If AA's maximum regular hourly pay rate is below the average, a supplemental structural increase will be made to the base pay rates equal in percentage terms at the top-of-scale to the differential between AA and the average. In combination, the scheduled structural increase and the supplemental structural increase to base pay will yield a maximum regular hourly pay rate that equals the average of the comparator airlines.

Since the adjustment is reflected in the base rate as a new structural increase, it would be considered part of Eligible Earnings under the SuperSaver Plan and would be included in Eligible Earnings under the Profit-Sharing Plan.

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Worked Example:

THE FOLLOWING EXAMPLE IS PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY.

**Stock Clerk Wage Rates**

	AA	UA	CO	DL	US	Legacy Average
Max Base Pay Rate	\$23.13	\$24.60	\$23.90	\$25.75	\$23.71	\$24.49
Longevity	\$0.30	\$0.28	\$0.30	\$0.00	\$0.00	\$0.15
Stock Clerk Premium	\$0.45					
Shift Differential	\$0.03	\$0.57	\$0.29	\$0.53	\$0.61	\$0.50
Max Regular Pay Rate	\$23.91	\$25.45	\$24.49	\$26.28	\$24.32	\$25.14

Wage Gap = Legacy Avg. Max Regular Pay Rate – AA Max Regular Pay Rate  
 = \$25.14 – 23.91  
 = \$1.23

Base Pay Adjustment: = Wage Gap/AA Max Base Pay Rate  
 = \$1.23/23.91 = 5.1%

The adjustment to the maximum hourly pay rate will appear as follows

	AA	Adjustment	AA New	Legacy Average
Max Base Pay Rate	\$23.13	\$ 1.23	\$24.51	\$24.49
Longevity	\$0.30		\$0.30	\$0.15
Stock Clerk Premium	\$0.45		\$0.30	\$0.00
Shift Differential	\$0.03		\$0.03	\$0.50
Max Regular Pay Rate	\$23.92	\$ 1.23	\$25.14	\$25.14

RE: Stores  
July 10, 2012

## ATTACHMENT B

### NEW PROFIT SHARING PLAN

Implementation of the New Profit Sharing Plan:

- Current Profit Sharing plan and the Annual Incentive Plan (AIP) would be eliminated.
- Beginning at the first dollar of (AA) pre-tax income, the New Profit Sharing plan would pay awards equal to the schedule below, prorated to take into account any group of frontline employees who do not participate in the plan. (AA) pre-tax income for the purposes of these awards will be calculated prior to the effects on income of any special, unusual and non-recurring items or incentive pay.

<u>Year</u>	<u>Percent of pre-tax income</u>
2012	5%
2013	5%
2014	5%
2015	5%
2016	5%
2017	5%

- The New Fund would be distributed equitably to all eligible employees based on each employee's eligible earnings.
- Individual New Awards will be distributed no later than March 15 of the following year for employees who meet the eligibility requirements as long as minimum funding provisions are met.

RE: Stores  
July 10, 2012

## ATTACHMENT C

### ACTIVE MEDICAL

1. With the exception of the Standard plan design features in the chart and changes noted in #3 below, all other plan provisions are subject to change at Company discretion. Plan design features and other plan provisions in the Core medical option may change at Company discretion and advance notice of any changes will be provided prior to implementation. To the extent the Company is offering the Value medical option in any Plan Year to employees, employees eligible to enroll in the Standard and Core medical options will be eligible to enroll in the Value option; the Company, at its discretion may change plan design and contributions in the Value option or otherwise amend or eliminate the Value option.

2. Aggregate employee contributions for the Standard and Core medical options for 2013 will be 18%, 2014 will be 19%, 2015 will be 20% and 2016 and thereafter will be 21% of the total projected cost of each forecasted year of healthcare expenses (which include medical/Rx and administrative expenses). Contributions for the Standard and Core medical options will increase with inflation for these two (2) medical options with cost share set as explained above. The Value medical option inflation will be calculated separately.

3. The Standard medical option annual deductible will increase \$50 in 2015 and 2017 until the deductible reaches \$850 for employee only coverage, \$2,550 for family coverage.

4. Current coverage tiers for contributions will be replaced, as follows:

Current Coverage Tiers	New Coverage Tiers	Multiplier
Employee Only	Employee Only	1.0
Employee + 1	Employee + Spouse/Domestic Partner	2.6
	Employee + Child(ren)	1.8
Employee + 2 or more	Employee + Family	3.5

5. The \$150 and \$1000 standard medical options in the current CBA will be eliminated including the elimination of the current inflation formula used to determine future contributions.

6. Part-time employees will be offered the same medical options as full-time employees. Contributions for the medical options will be the same as full-time employees.

7. New employees eligible for healthcare coverage will default to the Core option, which is the Health Savings Account-compatible medical option, for Employee Only coverage on their eligibility date, should another option or level not be elected during their initial enrollment.

8. To the extent the Company is offering incentives in any Plan Year to employees for participating in the Healthmatters wellness program, employees enrolled in the Standard and Core

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**Plans will be eligible for those incentives provided they meet the criteria (as established by the Company at its discretion) for earning the incentive.**

**Active Medical Chart**

	Value	Standard	Core
<b>Plan Design Features</b>	<b>Non-Contractual</b>	<b>Contractual Features</b>	<b>Non-Contractual</b>
Spending Accounts	N/A	HRA	HSA Compatible
Spending Account Funding (2013 only)	\$0	\$375 ee & \$375 sp	\$0
In Network Deductible (Single/Family)	\$300/\$900	\$750/\$2,250	\$2,000/\$4,000**
Out of Network Deductible (Single/Family)	\$1500/\$4500	\$3,000/\$9000	\$4,000/\$8,000**
Coinsurance (In/Out)	20%/40%	20%/40%	30%/50%
In Network Out of Pocket Max (Single/Family)	\$1,750/\$4,375	\$2,000/\$5,000	\$6,000/\$12,000**
Out of Network Out of Pocket Max (Single/Family)	\$6,000/\$15,000	\$6,000/\$15,000	\$12,000/\$24,000**
Primary Care Physician Copay (In/Out)	\$20*	\$30*	30%/50%
Specialist Copay (In/Out)	\$40*	20%/40%	30%/50%
Retail Clinics Copay (In/Out)	\$40*	20%/40%	30%/50%
Preventive Care*	\$0	\$0	\$0
Emergency Room	Ded/Coins/\$100 CoPay	Ded/Coins/\$100 CoPay	Ded/Coins
Pharmacy (Retail)			
Generic	\$10	20% (\$10 min/\$40 max)	subject to deductibles and coinsurance***
Formulary Brand	30% (\$20 min/\$75 max)	30% (\$30 min/\$100 max)	
Non-Formulary Brand	50% (\$35 min/\$90 max)	50% (\$45 min/\$150 max)	
Pharmacy (Mail)			
Generic	20% (\$0 min/\$80 max)	20% (\$5 min/\$80 max)	subject to deductibles and coinsurance***

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RE: Stores

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Formulary Brand	30% (\$40 min/\$150 max)	30% (\$60 min/\$200 max)	
Non-Formulary Brand	50% (\$70 min/\$180 max)	50% (\$90 min/\$300 max)	
<b>2013 Monthly Contributions</b>	<b>Value</b>	<b>Standard</b>	<b>Core</b>
EE Only	\$112.50	\$70.69	\$57.40
EE + Spouse/DP	\$292.50	\$183.81	\$149.25
EE + Child(ren)	\$202.50	\$127.25	\$103.33
EE + Family	\$393.75	\$247.43	\$200.91

\*Not subject to deductible

\*\* Core - each deductible (single/family) is an aggregate that needs to be satisfied in total before coinsurance applies

\*\* Core - the deductible is calculated as satisfying a portion of the OOP Max

\*\* Core - each (single/family) OOP Max is an aggregate that needs to be satisfied in total before receiving 100% coverage

\*\*\*Preventive Rx not subject to deductible, coinsurance still applies

Value, Standard, and Core coinsurance amounts (Medical and Rx) apply towards OOP maximums

OOP amounts do not include the deductibles for Value or Standard

**ATTACHMENT D**

AMERICAN AIRLINES P-180-M-11 PROPOSAL TO  
THE TRANSPORT WORKERS UNION

RE: Stores  
July 10, 2012

**RETIREE MEDICAL & LIFE**

**Retiree Medical**

The Company proposes the following changes to the retiree medical and life coverage:

1. Amend the collective bargaining agreement, any letter agreements and any ancillary documents so that the Company is not required to maintain, fund, or provide for retiree medical or retiree life benefits, including elimination of the retiree medical and retiree life insurance references.
2. Early retirees age 55 – 64 will have access to a company sponsored retiree medical option. Contributions for this coverage will be 100% of projected annual expenses (which includes administrative expenses) using data, assumptions, and methodologies for calculating future retiree healthcare costs. For 2012, the Company will offer the pre-65 plan design (which includes a provider network) offered to management employees.
3. Retiree medical option for age 65 and over will cease. Retirees will be offered access to purchase a guaranteed issue Medicare supplement plan through a third party administrator, to the extent available.

A participant active employee who currently prefunds for retiree medical will be refunded the employee's prefunding account (which reflects investment experience) excluding employees who have already received prefunding refunds.

5. Contingent on the successful resolution of the Section 1114 process, as soon as practicable after termination of the Trust Agreement for the Group Life and Health Benefits Plan for Employees of Participating AMR Corporation Subsidiaries (Union Employees), the Company prefunding contributions for each participating active employee, and investment earnings attributable thereto, will be distributed to the employee (subject to applicable tax withholding and/or ~~excise tax~~), excluding employees who have already received refunds of their employee prefunding accounts.
6. Although it is the Company's intention to continue to make available access to early retiree medical coverage (age 55 – 64), the Company will reserve the right to modify, amend, or terminate the plan at any time.
7. Retiree life insurance benefit will be discontinued.

**ATTACHMENT**



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THE TRANSPORT WORKERS UNION

RE: Stores  
July 10, 2012

**DOS**

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

**Re: Overtime Procedures - Stores**

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. The tentative agreement modified Article 6 to permit the Company to establish overtime distribution procedures in accordance with certain provisions in the agreement. In the interest of providing the TWU an opportunity to have some input into the development of those procedures, the Company agreed to present the TWU with the proposed overtime distribution procedures within thirty (30) days following DOS. Thereafter, the Company will meet and confer with the TWU for a period of thirty (30) days in order to reach a mutually satisfactory resolution. The Company and TWU agreed that each party shall designate no more than three (3) representatives to participate in the meet and confer process.

In the interest of resolving any disputes over the implementation of such procedures in a timely manner, the parties agree that if the parties do not reach a mutually satisfactory solution within thirty (30) days after the Company presents the TWU with the proposed overtime distribution procedures, the parties will jointly submit the open issues to a final and binding mediation-arbitration process.

In order to expedite the mediation-arbitration process, the parties agree to move the case to the top of the docket and it will be scheduled and heard at the next planned System Board of Adjustment for M&R/Stores.

The arbitrator will be empowered to mediate a mutually satisfactory solution. If an agreement is not reached through the one day mediation session, the arbitrator shall issue a final and binding interest arbitration award within a period of thirty (30) days following the date of the scheduled mediation. The arbitrator's award shall produce equivalent cost savings as valued by the Company and shall be consistent with any other ground rules established by the parties. The award shall be final and binding on the parties.

The parties shall share equally all costs of this mediation-arbitration process.

Sincerely,

AMERICAN AIRLINES PROPOSAL TO  
THE TRANSPORT WORKERS UNION

RE: Stores  
July 10, 2012

{Original Signed on file}

James B. Weel  
Managing Director  
Employee Relations

Agreed to this date:

{Original Signed on file}

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

## ARTICLE 1 - RECOGNITION AND SCOPE

(a) The Company recognizes the Union as the exclusive and sole collective bargaining agency for all employees within the United States within the classifications of work enumerated, pursuant to the certification from the National Mediation Board dated November 28, 1945, together with the National Mediation Board's File No. C-2380 dated November 28, 1955.

(b) It is intended that work now being performed (and to the extent it will continue to exist) will be performed by employees covered by this Agreement, except that nothing will prohibit the Company from scheduling or assigning any employee to perform work in any classification under the Maintenance and/or Stores Agreements, under the provisions of Article 1 and Article 11 of this agreement and Article 11 of the Maintenance Agreement. It is further understood that although the parties do not intend by this Article to give to employees covered by this Agreement work currently being performed by other Company employees, covered or uncovered, or to take away from employees covered by this Agreement work currently being performed by them, the scheduling and assignment of employees under the provisions of Article 1 and Article 11 of this Agreement and Article 11 of the Maintenance Agreement to perform this work are not contrary to this intent.

The Company ~~may will~~ determine the location and number of ~~Stock Clerk~~ **MATERIAL LOGISTICS SPECIALIST** positions required to support the operations, ~~subject to the provisions of Article 42 of this Agreement and~~ in accordance with Article 11 of the Maintenance Agreement.

It is understood and agreed that the work to be performed by employees covered by this Agreement does not include related indirect work performed by employees such as supervisors, management specialists, managers, planners, professional employees, flight crews, dispatchers, office and clerical employees, agents, clerks, production assistants, staff assistants and skycaps.

(c) It is understood that in an emergency, supervisors and other employees may perform or assist in performing any work that may be necessary to complete a particular operation. Where employees are reasonably available in point of time adequately to handle a situation on a regular, overtime, or field trip basis, the situation will not be deemed to be an emergency within the meaning of this paragraph.

(d) Contracting Out of Work. In the interest of providing stable employment but nevertheless to permit the Company to maintain and continue the development of air transportation under applicable laws, the Company will perform work to the extent performed under this Agreement as its present employees, covered under this Agreement, have the normal time and the skills to perform, and for which the Company can reasonably make available the necessary facilities.

(1) Additionally, it is agreed that the Company may continue to contract out work not exceeding the scope of its present contracting out practices. The Company will provide to the Union, in January and July of each year, a report, which indicates the extent of the Stock Clerk work, which has been contracted out-

(2) It is understood that nothing in this Article requires the maintenance of the present volume of work.

(3) At the request of the Director of the Air Transport Division of the Union, discussions may be initiated with the Vice President – Employee Relations, quarterly or on reasonable request, to ascertain the amount and type of work under this Agreement which has been contracted out during the previous calendar quarter for purposes of assuring consistency with the obligation of Article 1 (d) (1) of this Agreement.

(3) The time limit for grievances filed under Article 29(d) involving contracting out will be six (6) months from the date on which the contracting out commenced or, in the case of a substantial expansion of prior contracting out, six (6) months from the date of the substantial expansion.

**e. The parties recognize that the Mechanic and Related Agreement allows for certain additional flexibility on outsourcing of work. It is understood that, while such outsourcing may impact the volume of Material Logistic Specialist work, the scope of the Company's stock clerks work will remain the same as today and that established practices concerning the assignment of work with respect to maintenance performed in house will continue in effect.**

~~(e) It is the intent of the parties that the above language represents an attempt in contract language to express the meaning of the letter by Mr. C. R. Smith, dated March 9, 1950.~~

**(f e) Merger, Purchase, or Acquisition of Another Company:** In the event of a merger, purchase, or acquisition of another company, involving that entire company or a substantial portion of that company, by the Company, the TWU and the Company will meet to discuss the merger, purchase, or acquisition. The Company will provide the TWU with information concerning the proposed merger, purchase, or acquisition at the earliest feasible time to allow for the Union to prepare for those discussions. Those discussions will include the impact of the merger, purchase, or acquisition upon the TWU represented employees.

(1) The integration of the seniority lists of the respective employee groups will be governed by the provisions of Sections 3 & 13 of Allegheny-Mohawk, 59 CAB

22 (1972), provided that no employee on the master seniority list will be adversely impacted in rates of pay, hours, or working conditions by the integration.

(2) The rates of pay, rules and working conditions contained in the Basic Agreement, as amended, will not be open for collective bargaining in the event of a merger nor will the TWU or the Company have any obligation to bargain upon changes thereto, except as provided in Article 47 – Duration of the Basic Agreement.

(3) The parties agree to submit to final and binding arbitration by an arbitrator approved by the National Mediation Board all disputes between the TWU and the Company, which are not settled in the meetings provided above within six (6) months of the effective date of the merger. The costs of the arbitration will be shared equally by the parties and there will be only one such arbitration proceeding which will be the sole and exclusive remedy for all such disputes.

(4) It is understood that the provisions of Article 1(f)(1), (2), and (3) will not apply to the Company's purchase of assets of another airline which does not result in the integration of employees.

~~(g)~~ **f) Merger, Purchase, or Acquisition by another Company:** In the event of a merger, purchase, or acquisition of the Company by another company, the TWU and the Company will meet to discuss the merger, purchase, or acquisition. The Company will provide the TWU with information concerning the proposed merger, purchase, or acquisition at the earliest feasible time to allow for the Union to prepare for those discussions. Those discussions will include the impact of the merger, purchase, or acquisition upon the TWU represented employees.

~~(h)~~ **g) Labor Protection Provisions:** In the event of a merger, purchase, or acquisition of the Company by another Company, the integration of the seniority lists of the respective employee groups will be governed by the provisions of Sections 3 & 13 of Allegheny-Mohawk, 59CAB22 (1972). The employee groups of each carrier will remain separated until such time as the seniority lists are integrated in accordance with this paragraph.

~~(i)~~ **h) Successorship:**

(1) The agreement will be binding upon any Successor. The Company will not bring a single step or multi-step Successorship Transaction to final conclusion unless the successor agrees, in writing, to:

(a) recognize the TWU as the representative of employees on the TWU System Seniority list consistent with the Railway Labor Act, as amended;

(b) employ the employees on the TWU System Seniority list in accordance with the provisions of this Agreement;

(c) assume and be bound by this Agreement.

(2) If the Successor is an Air Carrier or an affiliate of an Air Carrier, the Company will, at the option of the TWU, require the Successor to agree to integrate the pre-transaction System Seniority list of the Company and the Successor in a fair and equitable manner within twelve (12) months of the Successorship transaction pursuant to Sections 3 and 13 of the Allegheny-Mohawk LPPs. The requirement of this provision does not apply to the Company's acquisition of all or part of another Air Carrier in a transaction, which includes the acquisition of aircraft and employees.

(j i) The attachments on the following pages are agreed to by the parties and are incorporated as part of this agreement.

~~ATTACHMENT 1.1 CONTRACTING OUT WORK~~

~~March 9, 1950~~

~~Mr. Francis A. O'Neill  
Chairman  
National Mediation Board  
Washington, D.C.~~

~~Re: Contracting Out Work~~

~~Dear Mr. O'Neill:~~

~~— The contracting out of work has become an issue in our negotiations with TWU because the union believes this practice may threaten the job security of its members. To show that such fears are groundless I shall review our policy.~~

~~— Our policy has been and is to maintain a stable work force. Few, if any, employees have been laid off because we have contracted work to others. In 1949 American Airlines, Inc. had the best record for continuity of employment in its mechanical department that it has ever had, even though it was necessary to give some non-recurring work to outside contractors.~~

~~— In 1949 we scheduled our work in such fashion that there would be an orderly flow of work through the plants. The program was successful enough to provide the highest record of stable employment in the history of the company. One of the contributing factors to an orderly flow of work was our program to farm out such work as was beyond the capacity of our plants. We farmed out no projects that could have been accomplished in our plants. All of our people were busy during the year. How then can it be construed that the company will now find it desirable to contract out work that our employees have the time and facilities to get done?~~

~~— The union has sought a severance pay formula. Even though it has not been demonstrated that work contracted out is, has or will jeopardize the security of the employees, the severance pay plan gives an additional measure of security. This is a new provision, unique in the air transport industry.~~

~~— Nobody on the payroll will benefit by a program which would require us to hire temporary employees to take care of peak or non-recurring work, and to discharge them as soon as the peak had gone. This, from our point of view, is a wastefully expensive way of doing business, because it is inefficient. We must, therefore, retain the right to give to others the work that our regular employees have not time to handle.~~

~~— There are several things in airline operation which principally affect the continuity of employment; the volume of the business, the schedules to be operated and the workload available. We will do the best we can to assure that each of these factors contributes to stability and continuity of employment; we cannot and do not contract about their volume, for we do not control that.~~

~~Our policy has enabled us to maintain a stable work force. We recognize its  
benefits and see no reason to change the policy.~~

~~Sincerely yours,~~

~~C. R. Smith  
President~~



**ATTACHMENT 1.2 - NEW TWU CITIES**

AMERICAN AIRLINES, INC.  
P.O. Box 619616  
DFW Airport, Texas 75261 -9616

May 5, 1989

Mr. John J. Kerrigan  
International Vice President  
Director-Air Transport Division  
Transport Workers Union of America, AFL-CIO  
80 West End Avenue  
New York, New York 10023

Re: New TWU Cities

Dear Mr. Kerrigan:

During the course of the negotiations leading to the signing of the current agreement, the staffing of certain cities by TWU represented employees was raised by the Union.

As a result of these discussions, it is agreed that periodic meetings between the Company and the Union, represented by the International Vice President, Transport Workers Union, and the Senior Vice President-Field Services, American Airlines, will be held for the purpose of reviewing the long term implications of staffing of new cities by TWU represented employees.

Very truly yours,

Charles A. Pasciuto  
Vice President  
Employee Relations

Agreed to this date:

John J. Kerrigan

~~ATTACHMENT 1.3 - CONTRACTING OUT WORK~~

~~AMERICAN AIRLINES, INC.  
P. O. Box 619616  
DFW Airport, Texas 75261-9616~~

~~August 16, 1995~~

~~Mr. Edward R. Koziatek  
Director, Air Transport Division  
AA System Coordinator  
Transport Workers Union of America, AFL-CIO  
1848 Norwood Plaza, Suite 112  
Hurst, Texas 76054~~

~~Re: Contracting Out Work~~

~~Dear Mr. Koziatek:~~

~~This will confirm our understandings reached during the negotiations leading up to the agreement signed on August 15, 1995. During these discussions, we discussed the issue of contracting out on numerous occasions and the Company's need to contract out that work as provided for in the labor agreement.~~

~~As we discussed, it is the Company's intent to ensure that the TWU leadership is fully advised of those situations wherein the Company is planning to contract out work that is normally done in-house so that the matter can be fully discussed.~~

~~The parties agree that this letter recognized their respective rights under the collective bargaining agreement concerning the issue of contracting out work.~~

~~Very truly yours,~~

~~Jane G. Allen  
Vice President  
Employee Relations~~

~~Agreed to:  
Edward R. Koziatek~~

**ATTACHMENT 1.4 - SEAT MILES SCHEDULED BY COMMUTER AIR CARRIERS**

AMERICAN AIRLINES, INC.  
P. O. Box 619616  
DFW Airport, Texas 75261-9616

August 15, 1995

Mr. Edward R. Koziatek  
Director, Air Transport Division  
AA System Coordinator  
Transport Workers Union of America, AFL-CIO  
1848 Norwood Plaza, Suite 112  
Hurst, Texas 76054

Re: ~~Seat Miles Scheduled by Commuter Air Carriers~~

Dear Mr. Koziatek:

~~This will confirm our discussions leading to signing of the agreement dated August 15, 1995 in which we discussed provisions for the future schedules of commuter air carriers relative to American Airlines.~~

~~It is agreed that, beginning with twelve (12) month period following August 15, 1995, and each twelve (12) month period thereafter, the total number of available seat miles (ASM's) which may be scheduled by all commuter air carriers owned by AMR or feeding American may not exceed six (6) percent of the total ASM's scheduled by American. This limitation will not apply to ASM's scheduled by such commuter air carriers on new service on a route which American has not served since March 1, 1993.~~

~~No aircraft type currently in the American Airlines fleet, or inactive aircraft type previously in the American Airlines fleet and still under the Company's control, and no current orders or options for an American Airlines aircraft type will be transferred to or operated by a commuter air carrier either owned by AMR or feeding American Airlines.~~

Very truly yours,

Jane G. Allen  
Vice President  
Employee Relations

Agreed to:  
Edward R. Koziatek