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OBJECTION DEADLINE: June 21, 2012 at 4:00 p.m. (Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
In re	:	Chapter 11 Case No.
	:	
AMR CORPORATION, et al.,	:	11-15463 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**MOTION OF DEBTORS FOR ENTRY OF ORDER PURSUANT TO
11 U.S.C. §§ 105, 363, 1113 AND 1114 AUTHORIZING ENTRY
INTO COLLECTIVE BARGAINING AGREEMENTS
WITH THE TRANSPORT WORKERS UNION OF AMERICA**

TO THE HONORABLE SEAN H. LANE,
UNITED STATES BANKRUPTCY JUDGE:

Background

1. On November 29, 2011 (the “**Commencement Date**”), each of the Debtors commenced a voluntary case under chapter 11 of title 11, United States Code (the “**Bankruptcy Code**”). The Debtors have continued to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.

2. On December 5, 2011, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “UCC”).

3. Information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Affidavit of Isabella D. Goren Pursuant to Rule 1007-2 of the Local Bankruptcy Rules of the Southern District of New York, sworn to on November 29, 2011. (ECF No. 4)

Jurisdiction

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

Relief Requested

5. Debtors AMR Corporation, *et al.*, hereby move this Court for an Order, the proposed form of which is attached hereto as **Exhibit “A”**, authorizing American Airlines, Inc. (“**American**” or “**the Company**”) to enter into new collective bargaining agreements (“**CBAs**”) with the Transport Workers Union of America, AFL-CIO (“**TWU**”) on behalf of the following five employee groups: (1) Flight Dispatchers and Dispatcher’s Assistants (“**Dispatch**”); (2)

Fleet Service Employees and Ground Service Employees (“**Fleet Service**”); (3) Ground School and Pilot Simulator Instructors (“**Instructors**”); (4) Maintenance Control Technician Employees (“**MCTs**”); and (5) Flight Simulator Technicians, Associate Simulator Technicians, Technical Coordinators (“**Sim Techs**”). In requesting the Court’s approval, Debtors are seeking neither to assume the pre-petition CBAs with TWU, nor to convert any pre-petition claims into post-petition claims.

6. The statutory predicates for the relief requested herein are enumerated at 11 U.S.C. §§ 105, 363, 1113 and 1114.

7. The new CBAs were reached after extensive arms-length negotiations. To ensure that the employees covered by the new CBAs are treated fairly and equitably with all other employee groups (both union and non-union), the parties have agreed that the new CBAs will take effect *only* if American secures the ability to modify the labor contracts covering the other unionized employees that are reasonably projected to produce the targets for labor cost savings specified in the Debtors’ section 1113(c) motion, either by consensual agreements with the unions or by rejection of the CBAs in the 1113 process. Additionally, by means of so-called “me too” provisions included in a side letter to each of the new CBAs, American and TWU have agreed that if American and the non-TWU-represented work groups reach consensual agreements which provide labor cost savings less than the targeted savings, American and TWU will agree to proportionate reductions in the targeted labor cost savings in the new CBAs.

8. American and TWU are parties to CBAs covering seven employee groups: Mechanics and Related employees (“**M&R**”), Fleet Service, MCTs, Instructors, Stock Clerks, Sim Techs and Dispatch.

9. In 2003, American and TWU negotiated new CBAs covering each of the TWU-represented work groups. Those CBAs became amendable in 2008.

10. In 2006 and 2007, TWU and American began negotiating the terms of new CBAs for each of the TWU-represented work groups pursuant to section 6 of the Railway Labor Act, 45 U.S.C. § 156 (2006) (“**RLA**”). When direct negotiations proved unsuccessful, TWU invoked the mediation services of the National Mediation Board pursuant to section 5 of the RLA. Continued negotiations resulted in Tentative Agreements between American and TWU with respect to all seven groups. However, only two of the seven groups ratified new CBAs: MCTs on May 5, 2010 and Instructors on October 1, 2011.

11. By operation of the RLA, the terms of the 2003 CBAs for the other five groups—M&R, Fleet Service, Stock Clerks, Sim Techs and Dispatch—remain in place as the “status quo” until the parties either reach agreement or exhaust the bargaining procedures of the RLA. *See Detroit & Toledo Shore Line R.R. Co. v. United Transp. Union*, 396 U.S. 142, 150 (1969); *Northwest Airlines v. Ass’n Flight Attendants*, 483 F.3d 160, 167 (2d Cir. 2007); *Trans World Airlines v. Indep. Fed’n of Flight Attendants*, 809 F.2d 483, 490 (8th Cir. 1987) (duration clause created an amendable contract, not one that “terminate[s] either automatically or upon service of notice of a limited number of intended changes”), *aff’d without op. by equally divided court*, 485 U.S. 175 (1988).

12. On November 29, 2011, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 107(a) and 1108 of the Bankruptcy Code.

13. On February 1, 2012, American presented its Business Plan to all of its unions, including TWU, which set forth the cost reductions and revenue improvements needed for restructuring. Part of that Business Plan provided for labor cost reductions from all of American's unionized employees, as well as from all other employees who are not represented by unions, including management and support staff.

14. American then presented proposals pursuant to section 1113 of the Bankruptcy Code to TWU representatives for each of the seven work groups that met the Company's labor cost reduction goals. (Section 1113 proposals were also presented to representatives of American's other unions.) The cost reductions sought from each TWU-represented work group are as follows:

TWU Contract Group	Annual Cost Reductions Needed
M&R	\$212 million
Fleet Service	\$152.4 million
MCT	\$3.4 million
Instructors	\$2.154 million
Stock Clerks	\$20 million
Sim Techs	\$1.7 million
Dispatch	\$3.239 million

15. TWU and American thereafter engaged in extensive bargaining regarding these Section 1113 Proposals. On March 27, 2012, American filed a motion to reject its CBAs with its three unions: the Allied Pilots Association ("APA"), Association of Professional Flight Attendants ("APFA"), and TWU, pursuant to section 1113(c) of the Bankruptcy Code.

16. American and TWU continued to negotiate after the March 27, 2012 filing as required by 11 U.S.C. § 1113(b)(2), and continued to negotiate even after the hearing on the Motion began on April 23, 2012. On or about May 10, 2012, TWU sent out for a vote on ratification settlement proposals from American in the form of new CBAs for each work group.

On May 15, 2012, while the hearing on the Motion was still in progress, TWU reported that five of the seven employee groups had ratified the proposed CBAs: Fleet Service, Dispatch, MCTs, Instructors and Sim Techs.

17. The current status of the CBAs with all seven TWU groups is set forth in the chart below:

TWU Contract Group	Effective date of Current CBA	Amendable date of Current CBA	Ratified Agreement subject to this Motion
M&R	April 15, 2003	April 30, 2008	No
Fleet Service	April 15, 2003	April 30, 2008	Yes
MCT	May 5, 2010	May 5, 2013	Yes
Instructors	October 1, 2011	April 1, 2015	Yes
Stock Clerks	April 15, 2003	April 30, 2008	No
Sim Techs	April 15, 2003	April 30, 2008	Yes
Dispatch	April 15, 2003	April 30, 2008	Yes

18. The Bankruptcy Code provides that, unless a court orders otherwise, a debtor in possession may enter into transactions involving property of the estate in the ordinary course of the debtor's business without first seeking court approval. 11 U.S.C. § 363(c)(1). Where the transaction is outside the ordinary course of the debtor's business, on the other hand, a debtor must obtain court authorization, after notice and a hearing to the creditors' committee and other parties in interest. 11 U.S.C. § 363(b)(1). Whether a postpetition modification to a CBA is within a debtor's ordinary course of business, or whether court approval is required, is necessarily fact-dependent, with courts determining the issue on a case-by-case basis. *See, e.g., In re Leslie Fay Cos., Inc.*, 168 B.R. 294, 303 (Bankr. S.D.N.Y. 1994) (court approval not necessary where the "scope of the agreement is consonant with its predecessors and does not offend any fundamental bankruptcy policy," but approval is necessary where the agreement obligates the debtor to do something "extraordinary, such as giving the union a lien on the

debtor's property, or to do an act which is inimical to the theory and philosophy of the Code, such as the payment of prepetition indebtedness”). Although the Debtors believe that under this standard they would be permitted to enter into the subject CBAs without Court approval, out of an abundance of caution, Debtors hereby seek Court approval of the CBAs pursuant to section 363 of the Code.

19. Section 363 does not set forth a standard to be used for determining when it is appropriate for a court to authorize the use of a debtor’s property prior to confirmation of a plan. Courts in this Circuit and others have concluded, however, that the decision to enter into transactions of various sorts outside the ordinary course of business be based on the debtor’s sound business judgment. *See In re Chateaugay Corp.*, 973 F.2d 141 (2d Cir. 1992) (holding that when determining an application pursuant to section 363(b), the court must find from the evidence presented before it a good business reason to grant such application) (quoting *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir.1983)); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (the business judgment of the Debtor is the standard applied under the law in this district) (citation omitted); *In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (upholding debtor’s decision so long as it was attributable to “any rational business purposes”); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 680 (Bankr. S.D.N.Y. 1989) (court approving sale of assets where debtor had articulated sound business reasons for, and was appropriately exercising business judgment with respect to its decision to sell assets).¹ Great

¹ *See also In re Borders Group, Inc.*, 453 B.R. 477, 482 (Bankr. S.D. N.Y. 2011) (“In approving a transaction conducted pursuant to section 363(b)(1), courts consider whether the debtor exercised sound business judgment.”); *In re GSC, Inc.*, 453 B.R. 132, 155 (Bankr. S.D.N.Y. 2011) (“To sell property under section 363(b), the Trustee must demonstrate a legitimate business justification for the proposed transaction.”); *In re Gen. Motors Corp.*, 407 B.R. 463 (Bankr. S.D.N.Y. 2009) (same), *aff’d*, 430 B.R. 65, *reh’g denied*, 2010 U.S. Dist. LEXIS 94518 (S.D.N.Y. 2010). *See also Stephens Indus. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986); *In re*

judicial deference is given to a debtor's exercise of business judgment in deciding to enter transactions outside the ordinary course of business. *See, e.g., In re Borders Group, Inc.*, 453 B.R. 477, 482 (“Courts should not generally interfere with business decisions absent a showing of ‘bad faith, self-interest, or gross-negligence.’”) (quoting *In re Integrated Res., Inc.*, 147 B.R. at 656); *In re GSC, Inc.*, 453 B.R. 132, 174 (“Courts give deference to the debtor as long as there is a ‘reasonable basis for its business decision.’”) (quoting *In re Johns–Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986)).

20. There can be no question that it was an exercise of sound business judgment for the Debtors to enter into these CBAs. They provide for substantial short-term and long-term cost reductions that certainly will benefit the Debtors' bankruptcy estates and their creditors.

21. The five ratified CBAs contain modifications that meet the proposed labor cost reductions described above that are necessary for the success of American's restructuring. Each CBA is summarized below.²

Summary of Agreements

22. The Dispatch CBA is attached hereto as **Exhibit “B”**. It provides for work rule changes such as: (1) elimination of restrictions on regional flying; (2) elimination of system and station job protections that currently limit the Company's ability to lay off protected employees;

Abbotts Dairies of Pa., 788 F.2d 143 (3d Cir. 1986); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991); *In re Titusville Country Club*, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Indus. Valley Refrig. & Air Conditioning Supplies, Inc.*, 77 B.R. 15, 15-20 (Bankr. E.D. Pa. 1987).

² While this motion contains a summary overview of these CBAs, the CBAs themselves—and not the summaries contained in this motion—set forth the terms and conditions agreed to by TWU and American. In the event of any inconsistency between the summaries described in this motion and the actual terms of the CBAs, the CBAs will govern and the motion shall not be referenced to resolve any interpretive disputes that may arise between the parties. Failure to describe in the motion any provision of any of the CBAs will not affect the enforceability of that

(3) reduction of annual vacation accrual and elimination of paid personal vacation days; (4) modification of the work schedule; and (5) elimination of the special moving allowance given to employees who are laid off. It provides for structural pay increases and continues the current performance-base pay program.

23. The Sim Tech CBA is attached hereto as **Exhibit “C”**. It provides for work rule changes such as: (1) elimination of restrictions on regional flying; (2) elimination of system and station job protections currently limit the Company’s ability to lay off protected employees; (3) elimination of paid holidays in exchange for five paid days off to be approved at management discretion; (4) elimination of paid personal vacation days; and (5) changes to the per diem allowance. It also provides for structural pay increases.

24. The Instructors CBA is attached hereto as **Exhibit “D”**. It provides for work rule changes such as: (1) elimination of system and station job protections that currently limit the Company’s ability to lay off protected employees; (2) modification of procedures for filling flight simulator seats; (3) reduction of overtime pay rate; (4) modifications to monthly work schedule; (5) reduction of paid holidays; and (6) elimination of paid personal vacation days. It also provides for structural pay increases.

25. The Fleet Service CBA is attached hereto as **Exhibit “E”**. It provides for work rule changes such as: (1) outsourcing daytime cabin cleaning, cargo handling at most stations, mail handling, interline cargo, fueling, bus driving, and American Eagle bag transfer work and reassigning some work currently done by Fleet Service Clerks in Tulsa to TWU-represented M&R employees; (2) elimination of system and station job protections that currently limit the Company’s ability to lay off protected employees; (3) elimination of restrictions on regional

provision.

flying; (4) reduction of longevity pay premium; (5) modification of station staffing departure threshold governing which stations must be staffed with TWU-represented employees; (6) modification of holiday pay procedures so that employee is paid for a holiday only when working on that holiday; (7) reduction in maximum annual vacation accrual and elimination of paid personal vacation days; and (8) eliminating the special moving allowance given to laid off employees. It also provides for an initial reduction in base pay scales, followed by structural pay increases to above-current levels.

26. The MCT CBA is attached hereto as **Exhibit “F”**. It provides for work rule changes such as: (1) elimination of restrictions on regional flying; (2) elimination of system and station job protections that currently limit the Company’s ability to lay off protected employees; (3) giving the Company the ability to relocate work groups; (4) reduction of the overtime and holiday pay premiums; (5) reduction of maximum annual vacation accrual; (6) reduction of the number of years that furloughed employees retain recall rights; and elimination of paid holidays; and (7) elimination of the special moving allowance given to laid off employees.

27. In addition to the work rule changes specific to each CBA noted above, these CBAs contain common provisions that are identical across all union-represented groups. These include a freeze of the current defined benefit pension plan and implementation of a 401(k) plan; universal changes to active and retiree medical benefits; implementation of a profit-sharing plan; and a six-year duration from the effective date.

Notice

28. Notice of this Motion has been provided to counsel of record for the Transport Workers Union of America, AFL-CIO, Lowenstein Sandler PC (c/o Sharon L. Levine), 65 Livingston Avenue, Roseland, New Jersey 07068, and parties in interest in accordance with the

Order Pursuant to 11 U.S.C. §§ 105(a) and (d) and Bankruptcy Rules 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures, dated December 23, 2011 (ECF No. 453). In view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

29. No previous request for the relief sought in this Motion has been made by the Debtors to this or any other Court.

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein and such other and further relief as is just.

Dated: New York, New York
June 14, 2012

/s/ Todd C. Duffield

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Exhibit A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
: **Chapter 11 Case No.**
: **11-15463 (SHL)**
: **(Jointly Administered)**
: **Debtors.**
: **(Jointly Administered)**
-----X

**[PROPOSED] ORDER APPROVING AMERICAN AIRLINES' ENTRY
INTO COLLECTIVE BARGAINING AGREEMENTS
WITH THE TRANSPORT WORKERS UNION OF AMERICA**

Debtors AMR Corporation, *et al.*, have filed a motion pursuant to sections 105, 363, 1113 and 1114 of the Bankruptcy Code (the "**Motion**") seeking the entry of an Order approving entry into new collective bargaining agreements ("**CBAs**") with the Transport Workers Union of America, AFL-CIO ("**TWU**") on behalf of the following five employee groups: (1) Dispatch; (2) Fleet Service; (3) Instructors; (4) MCTs; and (5) Sim Techs.¹ The terms of the new CBAs are attached as **Exhibits "B," "C," "D," "E" and "F"** to the Motion.

Upon consideration of the Motion and any timely opposition thereto, and upon consideration of the arguments of counsel and any evidence presented or proffered in support of and in opposition to the Motion, the Court finds that: (i) it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (ii) this proceeding is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2); (iii) proper and adequate notice of the Motion has been given and no other notice is required under any provision of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure or the Local Rules of this Court; (iv) the relief sought in the Motion is in the best interest of the Debtors' bankruptcy estates, their creditors and other parties-in-interest;

(v) the CBAs are fair, reasonable, and do not disproportionately advantage or disadvantage any group, especially in light of the provision in the CBAs that they will not take effect unless and until Debtors secure the ability to modify the labor contracts covering the other unionized employees that are reasonably projected to produce the targets for labor cost savings specified in the Debtors' section 1113 motion, either by consensual agreements with the unions or by rejection of the CBAs in the 1113 process. After due deliberation and sufficient cause appearing therefor:

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED**.
2. The CBAs are hereby approved. The Debtors are authorized to enter into the CBAs² and the terms of such CBAs shall be binding on the parties without the need for a further order of this Court.
3. This Order is effective on an interim basis and shall automatically become permanently effective upon the expiration of ten days from the date of entry unless a written response and a request for a hearing on the Motion is filed with the Clerk of the Court and served on the moving party, the trustee and any other interested party.
4. Nothing contained herein shall constitute an assumption of any agreement described herein, including without limitation the CBAs, nor shall anything herein be deemed to convert a pre-petition claim into a post-petition claim or an administrative expense.

¹ All capitalized terms not defined herein shall be defined as in the Motion.

² The Court notes that, pursuant to the terms of the CBAs, the CBAs do not become effective unless and until Debtors secure the ability to modify the labor contracts covering the other unionized employees that are reasonably projected to produce the targets for labor cost savings specified in the Debtors' section 1113(c) motion, either by consensual agreements with the unions or by rejection of the CBAs in the 1113 process.

5. If the Debtors seek authorization to reject the CBAs, upon such rejection any claims arising from the Debtors' inability to perform under the terms of the CBAs shall be treated as general unsecured claims and not as administrative expense claims, except to the extent that such claims are for compensation or benefits for services rendered during the pendency of these chapter 11 cases and prior to such rejection, in which case such claims shall be accorded administrative claim status to the full extent permitted by law. The Debtors reserve the right to argue that no claims for damages arise as a result of rejection of a CBA.

6. Neither the CBAs nor anything in this Order shall be construed to waive or otherwise prejudice the Debtors' rights to seek any relief available under section 1114 of the Bankruptcy Code with respect to any current retirees.

7. Other than the obligations to comply with the CBAs, if and when they become effective, neither the TWU nor the Debtors shall have any liability to any creditor or party-in-interest as a result of their entry into and performance under the CBAs.

8. This Court retains jurisdiction with respect to all matters arising from, based upon, or related to the implementation of this Order

Dated: New York, NY
June __, 2012

HON. SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

Exhibit B



AGREEMENT

between

AMERICAN AIRLINES, INC.

and the

FLIGHT DISPATCHERS AND DISPATCHER'S ASSISTANTS

in the service of

AMERICAN AIRLINES, INC.

as represented by

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

EFFECTIVE: **DATE**



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.

ARTICLE 1 - RECOGNITION AND SCOPE.....
ARTICLE 2 - DEFINITIONS.....
ARTICLE 3 - HOURS OF WORK.....
ARTICLE 4 - COMPENSATION.....
ARTICLE 5 -
ARTICLE 6 - OVERTIME.....
ARTICLE 7 - HOLIDAYS.....
ARTICLE 8 - VACATIONS.....
ARTICLE 9 - PROBATIONARY PERIOD.....
ARTICLE 10 - SENIORITY.....
ARTICLE 11- CLASSIFICATIONS AND QUALIFICATIONS.....
ARTICLE 12 - PROMOTIONS AND JOBS TO BE POSTED.....
ARTICLE 13 - SYSTEM SENIORITY LIST.....
ARTICLE 14 - LOSS OF SENIORITY.....
ARTICLE 15 - REDUCTION IN FORCE.....
ARTICLE 16 - RECALL.....
ARTICLE 17 - LEAVES OF ABSENCE.....
ARTICLE 18 - MILITARY LEAVE.....
ARTICLE 19 - TERMINATION OF EMPLOYMENT.....
ARTICLE 20 - BULLETIN BOARDS.....
ARTICLE 21.....
ARTICLE 22.....
ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS OR TRAINING CLASSES.....
ARTICLE 24 - ABSENCE FROM DUTY.....
ARTICLE 25.....
ARTICLE 26 - EXPENSES.....
ARTICLE 27 - GENERAL.....
ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND COMPLIANCE.....
ARTICLE 29 - REPRESENTATION.....
ARTICLE 30 - DISMISSAL.....
ARTICLE 31 - GRIEVANCE PROCEDURES.....
ARTICLE 32 - BOARDS OF ADJUSTMENT.....
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ARTICLE 34 - SICK LEAVE.....
ARTICLE 35.....
ARTICLE 36.....
ARTICLE 37 - SEVERANCE ALLOWANCE.....
ARTICLE 38 - UNION SECURITY.....
ARTICLE 39.....
ARTICLE 40 - ~~Pension~~ **RETIREMENT BENEFITS**.....
ARTICLE 41 - BENEFITS.....
ARTICLE 42 - ~~JOB SECURITY~~.....
ARTICLE 43.....
ARTICLE 44 - MOVING EXPENSES.....
ARTICLE 45.....
ARTICLE 46 - EFFECT ON PRIOR AGREEMENTS.....

AGREEMENT

between

AMERICAN AIRLINES, INC.

and the

FLIGHT DISPATCHERS AND DISPATCHER'S ASSISTANTS

in the service of

AMERICAN AIRLINES, INC.

as represented by

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

EFFECTIVE: **DATE**

PREAMBLE

THIS AGREEMENT made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between AMERICAN AIRLINES, INC. (hereinafter known as the "Company"), and the Flight Dispatchers and Dispatcher's Assistants in the service of American Airlines, Inc., as represented by the TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO (hereinafter known as the "Union").

In making this Agreement, the parties hereto recognize that compliance with the terms of the Agreement and the development of a spirit of cooperation is essential for mutual benefit and for the intent and purpose of this Agreement.

It is hereby mutually agreed:

ARTICLE 1 - RECOGNITION AND SCOPE

(a) The Company hereby recognizes, in accordance with Certification, Case R-4265, by the National Mediation Board dated January 1, 1972 the Transport Workers Union of America, AFL-CIO as sole and exclusive bargaining agent of the Flight Dispatchers and Dispatchers in Training employed by the Company within the United States, for purposes of the Railway Labor Act. It is understood that the subject matter of this Agreement is the performance of the Dispatcher function and the rendering of the customary dispatcher services to the Company. Changes affecting the subject matter of this Agreement may be made only by agreement between the parties or pursuant to the Railway Labor Act.

(b) Merger, Purchase or Acquisition of Another Company.

(1) In the event of a merger, purchase or acquisition of another company, involving the 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.

(2) 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.

(3) 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.

(4) 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.

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

(c) 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.

(d) 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.

(e) 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) to 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.

ARTICLE 2 - DEFINITIONS

(a) The term "Flight Dispatcher" as used herein means an employee who has been designated as such by the Company and who holds a currently effective Aircraft Dispatcher Certificate, issued by the Federal Aviation Administration, Department of Transportation, United States of America, and who is regularly assigned as a representative of the Company to exercise operational control within a prescribed area or on an assigned route, to be responsible for the safety and efficiency of operation in accordance with Federal Aviation Regulations and Company Flight Manuals.

(b) The term "Operations Coordinator" as used herein will, in addition to the Flight Dispatcher description outlined in the labor agreement, include the following:

1. Receives and acts upon assignments from Management.
2. Initiates equipment changes, moveups and cancellations utilizing coordination with flight dispatchers, managers, crew schedule, passenger service representatives, freight representatives and the maintenance operations center-TUL.
3. Sets up and mans the diversion desk during periods of schedule disruption caused by flight diversions, until such time that the manning of the position can be assumed by other dispatchers.
4. Maintains and communicates system equipment balance.
5. Acts as a coordinating point of office procedures instituted to manage ATC flow control programs.
6. Provides tactical and strategic coordination between Flight dispatch and the Air Traffic Management facilities worldwide.
7. Provides continuous coordination with Air Traffic Management facilities on behalf of the Company.
8. Supporting development of advanced Air Traffic Flow Management systems and procedures.
9. Ability to review Flight Dispatch policies and procedures pertaining to air traffic and recommending changes as necessary.
10. Ensuring that coordination and communication is maintained between Flight Dispatch and any other affected department on matters pertaining to Air Traffic Control on the current and the next day's operation.
11. As other functions become part of the SOC Operations Center, the Operations Coordinator will act as a coordinating point of irregular operations so as to keep managers

informed as to the status and severity of the irregularities for edification and further action deemed necessary.

12. Maintains records, forms and other paperwork associated with the position.

(c) The term "Dispatcher in Training" as used herein means an employee who has been designated as such by the Company who has not yet achieved a "qualified Dispatcher" status as determined by the Company. Additional Flight Dispatch related duties will be assigned as determined by the Company.

(d) The term "Operational Specialist" as used herein means an employee who has been designated as such by the Company and who performs current NavData work. Additional work would include future contract work for Flight Dispatch Services, and with ability to cross utilize all NavData functions and the Meteorologist Clerk function as applicable.

(e) The term "Employee", as used herein, means all employees of the Company covered by this Agreement as defined in paragraphs (a), (b), (c), and (d) of this Article.

(f) ~~The term "protected employee" as used in this Agreement shall will mean all employees covered by the job security provisions of Article 42.~~

(g) Pay seniority (classification seniority) will govern pay raises and/or placement on the pay scales. This seniority is governed by the appropriate regulations.

(h) The term "regular hourly rate," "regular pay" or "pay as if working" will mean the "chart rate" plus any applicable longevity pay, premiums and/or differentials.

(i) The term "Company" as used in this Agreement will mean American Airlines Inc.

(j) The term "Successor" as used in this Agreement will include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.

(k) The term "Successorship Transaction" as used in this Agreement will mean any transaction, whether single step or multi-step, that provides for, results in, or creates a successor.

(l) The term "affiliate" as used in this Agreement will mean (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) above.

(m) The work of a Flight Dispatcher, depending upon assignment, includes any or all of the following, but not limited thereto:

(1) Preplanning daily flight operations with primary emphasis on safety, efficiency and economy consistent with passenger comfort and on-time performance;

- (2) Assuring that appropriate station personnel are informed of significant changes in the flight status such as specific aircraft to be used on flights, aircraft changes, aircraft substitutions, delays, unscheduled landings, diversions or cancellations;
- (3) Initiating operational flight information and time limit decision messages;
- (4) Assuring availability of crew and aircraft for each schedule departure;
- (5) Originating and transmitting information as to probable arrival of flights operating off schedule;
- (6) Keeps informed of progress of all inbound flights entering control area, location of aircraft and crews out of position during irregular operation;
- (7) Coordinating for optimum utilization of aircraft, and crews during irregular operation(s);
- (8) Being available to crewman and station operations personnel to provide information related to flight operations;
- (9) Utilizing any electronic input/output devices installed in Dispatch offices for the purpose of data input directly required by the Dispatch function, e.g., flight planning, flight release, flight watch, flight information developed and directly related to the dispatch assignment;
- (10) Issuing instructions in his Dispatch area which require implementation by ground personnel in the performance of those phases of their duties pertinent to flight operations;
- (11) Performing irregularity reports when required;
- (12) Performing such other duties as may be assigned by the Company;
- (13) Be responsible for the redispach of flights in progress when necessary for reasons of safety or economy;
- (14) Exercise and maintain joint responsibility with the pilot in command for operational control in all matters affecting the safety of flights;
- (15) Keep stations informed of any changes in the status of all flights such as anticipated delays, cancellations, diversions, unscheduled landings, re-routings, changes and/or substitutions of equipment either by type or series, or any other schedule irregularities resulting from either his or from joint pilot-dispatcher decision whether done prior to flight's departure or during enroute operations;

(16) Originate and transmit information as to probable arrival and departure of flights operating off schedule due to off-schedule landings and diversions.

(n) The Company will provide any training to affected employees which results from changes in Federal licensing or Company qualifications.

(o) The term “Check Dispatcher” as used herein, in addition to the definition of a Dispatcher, means an employee who has been selected and designated as such by the Company, who is current, qualified, and actively working as an Aircraft Dispatcher in the employ of the Company. Employees designated as a “Check Dispatcher” will perform annual Competency Check functions that are required by the Company and FAA. No employee selected as a “Check Dispatcher” may hold such position unless that Employee has accumulated at least five (5) years of service as an American Airlines Dispatcher. The Company at its sole discretion will designate when the position will be filled.

(p) ATC Liaison/Fuel position –

Means positions covered by the Agreement and selected by interview. Selected employees would work a regular bid line and desk but would be removed from their desk to conduct efficiency business when required. Tasks include:

- Identify and implement efficiency opportunities in coordination with departmental management.
- Ability to cross departmental boundaries including interaction with Operations Engineering, Flight Department, Maintenance and Flight Professional Standards.
- Primary focus area, ATC Efficiency, PRAF management, Routing Efficiency
- Focus on Dispatcher/Ops Coordinator working level – results driven approach focusing on procedures and performance

ARTICLE 3 - HOURS OF WORK

(a) Work schedules will be drawn up on the basis of eight (8) consecutive on-duty hours. For scheduling purposes the midnight shift is the first shift of the new day.

(b) Effective ~~December 30, 1989~~ **DOS**, a work cycle and a work schedule averaging not more than eighteen (18) days of work out of each ~~twenty-eight (28)~~ **thirty (30)** calendar days, and which contains not more than six (6) consecutive days of work without a scheduled day off will be maintained for Flight Dispatchers and Dispatchers in Training. The basic work cycle and schedule for all employees covered under this Agreement will be six (6) days of work, three (3) days off; six (6) days of work, three (3) days off; six (6) days of work, ~~four (4)~~ **six (6)** days off, with the following exceptions:

(1) Employees under this Agreement working relief or temporary assignments, will be scheduled as closely as possible to the 6-3, 6-3, ~~6-4~~ **6-6** pattern, but may be scheduled otherwise if there exists no other alternative due to staffing requirements, provided that no relief or temporary employee will be scheduled for more than six (6) days of work without an intervening day off; and that no shift is scheduled with less than a prior rest period of at least nine (9) hours.

(2) No relief or temporary employee will be scheduled for more than eighteen (18) out of any **thirty (30)** calendar days.

(3) Any changes to the basic work cycle or work schedule as defined in paragraphs (a) or (b) must be approved by the President TWU Local 542 and the Managing Director SOC or their designees.

(4) In addition, on an annual basis, Operations Coordinators and Dispatchers will bid by seniority, one thirty (30) day pattern, in which they will be scheduled an additional six (6) days as ready reserve. (Administrative guidelines will be established and agreed to locally between the President of Local 542 and the Managing Director – Dispatch or their designees within 90 days of DOS.)

(c) A Flight Dispatcher or Dispatcher in Training completing a shift will not be relieved from duty until the relieving Flight Dispatcher or Dispatcher in Training has become familiar with pending operational problems and the relieving Flight Dispatcher has so signified by signing the "turnover sheet."

(d) It is understood that the needs of the service and the nature of the Flight Dispatcher's and Dispatcher in Training's duties prevent a definite, fixed or exact number of hours per day or hours per week. Employees will not be required to work seven (7) consecutive days on any posted work schedule, except for route qualification or route check trips. Employees will be assigned to regular shifts. Subject to the requirements of the service, choice of shifts and days off and rotation of shifts will be in accordance with the preference of a majority of employees in a classification.

(e) Work schedules will be posted at least four (4) weeks in advance of their effective date; no changes will be made in the work schedules less than fourteen (14) days prior to their effective date. Dispatchers who are scheduled as extras may be rescheduled with a minimum of seven days (7) notice of their schedule change. (Notification of changes of schedule will be made via telephone and in writing.)

(f) Employees will be permitted to trade shifts or scheduled days off. Such requests will be made in writing to the appropriate supervisor with sufficient advance notice to accommodate the request. Such trading will not result in the payment of overtime compensation to any employee.

ARTICLE 4 - COMPENSATION

(a) Employees will be paid minimum monthly salaries on a bi-weekly basis in accordance with length of service as follows:

	05/01/03	05/01/04	05/01/05	05/01/06	05/01/07	05/01/08
1 st year	\$2,518	\$2,556	\$2,594	\$2,633	\$2,672	\$2,712
2 nd year	\$3,187	\$3,235	\$3,284	\$3,333	\$3,383	\$3,434
3 rd year	\$3,437	\$3,489	\$3,541	\$3,594	\$3,648	\$3,703
4 th year	\$3,732	\$3,788	\$3,845	\$3,903	\$3,962	\$4,021
5 th year	\$4,027	\$4,087	\$4,148	\$4,210	\$4,273	\$4,337
6 th year	\$4,321	\$4,386	\$4,452	\$4,519	\$4,587	\$4,656
7 th year	\$4,616	\$4,685	\$4,755	\$4,826	\$4,898	\$4,971
8 th year	\$4,912	\$4,986	\$5,061	\$5,137	\$5,214	\$5,292
9 th year	\$5,207	\$5,285	\$5,364	\$5,444	\$5,526	\$5,609
10 th year	\$5,502	\$5,585	\$5,669	\$5,754	\$5,840	\$5,928
Thereafter	\$6,086	\$6,177	\$6,270	\$6,364	\$6,459	\$6,556

	DOS	DOS + 12	DOS + 24	DOS + 36	DOS + 48	DOS + 60
1 st year	\$2,712	\$2,752	\$2,793	\$2,835	\$2,878	\$2,921
2 nd year	\$3,434	\$3,485	\$3,538	\$3,590	\$3,644	\$3,698
3 rd year	\$3,703	\$3,758	\$3,815	\$3,872	\$3,930	\$3,989
4 th year	\$4,021	\$4,081	\$4,142	\$4,205	\$4,268	\$4,332
5 th year	\$4,337	\$4,402	\$4,468	\$4,535	\$4,603	\$4,672
6 th year	\$4,656	\$4,726	\$4,798	\$4,869	\$4,942	\$5,017
7 th year	\$4,971	\$5,046	\$5,122	\$5,199	\$5,276	\$5,355
8 th year	\$5,292	\$5,371	\$5,452	\$5,533	\$5,617	\$5,701
9 th year	\$5,609	\$5,693	\$5,777	\$5,863	\$5,951	\$6,040
10 th year	\$5,928	\$6,017	\$6,107	\$6,199	\$6,293	\$6,388
Thereafter	\$6,556	\$6,655	\$6,754	\$6,855	\$6,957	\$7,061

An employee who is a Dispatcher in Training will be paid in accordance with his seniority at the rate of 79% of the above pay scale.

(b) Each Dispatcher and Dispatcher in Training will receive fifteen (15) minutes pay at the straight time rate for each shift, which he/she is scheduled to work and/or for which payment is made, as compensation for the normal overlap between shifts.

(c) When an employee is initially assigned to duty as a Dispatcher in Training, he/she may be given credit for prior experience and may be placed in a position in the range commensurate with such prior experience. Such employee will receive further periodic increases in accordance with his total length of service (including credited service).

(d) Except as provided elsewhere in this Agreement, the total compensation paid to a Flight Dispatcher or Dispatcher in Training in accordance with the provisions of (a) and (b) above, is in full compensation for all time worked in the performance of his duties as a Flight Dispatcher or Dispatcher in Training, including time worked during his regular shift and time worked as an extension of his regular shift, as specified in Article 3, whether occasioned by either the normal overlap between shifts or beyond as may be necessitated by existing or anticipated weather conditions or emergencies. Accordingly, Flight Dispatchers and Dispatchers in Training will not be entitled to any compensatory time off for any duty occasioned by the foregoing.

(e) Those qualified Dispatcher's in Training designated by management as being authorized to dispatch aircraft, when assigned to perform route checking will, upon completion of the route check assignment, receive the difference between their daily rate and the daily Dispatcher's rate to which their seniority as a Dispatcher entitles them.

(f) An employee who is receiving more than the amount set forth above to which his length of service (including credited service) entitles him will not have his pay reduced, but will receive further periodic increases only when he becomes entitled to them by reason of his total length of service (including credited service).

(g) When an employee becomes entitled to an increase in pay in accordance with the rate ranges provided in paragraph (a) of this Article, such increase will be effective on the date such pay increase is due.

(h) Effective January 1, 1991 for those employees retiring on or after August 15, 1995 license premiums pay will be included in the pensionable earnings of those employees who receive license pay under this agreement.

(i) Employees selected by the Managing Director Dispatch Operations to perform classroom training will **be paid** receive a **monthly** training premium of \$315 **on a biweekly basis** ~~two dollars (\$2.00) per hour for all hours~~. Employees selected by the Managing Director Dispatch Operations to perform on-the-job training will be paid one dollar, forty cents (\$1.40) for actual hours spent conducting such training.

(j) An employee in the Operations Coordinator classification will **be paid** receive a **monthly** premium of ~~three dollars, fifty cents (\$3.50) per hour for all hours~~ \$550 **on a biweekly basis**.

(k) An employee who is a Relief Operations Coordinator will **be paid** receive a **monthly** premium of ~~one dollar (\$1.00) per hour for all hours~~ \$160 **on a biweekly basis**.

(l) An employee who works a premium position two (2) hours or more will receive that premium for the full workday.

(m) Effective May 6, 1989, employees who hold an FAA Aircraft Dispatcher's License will be paid monthly license premiums on a bi-weekly basis in accordance with the following:

- (1) Dispatcher in Training with an FAA Aircraft Dispatcher's License \$40

(2) Dispatchers in Training with an FAA Aircraft Dispatcher's License and who has passed the Company Dispatcher's Qualifying Examination \$80

(3) Dispatcher with an FAA Aircraft Dispatcher's License \$130

Except those at top of pay scale, who will receive:

effective 3/1/01 ~~_____~~ \$198
 effective 3/1/02 ~~_____~~ \$290
 effective 3/1/03 \$370

(n) Effective August 15, 1995, each employee in a job classification under this Agreement will, upon completion of three (3) years of accredited service with the Company, be paid longevity pay as follows:

<u>Length of Service</u>	<u>Rate Per Hour</u>	<u>Length of Service</u>	<u>Rate Per Hour</u>	<u>Length of Service</u>	<u>Rate Per Hour</u>
3rd year	03 cents	9th year	09 cents	15 th year	15 cents
4th year	04 cents	10th year	10 cents	16 th year	18 cents
5th year	05 cents	11th year	11 cents	17 th year	21 cents
6th year	06 cents	12th year	12 cents	18 th year	24 cents
7th year	07 cents	13th year	13 cents	19 th year	27 cents
8th year	08 cents	14th year	14 cents	20 th year	30 cents

(1) Longevity pay increments will be effective on the date the employee completes the required amount of credited service. Longevity pay will be compounded in the calculation of overtime rates and will be part of pay calculations for pension purposes.

(2) Accredited service with the Company, for determining longevity pay increments, will be defined as: Active service on the Company's payroll in any capacity, except such service prior to resignation, discharge or layoff when recall rights have expired; the entire duration of Military or Union Business Leaves of Absence, up to a maximum of five (5) years; for those employees with over six (6) months service with the Company, a Sick Leave of Absence up to a maximum of five (5) years, and Personal or Maternity Leaves of Absence up to a maximum of ninety (90) day.

(o) An employee who is selected to a Check Dispatcher position will receive in addition to their minimum monthly salary a monthly premium of \$315.

(p) An employee who is selected to the ATC Liaison or the Fuel Position will receive in addition to their minimum monthly salary a monthly premium of \$350.

ARTICLE 5

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ARTICLE 6 – OVERTIME

(a) Daily Overtime: rates will only be paid on a daily basis whenever a shift relief is not scheduled and not provided as follows:

- (1) One and one-half (1-1/2) times the regular straight-time rate for each hour worked in excess of eight (8) hours.
- (2) An employee hereunder will not be required to suspend work during his regular shift to avoid the payment of overtime nor will he be entitled to overtime rates until he has worked eight (8) hours in the workday, including time worked after his regular shift.
- (3) When an employee works overtime in conjunction with his regular shift he will be entitled to a minimum of fifteen (15) minutes of overtime.

(b) Weekly Overtime: Time worked on an employee's regularly scheduled days off will be considered overtime and will be paid as follows, provided, however, that such overtime is not applicable to time spent on shift overlap when a shift relief is provided:

- (1) One and one-half (1-1/2) times the regular straight-time rate for work performed on an employee's scheduled day off. ~~When an employee is required to work on a day off which was a result of a C/S (change of schedule) the one and one half rate (1-1/2) applies.~~ When an employee works in excess of twelve (12) hours the double time rate applies for each hour in excess of twelve (12) hours.
- (2) **For overtime** work on a subsequent shift on a **scheduled** day (s) off the double time rate shall apply for all hours.
- (3) **When an employee is required to work on a day off which was a result of a C/S (change of schedule) the one and one half rate (1-1/2) will apply in all circumstances.**
- ~~(3) Double time rates will be paid for overtime on all subsequent, days off HHexcept if it's a result of a C/S (change of schedule) where the one and one half rate (1-1/2) still applies.~~
- (4) When an employee is required to work on his scheduled day or days off, he will be entitled to at least eight (8) hours of work unless he consents to less time.

(c) Weekly overtime work will be distributed among the Dispatchers and Dispatchers in Training as equitably as practicable.

- (1) Dispatchers and Dispatchers in Training to be offered overtime will be selected from employees within their permanent classification on their day off., ~~except those who would experience a short turnaround as a result of working the proposed overtime. A short turnaround is defined as any two (2) consecutive work shifts with an intervening rest period~~

~~of less than nine (9) hours.~~ Employees on vacation and assigned route checks will not be offered overtime. Employees on days off immediately adjacent to vacations (before and after) will be offered overtime, but not charged with a refusal if such offer is not accepted.

(d) Selection of the employee to receive the overtime from those who have indicated their availability on an overtime list will be made on the basis of:

- (1) Least number of overtime days accumulated. If a tie exists, then,
- (2) To the most senior employee,
- (3) Provided, however, that day off overtime will not be offered to an employee on his second or subsequent **scheduled** day off at the double time rate unless there is no employee available on his first **scheduled** day off at the time and one-half rate.

Employees who are on a second or subsequent day off and are at the time and one half rate due to a C/S off and b.(3) above, will be proffered day off overtime after employee(s) who are on a second or subsequent regular scheduled day off in accordance with b. (2) above.

~~(4) — To employees on their days off within their classification who would be scheduled on a short turnaround basis by virtue of the offer but whose refusal of such offer would not be recorded as though the overtime was worked.~~

(45) Any employee offered overtime in accordance with these procedures who does not accept it for any reason, including sickness, will be credited on the distribution record with the overtime as though it had been worked.

(a) If, due to refusals, the overtime is not covered, the overtime will be covered in the following order:

Proffer overtime to volunteers who are currently on duty. Selection of the employee to receive the overtime will be made on the basis of:

- (1) Most senior employee volunteer with the least number of overtime days accumulated. ~~and with an intervening rest period of nine (9) hours or more between shifts;~~
- (2) ~~Most senior employee volunteer with the least number of overtime days accumulated and with an intervening rest period of at least eight (8) hours but less than nine (9) hours between shifts.~~
- (23) A qualified Dispatcher in Training may be utilized on his regularly scheduled shift to fill the vacancy. Such Dispatcher in Training will be compensated for the difference between his current daily rate and the Dispatcher's daily rate to which his seniority would entitle him.

(34) When the vacancy is in the Dispatcher classification, it may be offered to qualified Dispatcher in Training in order of seniority on their day off. ~~with an intervening rest period of nine (9) hour or more between shifts.~~

(45) Assign to the least senior employee.

(e) An employee whose overtime working period continues into the following day will continue to receive overtime rates for all overtime so worked.

~~(f) If any work period will continue so that its termination will fall within nine (9) hours prior to the commencement of the employee's regular shift in the succeeding workday, exclusive of shift overlap where relief is scheduled, he will receive pay for all time worked during his regular shift and up to twelve (12) hours at the rate of time and one-half of his regular straight time rate.~~

(fg) No overtime will be worked except by direction of the proper supervisory personnel of the Company, except in cases of emergency and when prior authority cannot be obtained.

(gh) Overtime compensation will be computed on the basis of the nearest six-minute unit of work.

(hi) When an employee is required to work overtime for which compensation is due, he will receive written verification of the number of hours worked and the rate of compensation for those hours.

(ij) Time off will be provided as necessary to accomplish the route check. If a route check exceeds his normal workday, compensation will be at the straight time rates for all hours required to complete the route check beginning one (1) hour prior to gate departure. On international route checks, dispatchers will be provided the same accommodations and transportation to and from the hotel with the flight crews. The Company will provide eight (8) hours rest, free of all duty.

(jk) An employee required to work on a holiday that is the employee's day off will receive holiday pay at the rate of double time and one-half (2 1/2). Under no circumstances will an employee be paid more than double and one-half (2 1/2) times when a holiday worked coincides with the first or subsequent day off.

(kl) It is recognized and contemplated that there will be open shifts occasioned by unanticipated absences. When in the determination of management such open shifts must be filled, an employee in the appropriate classification will be utilized to cover the open shift. An employee not covered by the provisions of this Agreement will not be utilized to fill such open shifts for the purposes of avoiding the payment of overtime to an employee in the appropriate classification. This provision is not intended to preclude the utilization of employees not covered by this Agreement for training purposes.

(~~l~~) Any changes to local overtime rules as defined in this Article must be approved by the Managing Director Dispatch Operations and the President TWU Local 542.

ARTICLE 7 - HOLIDAYS

(a) The following holidays with pay will be granted:

<u>Holiday</u>	<u>Observance</u>
New Year's Day	January 1 st
Independence Day	July 4 th
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25 th

(b) An employee required to work on any of the above holidays will receive ~~two and one-half (2½)~~ **one and one-half (1-½)** times the regular rate for at least eight (8) hours, except when an employee requests and is granted fewer hours in which event he will receive ~~two and one-half (2½)~~ **one and one-half (1-½)** times for all hours actually worked and straight-time for the difference between the hours actually worked and eight (8) hours.

(c) If any of the above holidays fall on an employee's day off or vacation, he will receive eight (8) hours at his regular straight-time rate of pay as Holiday Off payment.

(d) Payment for a holiday will not be made to an employee on a leave of absence or to an employee scheduled to work on such holiday who is not excused from work and who fails to report to work as scheduled.

(e) Any work performed on an employee's day off will be paid in accordance with Article 6.

ARTICLE 8 - VACATIONS

(a) Employees hereunder will become entitled to and receive vacation allowances in accordance with the following.

Length of service As of Dec. 31 of Any year	Accrual rate per month during the year ending Dec. 31	Max vacation to be taken in the following vacation selection period
Less than 5 years	½ work day	One (1) week (5 4 work days)
5 years but less than 10 years	1 work day	Two (2) weeks (10 9 work days)
10 years but less than 17 years	1 ½ work days	Three (3) weeks (15 14 work days)
17 years but less than 25 years	2 work days	Four (4) weeks (20 19 work days)
25 years but less than 30 years	2 ½ work days	Five (5) weeks (25 24 work days)
30 years and over	3 work days	Six (6) weeks (30 29 work days)

(1) In computing vacation eligibility under this Article:

As used herein, the term "year" is used to mean calendar year.

In any calendar month, fifteen (15) days or more of service with the Company will be considered a full month and less than fifteen (15) days will not be considered.

Fractions of one-half day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) The pay for such vacation will be at the pay, which the employee would normally have received at his straight-time rate at the time the vacation is taken.

(c) Preference in the period in which employees hereunder will be permitted to take their vacations will be granted in the order of Company seniority provided, however, that vacation

schedules may be so arranged within each work group or section as will not interfere with the requirements of the service.

(d) Thereafter, the Company will post requests for vacation preferences for the period January 1 through December 31 of each year not later than October 15 of the previous year and employees eligible will list their preferences not later than November 15. The vacation periods will be assigned and posted on Company bulletin boards by December 1, whenever possible.

(e) Vacation allowances will not be cumulative and a vacation to which an employee becomes entitled in accordance with the vacation selection periods as provided in (d) above will be forfeited unless taken during such vacation selection period; provided, however, if an employee is requested by the Company in writing to forego his vacation during the vacation selection period in which it is to be taken and has not received it by the end of that vacation selection period, the employee will be entitled to said deferred vacation during the succeeding vacation selection period or to pay in lieu of same at the option of the employee, subject to the requirements of the service.

(f) An employee hereunder who takes a leave or leaves of absence which exceeds or the total of which exceeds sixty (60) calendar days during any calendar year will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of said leave or the total of such leaves which exceeds sixty (60) days; provided, however, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty.

(g) In the event of termination of employment with the Company, an employee hereunder who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

Mos of Svc in Yr of Term.	<u>1/2 Day</u>	<u>One Day</u>	<u>1 1/2 Days</u>	<u>2 Days</u>
	<u>Per Mo. Accrual Rate =</u>	<u>Per Mo. Accrual Rate =</u>	<u>Per Mo. Accrual Rate =</u>	<u>Per Mo. Accrual Rate =</u>
	<u>5/12ths of a Day's Pay</u>	<u>5/6ths of a Day's Pay</u>	<u>1-1/4th of a Day's Pay</u>	<u>1-2/3rds of a Day's Pay</u>
1	.5	1	1	2
2	1	2	3	3
3	1.5	3	4	5
4	1.5	3	5	7
5	2	4	6	8
6	2.5	5	8	10
7	3	6	9	12
8	3.5	7	10	13
9	4	8	11	15
10	4	8	13	17
11	4.5	9	14	18

	12	5	10	15	20
	2½ Days		3 Days		
	Per Mo.		Per Mo.		
Mos of	Accrual		Accrual		
Svc in	Rate =		Rate =		
Yr of	2-1/12th of		2-1/2 of		
<u>Term.</u>	<u>a Day's Pay</u>		<u>a Day's Pay</u>		

1	2	3
2	4	5
3	6	8
4	8	10
5	10	13
6	13	15
7	15	18
8	17	20
9	19	23
10	21	25
11	23	28
12	25	30

Mos of Svc in Yr of Term	1/2 Day Per Mo. Accrual Rate = 5/12 ^{ths} of a Days Pay	One Day Per Mo. Accrual Rate = 5/6 ^{ths} of a Days Pay	1 ½ Days Per Mo. Accrual Rate = 1-1/4 th of a Days Pay	2 Days Per Mo. Accrual Rate = 1-2/3 ^{rds} of a Days Pay	2 ½ Days Per Mo. Accrual Rate = 2-1/12 th of a Days Pay	3 Days Per Mo. Accrual Rate = 2-1/2 of a Days Pay
1	.5	1	1	2	2	3
2	1	2	3	3	4	5
3	1.5	3	4	5	6	8
4	1.5	3	5	7	8	10
5	2	4	6	8	10	13
6	2.5	5	8	10	13	15
7	3	6	9	12	15	18
8	3.5-4	7	10	13	17	20
9	4	8	11	15	19	23
10	4	8	13	17	21	25
11	4.5	9	14	18	23	28
12	5	10	15	20 19	25 24	30-29

An employee who fails to give two (2) weeks' notice of resignation in writing, and such notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation hereunder.

(h) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a).

(i) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to such layoff. In no case will the vacation to which such employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(j) An employee who has been assigned a vacation period will not have his vacation dates changed without his consent, unless he is notified of such change in writing thirty (30) days in advance of the starting date of his vacation. This will not apply in case of emergency; that is, an act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet.

(k) An employee eligible for two (2) weeks of vacation may divide his vacation into two (2) segments.

~~(l) An employee may request a paid personal vacation day(s) of up to five (5) days per year. The Company will grant such day(s) if manning permits. Days used for personal vacation days will be deducted from the vacation accrual of a given calendar year that would have been taken in the course of the succeeding fiscal vacation year period. Requests for personal vacation will be granted in order of seniority within each work group or section as provided in paragraph (c) above. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law.~~

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

March 29, 1982

Mr. H. J. Leonard
International Vice President
Transport Workers Union of America, AFL-CIO
5128 E. Lancaster Avenue
Suite 18
Ft. Worth, TX 76112

Dear Mr. Leonard:

This will confirm our agreement concerning employees off work on disability due to an injury on duty when a vacation period is scheduled.

The Company will, if an employee requests in writing prior to the scheduled vacation period, attempt to reassign vacations scheduled during an uncontested lengthy IOD to the extent the operation permits; that is, the employee should be allowed to choose from open vacation periods if any exist or, if none exist, assigned with at least 7 days' notice, a rescheduled vacation slot unless the operation cannot afford his absence. Such vacation deferral will be permitted only if the vacation can be rescheduled during the calendar year in which it was originally scheduled. Pay in lieu of vacation is not available to an employee in these circumstances.

Whenever such a vacation reschedule has been denied, the employee may request the Local Union President/Station Chairman to meet and review the vacation reschedule request with the General Manager/Chief Operating Officer at that location. If his vacation reschedule is not resolved at that level, he may utilize the procedures of Article 31 of the Labor Agreement.

H.J. Leonard

S. L. Crosser

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Reduced Vacation Application

Dear Jim,

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed how to implement the one week vacation savings in order to realize the savings in 2003 thereby avoiding additional decreases in pay or other work rule changes.~~

~~The basic principal of the transition application is that each employee with vacation remaining in 2003 will roll one (1) week of 2002's accrued vacation to use in 2004 thus reducing 2003 accrual by two (2) weeks. The application in effect combines vacation weeks from 2003 and 2004 which are then divided between the two years depending on whether or not the employee has already used some or all of his current vacation. The net effect is that we reduce the total weeks over the two (2) years by two (2) weeks.~~

~~The attached diagram on the attached page illustrates this application. It provides an example at each point from seven (7) weeks through two (2) weeks.~~

~~As part of the implementation and in order to realize the savings, employees will defer a week of 2003 vacation based on a certain allocation for each individual week. **Example:** Week of September 6 and 13, 2003. Station ABC will allow 6 employees to defer Sept. 6, 2003 and 6 employees for Sept. 13, 2003. This is to ensure the Company does not have too many of the same week deferred. To allow employees to select without a limitation could cause a scenario whereby Sept. 6 has 15 employees defer and Sept. 13 has only 4, thus, the vacation relief coverage would be skewed and the vacation relief headcount would not be balanced properly.~~

~~Once the procedures have been finalized, employees need to provide which week they would like to defer to local management no later than May 8, 2003. In the event, there are weeks made available after the deferral process is complete, local management in conjunction with the local union will work out a selection process for those available weeks.~~

~~For those employees, who as a result of the deferral and adjusted accrual do not have a week of vacation for 2004, can take time off without pay through a CS arrangement. We understand that for employees to work an entire year or more without a scheduled vacation should have time off and therefore strongly encourage these employees to utilize the flex vacation option which will be made available in October of 2003 for 2004 vacation.~~

Sincerely,

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

Agreed to this date:

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

See attached

ARTICLE 9 - PROBATIONARY PERIOD

- (a) An employee will be on probation for the first twelve (12) months of continuous service.
- (b) Nothing in this Agreement will be construed to prevent the Company from releasing any employee during his probationary period without cause and without hearing.
- (c) Any Dispatcher in Training will, as a condition of continued employment, become qualified as a Dispatcher within eighteen (18) months after permanent assignment to Dispatcher in Training by successfully completing the uniform Dispatcher qualifying examination(s) described in paragraph (d) of this Article.
- (d) The Company will prepare uniform Dispatcher examinations to be administered as required to Dispatcher's in Training. The local T.W.U. President will be afforded the opportunity to review and discuss the examinations to be administered with the Manager Dispatch Operations.

In the event examinations are administered orally, the Union, upon request, may have an observer present.

ARTICLE 10 - SENIORITY

(a) Seniority as a Flight Dispatcher or Dispatcher in Training will begin to accrue on the date of permanent assignment to duty as a Flight Dispatcher. Seniority as an Operations Specialist will begin to accrue on the date of permanent assignment to duty as an Operations Specialist. Except as otherwise provided by this Agreement, after seniority in a classification has been established, it will continue to accrue while the employee is assigned to permanent duty in that or a higher classification.

There will be a single seniority list, which will indicate a Company seniority date, a Dispatcher's Assistant seniority date (if appropriate) and a Dispatcher seniority date.

(b) When employees are assigned to a classification, their seniority will be determined on the basis of the following:

1. Occupational Seniority date
2. Earliest continuous AA-TWU Occupational Seniority date
3. Company Seniority date
4. Birthday
5. Employee Number

(c) A permanent vacancy as a Dispatcher will be awarded to the senior qualified employee.

(d) Seniority will not govern promotion or assignment from Flight Dispatcher, or Operations Specialist to supervisory or special duty assignments.

(e) Individuals holding positions on the Dispatcher Seniority List who hold or accept a Sector Manager position in SOC/Dispatch shall retain and accrue Occupational and Classification seniority and shall remain on the Seniority List provided they pay to the union an amount equal to 1.20% percent of the wages they otherwise would be entitled to, were they working in positions covered by this Agreement, including any appropriate override. Any employees accepting a supervisory position within Flight Dispatch will forfeit all seniority on their date of promotion.

Individuals holding a Sector Manager position as of October 1, 2011 and who are actively working will be placed on the Master Seniority List as of the date they commence paying dues (so long as dues payment commences within 60 days of DOS) at a rate equal to 1.20% percent of the wages they otherwise would be entitled to, were they working in positions covered by this Agreement. Once on the Master Seniority List, such individuals will be able to bid Dispatch vacancies; however, such individuals may not directly displace and cause the furlough of an employee actively working in a position covered by this Agreement.

- (1) An employee who accepts a position at the request of the Company, in work not associated with the flight dispatch function, shall retain but not accrue seniority and shall forfeit all such seniority after two (2) consecutive years in such work.

(2) An employee who accepts a special assignment at the request of the Company occasioned by a national emergency, declared or undeclared, shall continue to accrue seniority.

~~(f) Any employee accepting a temporary or acting supervisory position outside the bargaining unit shall not exceed a period of 480 hours, for all time worked within that calendar year, in such assignments, either successive or cumulative. No two 480 hour temporary assignments can be made successively (within 30 days). (The Dispatch instructors and technician persons are excluded from this provision.)~~

~~(1) The total number of hours worked including overtime will be included for the purposes of this section. Partial days will be considered full days under this paragraph.~~

~~(2) An employee who exceeds the 480 hours in any calendar year shall forfeit all occupational seniority.~~

ARTICLE 11- CLASSIFICATIONS AND QUALIFICATIONS

(a) DIVISIONS

The International Division is comprised of sub-divisions designated as Europe, Pacific, Latin America (Caribbean/Mexico). The Domestic Division is comprised of flights within the U.S. and Canada (~~Mexico~~). Each dispatcher is required to maintain his/her division qualifications through the normal training procedures. All dispatchers are required to hold a domestic qualification. In addition to their primary domestic qualification, relief dispatchers will be required to carry one of the following secondary qualifications: Europe/Pacific, Caribbean, or Latin America. Operations Coordinators are required to hold a domestic qualification.

(b) DURATION

Employees who are the successful bidders for the International Division must remain in that Division for a period of two years.

(c) BIDDING

(1) Every two years, a complete re-bid will take place within the office, and Dispatchers from both Divisions will be able to bid by seniority for assignments in either the International or Domestic Divisions. During the two year period between these bids, an annual bid will occur which will allow each Dispatcher an opportunity to bid by seniority for assignments within their current Division (i.e., International or Domestic).

(2) Vacancies during the interim period between bids will be filled by posting. The filling of subsequent vacancies will be awarded by leap frog to the most senior bidder unless the vacancy occurs in the last six months of the bid period. Vacancies occurring during the aforementioned six month period will be filled by relief dispatchers or upgrade. The Company will not be subject to more than three crossover trainings as a result of this interim bid provision.

(3) All shift exchanges must be with qualified individuals.

(d) ROUTE CHECKS

(1) During the two year duration of the International bid, a regularly assigned International Dispatcher will be scheduled International route checks. This provision is subject to Management's discretion.

(2) The International route check will be performed on a route within the Dispatcher's normal area of responsibility.

(e) SCHEDULING ROUTE CHECKS

(1) A European route check, and Pacific route check (NRT) the dispatcher will be given three (3) days off consecutively and assigned a route check on those days.

(2) A Pacific route check (HNL/OGG) the dispatcher will be given two (2) days off consecutively and assigned a route check on those days.

(3) A Latin America route check (EZE, GIG, GRU, SCL) the dispatcher will be given three (3) days off consecutively and assigned a route check on those days. The remainder of the Latin American division the dispatcher will be given two (2) days off consecutively and assigned a route check on those days.

(4) International route checks will be scheduled in conjunction with days off prior to or at the end of the dispatcher normal workweek concurrent with the change to all International route checks.

(f) EXAMPLE (3 day European route check:)

sked/sked/sked/Route check/Route check/Route check

(g) OVERTIME

International Qualified Dispatchers will be re-assigned to cover vacancies in the International Division, and overtime, if required, will be proffered for the vacancies created by the re-assignment. The Domestic/Ops Coordinator and International Divisions will be combined for this overtime proffer.

ARTICLE 12 - PROMOTIONS AND JOBS TO BE POSTED

(a) Any employee who has been qualified as a Dispatcher will be entitled to bid on a Dispatcher's vacancy.

(b) (1) A Flight Dispatcher vacancy is a vacancy for a regular job which results from the expansion of the required number of employees covered by this Agreement, the transfer of such employees to jobs with the Company not covered by this Agreement, or the permanent separation from the Company of such employees. A Flight Dispatcher vacancy is subject to bid and will be assigned to the senior qualified employee who bids for such vacancy.

A Flight Dispatcher vacancy will be subject to the provisions of Article 10(c).

(2) Failure to accept such vacancy will be cause for termination.

Any Dispatcher's vacancy which exists after the recall list has been exhausted will be filled by the Company. Prior to filling the vacancy with a new hire employee, the Company will first consider a valid transfer request from a qualified applicant who possesses an Aircraft Dispatcher certificate and who is already employed by the Company within an AA/TWU agreement.

(c) (1) A temporary vacancy is a vacancy for a job anticipated to last six (6) months or less, a vacancy created by a personal or military leave of absence or a vacancy created by a special assignment to work outside or within the Company at the request of the Company occasioned by a national emergency, declared or undeclared.

(2) The temporary job anticipated to last six (6) months or less will be designated as a primary vacancy at the expiration of six (6) months, except that whenever such temporary job is expected to exceed the six (6) months' limit, the Company and the local T.W.U. President may mutually agree to extend such temporary job.

(3) Temporary Flight Dispatcher vacancies are not subject to bid and will be filled by appointment by the Company of the most senior qualified employees at the station.

(d) Vacancies subject to bid, including those vacancies for Operation Coordinators, will be posted on a bulletin board at the dispatch center. Such bulletins will describe the vacancy or vacancies and will set a deadline date by which bids must be received and such vacancies filled. A copy of such bulletin will be sent to all employees on vacation, leave of absence or layoff status eligible to bid on such vacancy or vacancies. Bulletins sent to such employees will be sent by Certified Mail, return receipt requested, to the last address filed with the Managing Director System Operations Control of the Company. A vacancy or vacancies will be open for bid for a period of not less than ten (10) days after date of posting, or date of mailing of the bulletin to an employee on vacation, leave of absence or layoff status as the case may be.

ARTICLE 13 - SYSTEM SENIORITY LIST

- (a) Seniority lists will be revised to reflect the seniority status of employees covered by this Agreement by January 15 and July 15 of each year. Such lists with changes highlighted will be posted at each Flight Dispatch office and four (4) copies will be furnished to the Local President.
- (b) Employees will have sixty (60) calendar days, after the posting of such list in which to protest in writing to the Company any alleged omission or incorrect posting affecting their seniority in any such revised list. An employee may file a seniority protest form with his Local Union office. The Local Union office will investigate the protest and forward it, with a recommendation, to the International. The International will advise the Company if a change is required. The Company will then provide to the Local Union office in writing a response to the protest. The Union will hold the Company harmless with regard to any grievance which may arise as a result of any protest being sustained.
- (c) An employee affected by a reduction in force, or who is on vacation, leave of absence or on sick leave at the time the above list is posted, such employee may protest any alleged omission or incorrect posting within sixty (60) calendar days after his return to duty.
- (d) An incorrect posting which went unchallenged or uncorrected on a seniority list on which such incorrect posting first appeared may not be posted on a subsequent posting except that typographical and clerical errors may be corrected at any time.

ARTICLE 14 - LOSS OF SENIORITY

- (a) An employee once having established seniority will not lose said seniority except as provided in this Agreement.
- (b) An employee who is discharged for just cause will forfeit all seniority accrued to date of such discharge. An employee who resigns from the service of the Company will forfeit all seniority accrued to date of such resignation, except that an employee, who, on the effective date of resignation, holds recall rights pursuant to Article 16 may continue to hold such recall rights provided such employee submits a written request to hold recall rights prior to the effective date of his resignation.
- (c) If an employee who has been laid off is offered the opportunity to return to the service, in other than temporary work, and such offer of recall is to employment of the same classification and status as laid off from (full time to full time or part time to part time) and such employee elects not to return to the service, or who fails to comply with the provisions of Article 16 (a) or (e), his seniority right of preference in reemployment will at that time terminate, and his seniority with the Company will be forfeited.

ARTICLE 15 - REDUCTION IN FORCE

(a) When there is a reduction in force, the employee with the least seniority in his classification will be laid off. Within seven (7) calendar days of receipt of notice of layoff, the employee shall indicate to the Company his acceptance of the rights set forth below:

(1) A Flight Dispatcher or Dispatcher in Training may exercise his seniority to displace the junior Operations Specialist if he previously had held the position of Operations Specialist or worked in that capacity as a Dispatcher Assistant, provided his seniority was established and continued to accrue in that or a higher classification. ~~A protected employee on payroll on March 1, 2002, as a (Dispatcher or Dispatcher in Training) exercising his seniority to displace an Operations Specialist will have his rate of pay protected as outlined in Article 42.~~

(2) In the event more than one (1) employee in the Dispatcher classification is affected by a reduction in force the optional rights will be exercised in seniority order of those so affected.

(b) When the junior employee is an employee on leave of absence whose job is being filled by a temporary employee, an employee affected by a reduction in force may exercise his seniority rights in accordance with paragraph (a) of this Article to the job of the employee on leave and the temporary employee will be laid off.

(c) An employee who elects not to retain or who is unable to retain employment under paragraph (a) will be recalled to the first non-biddable vacancy in the classification from which he was laid off and to which his seniority entitles him. A Flight Dispatcher or Dispatcher in Training who exercises his right to displace an Operations Specialist will retain recall rights to the classification of Flight Dispatcher.

(d) An employee laid off by the Company due to a reduction in force will file his address with Managing Director System Operations Control. Any change in address must be filed promptly, in writing, certified mail, return receipt requested, with the Managing Director System Operations Control.

(e) An employee laid off by the Company due to reduction in force will continue to accrue seniority during such layoff except as provided below:

(1) If any employee(s) who has been laid off due to reduction in force is offered the opportunity to return to duty as an employee on a permanent assignment under the provisions of this Agreement and such employee(s) elects not to return, his seniority rights of preference in re-employment will at that time terminate and his seniority will be forfeited.

(2) All seniority, reemployment and bidding rights will be cancelled at the end of ten (10) years from the effective date of such layoff. Such ten (10) years will not run against a former bargaining unit member while they are an active employee.

(f) Upon request of the Local Union President, an employee may within seven (7) calendar days appeal to a review panel composed of a representative of the TWU International and the Vice President, Employee Relations, or their respective designees, any disputes regarding the Reduction in Force application or administration.

ARTICLE 16 - RECALL

(a) An employee who elects not to retain or who is unable to retain employment as a result of a reduction in force will be recalled to the first non-biddable vacancy in the classification from which he was laid off and to which his seniority entitles him. An employee who is capable of retaining employment but elects not to retain employment and accepts layoff will retain but not accrue seniority for a period of three (3) years from the effective date of layoff except when covered by the provisions of paragraph (d) of this Article.

(b) An employee laid off by the Company due to a reduction in force will file his address with the Managing Director System Operations Control. Any change in address must be filed promptly, in writing, certified mail, return receipt requested, with the Managing Director System Operations Control.

(c) All notices of recall will be made (telephonic notifications are okay if confirmed in writing) in writing via overnight mail/express (for example, U.S. Post Office, Federal Express, or equivalent). All employees must notify the person whose name is signed to the recall letter, within ten (10) calendar days of the date of mailing postmark of the recall letter, the date he will report for duty. Any employee who fails to notify the Manager or who fails to return to duty within thirty (30) calendar days of the date of the mailing (or equivalent) will be considered to have refused recall and will lose all rights to reemployment and his seniority will be forfeited, unless such period is extended by the Company for an additional period not exceeding fifteen (15) additional calendar days. The Company will furnish the ranking Local Union Representative a copy of all such recall letters.

(d) An employee laid off by the Company due to reduction in force will continue to accrue seniority during such layoff except as provided below:

(1) If any employee(s) who has been laid off due to reduction in force is offered the opportunity to return to duty as an employee on a permanent assignment under the provisions of this Agreement and such employee(s) elects not to return, his seniority rights of preference in re-employment will at that time terminate and his seniority will be forfeited.

(2) All seniority, reemployment and bidding rights will be cancelled at the end of ten (10) years from the effective date of such layoff. Such ten (10) years will not run against a former bargaining unit member while they are an active employee.

(e) Upon request of the Local Union President, an employee may within seven (7) calendar days appeal to a review panel composed of a representative of the TWU International and the Vice President, Employee Relations, or their respective designees, any disputes regarding the Recall application or administration.

ARTICLE 17 - LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA", for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employees will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing. The Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing, not less than fourteen (14) calendar days prior to the effective date of cancellation.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International

Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as “UB”, the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of absence (OL) available to TWU represented employees who have completed their probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the Executive Vice President of Customer Service or the Senior Vice President of Maintenance and Engineering, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared, an employee who is on a leave of absence other than an Overage Leave, may request to have his leave converted to an Overage Leave. It is the employee’s sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of occupational seniority for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, by certified U.S. Mail, or equivalent carrier, return receipt requested, at the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

- (a) He fails to return to work on the specified date at the expiration of the leave; or
 - (b) He declines, in writing, his intention to return to work; or
 - (c) He does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence; or
 - (d) He does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.
- (10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and Classification seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.
- (11) An employee, returning to duty at the expiration of an Overage Leave, will return to the work unit/shop/shift where a vacancy exists and will, thereafter, be permitted to exercise his seniority on the next available shift selection.
- (12) An employee on an OL will receive benefits under the conditions provided below:
- (a) While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact the AMR Benefits Hotline for the appropriate forms to calculate his individual costs.
 - (b) The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.
 - ~~(c) An employee must continue to prefund for retiree medical coverage in order to receive credit toward the ten (10) year requirement in accordance with Company policy. An employee should contact the AMR Benefits Hotline for the appropriate forms to complete before the Overage Leave begins.~~
 - (d) The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.
 - (e) Holidays that occur during an OL will not be paid.

(f) An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

(g) Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

(h) Benefit coverage and application not specifically provided in Article 17 will be applied in accordance with Company policy.

(e) When an unpaid leave of absence is granted to an employee on account of sickness, injury, or pregnancy, referred to as a Sick Leave of Absence or "SKLOA", he will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for his duty; except that in no case will a leave for sickness or injury exceed a total continuous period of five (5) years. The Company will provide one hundred and eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified mail, return receipt requested, to the employee's last known address. An employee must request a SKLOA in writing and attach medical documentation supporting the request. An approved SKLOA will be granted in writing and will specify the expiration date of the leave. The Company may place an employee on a SKLOA in accordance with the provisions of Article 39.

(1) Application of SKLOA is referenced in Company policy.

(2) An employee who is returning from a leave granted for reasons of sickness, injury, or pregnancy, will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLOA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled workday following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by Article 17, between the Company and an employee on a leave of absence will be via US Postal Service, or equivalent carrier, Certified Mail, Return Receipt Requested.

(i) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(j) The rights of an employee on a leave of absence under the provisions of Articles 17 and 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, Classification seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows.

	Union Leave	Personal Leave	Overage Leave	Unpaid Sick Leave of Absence (including Maternity)	Unpaid Injury on Duty Leave	Military Leave	Family Leave
Duration of Leave	Up to 12 months or term of office	Up to a total of 12 months	Minimum of 6 work days, up to 1 year	Up to 5 years	Up to 5 years	Up to 5 years	Up to 84 calendar days (12 weeks)
Accrual of Company Seniority	Duration of the Leave	90 days	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave
Accrual of Occupational Seniority	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave, not to exceed 90 calendar days
Accrual of Classification Seniority	Duration of the Leave	None	Duration of the Leave	Up to 30 calendar days	Up to 30 calendar days	Duration of the Leave	Up to 30 calendar days
Vacation Accrual	Duration of the Leave	Up to 60 cal. days, then reduced	Duration of the Leave	Up to 60 cal. Days, then reduced	Duration of the Leave	Duration of Leave	Up to 60 days, then reduced
Sick Leave Accrual	Duration of the Leave	None	Duration of the Leave	Up to 60 cal. Days, then reduced	Duration of the Leave	Duration of Leave	Up to 30 calendar days
Pension / Credited Service Accrual	Duration of the Leave None	None	Duration of the Leave None	None	None	Duration of the Leave None	Duration of the Leave None
Reinstatement Rights	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ARTICLE 18 - MILITARY LEAVE

(a) The reemployment and seniority status of any employee, who, while in the active service of the Company, entered the armed services or the Merchant Marine of the United States, will be governed by the provisions of the Selective Training and Service Act of 1948, as amended, now known as the Uniformed Services Employment and Reemployment Rights Act, or other applicable law.

(b) Time spent on military leave will count as time worked for purposes of seniority, wage rates within the employee's classification and vacation.

(c) An employee granted a leave of absence to go on a tour of duty with the National Guard or other reserve unit will accrue length of service for pay purposes for the period of such leave. An employee, if he so desires, will be able to use any accrued or unused vacation ~~and available personal vacation (PV)~~ days during this leave.

~~(d) The provisions of Article 42(a) will apply if the employee was subject to layoff while on military leave. Provided however, the employee must have seniority to exercise options either at his own station or the system and subsequently exercise those options upon return to active payroll. Under such circumstances, no adjustments will be made to his seniority (i.e. Company, Occupational and Classification), and the provisions of Article 44 will apply.~~

An employee on military leave at time of layoff, lacking sufficient seniority to exercise options, will be placed on lay off status. The military leave will be terminated until the employee is recalled at which time the employee will be reinstated to military leave, if applicable. Appropriate adjustments will be made to Company, Occupational and Classification seniority.

Employees having sufficient seniority to exercise options at time of layoff (while on military leave), but who subsequently choose the layoff option (upon return from military leave), will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.

(e) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

October 7, 1991

Mr. Marion Finley
TWU Local 514
11929 East Pine Street
Tulsa, OK 74116

Dear Marion:

This letter is to summarize our recent discussions concerning national guard/reservists overtime eligibility on two week summer active duty, or weekend military drills.

It has been our policy to ask the national guard/reservist for overtime during the above duty times and charge for a refusal. Recent legislation enacted pursuant to "operation desert storm" indicates that the above employee is actually on a leave of absence status from American during active duty periods, or weekend drills.

Due to the above, it is agreed that the national guard/reservist will not be eligible, nor asked to work overtime during scheduled active duty periods, or weekend drills, due to his leave of absence status.

Sincerely,

Dennis M. Quish,
Employee Relations
American Airlines, Inc.

AGREED TO THIS DATE
Marion Finley, Vice President
TWU Local 514

ARTICLE 19 - TERMINATION OF EMPLOYMENT

(a) An employee laid off through no fault of his own will be given two (2) weeks' notice in writing or, at the option of the Company, two (2) weeks' of pay as if working in lieu of the notice.

This requirement of notice will not apply to a layoff caused by an Act of God or by a strike of the employees of the Company without giving the notice required by the Railway Labor Act, as amended.

(b) An employee who resigns will give the Company two (2) weeks' notice of resignation in writing. The Company may, at its option, give the employee two (2) weeks of pay as if working in lieu of working the notice period.

(c) In the event an employee under this Agreement is laid off, the Company will provide the following continuation of benefits to the employee and his dependents on the same basis as if he were still an active employee:

1. Current life insurance coverage for a period of thirty-one (31) calendar days.

ARTICLE 20 - BULLETIN BOARDS

(a) The Company will provide secure and locked bulletin boards at each station where employees are employed, marked Transport Workers Union of America, AFL-CIO, and the appropriate Local number, for the posting of official notices of Union activities not inconsistent with the Railway Labor Act. Such notices will bear the signature of an officer of the Union and will not contain anything of a defamatory or personal nature attacking the Company or its representatives.

(b) The Company will provide bulletin boards as specified and agreed to by the Joint Safety Committee for safety related issues.

(c) The Company will also provide a file drawer, capable of being locked, for Union use at the Dispatch Center.

ARTICLE 21

(Intentionally Left Blank)

ARTICLE 22

(Intentionally Left Blank)

ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS OR TRAINING CLASSES

- (a) A regularly scheduled Flight Dispatcher or Dispatcher in Training selected by the Local 542 President and approved by the Managing Director Dispatch Operations will be permitted to attend any FAA or NTSB investigation or hearing being conducted as a result of an accident to any aircraft operated by the Company. The Dispatcher or Dispatcher in Training will be other than the employee who was on duty and responsible for the flight operations over the section in which the accident occurred. It is understood that by such attendance no expense to the Company will result except where such attendance is deemed necessary by the Company.
- (b) An employee required by the Company to attend hearings or investigations at a time when he is not scheduled to be on duty will be paid for such time a minimum of one-half (1/2) day's pay at time and one-half (1-1/2) rates for any such attendance. If the hearing or investigation extends beyond four (4) hours, he shall be paid a full day's pay at time and one-half (1-1/2) rates.
- (c) An employee required by the Company to attend training classes in conjunction with a regularly scheduled shift will be paid only for the hours actually spent in training. Such pay will be at the straight time rate for the first two hours or portion thereof of such training and at the time and one-half rate for all hours in excess of two hours. An employee required to attend training classes on a regularly scheduled day off will be paid at the straight time rate with a minimum of eight (8) hours.
- (d) To the extent that work requirements permit, non-recurrent training will be accomplished during the employee's regular working hours.
- (e) Management reserves the right to assign Dispatchers and Dispatchers in Training to any paid training classes.

ARTICLE 24 - ABSENCE FROM DUTY

(a) An employee unable to report for duty will, unless prevented by reasons beyond his control, notify his immediate supervisor or other central point set up for reporting purposes by the Company as far in advance of the scheduled starting time of his shift as possible.

(b) The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement, as set forth in Article 34. Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose.

ARTICLE 25

(Intentionally Left Blank)

ARTICLE 26 - EXPENSES

- (a) When an employee is required to perform work away from his base station on his regularly scheduled workdays, he will be paid at least eight (8) hours at his regular hourly rate for each regularly scheduled workday while away from his base station, whether traveling, on call or working.
- (b) When an employee is required to perform work away from his base station on his off duty period, he will be paid at least eight (8) hours compensation at overtime rates, whether traveling, on call or working.
- (c) An employee required to travel in excess of eight (8) hours will be compensated for all travel time required in accordance with Article 6. Compensated travel will be considered as time worked.
- (d) When an employee is required to perform work away from base station on a day during which he reported for work at his base station, all continuous time, whether traveling or working, will be computed as working time for all purposes.
- (e) During such assignment, the employee will, while away from base, be paid actual expenses for meals, lodging and transportation. All expenses must be approved and paid for by the Company. Whenever receipts are not provided, the employee will be paid in accordance with the ~~Navigator~~ **Company Policy**.
- (f) Expense Reports must be prepared on the form provided by the Company and filed promptly at the end of each trip.
- (g) Employees on an International Route check will be reimbursed for actual and reasonable costs of one day's hotel and meal expenses. In the event of irregular operations or unforeseen circumstances, Dispatchers must contact the Center Manager to discuss any alternative arrangements or additional expenses which may be incurred.
- (h) The Dispatcher holding an International Division bid will be reimbursed only one time for Passport Fees, and for all expenses for required Visas. Mailing expenses and photo expenses will not be covered. If it is required that the Dispatchers route check enters an area where inoculations are required, AA Medical will provide them.
- (i) To address questions or issues not foreseen at this time, it is agreed that the Managing Director Dispatch Operations and the President TWU Local 542 will meet to review and resolve such questions or issues.

Attachment 26.1 – BRCC provision

**John E. Plowman - President
Transport Workers Union Local 542
1201 Airport Freeway, Suite 386
Eules, Texas 76040**

Re: BRCC

Dear John,

This is to confirm our understanding regarding the BRCC transition for relocation and testing purposes.

Based upon the unique circumstances within the Dispatch operation, we have agreed that the following shall apply:

- 1. During the temporary relocation of SOC to the BRCC, for a period of up to 13 weeks during 2012/2013 and for subsequent years of this agreement up to 2 days per year, the TWU and the Company agree that only reimbursement for mileage will be applicable.**

Sincerely

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

Agreed this date:

**John E. Plowman
President Local 542
Transport Workers Union**

ARTICLE 27 - GENERAL

- (a) All orders to and requests from an employee affecting his pay or status will be in writing.
- (b) The Company will provide each employee with a pocket size copy of this Agreement.
- (c) Employees called for jury duty will be paid as if working for all regularly scheduled hours less the fee received for jury duty services. The employee will promptly show his supervisor the jury duty summons and also show the courts validations of the jury service when completed.

(1) An employee assigned to jury duty for five or more consecutive days during day time hours will be assigned to the day shift with Saturday and Sunday as his scheduled days off, effective for the workweek in which the jury duty starts. Employees assigned to other types of jury duty (e.g. telephone, standby, single day jury) will have their work schedules adjusted only to the extent necessary to accommodate the actual jury service requirement.

(2) If there is a question regarding the application of this provision, the employee's supervisor will contact Employee Relations who will establish a telephone conference with the TWU International and the Local President to resolve this matter.

- (d) Three (3) **personal emergency (PE) bereavement (BR)** days with pay for death in the immediate family will be extended to the employees covered by this Agreement. Immediate family includes mother, father, spouse, eligible domestic partner, sister, step-sister, brother, step-brother, child (dependent and non-dependent), mother-in-law, domestic partner's mother, father-in-law, domestic partner's father, step-mother, stepfather, employee's grandparents, employee's grandchildren, legal guardian or documented former legal guardian, or relative who is a resident of the household. To the extent that the Employee Policy Guide provides more expansive personal emergency leave benefits, those benefits will be applied to all employees covered by this Agreement.

Upon request, ~~up to two (2) Personal Vacation (PV) days will be extended to an employee, in conjunction with PE days. If an employee does not have PV days available,~~ up to two (2) days of **personal emergency bereavement** without pay (~~PEU~~ **BRU**) will be extended to an employee in conjunction with PE days.

- (e) No employee will be required to participate in a bomb scare investigation (as outlined by Company Systems Operations Control) or hazardous material incident against his wishes. The Company will immediately notify the ranking local union representative when such conditions arise. The Company will provide death and permanent disability insurance coverage for employees, as set out below, applicable if a bomb explosion or hazardous material incident in or about American Airlines facilities or aircraft is the proximate cause of such death or disability.

Death	\$500,000
Total Permanent Disability	\$500,000
Total Loss or Use of Two Members	\$500,000

Total Loss or Use of One Member \$250,000

Member, in this article, is defined as hand, arm, foot, leg or eye.

This insurance will be handled by blanket coverage, and employees covered thereby will not have to sign individual application forms, except for designation of a beneficiary.

(f) The Company will provide a maximum of \$100,000 Route Check Accident Insurance under the conditions outlined in the American Airlines' liability policy for employees covered by this Agreement.

ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND COMPLIANCE

- (a) The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees regardless of sex, color, race, creed, age, religious preferences, status as a veteran or military reservist, disability or national origin.
- (b) Except as provided herein, it is the exclusive duty and right of management to manage and direct the employees, including the right to hire, promote, demote, transfer, assign, discipline, discharge and to perform all other inherent rights and duties of management, provided these rights are not used for the purpose of discriminating against any employee because of membership or non-membership in the Union or in violation of any of the terms of this Agreement.
- (c) Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union will be binding on every individual employee claiming or entitled to the benefits of this Agreement.
- (d) Except as otherwise provided in this Agreement, all letters of discipline whether warning or suspension will be removed after a period of two (2) years from date of issuance, unless the Company and the Union agree to a shorter period.
- (e) Copies of the Peak Performance Through Commitment (PPC) Program will be available to all employees upon request. Any changes to the PPC Program will be provided and explained to the Union prior to implementation.
- (f) If the Company documents records of discussion or counseling held with an employee, the documentation will be on a form designed to ensure that the record accurately reflects the facts and the nature of the discussion or counseling held with the employee. The employee will indicate his acknowledgement of the discussion or counseling in the actual record or at his option he may place a rebuttal or statement in the actual record. The employee will be provided a copy of the final actual record.
- (g) Each employee will have a right to meet with his supervisor at a mutually agreeable time to discuss his performance and to review his personnel file. At that time, the supervisor and the employee will review the personnel file to ensure that the provisions of this Article have been complied with. Should the supervisor and the employee agree to modifications or deletions to the counseling records, their request and recommendation will be forwarded to the supervisor's immediate manager, who will review the matter and respond to the supervisor and the employee.
- (h) If there is an investigation of sexual harassment and the charged employee is exonerated of the charges, no entry regarding the charge or investigation will be made in the counseling records. Any entry previously made will be deleted from the counseling records. In other cases, a counseling record entry, if any, will reflect only the nature of the discussion with the employee. As always, the employee has the right to review the counseling record entry and provide any additional information desired.

ARTICLE 29 - REPRESENTATION

(a) The Union may select and designate such representatives in the respective fields, stations, shops, and other working units as may be necessary for the purpose of representing the employees under the terms of this Agreement, or in accordance with the Railway Labor Act, as amended. The number of Union Representatives that will confer with management at any one time on any issue will be equal to the number of management representatives. In meetings convened under Article 29(f), where there is more than one management representative present, one of the Union Representatives will be present to act as a scribe.

(b) The Union may designate a System Coordinator for the employees covered by the Agreements between the Company and the Union.

(c) The Union will notify the Company in writing of the names of its Accredited Representatives designated in paragraph (a) and (b) above and of any subsequent changes to those Representatives. The Company will inform the Union, in writing, of the supervisors with whom these Accredited Representatives will deal and of any subsequent changes to those supervisors.

International Officers, Local Union Officers and Local Union Representatives will, at any time during regular working hours, have access to the premises of the Company where employees covered by this Agreement are located, for the purpose of investigating grievances or other matters directly connected with the operation of this Agreement and its procedures for the settlement of any dispute. Notice of an intended visit will be given the ranking Company official or his designated representative. A visit will be subject to such reasonable regulations as may be made from time to time by the Company, but the Company will not impose regulations that will render ineffective the intent of this provision nor impair the privacy of any conference necessary to accomplish the purpose of the visit.

(d) An International Representative of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, will have the right within ten (10) calendar days after the alleged misapplication or misinterpretation has been ascertained to protest such violation, in writing, to the other party, who will evaluate such protest and render a decision in writing within fifteen (15) calendar days. Disputes in respect to actual grievances will be handled exclusively according to the provisions of Article 31, Grievance Procedure.

This provision will also apply to a Local President with respect to improper application or interpretation of this Agreement affecting a group of employees within the jurisdiction of his Local Union. The protest will be filed with the appropriate Chief Operating Officer of the Company.

When an actual grievance has been filed other than under this paragraph, the International or Local President may rescind the grievance and initiate a protest under this paragraph, within ten (10) calendar days after the decision to rescission.

(e) If no settlement is reached under Article 29(d) an appeal may be made, in writing, within thirty (30) calendar days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) The Union does not question the right of the Company supervisors to manage and supervise the work force and make reasonable inquiries of employees, individually or collectively, in the normal course of work. In meetings for the purpose of investigation of any matter which may eventuate in the application of discipline or dismissal; or when written statements may be required; or of sufficient importance for the Company to have witnesses present, or to necessitate the presence of more than one Company supervisor; or during reasonable cause or post-accident drug/alcohol testing as provided in Article 29(h), the Company will inform the employee of his right to have Union representation present. The supervisor's record will reflect if the employee does not desire Union representation.

(1) When the Company convenes a meeting under the provisions of Article 29(f), it will, except for rare or compelling reasons, indicate the purpose of the meeting and then provide the opportunity for an employee and Union representative to confer, for a reasonable period of time. Once the Article 29(f) meeting reconvenes it will continue until concluded by the supervisor.

(2) Before written notification of discipline or dismissal is given an employee, he will be afforded the opportunity to discuss the matter with his supervisor. If he so desires, he will have a Union representative in this discussion. Nothing in this Article will be construed as preventing the Company from holding an employee out of service pending an investigation, provided the employee will be paid as if working for all regularly scheduled hours while held out of service, except when he is withheld for:

(a) Action constituting a criminal offense, on or off duty.

(b) Refusal or adulteration of an alcohol/drug test or verified positive drug or confirmed positive alcohol test from the date on the letter of verification/confirmation.

(c) Failure to cooperate with an investigation.

(g) An employee covered by this Agreement who is interviewed by a Company Security Department representative as part of a Security Department investigation may, upon request, have a TWU representative present during the interview. If a local TWU official is not readily available after a request, the Company's Security Department will not be required to wait for his availability before conducting the interview. However, the employee may request the presence of another TWU represented employee (peer witness) during the interview. The role of the TWU representative or peer witness will be that of a silent observer only. The representative or witness may in no way interfere nor impede the Security Department's investigation and/or interview.

(h) Employees who are required to take a reasonable cause or post-accident drug/alcohol test by the Company may, upon request, have a Union Representative present as a witness during those parts of the specimen collection process indicated below:

(1) In those stations where a Local Union Representative is not readily available, the Company will delay the test for up to one (1) hour from the time the employee requests or is notified of this right to Union representation, whichever occurs first, in order to allow the first available representative to be present at the medical facility.

(2) If normal travel time to the medical collection facility exceeds one (1) hour, then the one (1) hour waiting period will be extended by the amount of travel time in excess of one (1) hour. This is in accordance with the FAA's directive of July 1990, which prohibits the presence or absence of a Union Representative from in any way hampering or delaying the collection process.

(3) Only one (1) Union Representative will be allowed to accompany an employee to the medical collection facility and into the area where the medical collector opens the drug testing kit, completes the relevant paperwork and secures the kit after completion of the collection process. The Union Representative will be allowed to witness the opening of the collection kit by the collector, the documentation of the chain of custody procedure by the collector and the employee, and the packaging and sealing of the kit for shipment following the collection. The Union Representative will not be allowed to accompany an employee or collector into a restroom.

(4) In accordance with the FAA's directive of July 1990, no Union Representative will engage in any activity, which disrupts the collection process. Should the Union Representative engage in disruptive activity, the Union Representative will be required by the Company's Supervisor to wait in the employee/patient waiting area until the collection process and paperwork has been completed. This is pursuant to the FAA's directive.

ARTICLE 30 - DISMISSAL

(a) An employee who has passed his probationary period will not be dismissed from the service of the Company without written notification of that action. The notification will include the reason or reasons for his dismissal. An Appeal from dismissal will be made, in writing, by the employee within ten (10) calendar days after receiving the notification and will be addressed to the Chief Operating Officer or his designee, with a copy to the appropriate Human Resources Office. The Chief Operating Officer, or his designee, will fully investigate the matter and render his written decision as soon as possible, but not later than ten (10) calendar days following the receipt of the appeal, unless mutually agreed otherwise. A copy of the written decision will be provided to the Union.

The inability of the Chief Operating Officer, or his designee, to complete the investigation and render his decision within ten (10) calendar days will permit the Union to file directly for arbitration and will result in a monetary penalty equivalent to four (4) hours of pay as if working per day until the decision is issued.

(b) If the decision of the Chief Operating Officer, or his designee, is not satisfactory to the employee, the dismissal and decision thereon will be appealed in accordance with (c) below, provided, however, said appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer or his designee.

(c) An appeal from the decision of the Chief Operating Officer or his designee will be submitted to the appropriate Board of Adjustment in accordance with Article 32. The System Board of Adjustment will docket the case and, if the procedural requirements for the appeal have been satisfied, promptly transmit the appeal papers to the appropriate Area Board of Adjustment in accordance with Article 32. Any dispute as to whether all of the procedural requirements for the appeal have been satisfied, or whether the case is within the jurisdiction of an Area Board, will be determined by the System Board of Adjustment, except as provided in Article 32(c)(5).

(d) Nothing in this Agreement will extend the right of investigation and hearing to an employee during his period of probation as defined in Article 9 of this Agreement.

(e) If, as a result of any hearing or appeal therefrom, as provided herein, an employee is exonerated, he will, if he has been held out of service, be reinstated without loss of seniority and will be paid for such time lost in an amount which he would have ordinarily earned had he been continued in service during such period.

(f) If, as a result of any hearing or appeal therefrom, as provided herein, the employee will be exonerated, the Personnel record will be cleared of the charges.

(g) When it is mutually agreed that a stenographic report is to be taken of the investigation and hearing, in whole or in part, the cost will be borne equally by both parties to the grievance. In the event it is not mutually agreed that a stenographic report of the proceedings will be taken, any written record of such investigation and hearing, made by either of the parties to the grievance,

will be furnished to the other party to the grievance upon request, provided that the cost of such written record so requested will be borne equally by both parties to the grievance.

ARTICLE 31 - GRIEVANCE PROCEDURES

(a) Should any controversy arise between the Company and an employee or a group of employees as to the meaning of any of the terms of this Agreement concerning rates of pay, rules or working conditions, or should any employee feel that in the application by the Company to him of any of the terms of this Agreement concerning rates of pay, rules or working conditions, he has been treated unjustly, such employee may present his grievance in person or through his representative within ten (10) days, exclusive of Saturdays, Sundays and holidays, of his becoming aware of such alleged unjust treatment, to the Managing Director Dispatch Operations under whose supervision the employee falls, or his designated representative, who shall evaluate the grievance and render his decision as soon as possible but not later than ten (10) days, exclusive of Saturdays, Sundays and holidays, following receipt of said grievance.

(b) If the decision of the Managing Director Dispatch Operations or his designated representative is not satisfactory to the employee, it may be appealed within ten (10) days, exclusive of Saturdays, Sundays and holidays, to the Managing Director-System Operations Control who will, either personally or through a designated representative, render a decision thereon as soon as possible but not later than ten (10) days, exclusive of Saturdays, Sundays and holidays, after the appeal is submitted to him.

The inability of the Managing Director-System Operations Control to complete the investigation and render his decision within ten (10) calendar days will permit the Union to file directly for arbitration and result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(c) If the decision of the Managing Director-System Operations Control or his designated representative is not satisfactory to the employee whose grievance is being considered, the matter may be appealed to the "American Airlines Flight Dispatchers' System Board of Adjustment", as provided for in Article 32 of this Agreement, provided said appeal must be submitted within twenty (20) days of receipt of the decision by the Managing Director-System Operations Control or his designated representative and provided further that the System Board of Adjustment has jurisdiction over the matter.

All submissions to the System Board of Adjustment will be made in conformity with paragraphs (h) and (j) of Article 32.

(d) An Accredited International Representative, the President of Local 542 of the Union, or the American Airlines Section Chairman of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, shall have the right within ten (10) days after such alleged misapplication or misinterpretation has been ascertained to protest such violation in writing to the other party, who shall evaluate such protest and render a decision in writing within fifteen (15) days. Protests filed by an Accredited International Representative shall be limited to those disputes involving employees at the Dispatch Center or which involve application or interpretation of this Agreement.

Disputes in respect to actual grievances shall be handled exclusively according to the provisions of this Article.

When actual grievances have been filed other than under this sub-paragraph, the Union may rescind such grievances and initiate a protest under this sub-paragraph, should it desire, within ten (10) days after such rescission.

A protest initiated by the Union under this sub-paragraph shall be submitted to the Managing Director-System Operations Control or his designated representative.

(e) If no settlement is reached under paragraph (d) of this Article, an appeal may be made in writing within thirty (30) days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) If any decision made by an official of the Company under the provisions of this Article is not appealed by the employee affected or by the Union in the case of a protest within the time limit prescribed herein for such appeals, such decision shall be final and binding.

(g) When, under the operation of this Agreement, an employee hereunder is chosen to act as the representative of or a witness for another employee against whom charges have been preferred, such employee shall, when the requirements of the service permit, be given leave of absence for a time sufficient to permit him to appear as such representative or witness.

(h) Grievances involving wage claims must be filed promptly after the cause giving rise to the grievance is evident and wage claims shall not be valid and collectible for a period longer than thirty (30) days prior to the date of discussing the grievance as provided in paragraph (a) of this Article or the date the grievance arose, whichever is more recent.

(i) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of his grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(j) An employee who has a grievance may present his grievance to his immediate supervisor during regular work hours. An Accredited Representative of the Union may investigate, discuss and present a grievance of an employee or employees during regular work hours without suffering loss of pay for time so spent.

(k) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected within the time limit prescribed herein for such appeals, the decision of the Company will become final and binding.

(l) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related disciplinary records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and he will be paid at regular rates for his regularly scheduled hours as if working.

(m) When it is mutually agreed that a stenographic report is to be taken of any hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record requested will be borne equally by both parties to the dispute.

(n) Upon the request of an Accredited Union Representative, the Company will inform the Union of its decision on any grievance regarding which a formal hearing or investigation has been held at which the aggrieved employee was not represented by his Accredited Union Representative.

ARTICLE 32 - BOARDS OF ADJUSTMENT

(a) System Board of Adjustment

(1) Pursuant to the provisions of the Railway Labor Act, as amended, the parties establish a System Board of Adjustment and Area Boards of Adjustment for employees covered by this Agreement.

(2) The Boards will have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving discipline, discharge and interpretation or application of this Agreement including disputes over the content of an employee's personnel file, whether hard copy or electronic, to the extent such information can be used for discipline. The Boards will have no jurisdiction, whatsoever, over proposals or disputes relating to general changes in hours of work, rates of pay, rules, or working conditions. Proposals relating to general changes in hours of work, rates of pay, rules, or working conditions will be handled in the manner provided for in Article 47 of this Agreement. Board Hearings may be postponed, in writing, by mutual agreement of the Director of the Air Transport Division and the Vice President – Employee Relations.

(3) The System Board of Adjustment will be composed of a Company member, a Union member, and a neutral referee. Either party may cause the services of the neutral referee to be terminated, except as to cases already submitted to him pending a decision, by giving written notice to the other party and to the neutral referee.

(4) If a neutral vacancy occurs and the Company and the Union cannot agree on a successor within fifteen (15) calendar days unless extended by mutual agreement, the American Arbitration Association will be requested to select a neutral in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules, as amended.

(5) The System Board will meet in the city where the general offices of the Company are maintained, unless a different location is agreed upon by the Union and the Company.

(6) In order to expedite System Board Hearings, the parties may agree to hear procedural issues, such as alleged 29(f) violations, timeliness issues, or jurisdictional issues, prior to the presentation of the merits of the case.

(b) Procedures Generally Applicable to the Board

(1) If the designated Company representative and the designated Union representative for any Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing will be scheduled within fifteen (15) calendar days, unless shortened or extended by mutual agreement, of their decision to expedite the case.

(2) An appeal to a grievance decision arising out of Articles 29, 30, and/or 31 will be submitted in writing, as provided below, and includes the following information:

- (a) the name, personnel number, job classification, and the number of the Local Union for the employee(s) involved;
- (b) a statement that the provisions of Articles 29, 30, and/or 31 have been exhausted;
- (c) a statement of the nature of the dispute, including the articles in question, and whether the dispute involves discipline/discharge or a contract interpretation or application;
- (d) the position or contention of the party filing the submission;
- (e) the remedy sought.

(3) The written appeal will be sent to the International TWU in the form of a petition. The International TWU will assign a case number and forward the appeal and two (2) copies, with the case number noted on each, to the Employee Relations Department. The scheduling of cases to be heard before the Boards is an administrative matter addressed by mutual agreement between the Union and the Company.

(4) A petition will be served upon the other party, who shall have the right, within fifteen (15) days after receipt to file a written answer.

(5) Employees and the Company may be represented at Board hearings by any person or persons as they may choose and designate. Evidence may be presented either orally or in writing or both.

The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours' notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness has the option to postpone the hearing in light of the new document or witness.

(6) Upon the request of either party to the dispute or of two (2) Board members, a Board will summon witnesses to testify at Board hearings. The Company will cooperate to ensure that all witnesses summoned by the Board will appear in a timely fashion. Reasonable requests by the Union for employee witnesses will be honored. The requests for witnesses will normally not exceed those who can be spared without interference with the service of the Company. Disputes arising from this provision will be immediately referred to the Director of the Air Transport Division and the Vice President of Employee Relations, or their respective designees, for resolution.

(7) A majority vote of all members of a Board will be sufficient to make a finding or a decision with respect to any dispute properly before it, and the finding or decision will be final and binding upon the parties to the dispute. The Union and the Company will at all times have their respective Board members available at the convenience of the various neutral referees, and alternate members will be provided by the Union or the Company, as the case may be, whenever its regular Board member is not available. If an alternate member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without participation by the absent member. In that case, the decision of the neutral referee will constitute the decision of the Board.

(8) The failure of a Board to decide a dispute under the procedure established in this Article will not serve to foreclose any subsequent rights or procedures which the Railway Labor Act, as amended, may provide with respect to the settlement of those disputes, and nothing in this Agreement will be construed to limit, restrict, or abridge the rights or privileges accorded to either the employees, or to the employer, or to their duly Accredited Representatives, by said Act.

(9) Board findings and decisions will be stated in writing and will be rendered within thirty (30) calendar days from the close of hearing, unless the period is extended by agreement of the parties to the dispute. In each case a copy of the finding or decision will be furnished the Company, the Union, and the employee or employees that are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then, upon request of the Company, the Union, or the employee or employees that are parties to the dispute, the Board will interpret the finding or decision.

(10) The System Board and each Area Board will keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at all Boards will be taken if requested by either party to the dispute. In that case, the cost of the record will be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of that record will be borne equally by both parties to the dispute.

(11) Each party will assume the compensation, travel expense, and other expenses of its Board members and the witnesses it summons.

(12) So far as space is available, witnesses who are employees of the Company will receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(13) Each Board, upon agreement of a majority of its members, will have the authority to incur expenses necessary for the proper conduct of the business of the Board. Those expenses, as well as the expense of each neutral referee, will be shared equally by the parties. Union Board members who are employees of the Company will be granted necessary leaves of absence for the performance of their duties as Board members. So far as space is available, the Board members will be furnished free transportation over the lines of the Company for the purpose of attending Board meetings to the extent permitted by law.

(14) Every Board member will be free to discharge his duty in an independent manner, without fear that his individual relations with the Company, the Union, or with the employees covered by this Agreement may be affected in any manner by any action taken by him in good faith in his capacity as a Board member. Each party will specifically instruct each Board member selected that he will at all times, while serving in that capacity, act not as a partisan or advocate of a partisan group or cause but will act and serve solely to render impartial findings and just decisions.

(e) Procedures for Finalizing Awards

The following procedures are provided in order to standardize the arbitration process and avoid any controversy regarding the deliberations and discussion associated with the publication of System and Area Boards of Adjustment awards:

(1) Executive sessions for every case should take place at the conclusion of the hearing, or at such time as agreed upon by a majority of the Board at the conclusion of the hearing. This postponed executive session may be necessary due to the submission of briefs or other post-hearing issues and should be the exception, not the rule.

(2) An arbitrator's draft decision, distributed to the Board unsigned, may be changed to any extent agreeable to a majority of the Board. A written decision, once executed and signed by the neutral arbitrator, may only be modified as to content by agreement of all Board members.

(3) The Board members are not to discuss the decision of the Board with anyone other than the Board members prior to the publication of the award by the Administrator of the System Board.

(4) No ex-parte communication concerning the case (that is, discussion held without the presence of the full Board) are permitted at any time.

(5) The details of the Board's deliberations must be held confidential by virtue of the Board's intended neutrality. No Board member should divulge the nature or content of the discussions held between the Board members in reaching their decision.

(6) The System Board distribution policy will include sending System Board decisions directly to the TWU International, the Vice-President Employee Relations and to the Local Union involved who will then notify the grievant.

ARTICLE 33 - NO STRIKE - NO LOCKOUT

It is the intent of the parties to this Agreement that the procedures in this Agreement will serve as a means of amicable settlement of all disputes that may arise between them, and, therefore:

- (1) The Company will neither cause nor permit a lockout during the life of this Agreement, and
- (2) Neither the Union nor the employees will engage in a strike, sit-down, walkout, stoppage, slowdown, or curtailment of work for any reason during the life of this Agreement.

ARTICLE 34 - SICK LEAVE

(a) An employee, who completes six (6) months of service with the Company, will be credited with two and one half (2.5) days of sick leave for the calendar year in which the six (6) months period is completed.

(b) Upon being credited with the applicable two and one half (2.5) days of sick leave, an employee will thereafter accrue five twelfths (5 1/2ths) of one (1) day of sick leave for each calendar month of service with the Company, up to a maximum of five (5) days in any calendar year. Sick leave accrued during a calendar year will not be used prior to January 1 of the following year.

(c) Unused sick leave will be cumulative up to a maximum of one hundred and eighty (180) days.

(d) Except as specified in this Article, only days absent due to illness or injury of the employee which are not compensable under the applicable Workmen's Compensation Laws will be paid for from his allowed sick leave. Payment will be based on the employee's regular hourly rate.

(e) While it will not be the policy of the Company to require a slip from his doctor stating treatment for an illness or injury for all absences of one (1) to three (3) days in order for an employee to be eligible for sick leave pay, the Company reserves the right to require such doctor's slip whenever circumstances indicate suspected abuses of the sick leave policy.

1. Any employee suspected of abusing sick leave and therefore may be required to furnish a doctor's slip stating that he was treated for an illness or injury will first have the circumstances leading to the suspicion fully discussed with him. He may, if he so desires, have a Union representative present during such discussion. Subsequent to this discussion, if the Company decides that a doctor's slip is required, he will be given written notice of this requirement. Upon request of the employee, the specific reasons for the suspected abuse will be supplied to him, in writing. The requirement for this slip from the doctor will expire ninety (90) calendar days from the effective date of the written notice.

2. Upon request of the Local Union President, any employee claiming harassment as a result of being required to furnish a doctor's slip will have the opportunity to present his written claim for relief to a panel composed of the Vice president – Employee Relations and the Director of the Air Transport Division.

3. In the event the employee's claim is determined to be valid, the employee will have eight (8) hours of sick pay added to his sick leave account. In the event it is determined to not be valid, the employee will forfeit eight (8) hours of sick pay from his sick leave account.

(f) When employees, including probationary employees, are absent due to illness or injury, Classification seniority will continue to accrue for a period not to exceed thirty (30) calendar days for any period of absence.

(g) During an employee's absence due to an occupational illness or injury compensable under the applicable Workers' Compensation Law, he will receive from the Company the following benefits:

(1) for the first ten (10) workdays absent, the difference between his base pay (including shift differential) and Workers' Compensation payments;

(2) at the conclusion of the period referred to in (1) above, a disabled employee drawing Workmen's Compensation may, at his option, draw upon his accrued sick leave up to the extent of his accrual at the rate of up to one-half regular pay (including shift differential). Provided, however, the sum of such Workmen's Compensation weekly payments plus such sick pay benefits will not exceed the employee's regular base weekly pay (including shift differential). Corresponding deductions will be made from his available sick leave accrual. Deductions will be to the nearest 0.1 of a day up to a maximum of one-half day of sick leave.

These benefits will be in lieu of any other payment provided for in this Article for all absences due to the same illness or injury.

(h) In the event that the Company challenges the payment of benefits under paragraph (g) above, occurring during the statutory waiting period under the applicable state Workmen's Compensation Laws, the employee will receive pay continuance (base pay, including shift differential) from the Company up to the maximum days provided in the waiting period.

The challenged payment by the Company will be resolved in the following manner:

(1) The Company, or the employee, may within seven (7) calendar days, appeal through a review panel composed of a representative of the TWU International and the Vice President-Employee Relations which will hear and resolve the case. The panel will be limited to determining whether the pay continuance, made to the employee under this provision, will be considered a benefit under Article 32(d) or 32(g), or whether the employee should return to the Company the benefit he received under this provision. In the event the panel is unable to resolve the issue, the case may be submitted to the System Board of Adjustment for final and binding resolution.

(2) If the Company or the employee fails to appeal the challenged payment, the pay continuance benefit will be considered payment under Article 32(d) and will be charged to the sick leave benefit.

(i) The employees and the Union recognize their obligations to prevent absence for reasons other than illness or injury, or other abuse of the sick leave privilege, and pledge their wholehearted cooperation to the Company to prevent abuse.

(j) A lump sum payment for unused sick leave days, if any, will be made to each employee entitled thereto upon the employee's effective date of retirement as defined in American Airlines

Policies. If an employee dies prior to retirement the employee's beneficiary or estate will receive a lump sum payment for all unused sick leave. A day or days of unused sick leave referred to in this paragraph will mean those days credited or accrued in each calendar year and not used by the employee up to the date of retirement or death.

(k) For each such day of unused sick leave up to a maximum of one hundred and fifty (150) days, the Company will pay an employee covered by this Agreement, twenty-five dollars (\$25.00). For example: An employee retires on January 1, 1981. He has a total accumulation of one hundred fifty (150) days of unused sick leave. On that date, said employee will receive a lump sum payment of three thousand seven hundred fifty dollars (\$3,750).

(l) A day or days of unused sick leave referred to in paragraphs (a) and (b) above will mean those days credited or accrued in each calendar year and limited to the cumulative maximum in the manner set forth under the provisions of this Article and not used by the employee up to the date of retirement.

(m) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

~~Attachment 34.1 — Sick Leave and IOD Applications~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

Sick Leave and IOD Applications

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to modifications to the manner in which sick leave is accrued and paid. Additionally, the parties agreed to modifications to the manner in which IOD salary continuance is paid. The implementation plan of these items is detailed below and constitutes the required method to reach the targeted savings.~~

Sick Leave

~~On December 31, 2003, all employees in the TWU Title Groups will be credited with sick leave based upon our agreed to changes. Sick leave is awarded based on 5/12ths of a day (3.65 hours in the M&R Agreement) per each 173.3 paid hours period. The maximum credit is five (5) days (40 hours in the M&R Agreement) per calendar year.~~

~~There is no change to the maximum accrual of one hundred fifty (150) or one hundred eighty (180) days. Additionally, there is no change to the sick bank of each employee as of January 01, 2003.~~

~~Effective on May 01, 2003, in Title Group I and Title Group II only, payment for sick leave will be at 50% of the employee's base rate for the first sixteen (16) hours, of any single occurrence.~~

Injury On Duty — Salary Continuance

~~The parties agreed to modification of the IOD — Salary Continuance provision. In order to transition from the eighty (80) days of salary continuance to the new ten (10) days of salary continuance, employees, who are receiving salary continuance on the basis of the eighty (80) day application for an injury or illness that occurs prior to April 15, 2003, will continue to draw salary continuance on the basis of the eighty (80) day application through April 30, 2003. For those employees, salary continuance will end as of May 01, 2003.~~

~~Example: Employee "A" has used 74 days of IOD as of 4/15/03. This employee would continue to receive IOD pay for six (6) more days up to the eighty (80) days. Emp. B has used 45 days of IOD as of 4/15/03, he/she will continue on IOD, if necessary, till 4/30/03.~~

~~For those employees who incur an illness or injury during the period of April 15, 2003, through April 30, 2003, the salary continuance payment will be for ten (10) work days. For those employees, salary continuance will end after payment of ten (10) work days.~~

~~If an employee incurs an illness or injury on or after May 01, 2003, the Company will pay the employee up to ten (10) work days of salary continuance (ID) for each separate illness or injury.~~

Sincerely,

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

Agreed to this date:

~~James C. Little _____
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ARTICLE 35

(Intentionally Left Blank)

ARTICLE 36

(Intentionally Left Blank)

ARTICLE 37 - SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those set forth in paragraphs (b), and (e) will receive severance allowance as provided in paragraph (d), subject to the limitations set forth herein.

(b) Severance allowance will not be paid if the layoff is the result of an act of God; a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(c) If an employee is released except as noted in this article, he will be eligible for the immediate payment of the severance allowance as set forth in this Article.

(d) The amount of severance allowance payable under this Article to employees eligible is set forth in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits set forth in this Agreement. A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by the appropriate number of hours that his work schedule will generate.

<u>If Employee Has Completed:</u>	<u>Severance Allowance:</u>
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks
4 years of service	5 weeks
5 years of service	6 weeks
6 years of service	7 weeks
7 years of service	8 weeks
8 years of service	9 weeks
9 years of service	10 weeks
10 years of service	11 weeks
11 years of service	12 weeks
12 years of service	13 weeks

(e) Severance allowance will not be granted when (1) the employee elects to exercise his seniority to remain with the Company in his classification, or (2) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(f) An employee recalled to work under the terms of Article 16 who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with this Article, less the dollar amount received on the occasion of the previous severance.

(g) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance will have the amount of over-payment deducted from his subsequent earnings.

(h) An employee who has been reemployed under the conditions outlined in paragraphs (f) and (g) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

ARTICLE 38 - UNION SECURITY

(a) All employees covered by this Agreement will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation fee and membership dues (not including fines and penalties), or agency fees in accordance with applicable law. An employee may have his membership dues deducted from his earnings by signing the form "Assignment and Authorization for Check-Off of Union Dues", also referred to as "Check-Off Form," or, if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(b) All new employees of the Company hired on or after the effective date of this Agreement will become members of the Union sixty (60) calendar days after the date of employment with the Company and will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues, or in lieu of maintenance of membership, agency fees in accordance with applicable law. The Company will supply each Local Union with the name, personnel number, and work location of any new employee or transferee covered under this Agreement within fifteen (15) calendar days of the actual report date of said employee. The Company will allow the Union an opportunity during local orientation to meet with new employees and transferees regarding Union matters.

(c) If any employee who has resigned from the Company or has been laid off is reemployed or recalled, he will be considered as a new employee for the purposes of this Article and will be governed by the provisions of paragraph (b).

(d) Employees who are or become members of the Union under paragraphs (a) or (b) above will pay membership dues as set forth in this Article, except that payment for membership dues will not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification or position not covered by this Agreement.

(e) "Member of the Union", for the purpose of this Article will mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of the initiation fee and membership dues as specified herein or agency fee payer not more than sixty (60) calendar days in arrears in the payment of his fees.

(f) When an employee who is a member of the Union becomes delinquent within the meaning of paragraph (e) above, the following procedure will apply:

(1) The Director of the Air Transport Division of the Union will notify the employee in writing, certified mail, return receipt requested, that he is delinquent in the payment of the initiation fee and membership dues or agency fees, as specified herein, and accordingly, is subject to discharge as an employee of the Company. The letter will also notify the employee that he must remit the required payment within fifteen (15) calendar days of the date of mailing of the notice, or be subject to discharge. This provision will be deemed to be complied with if the Union sends, but the employee refuses the above mailing.

(2) If, upon the expiration of the fifteen (15) calendar day period, the employee still remains delinquent, the Director of the Air Transport Division of the Union will certify, in writing, to the Vice President-Employee Relations of the Company, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Vice President-Employee Relations, after being presented with the appropriate documentation, will then take proper steps to discharge such employee from the services of the Company.

(3) An employee discharged by the Company under the provisions of this paragraph will be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(g) Any discharge under the terms of this Article will be based solely upon the failure of the employee to pay or tender payment of initiation fee and membership dues or agency fees, as specified in this Article, and not because of denial or termination of membership in the Union upon any other ground.

(h) Any grievance by an employee concerning the interpretation or application of the provisions of this Article will be subject exclusively to the following procedure:

(1) An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review, in writing, within five (5) calendar days from the date the grievance arises, except that a grievance arising under paragraph (f)(1) must be filed within the fifteen (15) calendar day period specified in that paragraph. The request will be submitted to his immediate supervisor who will review the grievance and render his decision, in writing, not later than five (5) calendar days following the receipt of the grievance.

(2) The immediate supervisor will forward his decision to the employee with a copy to the Local Union Accredited Representative. If the decision is not satisfactory to both the employee and the Union, then either may appeal the grievance directly to the System General Board of Adjustment, established under Article 32 of this Agreement, within ten (10) calendar days from the date of the decision. The terms and provisions of such Article will be applicable, except as otherwise specified in this Article.

(3) If the Union should appeal the decision to the System Board of Adjustment, it will prepare a joint submission of the grievance setting forth the Union's and the employee's position and forward copies to the employee, the Vice President-Employee Relations of the Company and to the members of the System Board of Adjustment. If the employee should appeal the decision, he may request the Vice President-Employee Relations to prepare the submission papers on his behalf for the System Board of Adjustment. In this event, the request will be made by the employee, in writing, to his immediate supervisor who will transmit, through the local City Manager all facts, data and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Vice President-Employee Relations will forward copies of the employee's separate submission

to the employee, the local City Manager, the Director of the Air Transport Division of the Union and to the members of the System Board of Adjustment.

(4) During the period a grievance is filed under the provisions of this paragraph and until after final award by the System Board of Adjustment, the employee will not be discharged from the Company because of noncompliance with the terms and provisions of this Article. In the event the employee's grievance is denied because he has not tendered dues owed under this Article, he will be considered discharged for cause. In any proceeding under this Article, the employee, the Company, and the Union will be allowed to present any facts or arguments supporting their positions concerning proper application of this Article.

(i) The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(j) The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure of employment or any term or condition of employment, attempt to discourage membership in the Union.

(k) The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his right to work, the proper exercise, performance, or implementation of his duties and responsibilities with the Company or in respect to Union activity or membership. Further there will be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(l) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-laws of the Union and as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes the following agreed-upon Check-Off Form. This form will be prepared and furnished by the Union.

ASSIGNMENT AND AUTHORIZATION
FOR CHECK-OFF OF UNION DUES

To: American Airlines, Inc.
Attention: Manager – Payroll Customer Service
M.D. #790
P. O. Box 582848
Tulsa, Oklahoma 74158-2848

U.S. Mail Address:
7645 East 63rd Street
Tulsa, OK 74133-1252

I, _____,
(Name: Initials and last name)

hereby assign to the Transport Workers Union of America, AFL-CIO, my Union dues from any wages earned or to be earned by me as your employee. I authorize and direct you to deduct the flat sum of _____, which is the bi-weekly equivalent of my monthly membership dues, or such bi-weekly equivalent as may hereafter be established by the Union as my membership dues, from each bi-weekly paycheck and to remit the same to the Union.

This assignment, authorization, and direction may be revoked by me, in writing, after the expiration of one year from the date hereof, or upon the termination date of the labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with the existing Agreement between the Union and the Company.

Employee Signature	_____
Employee Address	_____

Personnel Number	_____
Cost Center	_____ / _____
Location	_____
Department	_____
Local Union Number	_____
Date	_____

(m) When a member of the Union properly executes such "Check-Off Form", the Director of the Air Transport Division of the Union will forward an original copy to the Manager Payroll Customer Service; American Airlines, Inc., M.D. #790, P. O. Box 582848, Tulsa, Oklahoma 74158-2848. Any Check-Off Form which is incomplete or improperly executed will be returned to the Director. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and delivered by certified mail, addressed to their respective Local Union office. Each Local Union office will forward a copy to the Manager-Payroll Customer Service: American Airlines, Inc.: M.D. 790; P.O. Box 582848; Tulsa Oklahoma 74158-2848 for future Union dues withholding. Check-Off Forms and notices received by the Manager- Payroll Customer Service will be stamp-dated on the date received and will constitute notice to the Company on the date received, and not when mailed.

(n) When a Check-Off Form, as specified in this Article, is received by the Manager-Payroll Customer Service on or before a given payday, deductions will commence with the first regular paycheck following said payday, and will continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, personnel numbers and station

numbers of the employees for whom deductions have been made in that particular period, arranged in order of their personnel numbers. Additionally, the Company will supply in duplicate to the office of the Union a listing of those employees who are on leave of absence; have accepted a position outside the bargaining unit; or have terminated employment with the Company.

(o) No deductions of Union dues will be made from the wages of any employee who has executed a Check-Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions will be automatically resumed provided the employee has not revoked the assignment in accordance with this Article, and provided it is in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(p) An employee who has executed a Check-Off Form and who resigns or is terminated from the employ of the Company for reasons other than layoff shall be deemed to have automatically revoked his assignment and if reemployed, further deductions of Union dues will be made only upon execution and receipt of a new Check-Off Form. Provided, however, that upon return from layoff, leave of absence, or reinstatement from disciplinary discharge to work within a classification covered by this Agreement, deductions shall be automatically resumed. In cases where Check-Off is not reinstated by the Company due to mechanical or software errors, the Company will collect the back dues at a maximum of fifty (50) dollars per month and remit to the Union, provided the employee has not revoked the assignment in accordance with this Article, and such deductions are in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(q) Collection of any back dues owed at the time of starting deductions for any employee, and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, will be the responsibility of the Union and will not be the subject of payroll deductions.

(r) Deductions of membership dues will be made in a flat sum from each paycheck provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to collect dues will not extend beyond the bi-weekly period in which his last day of work occurs.

ARTICLE 39

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ARTICLE 40 – PENSION-RETIREMENT BENEFITS

(a) The Company has maintained a retirement plan for the employees for a number of years. The full text of the **“The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO”** (successor to **“The American Airlines, Inc. Retirement Benefit Plan for Flight Dispatchers and Dispatchers in Training and Related Employees”**) (**“Plan”**) plan is on file with the Company and is available to the employees in accordance with government regulations. **The Plan** ~~“The American Airlines, Inc. Retirement Benefit Plan for Stock Clerk Employees”~~ has been amended to enhance and clarify benefits over time. **The Plan is frozen effective 11:59 p.m. on [FREEZE DATE].**

(b) The following changes to the Plan were made by Letter dated 08/09/80.

(1) For an employee member who was first eligible to join the Plan prior to January 1, 1956, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service.

(2) For the employee member who was first eligible to join the Plan between January 1, 1956 and April 1, 1978, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service and the attainment of age twenty-five (25).

(3) For the employee member who was first eligible to join the Plan April 1, 1978 or later, credited service will be counted from the first of the month coincident with or next following his or her completion of one year of Company service.

(4) After December 31, 1976, credited service will not include periods of unpaid hours in excess of one hundred eighty (180) hours in a calendar year. A leave of absence for Union business for which the employee member has been paid by the Union will be counted as credited service for the Plan.

(c) The following changes to the Plan were made by Letter dated 08/01/85.

(1) Effective for employees who are on the active payroll on September 1, 1985, Credited Service under the Retirement Benefit Plan will include any periods of employment during which an employee would have accrued Credited Service if the age 25 eligibility restriction had not existed in prior years. Credited Service will be counted from the January 1st or July 1st following completion of one (1) year of Company service.

(2) For purposes of the preceding paragraph, "on the active payroll" means actually at work. It will also include employees who retire from the active payroll in the calendar month preceding September 01, 1985, those who are on a paid sick or vacation period, on an overage leave, or on a Union leave on September 01, 1985. It does not include employees who are on a personal leave of absence, unpaid sick leave, or other unpaid absence from work on September 01, 1985, unless they actually return to work.

- (d) The following changes to the Plan were made by Letter(s) dated 05/05/89.
- (1) A new vesting schedule will apply to employees who perform at least one hour of service for which they are paid on or after January 1, 1990.
 - (2) The new vesting schedule will provide that such employees will become 100% vested after completing five years of vesting service as defined in the plan. Prior to completing five years of vesting service, employees will have 0% vested benefits.
 - (3) Rules for counting vesting service and for applying breaks in service remain unchanged from the current plan.
 - (4) The Company agreed to retroactively credit all pensionable hours worked past age 65 for TWU represented employees who retire from the active payroll after January 1989.
- (e) The amendments covered in Article 40(e) will be applicable only for those members classified as "Stock Clerk Employees", who are on active payroll or on an approved leave of absence with recall rights as of 03/01/01 and whose benefits commence on or after the first day of the month following 03/01/01.

(1) Final Average Compensation

The compensation used for calculating a member's retirement benefit will be the average of the highest forty eight (48) consecutive months of pay out of the one hundred and twenty (120) consecutive months of pay preceding the date of retirement. The definition of the compensation used to determine the forty-eight (48) and one hundred and twenty (120) month periods is unchanged. Various formulas exist for benefits, e.g., $1.667 \times \text{Final Average Earnings} \times \text{Years of credited service}$, which are also unchanged.

(2) Eligibility For Benefits – Early Retirement

A member will be eligible for early retirement on or after attaining the earlier of:

- (a) age 55 and fifteen (15) years of credited service; or
- (b) age 60 and ten (10) years of credited service.

(3) Early Retirement Benefits

Pension benefits determined as of early retirement will be reduced 3% for each year that the member is less than age 60.

- (f) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

(g) After [FREEZE DATE], no further benefits will accrue under the Plan. Benefits for current employees who are participants in the Plan will be determined based on their pension accrual calculated as of [FREEZE DATE], and no new participants will be added to the Plan after [FREEZE DATE]. This pension freeze will not result in the loss of any pension benefits accrued through [FREEZE DATE]. Service performed after [FREEZE DATE] will not be counted for any purpose except as otherwise required by law. The benefits accrued as of [FREEZE DATE], will remain obligations of the Plan and its related trust on behalf of existing Plan participants and will be paid in accordance with the terms of the Plan.

(h) Subject to paragraph (g), the Company will continue to maintain the Plan and its related trust. The Company may amend the Plan, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the pension freeze described in paragraph (g) or to maintain the Plan's tax-qualified status or otherwise comply with applicable Federal law.

(i) On [FREEZE DATE+1], the Company will enroll all current employees, except those described in paragraph (i)(1) below, and all future new-hire and transfer employees in the Super Saver - A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries ("Super Saver Plan"), a defined contribution plan, or equivalent plan.

(1) Employees who already have a Super Saver Plan, (or equivalent plan), contribution election on file as of the date they would otherwise be automatically enrolled will not be automatically enrolled in the Super Saver Plan (or equivalent plan) and their previous contribution election will remain in place.

(2) Employees who are automatically enrolled into the Super Saver Plan, will be enrolled at an employee-deferral rate of 3% pre-tax contribution.

(3) The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will, for each employee who has at least one year of Eligibility Service, contribute to the Super Saver Plan on a pre-tax basis for each Plan Year as an Employer Matching Contribution 100% of the aggregated amount of the employee's Employee Before-tax Contributions and employee's Employee Designated Roth Contributions, up to a total amount of 5.5% of an employee's Eligible Compensation (as defined in the Super Saver Plan).

(4) The Super Saver Plan shall remain in effect and the benefit levels shall not be reduced during the term of this Agreement. However, the provisions of the Super Saver Plan may be modified from time to time to maintain the plan's tax-qualified status or to otherwise comply with applicable Federal law and may also be amended at the Company's sole discretion, provided no such discretionary amendment shall reduce the benefit levels stated above in subsection (i)(3) during the term of this Agreement or be inconsistent with the terms of this paragraph (i) or

its subparagraphs. The Company will provide the Union with a copy of any amendment.

(5) Capitalized terms in this paragraph (i) not otherwise defined in this Agreement, but defined in the Super Saver Plan, will have the same meaning as set forth in the Super Saver Plan.

ATTACHMENT 40.1 - CHARGE FOR THE PRE-RETIREMENT SURVIVOR BENEFIT

October 19, 1995

John M. Orlando
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood, Suite 112
Hurst, Texas 76054

Dear John:

This letter follows up our conversation of today regarding the charge for the pre-retirement survivor benefit.

The Retirement Equity Act of 1984 mandated that pension plans provide a benefit for the surviving spouse of an employee who dies vested, but prior to retirement. This is known as the Qualified Pre-retirement Survivor Annuity (QPSA). Because this requirement adds to pension costs, employers are allowed to recover the cost by reducing the employee's pension at retirement. The AA reduction at retirement for QPSA coverage does not fully cover the cost of providing this benefit. QPSA coverage is still heavily subsidized by American.

QPSA coverage is mandatory and automatic unless the employee and spouse sign a waiver. The benefit and how the charge is calculated are explained in detail beginning on page R-17 of the Employee Handbook. The calculation is based upon a percentage by age for the number of years coverage was in effect. There is no charge for providing the coverage past age 65, although the employee is charged for those years under age 65. Once an employee is at least age 55 with 15 years of credited service or age 62 with 10 years of credited service, the charge also stops accumulating. The charge is based only on the mandatory 50% survivor benefit. Employees who have elected a larger survivor benefit are not charged more.

Since the actual QPSA calculation is complex and can only be done accurately when an exit date has been established, for estimate purposes only we show a uniform \$20 monthly reduction. We use \$20 because we rarely see a QPSA reduction of \$20 or more, for simplicity in preparing estimates, \$20 is shown on all estimates, even for employees who never had the coverage, or will not be charged this exact amount.

At retirement those employees who never had coverage will, of course, have no reduction. For those who were covered, the reduction will be individually calculated based on their age and years of coverage.

As we discussed, normally about 300 TWU members retire each year. However with the early out, we may be asking as many as 7,000 TWU members to take a close look at their pension plan. Although the QPSA explanation has been in the handbook for approximately 10 years, with

this kind of scrutiny we are learning that we can improve how we communicate very important, but unfortunately often very technical pension information.

Thank you for bringing this issue to my attention and I hope this explanation is helpful. Please let me know if you have any questions.

Sincerely,

Mark Johnson
Managing Director
Benefits Compliance

ARTICLE 41 – BENEFITS

(a) The parties recognize that controlling the spiraling costs of health care has become a national priority and a critical mutual objective for both the Company and the employees.

In order to provide maximum flexibility and choice for individual employees, while helping to assure the Company's continued financial strength, effective ~~January 1, 1990~~ **DATE**, the Company will implement ~~a flexible benefits program~~ **new plan design options**, which limits the impact of future health cost increases for both the Company and the employees as follows:

(1) The Company will provide ~~“benefit dollars” which will allow each employee, in 1990, to “purchase”, at no cost beyond those “benefit dollars”, the basic Group Life and Health Benefits Plan. The employee may also contribute a portion for other plans at his option~~ **two medical plan options, a Standard medical plan option and a Core medical plan option. With the exception of the Standard medical 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 plan option (which are not incorporated into this agreement) may change at Company discretion and advance notice of any changes will be provided to the TWU prior to implementation.** ∅

~~2) Employees may spend their “benefit dollars” to buy that combination of benefits that best meets their individual needs – for example, more life insurance, but less health coverage.~~

~~(3) An employee may select a more limited benefit plan such as a plan with a higher deductible, and receive cash in exchange for unused “benefit dollars”. This cash payment will not increase other benefits e.g., pension accruals or life insurance and is subject to income and Social Security taxes.~~

~~(4) The number of “benefit dollars” provided by the Company to each employee will increase by the percentage increase in the Company's average annual cost per covered employee, for the period July 1, through June 30, immediately preceding the enrollment year over the previous period July 1, through June 30, up to a maximum of 5%. In this way, the Company pays for the first 5% of cost increases.~~

~~(2)(5) If American's average annual cost per covered employee for providing the benefit package rises by more than 5% during the measurement period, an employee who desires to maintain an identical level of coverage will share the additional costs by making monthly contributions to cover the increase in cost over the first 5% paid by the Company, up to an additional 5% increase in costs year over year.~~ **Aggregate employee contributions 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 plan options. Contributions for the Standard and Core medical plan options will increase annually with projected inflation for all expenses related to these two**

(2) medical plan options, provided during the life of the agreement, aggregate employee contributions will remain at 21% of the total projected cost.

(3) ~~(6) An employee who does not choose to contribute will be able to elect a less costly alternative package of benefits, such as a plan with a higher deductible.~~ **Coverage tiers for contribution rates will be as follows:**

New Coverage Tiers
Employee Only
Employee + Spouse/Domestic Partner
Employee + Child(ren)
Employee + Family

(4) The TWU and the Company have agreed that a review committee will be established to review planned administrative changes to the negotiated ~~Standard Mmedical Plan plan option.~~ **Standard Mmedical Plan plan option.** and for planned changes in the Point of Service Plan contribution rates, so long as Point of Service Plan continues to be offered. This committee will have the right of appeal to the Sr. Vice President – Human Resources in the event of a dispute.

Notice of changes to the Value Plan will be provided to the TWU in advance of implementation.

(5) The TWU and the Company will participate on a joint committee to develop programs and procedures which will reduce the rate of increase in costs in order to minimize the impact on employees.

(b) The annual deductible under the **Standard medical plan option will be \$1,000 per individual with a maximum family deductible of \$3,000** ~~Major Medical Plan will be \$150 per individual per calendar year for in-network services.~~ **Major Medical Plan will be \$150 per individual per calendar year for in-network services.** The family deductible will be satisfied in any calendar year after a total of \$400 in deductible charges have been paid for any three (3) or more family members. ~~No one family member may contribute more than \$150 toward the satisfaction of this family deductible.~~ **Plan design features are listed below.**

	Standard medical plan option	Core medical plan option
Plan Design Features	Contractual	Non-contractual
Spending Accounts	HRA	
Spending Account Funding (2012 only)	\$500 emp / \$500 spouse	
In Network Deductible (Single/Family)	\$1,000 / \$3,000	
Out of Network Deductible (Single/Family)	\$3,000 / \$9000	
Coinsurance (In/Out)	20% / 50%	
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	
Primary Care Physician Copay (In/Out)	\$30*	
Specialist Copay (In/Out)	20% / 50%	
Retail Clinics Copay (In/Out)	20% / 50%	
Preventive Care*	\$0	
Emergency Room	Deductible / Coinsurance \$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$20 min / \$40 max)	
Formulary Brand	30% (\$30 min / \$100 max)	
Non-Formulary Brand	50% (\$45 min / \$150 max)	
Pharmacy (Mail)		
Generic	20% (\$10 min / \$80 max)	
Formulary Brand	30% (\$60 min / \$200 max)	
Non-Formulary Brand	50% (\$90 min / \$300 max)	
2012 Full Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$202.78	\$174.17
EE + Child(ren)	\$121.67	\$104.50
EE + Family	\$270.37	\$232.23
2012 Part Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$337.97	\$174.17
EE + Child(ren)	\$175.74	\$104.50
EE + Family	\$473.15	\$232.23

***Not subject to deductible**

Standard coinsurance amounts (Medical and Rx) apply towards OOP maximums
OOP amounts do not include the deductibles for Standard

~~(c) — The Major Medical Expense Benefits lifetime maximum for each active employee and eligible dependent(s) will be \$5,000,000. An employee and his eligible dependents, who retires early under Article 41(l) will remain under the \$300,000 lifetime maximum until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Inpatient hospitalization charges will be reimbursed at 80% of the first \$5,000 in covered expenses and 100% of the remaining covered expenses. The out of pocket maximum is \$1,000 per person.~~

~~(2) The Group Life and Health Benefits Plan for retirees provides that 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined, and 100% of the remaining combined charges in a calendar year will be reimbursed.~~

~~(3) When the Company's Group Life and Health Benefits Plan is providing secondary coverage for dependents, the total combined benefits paid by the primary plan and the Company will not exceed what the Company's Group Life and Health Benefits Plan would have paid had it been the primary plan.~~

(c) ~~(d)~~ Effective **DOS**, a newly hired employee will be subject to a one (1) calendar month service waiting period before the employee may be covered under the American Airlines Group Life and Health Benefits Plan as described in Article 41. The employee may not purchase coverage under the Group Life and Health Benefits Plan for the first month of employment with American Airlines, Inc. After one (1) month of service, the employee will automatically be placed in the American Airlines Group Life and Health Benefits Plan **in the Core medical plan** with contributions in accordance with Article 41. Coverage will begin on the day that the employee has completed one (1) month of service with the Company, provided he is actively at work on that day, or on vacation, or on a scheduled day off. Otherwise, the employee will be covered on the date he returns to work.

(d) ~~(e)~~ Dental Plan

Expenses under the Dental Plan 1, excluding Orthodontic and Preventive Expenses will be covered at 80% of reasonable and customary charges, after the deductible is met. Preventive Dental Care will be covered at 100% with no deductible for a maximum of two (2) annual visits per calendar year, subject to reasonable and customary charges. The annual individual plan maximum will be \$1,500. In addition, adult orthodontia will be added with a lifetime maximum of \$1,500.

(e) ~~(f)~~ Life Insurance

The Company will provide several options regarding life insurance.

(1) For an employee whose base monthly salary is \$1,500 or over, his basic life insurance coverage will be two times his base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

(2) Coverage for an employee under Contributory Plan I will be 50% of his Basic Coverage.

(3) Coverage for an employee under Contributory Plan II will be an amount equal to his Basic Coverage, plus one times his base annual salary taken to the next higher multiple of \$100.

(4) In addition to the above Company provided plans, the TWU will offer an optional Whole Life Insurance Plan for its members. The Company will provide payroll deduction of premiums for employees electing this coverage.

(f) ~~(g)~~ Optional Short Term Disability

The Company provides an Optional Short Term Disability Plan (OSTD). The OSTD plan provides salary replacement of 50%, except where a statutory plan meets or exceeds 50% of salary replacement. The OSTD plan is 100% employee paid. If the employee does not elect to participate when first solicited during open enrollment, evidence of insurability may be required by the carrier providing the coverage.

(g) ~~(h)~~ Hearing Aid Coverage

Expenses incurred at the direction of a physician for hearing aids and examinations in connection therewith are covered under the Major Medical Expense Benefits portion of the Plan **in accordance with the network design outlined in (b) above.**

(h) Vision Plan

The Company **will continue to offer a voluntary vision plan at the same contributions as other workgroups.** ~~is reviewing a proposal submitted by the TWU for a vision insurance plan. The Company agrees that the TWU will make the selection upon review of their proposed vendor (Spectera) and one other competitor vendor with a comparable proposal. The Company will contribute the current vision discount card program cost per employee per year towards the new program.~~

(i) Donor Expenses

Expenses incurred for a donor and/or recipient in a transplant operation are covered under the Major Medical Expense Benefits portion of the Plan.

(j) Dependent Coverage

Dependent coverage is subject to the rules established by the Insurance Carrier and published in Company regulations.

~~(k) An employee who retires from the Company at Early Retirement Date or on the basis of disability, will receive the same medical expense coverage as active employees, except as noted in Article 41(c), for themselves and eligible dependents until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) Thereafter the retired employee and spouse only are each covered for \$50,000 under the Retired Employee Major Medical Expenses Benefits Plan. This post 65 benefit (\$50,000 lifetime maximum, \$150 deductible) for the retiree and spouse will also apply to employees who retire from the Company at their Normal or Late Retirement Date.~~

~~(2) Upon the death of the retired employee, coverage for the surviving spouse only is continued for six months or until the spouse is eligible for Medicare, whichever is later. Coverage for dependent children, if any, ceases upon the retiree's death, and the spouse's lifetime maximum is reduced to the lesser of \$50,000 or the unused balance of the spouse's coverage at the time of retiree's death. Employees must meet the requirement of Article 41(m) regarding prefunding as well as plan eligibility requirements.~~

~~(m) Prefunding Retiree Health Care~~

~~All employees, who are on the Company's active payroll, on a union leave of absence, on a family leave of absence, or on a military leave of absence and who are at least age 30 with a minimum of one year of service with the Company, will be offered the opportunity to begin prefunding his retiree health care plan at the contribution amount for the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5). Additionally, that amount is subject to the escalator described in Article 41(m)(5). Incumbent employees on active payroll on 12/31/89, who enrolled when first eligible, will pay the incumbent rates in accordance with the Table in Article 41(m)(5). No entry fee will be assessed to the employee, if he chooses to participate when first eligible. An eligible employee will be automatically enrolled in the Plan and payroll deductions will commence as of the first pay period following his date of eligibility, unless the employee completes and returns a form, prescribed by the Company and countersigned by his supervisor, to waive participation. Married employees must obtain spousal consent to waive participation.~~

~~(1) Should the Company's cost per covered retiree during the immediately preceding period July 01, through June 30, increase above the Company's cost per covered retiree during the previous period July 01, through June 30, then, effective January 1, of the following year, the monthly contribution rate for employees described in Article 41(m) will increase in accordance with the formula specified in the April 02, 1992 Trust Agreement incorporated below in this Article.~~

~~(2) Retiree health care coverage under Article 41 will commence after the employee retires from the Company after having met all the eligibility and prefunding requirements. Coverage will be the same level of coverage provided to active employees except that retiree health care coverage will reimburse 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined and 100% of the remaining combined charges in a calendar year and will be subject to a \$300,000 (remainder of active coverage maximum if less) major medical maximum if retirement is at or after age 55 and before the earlier of age 65 or Medicare eligibility.~~

~~(3) Employees who were on the Company's active payroll, on a union leave of absence, or on an approved leave of absence for other reasons on May 5, 1989, but who were ineligible to participate on January 1, 1990 because they did not meet the minimum age and/or years of service requirement specified in Article 41(m), will be offered the opportunity to elect retiree medical coverage under the same terms and conditions applicable to employees described in Article 41(m) (no \$250.00 late enrollment fee and a~~

~~monthly contribution rate equal to the rate then being paid by employees who opted for coverage before January 1, 1990). Payroll deductions will commence as of the first pay period following their date of eligibility unless the employees complete and returns a form prescribed by the Company to waive participation. A married employees must obtain spousal consent to waive participation.~~

~~(4) — An employee who elected not to participate when first eligible will be offered, during an annual enrollment period, the opportunity to begin prefunding his retiree health coverage. The employee will pay the applicable age based contributory rates set forth in Article 41(m) (5) and will be required to pay the \$250 non refundable late enrollment fee.~~

~~(5) — Age Based Rates Table~~

~~Monthly plan contribution rates for employees referred to in Article 41(m) will be in the table below. Also refer to the annual escalator formula in Article 41(n)(3). The contributions below were effective as of January 01, 2001, based on the Escalator formula in the April 02, 1992, Trust Agreement.~~

Age Employee Begins Prefunding	Monthly Employee/ Employer Contribution
Incumbent employees on active payroll as of 12/31/89, who enrolled when first eligible	\$ 12.96
30	\$ 15.54
31	\$ 16.97
32	\$ 18.66
33	\$ 20.41
34	\$ 22.13
35	\$ 24.60
36	\$ 27.06
37	\$ 29.78
38	\$ 32.90
39	\$ 36.20
40	\$ 40.40
41	\$ 44.81
42	\$ 49.59
43	\$ 54.57
44	\$ 60.17
45	\$ 66.33
46	\$ 77.81
47	\$ 86.59
48	\$ 96.84
49 & older	\$ 110.56

~~(6) — An employee must continuously participate in this prefunded retiree health plan for at least the ten (10) years immediately preceding retirement to receive retiree medical coverage on date of retirement.~~

~~(7) — An employee contributions made to prefund retiree health care coverage will be held in trust exclusively for the purpose of providing retiree health care. If an employee dies or is terminated prior to retirement, the employee or his beneficiary will receive the value of his contributions plus a pro rata share of trust fund net earnings.~~

~~(8) — An employee making his contributions so as to prefund his retiree medical coverage will cease making contributions upon retirement from the Company.~~

~~(9) — Employees making contributions so as to prefund their retiree medical coverage must continue contributions during all leaves of absence except unpaid sick and unpaid IOD. Any employee who commences prefunding of his retiree health coverage, subsequently discontinues prefunding, and later decides to again prefund his retiree health coverage, will be required to pay the rates in the Age Based contributory Rates Table set forth in Article 41(m) (5)), based on the age prefunding is started. Additionally, he must prefund continuously for at least ten (10) years immediately preceding retirement and pay a \$250 late enrollment fee.~~

~~(n) — Prefunding Trust (Memorandum of Understanding Between American Airlines, Inc. and Transport Workers Union of America AFL-CIO, April 02, 1992) Article 41(n) expresses the understanding of the parties regarding the amendments to the Trust Agreement and Plan effective January 01, 1993, governing the health benefits provided to active TWU represented employees of American Airlines, Inc. at retirement and the health and other welfare benefits provided to retired employees of American Airlines, Inc. who were represented by the TWU at the time of retirement. Article 41(n) will not be construed to modify or alter an employee's eligibility for retiree welfare benefits under the collective bargaining agreement or the Plan.~~

~~(1) — The Trust Agreement and the Trust which holds Plan assets is established for the exclusive benefit of TWU represented active employees and retired employees who were represented by the TWU at the time of retirement.~~

~~(2) — The Trust will maintain a separate account to hold reserves equal to the Participants' prefunding contributions, Employer prefunding contributions, and investment earnings attributable thereto reserved for retiree welfare benefits due to Participants under the terms of the Plan and to pay administrative expenses associated with such Program. In the event of termination of the Plan and/or Trust, the balance of the reserves will be distributed as provided in Article 41(n)(8). In no event will these reserves be used for payment of any expenses associated with the active employees medical benefits program or for any other purpose except those identified with respect to retiree welfare benefits in Article 41(n), the Trust Agreement, and the Plan.~~

~~(3) — An employee participating in the Retiree Prefunded Benefits Program will make a monthly contributions to the Trust Fund. If an employee was an active employee of American Airlines on December 31, 1989, and elected to prefund when first eligible, his contribution was \$10.00 per month in 1992, and such contribution amount is subject to the Escalator, described in Article 41(n)(5), in all future years. If an employee was not an active employee of American Airlines on December 31, 1989, or was an active employee of American Airlines on December 31, 1989, and declined participation when first eligible, his contribution amount is determined based on the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5), and that amount is subject to the annual Escalator formula described in Article 41(n)(5).~~

~~(4) — American Airlines will make a monthly matching contribution on behalf of each employee contributing under the Retiree Prefunded Benefits Program. That contribution amount is identical to the amount required to be contributed by each participating employee in accordance with Article 41(n)(3).~~

~~(5) — Contributions made by participating employees and by American Airlines are subject to an annual Escalator formula. American Airlines will calculate the impact of the annual Escalator on contributions, subject to review by the TWU in accordance with the provisions of Article 41(n)(6) below, by comparing the percentage increase in the cost of medical benefits for covered retirees during the year ending June 30 immediately preceding the effective date of the Escalator to the cost of medical benefits for covered retirees in the year ending the previous June 30. Such percentage increase is divided equally between the participating employee and American Airlines in order that each pays 50%. The resulting percentage increase will be applied to the amount of the then current Employee and Employer monthly contribution. However, in no event will the participating employee's or American Airlines' contributions increase from one year to the next by more than the amounts stipulated in the Escalator Cap Table below.~~

Employees affected.	Maximum Monthly Increase over Prior Year
Incumbent employees on active payroll 12/31/89 who enrolled when first eligible	\$1.00
Others — based on age when prefunding begins	
30-34	\$1.50
35-39	\$2.50
40-45	\$3.50
46-48	\$5.00
49 or older	\$5.50

~~(6) — The increase in contributions as calculated by American Airlines is subject to review by the TWU, provided the TWU's request for review is received within thirty (30) calendar days of notification. While no individual's claims history will be available for~~

~~review, data in the aggregate, upon which the Escalator calculation was based, will be made available by American Airlines to the TWU on request. The TWU may contest the Escalator calculation within sixty (60) calendar days of receipt of the data. If the TWU contests this calculation, an independent accounting firm, as agreed to by both parties, will be retained to verify the amount. In the event that the independent accounting firm determines that contributions should change by a different amount, any increase or decrease will be retroactive to the first of the year to which the new Escalator calculation applies. Any decrease in the contribution will be credited to the Employees' future monthly contributions within sixty (60) calendar days, barring unforeseen circumstances. Any increase or decrease will be applied to the Participants' contributions and Employer's contributions in accordance with Article 41(n)(5).~~

~~(7) At retirement, an eligible participating retiree's own contributions, the matching Employer contributions made on his behalf to the Retiree Prefunded Benefits Program, and investment earnings attributable thereto are drawn down in ten equal annual installments for the purpose of providing retiree medical coverage. However, exhaustion of the funds in a retiree's account under this provision does not waive or modify the retiree's entitlement to continued medical coverage under the Agreement or the terms and limitations of the Plan. Should an eligible retiree die during the ten year draw down period, any remaining contributions continue to draw down for the period of the surviving spouse's medical coverage, if any. After the surviving spouse's coverage terminates, or if the spouse dies before the balance of the Account is drawn down, the balance of the employee's contribution is paid to the spouse's estate. If there is no surviving spouse, the balance of the employee's contribution is paid to the designated beneficiary.~~

~~(8) In case of death or termination of employment by a participating active employee, employee contributions to the Retiree Prefunded Benefits Program plus investment earnings attributable thereto will be distributed as a severance or death benefit, as applicable, to the employee or the employee's designated beneficiary(ies).~~

~~(9) In the event of Trust termination, retirees participating in the Retiree Prefunded Benefits Program will receive any balance of their own contributions to the Program and investment earnings attributable thereto which have not been drawn down during the ten year draw down period described in Article 41(n)(7). Conditioned on Internal Revenue Service approval, active employees' contributions to the Prefunded Retiree Benefits Program and investment earnings attributable thereto will be distributed to active employees. Should the Internal Revenue Service disallow the distribution of active employees' contributions, the parties agree to establish a mutually satisfactory alternative regarding the disposition of active employees' contributions in the event of Trust termination. Employer contributions and investment earnings attributable thereto in the Retiree Prefunded Benefits Program Account will be used for the exclusive benefit of participating employees and retirees in the event of Trust termination. That includes the use of the assets for the purpose of continuing retiree health coverage under an alternative program as may be agreed to by the parties.~~

~~(10) In the event the Internal Revenue Service disapproves a particular provision or benefit expressed in the Trust Agreement, any provisions or benefits which are approved or unaffected by the disapproval will remain in force, and the TWU will not contest the obligation to prefund in court or under the collective bargaining agreement. However, the TWU reserves all legal and contractual rights in the event the Internal Revenue Service rules that the Trust may not hold funds in reserve for retiree welfare benefits, or that the earnings attributable to Participant contributions held in trust for this purpose or the Employer matching contributions (plus earnings) are currently taxable to the Participants.~~

~~(11) Counsel for the parties will review the amended Trust Agreement to ensure that it expresses the principles of this Agreement. Neither the Plan nor the Trust Agreement may be amended or modified in a manner inconsistent with the principles set forth in this Agreement, except to conform to the requirements of Federal law and regulations, provided, however, that the TWU waives no rights stipulated in Article 41(n)(10).~~

~~(12) American Airlines will revise, in a timely fashion after the date of ratification, the Plan to fully reflect the amendments made to the Trust Agreement and the provisions of this Memorandum. The revised Plan will be subject to review by the person(s) designated by the TWU.~~

(i) Retiree Medical - effective for retirements on or after DOS:

(1) Early retirees age 55 – 64 will have access to a Company sponsored retiree medical plan option. Contribution rates 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.

(2) Retirees age 65 and over will be offered access to a guaranteed issue Medicare supplement plan through a third party administrator at the retirees' expense.

(3) The Retiree life insurance benefit will be discontinued.

(4) The Company shall not be required to maintain, fund, or provide for a Company sponsored retiree medical plan or retiree life insurance benefits.

(e)(j) Monitoring Insurance Plan

In connection with the administration and processing of claims under the group insurance plan, the Company will continue to monitor and to urge the insurance company to improve claims processing under the plan.

~~(p) Notice of Changes~~

~~The Company will provide the Director of the Air Transport Division with advance notice of plan changes prior to releasing announcements to plan participants. The Company will not change the limits on employee cost increases described in Article 41(a)(4) and 41(a)(5), nor the prefunding contribution limits of Article 41(m), for the duration of this Agreement.~~

(e)(k) Company's Right to Modify Plan

Although it is the intention of American Airlines, Inc. to continue to make available to its employees a Group Insurance Plan of the type similar to that, which is now available, the Company will reserve the right to modify the Plan consistent with this Article.

DOS

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

“Employee and Company Prefunding Contributions”

Dear Robert,

During the restructuring agreement negotiations, the parties agreed that upon implementation of the changes to the Retiree medical plan program 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 employee prefunding refunds.

In addition, the parties agreed that 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 withholdings and/or excise tax), excluding employees who have already received refunds of their employee prefunding accounts. **The refund will be made to the employee no later than 120 days following DOS.**

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

ARTICLE 42 – JOB SECURITY

~~(a) — Except as provided in Attachment 42.1, the Company will guarantee employment (full time/part time status based upon employee's status on March 1, 2001) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to March 1, 2001, and who was on the Company's active payroll on March 1, 2001, or on a Union leave of absence, or on an approved leave of absence for other reasons (provided the employee has an Occupational Seniority date more senior than the least senior protected employees in his classification at the station/base upon his return to active payroll) in accordance with the following provisions of this Article. In addition, an employee as defined above, will not be involuntarily reduced to a lower classification than that classification he occupied on March 1, 2001;~~

~~(b) — Notwithstanding the above provisions, the Company may lay off, in accordance with Article 15, employees protected by paragraph (a) or by paragraphs (a) and (b) or by paragraphs (a) and (c) or by paragraphs (a) and (d) above when the layoff is necessitated by any one or more of the following conditions:~~

- ~~—— (1) — An act of God,~~
- ~~—— (2) — A strike, picketing, work stoppage, slowdown, or other labor dispute by Company or outside employees resulting in a reduction of work,~~
- ~~—— (3) — A national war emergency,~~
- ~~—— (4) — Revocation of the Company's operating certificate or certificates,~~
- ~~—— (5) — Grounding of a substantial number of Company's aircraft for safety reasons,~~
- ~~—— (6) — A reduction in the Company's operations resulting from a decrease in available fuel supply or other critical materials caused either by governmental action or commercial suppliers being unable to meet the Company's demands.~~

~~(c) — This Article does not in any way limit the Company's right to terminate or discipline a protected employee for just cause.~~

~~(d) — The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.~~

Attachment 42.1

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054

One Time Relief from Job Security Provisions

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.

During these negotiations, the parties agreed to lift the system job protection provision of the various agreements to enable the Company to reduce the number of employees in each title group by the number required to reach the negotiated costs savings. The chart below illustrates the number of reductions by title group. Additionally, we have listed the newly established system job protection dates that will be in effect once the reductions associated with the changes have been completed.

<u>Title Group</u>	<u>Number of Reductions</u>	<u>Title Group</u>	<u>Number of Reductions</u>
Title I	1371	Technical Specialists	8
Title II	0	Flight Dispatchers	5
Title III	1856	Ground/Simulator Instructors	110
Title IV	Included in Title III	Meteorologists	0
Title V 57		Simulator Technicians	9

Following the reduction of the above number of employees, the parties agreed to modify the dates of system protection for the remaining employees to the dates indicated below. In addition, the date may be adjusted either backward or forward at the conclusion of the applicable reductions and must be agreed to by both parties.

<u>Title Groups</u>	<u>New System Protection Date</u>
Title I and Title III	September 24, 1998
Ground/Simulator Instructors	March 01, 1998
Simulator Technicians	August 23, 1999
All Others	March 01, 2001

Sincerely,

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

~~Agreed to this date:~~

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ARTICLE 43

(Intentionally Left Blank)

ARTICLE 44 - MOVING EXPENSES

(a) Moving expenses of employees transferred at Company request shall be paid for by the Company in accordance with the provisions of the applicable Company expense regulations.

~~(b) When a protected employee, as designated in Article 42, is relocated at Company request, and such relocation is not due to a reduction in force as provided in Article 15, such protected employee will be afforded the opportunity to elect one, but only one, of the following options:~~

~~(1) Moving expenses as provided in paragraph (a) above plus a \$12,500 (minus appropriate taxes) special moving allowance, provided the employee establishes permanent residency in his new work location and actually relocates his personal possessions and/or household goods as appropriate to the new location within one (1) year of notice of relocation; or~~

~~(2) Accept a \$12,500 (minus appropriate taxes) special severance allowance plus severance as outlined in Article 37 thereby terminating entirely his employment relationship with the Company, forfeiting all his seniority and relinquishing any and all claim for re-employment and recall.~~

ARTICLE 45

(Intentionally Left Blank)

ARTICLE 46 - EFFECT ON PRIOR AGREEMENTS

This Agreement will supersede and take precedence over prior Agreements, Letters and similarly related documents executed between the Company and the Union prior to the signing of this Agreement. However, local or station work rules which were previously negotiated and do not conflict with this Agreement will remain in effect. All rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, will be satisfied or discharge.

ARTICLE 47 - DURATION OF AGREEMENT

THIS AGREEMENT will become effective as of XXXXX Y, 2012 and will continue in full force and effect until and including XXXXX Y, 2018, and will renew itself until each succeeding XXXXX Y thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than (30) calendar days prior to the 1Y day of XXXXX in any year, beginning with XXXX Y, 2018. **However, either the Company or the TWU may elect to reopen this Agreement by the service of written notices in accordance with section six (6), Title I of Railway Labor Act as amended pursuant to Section 6, on or after November XX, 2017 (6 months prior to amendable date).**

~~The job security provided for in Article 42 was agreed to in exchange for the right to hire employees after August 15, 1995, at a lower rate. So long as the Union does not seek to change the above, Article 42 (Job Security) will remain in full force and effect forever.~~

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. It is agreed by the parties that the other will not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement, without serving written notice as provided for in the above paragraph.

IN WITNESS WHEREOF, the parties have entered this Agreement on the 4st X day of April 15, 2003 **Month X, 20XX**, and have signed this Agreement on DOS:

FOR TRANSPORT WORKERS
UNION OF AMERICA

FOR AMERICAN
AIRLINES, INC.

James C. Little
International President
Transport Workers Union

Denise Lynn
Vice President
Employee Relations

Garry L. Drummond
International Vice President
Director - ATD
Transport Workers Union

James B. Weel
Managing Director
Employee Relations

Robert F. Gless
Deputy Director – ATD
AA System Coordinator
Transport Workers Union

Dianne E. Taber
Senior Principal
Employee Relations

Timothy J. Gillespie
International Representative
Transport Workers Union

John E. Plowman
President – Local 542
Transport Workers Union

Witness:

Frank P. Pascale
Vice - President – Local 542
Transport Workers Union

Witness:

Jon Snook
Tim Antolovic

ATTACHMENT 47.1—INCENTIVE

Mr. James C. Little
Director Air Transport Division
International Administrative Vice President
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Dear Jim,

~~Whereas, American Airlines, Inc. ("American" or "Company") and the Transport Workers Union of America, AFL-CIO ("TWU") have agreed to resolve all disputes which exist or could exist between them related to the negotiation, ratification, and final effectiveness of the Restructuring Agreement, dated April 15, 2003 ("Restructuring Agreement"), and~~

~~Whereas, American and the TWU (the "Parties") have each agreed that it is in their mutual interest to permit the Restructuring Agreement to become binding and effective.~~

~~Now therefore, it is this 24th day of April 2003, hereby agreed that the following shall supplement, and, to the extent inconsistent, modify the Restructuring Agreement~~

~~A. Duration of the Agreement. Contingent on approval of this Letter of Agreement by the AMR Board of Directors and the TWU and without further ratification, the Restructuring Agreement will be effective beginning April 15, 2003, and shall remain in effect for a period of five (5) years and become amendable April 30, 2008.~~

~~B. Early Reopener. Either the American or the TWU may elect to reopen the Restructuring Agreement by the service of notices pursuant to 45 USC Sec. 156, on or after April 30, 2006.~~

~~C. Special Procedure for Change.~~

~~For a period not to exceed thirty (30) days beginning on written notice by the TWU no later than May 15, 2003, the Parties will meet and discuss the deletion or modification of a single item in the Restructuring Agreements, (the "Original Provision"), such as, the change to Article 34(d) of the Mechanic and related agreement regarding payment of Sick Leave for the first 16 hours at 50% and the substitution of one or more alternative items (the "Offset Modification(s)") such that the net economic result of the deletion or modification and substitution provides cost savings to the Company equal to the cost savings originally projected by the Company for the Original Provision (i.e. \$7.0 million per year).~~

~~If the parties cannot reach agreement during the thirty (30) day period on the Offset Modification(s) having the appropriate aggregate value described in C.1., above, they will select a~~

~~neutral arbitrator in accordance with the System Board procedure in the Restructuring Agreement. Said arbitrator must be available to hear the matter with seven (7) days of selection and shall issue a decision within 21 days of selection.~~

~~The arbitrator shall conduct a hearing of no more than one day in duration. American and the TWU will each have a maximum of one-half day for its presentation, with appropriate procedural rules to be set by the arbitrator.~~

~~At the hearing, the TWU will identify one or more Offset Modification(s), the aggregate value of which must achieve the result described in C.1., above. For example, if the proposed modification to the Original Provision has a cost of \$7 million and the arbitrator values the Offset Modification(s) at \$6 million, the Union must identify some additional Offset Modification(s) with a value of \$1 million.~~

~~The Parties' original valuation of the Restructuring Agreement will determine the value of the Original Provision. The arbitrator will determine the value of the all changes to less than all of the Original Provision, as well as the value of all Offset Modification(s). If the arbitrator determines that the value of the Offset Modification(s) is less in aggregate value to the Company than the cost of the modifications or deletions to the Original Provision, unless the TWU selects some additional Offset Modification(s) which achieves the result described in C.1., above, the arbitrator will further modify the Original Provision so that the changes to the Original Provision compared to the aggregate value of the Offset Modifications(s) achieves the result described in C.1., above.~~

~~The decision of the arbitrator will be final and binding on the TWU and the Company.~~

~~D. Annual Incentive Program:~~

~~The Company will establish an Annual Incentive Program ("Program"), as set forth in Attachment A, that shall substitute for and replace the Variable Wage Adjustment Program included in the Restructuring Agreement.~~

~~E. Authority and Effective Date:~~

~~Execution of this Letter of Agreement shall constitute a representation by each party that the terms of this Letter of Agreement and of the Restructuring Agreement have been approved. This Letter of Agreement will become final upon execution on this 24th day of April 2003.~~

~~For the Transport Workers Union of America, AFL-CIO:~~

~~James C. Little
Director Air Transport Division
International Administrative Vice President~~

~~For American Airlines, Inc.:~~

~~James B. Weel
Director
Employee Relations~~

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Contract Modifications Review Panel

Dear Jim,

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~Due to the unusual nature of the numerous modifications the parties have agreed to establish a Contract Modifications Review Panel to discuss and resolve issues pertaining to these changes in an expeditious manner.~~

~~The TWU International or a Local Union President may, within seven (7) calendar days of the date on which he became aware of the disputed matter, appeal to a review panel composed of the Director of the Air Transport Division and the Vice President, Employee Relations, or their designees, any dispute regarding the proper application or interpretation of the contractual modifications resulting in the agreement dated April 15, 2003.~~

~~The committee will review issues brought to it's attention, and will take the necessary and appropriate action to resolve those issues. Decisions from the review panel will be final and binding on both parties.~~

~~The panel is not intended to replace nor circumvent the current grievance procedures as outlined in Article 31 & 32 of the AA/TWU agreements.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little _____
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

AMERICAN AIRLINES, INC.
P. O. Box 619616
DFW Airport, Texas 75621-9616

~~August 15, 1995~~ **DOS**

~~James C. Little
Director, Air Transport Division
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054~~

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

Re: Operational Specialist

Dear ~~Jim~~ **Robert**,

This will confirm our discussions during the present negotiations on the new classification called "Operations Specialist" and the implementation of this new work group.

JOB DESCRIPTION

Operations Specialist will perform work same as current NavData employees, which would include any future contract work for Dispatch Services, and with ability to cross utilize all NavData functions and the Meteorologist Clerk function as applicable.

OTHER PROVISIONS

- Overtime - Equal distribution between Operations Specialist.
- Seniority List - Separate from AA Flight Dispatch.
- Benefits - Same as other TWU benefits.
- Work Schedule - Based on 2080 hours with ~~5-2~~ or 4-3 (10 hour days) rotation. Posting requirements same as Flight Dispatch.
- Holidays - Same as ~~Fleet Service~~ **Dispatch** work group.

Vacations - Same as other TWU groups.

Other provisions will apply as described in the basic agreement.

Salary - The following pay rates will apply to all Operation Specialists and will remain fixed for the duration of this contract term.

	05/01/03	05/01/04	05/01/05	05/01/06	05/01/07	05/01/08
1 st year	\$ 9.49	\$ 9.63	\$ 9.77	\$ 9.92	\$10.07	\$10.22
2 nd year	\$10.00	\$10.15	\$10.30	\$10.45	\$10.61	\$10.77
3 rd year	\$10.50	\$10.66	\$10.82	\$10.98	\$11.14	\$11.31
4 th year	\$10.99	\$11.15	\$11.32	\$11.49	\$11.66	\$11.83
5 th year	\$11.49	\$11.66	\$11.83	\$12.01	\$12.19	\$12.37
6 th year	\$11.99	\$12.17	\$12.35	\$12.54	\$12.73	\$12.92
7 th year	\$12.49	\$12.68	\$12.87	\$13.06	\$13.26	\$13.46
8 th year	\$12.98	\$13.17	\$13.37	\$13.57	\$13.77	\$13.98
9 th year	\$13.48	\$13.68	\$13.89	\$14.10	\$14.31	\$14.52
10 th year	\$13.99	\$14.20	\$14.41	\$14.63	\$14.85	\$15.07
Thereafter	\$14.83	\$15.05	\$15.28	\$15.51	\$15.74	\$15.98

	DOS	DOS + 12	DOS + 24	DOS + 36	DOS + 48	DOS + 60
1 st year	\$12.36	\$12.55	\$12.73	\$12.92	\$13.12	\$13.32
2 nd year	\$15.65	\$15.88	\$16.12	\$16.36	\$16.61	\$16.86
3 rd year	\$16.88	\$17.13	\$17.39	\$17.65	\$17.92	\$18.18
4 th year	\$18.33	\$18.60	\$18.88	\$19.17	\$19.45	\$19.75
5 th year	\$19.77	\$20.07	\$20.37	\$20.67	\$20.98	\$21.30
6 th year	\$21.22	\$21.54	\$21.86	\$22.19	\$22.52	\$22.86
7 th year	\$22.66	\$23.00	\$23.34	\$23.70	\$24.05	\$24.41

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

~~Very truly yours,~~

~~Jeff Brundage
Vice President
Employee Relations~~

~~Agreed to this date:~~

~~James C. Little~~

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

DOS

~~March 1, 2001~~

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

~~Mr. James C. Little~~
~~International Vice President~~
~~Transport Workers Union of America~~
~~1501 North Norwood Drive, Suite 125~~
~~Hurst, Texas 76053~~

Re: Equipment/Operations Coordinators
for Systems Operations Control

Dear ~~Jim~~ **Robert**,

This is to confirm our discussion and understanding regarding Equipment/Operations Coordinators for System Operations Control. The following, in addition to those applicable provisions of the Basic Agreement, are general guidelines applicable to this classification:

Purpose: To develop a classification of an "Operations Coordinator" for System Operations Control to provide a nucleus of expertise in the daily activities of the center including, but not limited to, the rerouting of aircraft, cancellations, and irregular operations associated with the daily operation.

Qualifications: To be considered for the position of "Operations Coordinator", you must currently hold a permanent Flight Dispatchers bid and have worked in that capacity for a minimum of two years as an employee of American Airlines.

The applicant must have demonstrated his ability and knowledge in the following areas:

1. Coping with irregular operations.
2. Maintenance constraints associated with aircraft movement.
3. Communication and expeditious implementation in manipulation of aircraft routings.
4. Good communication, planning and coordination skills.

General: Applicants selected will be on a trial basis for no longer than six (6) months. Should an applicant express a desire for self-demotion or exhibit an inability to capably perform his duties, he may return or be returned to the dispatcher ranks. This change would occur to coincide with the dispatcher's annual bid so that no other employee would be adversely affected. A successful candidate will not be eligible for self-demotion during the second six (6) months of his/her assignment.

Bidding: A bid will be posted thirty (30) days prior to the annual dispatchers bid and the results posted prior to the annual bid so that unsuccessful candidates may be included in the annual bid.

Selection Process: A panel composed of three (3) members of SOC Management and two (2) members of TWU Local 542 will be formed to select the successful candidates upon termination of the bidding process. Seniority will prevail should two (2) candidates be considered of equal qualifications

Review Panel: Inasmuch as this program is new to the Dispatch organization, questions or issues not foreseen at this time may arise. It is agreed, therefore, that a Review Panel, comprised of the Vice President-Employee Relations or his designee and the International Vice President-TWU or his designee, will be established to review and resolve such issues. Their decision will be final and binding.

Relief Operations Coordinators: The Company and the Union have agreed that the floor number for Relief Operations Coordinators will be thirty (30). The Company reserves the right to increase the floor based upon operational necessity.

Flight Dispatchers interested in becoming Relief Operations Coordinators must indicate their desire in writing to the **Managing Director – Dispatch Operations** ~~Manager-ATC Procedures~~ no later than February 15 of each calendar year. Each April 1 anyone selected for addition to the current list will displace the junior Dispatcher on the list. If staffing on the relief list is less than thirty (30), it is considered open for continuous bid based upon occupational seniority. Once a dispatcher's name is on the list, **it will remain on the list for a full year. After the year**, it may be removed at his/her request for cause or if he/she is the junior dispatcher being displaced. Questions or issues not foreseen at this time will be resolved by the Manager- ATC Procedures and the President TWU Local 542.

Sincerely,

James B. Weel
Managing Director
Employee Relations

~~Jeff Brundage~~
~~Vice President~~

AGREED TO:

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

~~James C. Little~~
~~International Vice President~~
~~Transport Workers Union of America~~

August 29, 1995

James C. Little, President
Local 542
Transport Workers Union of America, AFL-CIO
1201 Airport Freeway, Suite 386
Euless, Texas 76040-2326

Re: Airline Safety Action Partners

Dear Jim:

During the course of negotiations, the subject ASAP (Airline Safety Action Partners) was addressed. When this program was implemented, only the pilots were included and the dispatchers and mechanics were excluded.

We are presently waiting for a rule change to take place which would include the dispatchers under this umbrella. In the meantime, the Company has agreed not to take actions against a Dispatcher as a result of this program which becomes known to us under the OF25 ASAP Program. This does not exclude sending the Dispatcher to training if the event requires this course of action.

This exclusion of action pertains only to American Airlines PPC Program (Peak Performance Through Commitment) and this commitment will be reviewed once the dispatchers are included in the ASAP Program.

D. E. Kneram
Managing Director
System Operations Control

cc: A. W. Pappas
R. H. Waring
J. E. Plowman

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

August 15, 1995

Mr. E. R. Koziatek
International Vice President
Director-Air Transport Division
Transport Workers Union of
America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Re: Joint Committee Office Standardization

Dear Ed:

In the course of negotiations which led to the Agreement dated August 15, 1995, discussions were held relative to the practices and procedures utilized in dealing with manning requirements, work distribution, training requirements and computer enhancements.

It was concluded that the Company and the Union will establish a joint committee with Flight Dispatch and Meteorology to evaluate and make recommendations in the office standardization relative to the above subjects.

It is recognized that this committee does not abrogate Management's rights under Article 28 of the Dispatchers and Meteorologists Agreement.

Very truly yours,

Jane G. Allen
Vice President
Employee Relations

Agreed this date:

Edward R. Koziatek

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: Shift Start Times

Dear Mr. Kerrigan:

Currently there are no shifts for Flight Dispatchers or Dispatcher's Assistants starting between midnight and 0500 local time (Central Time Zone). If, because of compelling reasons, such shift start times become necessary in the future, the Company will meet with representatives of Local 542 to provide the reason(s) such shifts are necessary.

W. D. Christensen
Manager-System Operations

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

January 4, 1996

DOS

~~Mr. John Orlando
International Vice President
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054~~

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

Re: Personal Emergency/~~Absence~~/Travel/**Bereavement Policy**

Dear **Robert**,~~John~~:

~~Attached are copies of changes to AA Regs 145-10 (dated 11/22/95) regarding the Personal Emergency Absence Policy, 205-10 (dated 11/22/95) regarding ticketless travel and emergency travel, and 175-2 (dated 11/22/95) regarding employee deaths.~~

In the event, ~~While there are~~ changes in the **Bereavement** ~~Personal Emergency Absence~~ Policy and the **Personal** Emergency Travel policy **that** are more expansive than those in the Transport Workers agreements, we will extend the policy outlined in the revised AA **Policies and Procedures on Jetnet** to TWU represented employees.

Sincerely,

Denise Lynn Jane G. Allen
Vice President
Employee Relations

attachments

May 27, 1974

Mr. T. G. Bramhall
109 Rose Avenue
Addison, Illinois 60101

Re: Article 5(p) Intent

Dear Mr. Bramhall:

During the negotiations which resulted in the Agreement between American Airlines, Inc. and the Flight Dispatchers effective May 27, 1974, the parties amended Article 5 thereof with the inclusion of a paragraph (p) reading as follows:

(p) It is recognized and contemplated that there will be open shifts occasioned by unanticipated absences. When in the determination of Management such open shifts must be filled, an employee in the appropriate classification, will be utilized to cover the open shift. An employee not covered by the provisions of this Agreement will not be utilized to fill such open shifts for the purposes of avoiding the payment of overtime to an employee in the appropriate classification. This provision is not intended to preclude the utilization of employees not covered by this Agreement for training purposes.

It is entirely possible that someone desirous of taking particular advantage of this language could construe "unanticipated absence" to be one occurring only when an employee failed to report to a shift without giving any prior notice. An "unanticipated absence" under this construction would then change to an "anticipated absence" at the moment an employee were to report to management that he would not be in to cover a shift.

It was certainly not intended by either party to this Agreement that such narrow construction of this language be applied. What was intended by the Agreement, was that vacancies occurring in shifts that management determine must be filled, that are caused by emergencies, sudden illness or other such reasons crop up on short notice, would be filled by people in the appropriate classifications on an overtime basis. Management would not resort to the procedure of upgrading to fill these vacancies to avoid the payment of overtime.

There does, however, come a point in time when a continuing situation must be considered as leaving the realm of an "unanticipated vacancy" and become an anticipated vacancy, even though that vacancy is reported on a day by day basis. For example, an employee afflicted with an ailment that would normally be expected to clear up in a few days, undergoing a longer than normal recovery period. Although such an employee, upon calling in to report absence on each day might be prevented from doing so by the illness. It is quite apparent that to treat this kind of condition as an "unanticipated vacancy" for a long period of time would be too costly a burden for the Company to be expected to bear.

In an effort to further define the term "unanticipated vacancy" which, if filled, requires filling on an overtime basis versus anticipated vacancy, which if required to be filled could be filled by an upgrading basis, the following is submitted:

- A. An employee who notifies management four or more days in advance of a date that he anticipates being absent, as in the example of a required court appearance, such a vacancy even though it is of short duration (1 day), will be considered an anticipated vacancy and if, in the determination of management, that position must be filled on that date, upgrading would be permissible without exposure to a penalty claim.
- B. If a vacancy caused by an existing condition which would normally clear up within a day or two, i.e., a bout of flu, and the employee calls in on a day by day basis to announce his intended absence, was to exist for four or more days, the ensuing days of vacancy, be they one or many, would be considered as anticipated vacancies relieving management from the burden of filling them on an overtime basis.
- C. In the event an employee scheduled for a shift, does not report as scheduled and fails to notify management of his intention to be absent, such vacancy regardless of any other procedures will be, if deemed necessary by management to be filled, filled on an upgrading basis.

Analogous circumstances may arise from time to time which do not fit these definitions. It is anticipated that in these circumstances the parties will exercise reasonable judgment in achieving an equitable solution to the problem.

Very truly yours,

AMERICAN AIRLINES, INC.

F. T. Reese
Director - Dispatch

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

AMERICAN AIRLINES, INC.
P.O. BOX 619616
Dallas/Fort Worth Airport, Texas 75261

August 9, 1980

Mr. Ernest M. Mitchell
International Vice President
Director-Air Transport Division
Transport Workers Union
of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: COPE Deductions

Dear Mr. Mitchell:

Effective thirty (30) days after ratification of the Agreement dated August 9, 1980 and during the life of that Agreement, the Company agrees to deduct contributions to a Union Fund known as the "Committee on Political Education" (COPE) from the pay of those employees under this Agreement who are Union members and who may voluntarily execute a form to authorize such deductions prepared and furnished by the Union. The content of such form shall be agreed upon between the Company and the Union, and the authorization for and remittance to the Union of such deductions shall be in conformance with all applicable laws.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

TRANSPORT WORKERS UNION OF AMERICA
1980 Broadway
New York, New York 10023

August 9, 1980

Mr. C. A. Pasciuto
Vice President
Employee Relations
P.O. Box 61616
Dallas/Fort Worth Airport, TX 75261

Re: Illegal Job Actions

Dear Mr. Pasciuto:

During our negotiation on amendments to the current basic agreements, we have discussed problems regarding the unfortunate trend of increased illegal work stoppages and slowdowns occurring during the course of our agreements. Both parties have expressed their desire to correct this situation.

The Union recognizes its obligation to prevent any sit down, walkout or stoppage, strike, slowdown or curtailment of work for any reason during the life of these agreements and pledge their wholehearted cooperation to the Company to prevent any of the above from occurring.

In addition, it is agreed that, in the future, for any letters of discipline which are properly assessed in the event of an occurrence of any of the above, the provisions of Article 28(d), or related articles, will not apply.

Very truly yours,

E. M. Mitchell
Intl. Vice President
Director - ATD

H. J. Leonard
Intl. Vice President
Assistant Director-ATD

Patrick J. McGahan,
Local 501

James F. Jackson,
Local 513

Howard W. Blaydes,
Local 502

Ed Wilson,
Local 514

William Rossi,
Local 505

Frank Palumbo,
Local 519

John D. Fortune,
Local 507

William Casper,
Local 521

Richard Dawson,
Local 510

Celeste P. Conroy,
Local 527

Patrick Collins,
Local 512

E. F. Downey,
Local 540

AGREED TO: C. A. Pasciuto

AMERICAN AIRLINES, INC.
P. O. Box 619616
DFW Airport, Texas 75621-9616

March 1, 2001

John E. Plowman - President
Transport Workers Union Local 542
1201 Airport Freeway, Suite 386
Eules, Texas 76040

Re: Pay Continuance for Union Business

Dear John,

This is to confirm our understanding regarding the "Pay Continuance" arrangement we have agreed to for time spent on "Union Business Leave" for the President of Local 542. Based upon the unique scheduling characteristics within the Dispatch operation, we have agreed that the following shall apply:

1. The Local President will be granted a three year Union Leave of Absence, beginning August 15, 1995. This Leave of Absence will be renewable upon written request, subject to the terms and limitations stated in the Labor Agreement.
2. During the period of the leave, the Local President will continue to receive his/her regular straight time rate of pay, as well as any premium pay such as "Longevity" or "Equipment/Operations Coordinator Pay", as if he/she were not on leave.
3. The Union agrees to make all arrangements to insure that a qualified Dispatcher is scheduled to provide coverage to replace the Local President during the period of his/her leave. The Local Union will provide the names of these scheduled replacements at least fifteen (15) days in advance of the shift which requires coverage whenever possible.
4. The Company will provide pay at regular straight-time rates to those Dispatchers who are scheduled by the Union to replace the Local President during the period of his/her Leave of Absence for "Union Business". The Company also agrees to pay any premium such as "Longevity" or "Equipment/Operations Coordinator Pay" which may be triggered by the coverage of the Local President.
5. Twice annually, on June 1 and on December 1, the Company will submit a bill to Local 542 for reimbursement due to the Company. The total annual amount billed to the Union will be \$46,200 (two equal installments of \$23,100) for the duration of this agreement. This amount (inclusive of the 8.8% administrative override fee). Local 542 agrees to remit to AMR Corporation, an amount equal to the semi-annual billing referenced above within thirty (30) days of its' receipt. This payment schedule becomes effective July 1, 1995.

7. Any additional Union Business activities which require time off work for other members of the Union will be coordinated by the Local Union who will be responsible to insure that adequate coverage for each shift is maintained. Employees who take time off work for Union Business will not be paid for such time, and employees who work the shifts vacated for this Union Business will receive their regularly rate of pay plus any additional premiums which they may be entitled to due to the nature of the work performed.

8. Recognizing that the operating environment for Dispatchers changes frequently, it is agreed that the Local President will not be allowed to return to work without attending training to re-establish proficiency in the Dispatch function, following any six (6) month period of leave

It is understood and agreed that this "Pay Continuance" agreement is based upon the unique characteristics of the Dispatch work unit, and will not serve as precedent in any other matter.

Sincerely

Mark L. Burdette
Managing Director
Employee Relations

Agreed this date:

John E. Plowman - President Local 542

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Summary of the 2003 Contract Changes

Dear Jim,

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed many changes intended to achieve sustained long term financial relief from the current provisions of the TWU labor agreements. This letter is intended to recap the majority of the agreed upon changes. Changes are listed by Title groups: I (Mechanics and Related), II (Facilities, Automotive, Cabin Cleaners, Utility and Building Cleaners), III (Fleet Service), IV (Fuelers), V (Stock Clerks), T/S (Technical Specials), Disp (Dispatch), Metro (Meteorologists), Sim Techs (Simulator Technicians) and Instrs (Ground School and Pilot Instructors).~~

Pay Related:

Effective May 1, 2003:

- ~~• Base wage pay reduction, varying percentages (all groups)~~
- ~~• Elimination of all longevity pay (I & II)~~
- ~~• Modified longevity pay, start after 17 years, current rates (III, IV, V, T/S)~~
- ~~• Reduced Sim Tech Coordinator premium by \$.75/hour~~
- ~~• Reduced Sim Tech Skill pay to \$.10/hour~~
- ~~• Reduced Pilot Simulator Instructors premium to \$10.00/month~~
- ~~• Reduced Ground School/Pilot Simulator Instructors standardization coordinator pay to \$150.00/month~~
- ~~• Reduced Pilot/Simulator Instructors work unit experience premium~~
- ~~• Modified shift differential to \$.01, \$.02, \$.03 (I, II, III, V, T/S, Sim Techs)~~
- ~~• Elimination of weekend differential (I, II, V, at AFW, TUL, MCI)~~
- ~~• Elimination of midnight skill retention premium (Sim Techs)~~
- ~~• Training pay at straight time for off shift and day off (I, II)~~
- ~~• Elimination of penalty lunch payment (I, II, III, IV, V)~~
- ~~• Elimination of OT meal allowance (I, II, III, IV, V, T/S)~~
- ~~• Penalty hours pay for actual time worked @ 1.5x (I, II, III, IV, V, T/S)~~
- ~~• Reduce OT rate from 2x to 1.5x (I, II, III, IV, V)~~
- ~~• Work 40 hrs to reach OT rate for day off overtime (III, V)~~
- ~~• Elimination of debrief pay (T/S)~~
- ~~• Elimination of Stock Clerk driver premium~~
- ~~• Elimination of AMT premiums when displacing OSM employee~~
- ~~• Elimination of Early Call In guarantees (I, II, III, IV)~~

- ~~▪ Elimination of short turn penalty due to shift bids (Art 21 d) (III, IV)~~
- ~~▪ Elimination of CC premium when not working as CC (III, V)~~

Work Rules/ Other changes and effective dates:

~~Effective April 15, 2003:~~

- ~~▪ Combine Systems/Structures into Generals (Title I)~~
- ~~▪ Added 7 day labor loan provision (Bases only)~~
- ~~▪ Increased AMT productivity through multiple work assignments/training~~
- ~~▪ Holidays reduced from 10 to 5. The five (5) observed holidays will be: New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (all groups)~~
 - ~~○ Holidays 5 days with roll @ 1.5x (I, II, III, IV, V, T/S, Sim Techs)~~
 - ~~○ Holidays 5 days (no roll) @ 1.5x (Disp, Metro, Instrs)~~

~~1~~

~~2~~ *Effective May 1, 2003*

- ~~▪ Reduce annual SK accrual to 5 days @ 100% (all except I & II)~~
- ~~▪ Reduce annual SK accrual to 5 days, 1st two at 50% (I & II)~~

~~Effective May 3, 2003~~

- ~~▪ 4/10s at Overhaul docks/TUL, duration of agreement~~

~~Effective within sixty (60) days of ratification:~~

- ~~▪ Outsource RON/Ultraclean (II/III)~~
- ~~▪ One time System protection credit for headcount reductions realized from work rule changes (all groups except Metro)~~

~~Effective thirty (30) days from ratification:~~

- ~~▪ Reduce uniform provisioning and eliminate laundering (I, II, III, IV, V)~~
- ~~▪ Outsource stores function at HDQ (6 Stock Clerks)~~
- ~~▪ Relocate 4 Stock Clerks at ORD/GEM to ORD/M & E hanger~~

~~Effective as soon as practicable after April 15, 2003:~~

- ~~▪ Change work schedule to 5 on, 2 off (T/S)~~
- ~~▪ Reduced VC accrual one week (all groups)~~
- ~~▪ Modify Crew Chief ratios:
AMT 1:11.5
FSC 1:9
Fuelers eliminated ratio
Stores 1:12~~

Benefits:

- ~~▪ Medical & Dental plan modifications (all groups) **Effective 1/1/04**~~

- ~~SLOA Benefit Coverage reduced from 24 to 12 months (all groups)~~
Effective 5/01/03
- ~~Eliminate STD Plan (all groups)~~ **Effective 1/1/04**
- ~~Discontinue subsidized medical benefits RIF'd employees (all groups)~~
Effective 4/15/03
- ~~Modify IOD to 10 days (all groups)~~ **Effective 5/01/03 with the following transition:**
 - ~~If the injury was incurred prior to 4/15/03, remaining applicable salary continuation through the end of the month up to the current 80 days~~
 - ~~If the injury is incurred on 4/15/03 or before 4/30/03, salary continuation for 10 days up to the current 80 days~~
 - ~~If the injury is incurred after 5/01/03, salary continuation for 10 days~~

Sincerely,

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

Agreed to this date:

~~James C Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

Date

PRP – Performance Related Pay

Principles Concerning Performance Related Pay for Dispatchers

1. **Definition: “PRP” stands for Performance Related Pay for Dispatchers**
2. **Purpose: The purpose of the Performance Related Pay (PRP) plan for Dispatchers is to recognize and reward the achievement of measurable performance objectives and to provide variable compensation to enhance a participants’ total compensation.**
3. **PRP is applicable to employee’s in the following job classifications:**
 - a. **Flight Dispatcher**
 - b. **Operations Coordinator**
 - c. **Dispatcher in Training**
 - d. **Flight Planning Specialists (60% payout)**
4. **PRP Payments:**
 - a. **PRP payments will be made quarterly, with each payment to be made by the 45th day following the end of the quarter.**
 - b. **The eligibility criteria and payment method under this plan is as defined in the PRP plan document.**
 - c. **Maximum PRP payment amounts for an individual participant for each quarter will be paid based on the following table as measured in Planned Ramp Arrival Fuel (PRAF) minutes as well as the conditions and metrics stated in 5. below and will not be modified during the duration of the agreement, unless by mutual agreement:**

PRP Table 1.0

<u>PRAF</u> <u>Q1</u>	<u>PRP</u>	<u>PRAF</u> <u>Q2</u>	<u>PRP</u>	<u>PRAF</u> <u>Q3</u>	<u>PRP</u>	<u>PRAF</u> <u>Q4</u>	<u>PRP</u>		
91	\$1000	92	\$1000	91.5	\$1000	87.5	\$1000		
90	\$1750	91	\$1750	90.5	\$1750	86.5	\$1750		
89	\$2500	90	\$2500	89.5	\$2500	85.5	\$2500		
88	\$3250	89	\$3250	88.5	\$3250	84.5	\$3250		<u>GOAL</u>
87	\$4250	88	\$4250	87.5	\$4250	83.5	\$4250		86.5

5. PRP Measurements and Metrics

- a. Beginning January 1, 2012, PRAF minutes for the total system will be measured for each quarter. For the applicable quarter, the PRAF result will be compared against the table above to determine the potential maximum individual payment amount. Payments will be taxed as supplemental earnings and will be pensionable. Payments will be eligible for a special election deferral into the individual’s 401(k) plan. The PRAF goals for each quarter were established based on historical trends with the ultimate goal of 86.5 minutes as a daily average for each calendar year.
- b. If the quarter triggers a payout based on the targets above, a funding pool will be established with sufficient funds to pay 100% of the payout amount for all eligible employees for that quarter. The funding pool will be based on the number of overall eligible plan participants multiplied by the maximum award possible.
- c. Since the plan is performance based for participants, it is necessary to ensure other performance objectives are achieved that are the responsibility of the Dispatcher during the same quarter.

Therefore, the funding pool as provided for in 5. (b.) above will remain fully funded so long as the following metrics are achieved within the same quarter or will be reduced or increased as indicated by each metric:

- i. Fewer than 1 domestic flight per day average with less than 50 minutes Actual Ramp Arrival Fuel (ARAF). For every incremental domestic flight above an average of 1 flight per day in the quarter, the overall funding pool is reduced by \$5000
- ii. If Optimum Routing usage on domestic flights meets the quarterly targets as listed below, \$125,000 will be added to supplement the funding pool for that quarter so long as the funding pool does not exceed the maximum funding defined in 5. (c.)

1 st Qtr	46%	\$ 75,000	2 nd Qtr	42.1%	\$ 75,000
	47%	\$100,000		43.1%	\$100,000
	48%	\$125,000		44.1%	\$125,000
3 rd Qtr	42.9%	\$ 75,000	4 th Qtr	47.3%	\$ 75,000
	43.9%	\$100,000		48.3%	\$100,000
	44.9%	\$125,000		49.3%	\$125,000

- iii. At the end of the 4th quarter a reconciliation will be conducted to determine the total PRAF for the year. If the aggregate funding pool during the year as a percentage of the maximum funding pool as defined in PRP Table 1.0 is less than the % of PRAF savings achieved for the full year the funding pool will be recalculated for the year based

the PRAF savings achieved for the full year. The aggregate deduction for flights <50 minutes ARAF and top up for the aggregate % optimum routing would be applied to the reconciled funding pool and any remaining differential would be paid and taxed as supplemental earnings and will be pensionable.

- iv. The actual pool amount awarded will be based on achieved metrics that have been audited and adjusted. The award payout is calculated on the total adjusted pool amount divided by the total number of eligible employees post eligibility check. The overall funding pool amount may vary due to achieved metrics and employee eligibility.
- v. For Flight Planning Specialists, the final payment award will be equal to 60% of the award amount for a Dispatcher.
- vi. See example below for the steps in calculating the quarterly payment amount.

Example: Payment Calculation using the following assumptions:

180 eligible participants
PRAF actual of 87 minutes for 1Q
100 flights with less than 50 minutes ARAF for the quarter
Optimum Routing Usage exceeds 49% for the quarter

	<u>Payment Amount</u>	<u>Pool Amount</u>	<u>Funded</u>	
Table 1.0	\$4,250	\$765,000		180 participants X \$4250 (100% funded)
		(\$50,000)		ARAF calculation = 10 flights X \$5000
	\$3,972	\$715,000		ARAF adjusted amount
		<u>\$50,000</u>		Optimum Routing Infusion*
Dispatcher	\$4,250	\$765,000		Final Pool Amount
Flt. Plan Spec.	\$2,550			

*Will add only the amount needed up to the \$250,000 to restore pool funding to 100%

6. While the Plan will be administered by the Incentive Compensation Committee (ICC), the Company and the TWU agree to establish a Joint PRP Committee to monitor results and to address any unanticipated issue(s) relative to the plan. The ICC will have the ultimate authority to administer and interpret the Plan, establish administrative rules, determine eligibility and take any other action necessary for the proper and efficient operation of the Plan, consistent with the agreement reached with the TWU. In addition, the Joint PRP Committee will engage on a regular basis to discuss and resolve any performance related matters that may impact the plan.
7. In the event that the AMR network reduces or increases service to any cornerstone city by more than 25% of ASMs in that city, PRAF targets will be re-defined based upon the new geographic and meteorological profile of the network based upon historical PRAF performance in each market. If the parties are unable to agree mutually acceptable targets, the matter will be resolved through binding arbitration.
8. The intent of the PRP program is to recognize employees covered by this Agreement for their contributions in safely reducing historical fuel consumption through a reduction in PRAF. If widespread variations in fuel planning occur, including increases in other non-PRAF fuel categories by the equivalent of more than 0.5 minutes of PRAF versus the 2010 base, the Company and Union will meet and agree on metric changes and/or policy changes needed to ensure compliance with the full intent of this agreement.

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 6 & 10

DOS

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

Early Out Incentive Allowance

Dear Robert,

During the 2012 restructuring negotiations, the TWU expressed an interest in reaching an agreement on an Early Out program that would provide a means to mitigate involuntary furloughs for TWU represented employees.

In the interest of reaching a consensual agreement for those TWU employee groups that will experience furloughs as a result of the terms and conditions agreed to within the respective AA/TWU restructuring agreements, the Company agrees to provide the following incentives on a one time basis:

- 1. Eligibility: Any TWU represented employee covered by the Mechanic and Related, Fleet Service, Stock Clerk, Dispatch or Maintenance Control Technician agreement who is on active payroll or an approved Leave of Absence as of DOS.**
- 2. For employees who were system or station protected prior to DOS and who are subject to a reduction in force in accordance with Article 15 of the AA/TWU agreements in connection with implementation of the restructuring agreement:**
 - a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).**
 - b. Provide the \$12,500 special severance payment under Article 44**
 - c. In order to receive a. and b. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.**
- 3. For all employees, whether affected by a reduction or force or not, who are willing to voluntarily separate from the Company to reduce the involuntary reductions at that station or on the system and who are 45 years of age or older and have 15 years or more of Company seniority, the Company will:**

- a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
- b. Provide the \$12,500 special severance payment under Article 44 (if the employee was system or station protected prior to DOS)
- c. Provide a \$10,000 separation allowance for full time employees/\$5000 for part time employees
- d. In order to receive a., b. and c. above, the employee will be required forfeit all seniority, and relinquish any and all claim for re-employment and recall.
- e. The Company maintains discretion as to the number of employees provided this Early Out incentive allowance and as to the separation dates for such employees. When the number of employees willing to accept this incentive exceeds the number the Company is willing to provide, occupational seniority will determine the employees awarded.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15 and Occupational seniority, therefore this agreement requires the International TWU's agreement. If you agree with the above, please indicate by signing below.

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

Examples of estimated pre-tax payout amounts by TWU classification

	<u>Regular Severance¹</u>	<u>Sys. Protection Special Severance</u>	<u>Special Incentive</u>	<u>Total</u>
AMT - Line	\$17,030	\$12,500	\$10,000	\$39,530
AMT - Base	\$16,744	\$12,500	\$10,000	\$39,244
OSM	\$11,450	\$12,500	\$10,000	\$33,950
PM Mech - Line	\$15,314	\$12,500	\$10,000	\$37,814
PM Mech - Base	\$15,028	\$12,500	\$10,000	\$37,528
PMM	\$9,989	\$12,500	\$10,000	\$32,489
A/C Cleaner	\$9,672	\$12,500	\$10,000	\$32,172
Parts				
Washer	\$9,937	\$12,500	\$10,000	\$32,437
Utility				
Person	\$9,209	\$12,500	\$10,000	\$31,709
Cabin Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
Bldg Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
FSC - FT	\$11,159	\$12,500	\$10,000	\$33,659
FSC - PT	\$7,811	\$12,500	\$5,000	\$25,311
Ground Svc.	\$11,159	\$12,500	\$10,000	\$33,659
Stock Clerk	\$11,159	\$12,500	\$10,000	\$33,659
MCT	\$21,788	\$12,500	\$10,000	\$44,288
Dispatch	\$25,548	\$12,500	\$10,000	\$48,048

¹Assumes 13 weeks severance at max. rate including applicable premiums

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 8 & 11

DOS

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

Employee Gain Sharing Plan

Dear Robert,

During the restructuring agreement negotiations, the parties committed to meet and discuss the joint development of a gain sharing plan (similar to the PRP for Dispatch) for each of the other AA/TWU agreements, excluding Dispatch. Any such plans, which will be implemented only by mutual agreement of the parties, will be applicable to employees covered by those other agreements.

The parties agree that any plan that is developed and implemented will include consideration of the following principles:

- **Simple and easily understood by employees**
- **Fiscally responsible (self-funded)**
- **Performance based**
- **Connected to employee action: "line of sight"**
- **Tied to corporate and local business results**
- **Structured to motivate continuous improvement**

The above agreed upon terms and conditions will replace the Customer Service component of the AIP plan as of DOS.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

Sincerely,

**James B. Weel
Director
Employee Relations**

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

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 2

DOS

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

“Me, too, provision”

Dear Robert,

During the negotiations that led to the signing of the Agreement between American Airlines, Inc. (“AA” or “the Company”) and the Transport Workers Union of America, AFL-CIO (“TWU”) covering Flight Dispatchers and Dispatcher’s Assistants, the Company and the TWU agreed to the following, effective upon ratification of all seven (7) of the TWU Agreements by the TWU membership:

1) Notwithstanding any provision to the contrary in this Restructuring Agreement (“Agreement”), the terms of the Agreement shall not become effective until the Company has received approval to implement, through binding agreement, and/or implemented by legal unilateral authority, revisions to (i) the labor contracts of the Company’s other non-TWU unionized employees and (ii) the wages, benefits and working conditions of the Company’s non-union hourly employees and (iii) the wages, benefits and working conditions of the non-union salaried and management employees so that the aggregate revisions in (i),(ii) and (iii) for each individual non-TWU union and non-union employee group are reasonably projected by the Company to produce the targets for labor cost savings specified in the Company’s Section 1113(c) motion.

2) The Company agrees that if the Company fails to implement the changes described in paragraph 1 for any other non-TWU union or non-union employee group, without implementing other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, the Company will meet with TWU to discuss and agree upon a proportionate reduction in projected labor cost savings under the Agreement. This paragraph shall expire upon the earlier of 1) six (6) months after the date the Company emerges from the bankruptcy process; or 2) when the changes described in paragraph 1, or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, are implemented for all non-TWU union or non-union employee groups.

3) The Company further agrees that if it obtains modifications to agreements with other non-TWU union groups that result in labor cost savings to the Company from reduction in

TWU represented employees working under TWU agreements, it will meet with TWU to discuss and agree upon an appropriate credit to the TWU based on the level of labor cost savings realized by the Company from that reduction.

4) The Company will provide TWU with sufficient relevant information reasonably necessary for TWU to determine compliance with the terms of this agreement.

5) Any alleged violation of these provisions will be resolved pursuant to the grievance and arbitration procedures of the applicable TWU Agreement.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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**

Robert F. Gless
Deputy Director – ATD
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

John Plowman
President – Local #542
Transport Workers Union of America
1201 Airport Freeway
Suite 386
Eules, TX 76040

Dear Robert/John,

In follow up to discussions leading to the Agreement dated October 1, 2011, the Company committed to the following as it relates to matters that will require further discussions with the TWU following successful ratification.

1. Retirement metering program for Dispatch

- **AA and TWU agree to meet and finalize the terms of a program whereby the Company may offer a retirement incentive for AA Dispatchers that is built on specific terms relative to advanced notice by the employee.**

2. Article 41 – Benefits

- **The Company agrees that if subsequent to this ratified agreement, the AA/TWU Mechanic and related and/or Fleet Service successor agreements result in a substantively or materially different methodology with respect to Retiree Medical benefits than what is contained within the AA/TWU Dispatch agreement, the Company will meet with the Intl TWU and Local 542 promptly to discuss any possible modifications, as necessary.**

If the above accurately reflects your understanding, please indicate by signing below.

Sincerely,

James B. Weel
Director
Employee Relations

Agreed to:

Robert F. Gless
Deputy Director – ATD
Transport Workers Union

John E. Plowman
President – Local 542
Transport Workers Union

cc: D. Lynn

LETTER OF MEMORANDUM

LETTER OF MEMORANDUM - Profit Sharing Plan

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

DOS

RE: Profit Sharing Plan

Dear Robert,

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

American Airlines will establish a profit sharing arrangement (the “Profit Sharing Plan”) that will allow eligible employees, including TWU represented employees, the opportunity, as described below, to share in the financial success of American.

The effective date of the Profit Sharing Plan, as to TWU represented employees covered by this agreement, will be when it has been ratified by the membership, approved by the bankruptcy court, and signed by the parties. Performance will be measured by American’s Pre-Tax Earnings (as defined in the Profit Sharing Plan) with respect to the plan year covered by the Profit Sharing Plan and the fund from which all Profit Sharing awards for all eligible employees, including TWU represented employees, are distributed (“Fund”) will accumulate based on that performance and will be established as follows:

- **Fifteen percent (15%) of the dollar amount of American’s Pre-Tax Earnings.**
- **For eligible participants, including TWU represented employees, individual awards under the Profit Sharing Plan will be distributed based on a predetermined formula for allocating on a pro-rata basis the contributions made to the Fund as determined by American and the participant’s Eligible Earnings (as defined in the Profit Sharing Plan).**
- **Any payout under the Profit Sharing Plan will be made no later than _____ of the year following the year’s profits on which the payout is based.**
- **All other terms and conditions are covered under the Profit Sharing Plan document.**

This Letter of Agreement shall supersede all prior LOAs establishing a profit sharing plan for TWU employees.

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

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

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

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

Exhibit C



AGREEMENT

between

AMERICAN AIRLINES, INC.

and

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

covering

FLIGHT SIMULATOR TECHNICIANS
ASSOCIATE SIMULATOR TECHNICIANS
TECHNICAL COORDINATORS

Effective: **DOS**



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.

<u>Article</u>	<u>Description</u>	<u>Page</u>
1	Recognition and Scope	
2	Definitions	
3	Hours of Work/Shift Assignment	
4	Compensation	
5	Shift Differential	
6	Overtime	
7	Holidays Days at a Time	
8	Vacations	
9	Probationary Period	
10	Seniority	
11	Classifications and Qualifications/Work Sections	
12	Promotions and Jobs to be Posted/Transfer	
13	System Seniority List	
14	Loss of Seniority	
15	Reduction in Force	
16	Recall	
17	Leaves of Absence	
18	Military Leave	
19	Termination of Employment	
20	Bulletin Boards	
21	Work Schedules	
22	Regular and Relief Assignments	
23	Attendance at Hearings, Investigations or Training Classes	
24	Absence from Duty	
25	Recall and Call-In Work	
26	Field Work	
27	General	
28	No Discrimination, and Recognition of Rights and Compliance	
29	Representation	
30	Grievance Procedure for Dismissal/Corrective Action	
31	Grievance Procedure for Contractual Disputes	
32	System Board of Adjustment	
33	No Strike - No Lockout	
34	Sick Leave	
35	Temporary Employment	
36	Meal Period	
37	Severance Allowance	
38	Union Security	
39	Fitness for Duty	
40	Pension Retirement Benefit	
41	Benefits	

- 42 ~~Job Security~~
- 43 Part-Time Employees
- 44 ~~Moving Expenses~~
- 45 Effect on Prior Agreements
- 46 One Station Agreements
- 47 Duration
- Appendix "A" Seniority List
- Letters of Memoranda
- Letter of Memorandum - 1- Performance Enhancement**
- Letter of Memorandum - 2 - Tuition Reimbursement Program
- ~~**Letter of Memorandum - 3 - Seat Miles Scheduled By Commuter**~~
- ~~**Air Carriers**~~
- Letter of Memorandum – 4 Application of Sick Leave Benefit
- ~~Letter of Memorandum – 5 – Contract Modifications Review Panel~~
- New Letters of Memoranda**

AGREEMENT

between

AMERICAN AIRLINES, INC.

and

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

covering

FLIGHT SIMULATOR TECHNICIANS
ASSOCIATE SIMULATOR TECHNICIANS
TECHNICAL COORDINATORS

Effective: **DOS**

THIS AGREEMENT entered into this, ~~15th day of April, 2003~~ **DOS**, by and between AMERICAN AIRLINES, INC. (herein sometimes referred to as the "Company") and TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO (herein sometimes referred to as the "Union"), as representatives of the employees within the United States in the classifications listed herein, pursuant to the terms of the Railway Labor Act, as amended, in the mutual interests of the employees and of the Company to promote the safety and continuity of air transportation, to further the efficiency and economy of operations, and to provide orderly collective bargaining relations between the Company and its employees, a method for the prompt and equitable disposition of grievances, and for the establishment of fair wages, hours and working conditions for the employees covered hereunder. In making this Agreement both the Company and the employees covered hereunder recognize their duty to comply with the terms hereof and to cooperate fully both individually and collectively, for the accomplishment of the intent and purpose of this Agreement

ARTICLE 1 - RECOGNITION AND SCOPE

(a) The Company recognizes the Transport Workers Union as the exclusive and sole collective bargaining agency with respect to rates of pay, rules, and working conditions for all employees covered under this Agreement in the classifications of Flight Simulator Technician, Technical Coordinator and Associate Simulator Technician set forth in Article 2 (Definitions) for purposes of the Railway Labor Act.

(b) It is understood that employees covered by this Agreement will perform the maintenance of Flight Simulators and other work functions as described in the classification of Flight Simulator Technician at the Flight Academy, the Learning Center, and other designated locations as assigned.

(c) In as much as it is extremely difficult to define certain work as totally inclusive or exclusive of the Flight Simulator Technician work scope the parties agree that, to the extent possible, past practice will govern. To the extent that Technical Assistance was provided under existing practices, such practices will continue.

(d) It is understood that in an emergency, supervisors and other qualified personnel 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 work basis, such situation will not be deemed an emergency within the meaning of this paragraph.

(e) Merger, Purchase or Acquisition of Another Company.

(1) 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.

(2) 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 such integration.

(3) 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.

(4) 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 with 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.

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

(f) Merger, Purchase or Acquisition by another Company

(1) 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.

(2) Labor Protection Provisions

a. 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).

b. The employee groups of each carrier will remain separated until such time as the seniority lists are integrated in accordance with sub-paragraph (a) above.

(g) Successorship

(1) Agreement Binding on Successor

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 recognize the TWU as the representative of employees on the TWU System Seniority list consistent with the Railway Labor Act, as amended, to employ the employees on the TWU System Seniority list in accordance with the provisions of this Agreement, and to assume and be bound by this Agreement.

(2) Seniority List Merger

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.

ARTICLE 2 - DEFINITIONS

(a) The word "employee" as used herein will mean an employee in the classifications covered in this Agreement.

(b) Any masculine pronoun used herein will be deemed and understood to designate any employee hereunder, whether male or female.

(c) The term "qualifications" as used herein will mean all requirements, other than performance evaluations, which may be deemed necessary by the Company for the assignment to a work section. The term "performance evaluation" as used herein will mean the test for competency in a particular work section.

(d) The term "work section" as used herein will mean that designated section in Article 11 Qualifications/Work Section to which an employee is assigned.

(e) The term "department head" as used herein will mean such person or any other person properly designated or appointed by such official to act in his stead.

(f) The term "Technical Assistance" as used herein will mean the utilization of personnel not covered by the terms of this Agreement in the performance of work requiring specialized technical knowledge and skill.

(g) The term "Transfer" as used herein will mean the reassignment of an employee covered by this Agreement from one designated work section to another.

(h) The term "hereunder" as used in this Agreement shall be construed to mean and read "under all applicable provisions of the Agreement."

~~(i) The term "protected employee" as used in this Agreement will mean all employees covered by the job security provisions of Article 42 herein.~~

(j) ~~Classification~~ **Pay** seniority will govern pay raises and/or placement on the pay scales. This seniority is governed by the appropriate regulations.

(k) Status as referred to in this agreement denotes if an employee is either full time (full time status) or part time (part time status).

(l) The term "Emergency" as used in Article one (1), will be deemed an unusual situation; such as an equipment failure that results in a simulator being out of service for more than eight (8) hours, provided that there is no other equipment available to use, and the equipment is scheduled for training.

(m) The term "Company" as used in this Agreement will refer to American Airlines Inc.

(n) The term "Successor" as used in this Agreement will include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.

(o) The term "Successorship Transaction" as used in this Agreement will mean any transaction, whether single step or multi-step, that provides for, results in, or creates a successor.

(p) The term "affiliate" as used in this Agreement will mean (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) above.

(q) The term "regular hourly rate," "regular pay" or "pay as if working" will mean the "chart rate" plus any applicable longevity pay, premiums and/or differentials, except as provided in Article 4 (g).

ARTICLE 3 - HOURS OF WORK/SHIFT ASSIGNMENT

(a) The workday will consist of a twenty-four (24) hour period beginning at 12 o'clock midnight and a regular day's work will consist of eight (8) hours, exclusive of a meal period, **unless agreed to otherwise by both parties.**

(b) The workweek except where provided for in paragraph (d) (and pay week) will consist of seven (7) consecutive days beginning at 12:01 a.m. Saturday and the regular weekly work schedule will consist of five (5) workdays of eight (8) hours each within the workweek.

(c) Each employee will be scheduled two (2) consecutive days off during each work week. The Company will make every reasonable effort to arrange work schedules so that whenever practicable, those days will include either a Saturday or a Sunday. When an employee's days off are other than a Saturday and Sunday, they will be two (2) consecutive days off. Nothing herein will prohibit the Company from scheduling Friday and Saturday as the two consecutive days off. If those two consecutive days are Friday and Saturday, Friday will be the first scheduled day off and Saturday the second scheduled day off for the purposes of overtime, in accordance with the overtime provisions of this agreement). For each ~~five (5)~~ **six (6)** Technicians assigned days or second shift one can be assigned consecutive days off other than weekend days. These guidelines will be followed when operationally feasible except when a bid change results in a change of the employee's days off. When circumstances are such that the one to five ratio will not meet the depart needs due to unusual circumstances, the number of Technicians assigned other consecutive days off may be adjusted to meet the operational requirements.

(d) In work groups where employees are required to maintain continuous operations, shift assignments will be bid, in order of seniority, on the basis of posted work schedules. The scheduled work cycle will provide at least two (2) consecutive days off during each cycle.

Schedules will be bid on a sixty (60) day cycle, beginning the first Saturday of every other month, providing skill distribution between shifts will be sufficient to meet the requirements of the operation.

(e) The shift relief schedule will follow the previously stated guidelines with the days off to be locked in for the duration of the bid period unless operational needs require otherwise and a seven (7) day notice is given, or unless otherwise agreed upon by the employee. Shift relief will be used to cover schedule openings as required, due to military leave, jury duty, vacation, training, special projects and other duties which cause a gap in the shift manning levels.

ARTICLE 4 - COMPENSATION

(a) Employees in the classification of Flight Simulator Technician will be paid salaries per hour in accordance with length of service as follows:

	05/01/03	05/01/04	05/01/05
1st yr.	\$20.26	\$20.56	\$20.87
2nd yr.	\$21.55	\$21.87	\$22.20
3rd yr.	\$22.83	\$23.17	\$23.52
4th yr.	\$24.10	\$24.46	\$24.83
5th yr.	\$25.39	\$25.77	\$26.16
6th yr.	\$26.68	\$27.08	\$27.49
7th yr.	\$27.95	\$28.37	\$28.80
8th yr.	\$29.23	\$29.67	\$30.12
Thereafter	\$32.35	\$32.84	\$33.33

	05/01/06	05/01/07	05/01/08
1st yr.	\$21.18	\$21.50	\$21.82
2nd yr.	\$22.53	\$22.87	\$23.21
3rd yr.	\$23.87	\$24.23	\$24.59
4th yr.	\$25.20	\$25.58	\$25.96
5th yr.	\$26.55	\$26.95	\$27.35
6th yr.	\$27.90	\$28.32	\$28.74
7th yr.	\$29.23	\$29.67	\$30.12
8th yr.	\$30.57	\$31.03	\$31.50
Thereafter	\$33.83	\$34.34	\$34.86

	DOS	DOS + 12	DOS + 24	DOS + 36	DOS + 48	DOS + 60
1st yr.	\$21.82	\$22.15	\$22.48	\$22.82	\$23.16	\$23.51
2nd yr.	\$23.21	\$23.56	\$23.91	\$24.27	\$24.63	\$25.00
3rd yr.	\$24.59	\$24.96	\$25.33	\$25.71	\$26.10	\$26.49
4th yr.	\$25.96	\$26.35	\$26.75	\$27.15	\$27.56	\$27.97
5th yr.	\$27.35	\$27.76	\$28.18	\$28.60	\$29.03	\$29.47
6th yr.	\$28.74	\$29.17	\$29.61	\$30.05	\$30.50	\$30.96
7th yr.	\$30.12	\$30.57	\$31.03	\$31.50	\$31.97	\$32.45
8th yr.	\$31.50	\$31.97	\$32.45	\$32.94	\$33.43	\$33.93
Thereafter	\$34.86	\$35.38	\$35.91	\$36.45	\$37.00	\$37.56

(1) When an employee is hired as a Flight Simulator Technician after the effective date of this Agreement, he may be given credit for prior work experience and may be placed in a position in the rate range commensurate with such prior experience not to exceed the monthly compensation rate of the junior employee on the active payroll. Such

employee will receive further periodic increases in accordance with his total length of service (including credited service).

(b) Shift Leader

(1) When deemed necessary, the Company may designate an employee as Shift Leader. In addition to his primary duties as a Simulator Technician, he will:

a. As required or determined by management, schedule, assign and check work and provide on the job training in work and procedures.

b. Coordinate with the Technicians, Instructors and other personnel as relating to the operation of simulator and training equipment support.

c. Insure that all scheduled and assigned work is accomplished in a satisfactory manner.

d. Arrange through the appropriate management for substitute coverage for absentees or for additional people in the event of serious equipment failures or other obvious requirements.

e. Be responsible for proper oral/written turnovers as required by management.

(2) He will secure necessary authorization for all overtime assignments and other non-routine work requirements from the appropriate management.

(3) Selection of a "Shift Leader" will be made from among those volunteers scheduled and on duty on the appropriate shift in the following manner:

a. The volunteer with the highest seniority will be the designated Shift Leader on that appropriate shift.

b. If there are no volunteers on the list, on an appropriate shift, the Company may assign an employee on such shift to the Shift Leader position.

An employee who performs as a Shift Leader on a given shift shall receive, in addition to his regular compensation, \$1.00 an hour for all time assigned and worked.

(4) The assignment to "Shift Leader" shall be for a minimum of two (2) hours. In the event there are less than two (2) hours remaining in an employee's

regularly scheduled work day at the time the "Shift Leader" assignment is made, the two (2) hour minimum shall be paid at the "Shift Leader" rates specified in Paragraph (3) above.

(c) Employees in the classification of Technical Coordinator, upon completion of the probationary period, will receive an additional premium of \$1.00 per hour for all hours worked.

(d) Employees in the classification of Associate Simulator Technician will be paid salaries in accordance with length of service and through the four (4) years as an Associate Simulator Technician as follows:

(e) Employees in the classification of Flight Simulator Technician and Technical Coordinator will, upon completion of the probationary period, receive the following skill premium for all paid hours.

3/1/03
\$.10/hr

(f) Employees in the classification of Associate Technician will, upon completion of the probationary period, receive a skill premium of \$1.52/hr for all paid hours.

(g) Premium pay as provided in this paragraph will not be compounded in the computation of overtime rates. Skill premium, shift leader premium and technical coordinator premium will be included in the pensionable earnings of those employees who receive such premiums as outlined in (b), (c) and (e) above.

(h) LONGEVITY PAY

Each employee in a job classification under this Agreement will have longevity pay increments added to his regular rate per hour following completion of the years of accredited service as indicated below:

<u>Length of Service</u>	<u>Hourly Rate</u>	<u>Length of Service</u>	<u>Hourly Rate</u>
3 years	.03 cents	12 years	.12 cents
4 years	.04 cents	13 years	.13 cents
5 years	.05 cents	14 years	.14 cents
6 years	.06 cents	15 years	.15 cents
7 years	.07 cents	16 years	.18 cents
8 years	.08 cents	17 years	.21 cents
9 years	.09 cents	18 years	.24 cents
10 years	.10 cents	19 years	.27 cents
11 years	.11 cents	20 years	.30 cents

Total longevity pay will not exceed thirty (30) cents per hour. Longevity pay increments will be effective with the beginning of the pay period falling closest to the date the employee completes the required amount of accredited service. Longevity pay will be compounded in the calculation of overtime rates will be part of base pay calculations for pension purposes.

Accredited service with the Company, for determining longevity pay increments, will be defined as: Active service on the Company's payroll in any capacity, except such service prior to resignation, discharge or layoff when recall rights have expired; the entire duration of Military or Union Business Leaves of Absence; and Injury-on-duty Leave of Absence, up to a maximum of five (5) years; for those employees with over six (6) months of service with the Company, a Sick Leave of Absence up to a maximum of five (5) years, and Personal or Maternity Leaves of Absence up to a maximum of ninety (90) days.

ARTICLE 5 - SHIFT DIFFERENTIAL

(a) An employee assigned to a shift which begins at or after 12:00 noon and before 5:00 p.m. will receive a shift differential of one (1) cents per hour.

An employee assigned to a shift which begins at or after 5:00 p.m., and before 6:00 a.m. will receive a shift differential of two (2) cents per hour.

No shift differential will be received by an employee assigned to a shift which begins at or after 6:00 a.m. and before 12:00 Noon.

Example:

(1)	12:00 noon -	4:59 p.m.	1¢
(2)	5:00 p.m. -	5:59 a.m.	2¢
(3)	6:00 a.m. -	11:59 a.m.	None

(b) An employee will receive the shift differential applicable to the shift to which he is regularly assigned. The applicable shift differential will be included with the employee's base rate in the calculation of pay for overtime, vacation, holiday, sick leave benefit and benefits paid for absence due to an occupational illness or injury compensable under the applicable Workmen's Compensation law.

(c) An employee may be required to rotate on shifts during a workweek in which event he will receive, for all shifts worked, two (2) cents per hour shift differential if he rotates through a shift to which a one (1) cents per hour shift differential would otherwise be applicable and a shift for which no shift differential is applicable; or, three (3) cents per hour shift differential if he rotates through a shift to which a two (2) cents per hour shift differential is applicable and any other shift or shifts. Such rotating shifts will be filled first by seniority among qualified employees who volunteer for such shifts. In the event that an insufficient number of employees volunteer to fill the necessary rotating shifts, such unselected shifts will be filled by assignment of the junior qualified employees.

(d) An employee who is required by the Company to fly in a training flight (test hop) will receive his regular base pay for each hour or fraction thereof spent on such training flight. The Company will provide a maximum of \$100,000 Test Flight and Observer Aviation Accident Insurance under the conditions outlined in American Airlines liability policy for employees covered by this Agreement.

ARTICLE 6 - OVERTIME

(a) Daily Overtime: Overtime rates will be paid on a daily basis as follows:

(1) One and one-half (1-1/2) times the regular hourly rate for each hour worked in excess of eight (8) hours and less than twelve (12) hours.

(2) Double the regular hourly rate for each hour worked in excess of twelve (12) hours.

(3) An employee hereunder will not be required to suspend work during his regular shift to avoid the payment of overtime nor will he be entitled to overtime rates until he has worked eight (8) hours in the workday, including time worked after his regular shift.

(4) When an employee works overtime in conjunction with his regular shift he will be entitled to a minimum of one (1) hour of overtime.

(b) Weekly Overtime: Time worked on an employee's regularly scheduled days off will be considered overtime and will be paid as follows:

(1) One and one-half (1-1/2) times the regular hourly rate for the first eight (8) hours worked on an employee's first scheduled day off and double the regular hourly rate thereafter.

(2) Double the regular hourly rate for time worked on an employee's second scheduled day off provided he has worked his first scheduled day off and has worked his regularly scheduled workweek.

If he has not worked such regularly scheduled hours he will be paid one and one-half (1-1/2) times his regular rate until he completes such regularly scheduled hours in addition to time worked on his first scheduled day off.

(3) When an employee works on his second scheduled day off without having worked his first scheduled day off he will be compensated for such day as though it were the first scheduled day off in accordance with subparagraph (1) of this paragraph (b).

(4) When an employee is required to work on his scheduled day or days off he will be entitled to at least eight (8) hours of work unless he consents to less time.

(5) Time paid for and not worked on a holiday will be considered as time worked for purposes of computing overtime.

(c) Shift differential will be compounded in the calculation of overtime rates.

(d) Overtime work will be distributed among the employees qualified to perform the work necessitating overtime within the crew or appropriate work unit as equitably as practicable.

(1) An employee, when available, who is lowest on overtime and does not work the overtime, will be charged with the overtime missed for equalization purposes, as though it had been worked.

(2) In the event of an emergency and when there are insufficient available employees, the Company may then assign employees who are lowest on overtime to perform such work.

(3) The supervisor's record of overtime worked, or charged to employees for equalization purposes, will be made available to the employees affected by posting or other appropriate methods.

(4) Except in emergencies employees who are to work overtime will be given two (2) hours' notice of such overtime.

(e) An employee working overtime will not be required to work more than two (2) hours continuously after the regular work period without being permitted a meal period. An employee working two (2) or more hours of overtime will be granted a meal allowance of three dollars (\$3.00).

(f) An employee whose overtime working period continues into the following day will continue to receive overtime rates for all overtime so worked.

(g) If any work period will continue so that its termination will fall less than seven and one-half (7-1/2) hours prior to the commencement of the employee's regular shift in the succeeding workday, he will receive pay for all time worked during his regular shift and up to twelve (12) hours at the rate of time and one-half his regular hourly rate.

(h) No overtime will be worked except by direction of the proper supervisory personnel of the Company, except in cases of emergency and when prior authority cannot be obtained.

(i) If overtime on any workday or any workweek is due to an authorized exchange of days off or shifts by employees (which must be approved in advance by the appropriate supervisor), said time will be compensated for at straight-time rates; provided, however, any continuous work, exclusive of meal periods, in excess of eight (8) hours on any shift or tour of duty will be paid for at the overtime rates provided in paragraphs (a) and (b) of this Article.

(j) In no event, except as provided under the Holiday Article will any employee covered hereunder receive more than double the regular straight-time hourly rate (including shift differentials) under this Agreement.

(k) Overtime and the extension of scheduled hours for a part time employee will be governed by the provisions of Article 43.

(l) For overtime assignments where shift coverage is needed, the Company will offer overtime to the person with the least accumulated overtime hours in accordance with Article 6(d).

(m) For other overtime assignments the Company will offer overtime to the person with the least accumulated overtime hours, and it is recognized that in selecting and assigning employees to overtime, strict equity cannot be maintained on a daily or individual basis. Therefore, in the assignment of overtime, the Company will initially go to the employees relatively lowest on overtime, i.e., the lowest within a sixteen (16) hour spread. The Company may offer the overtime to employees actually on duty, on day off, or by recall, at its option.

(n) When it is determined that a situation exists requiring the attention of a Simulator Technician with specific technical skill and experience, on an overtime basis, the Company will proceed to call the Technician it deems most experienced to perform such work, but will also call the Technician with the lowest number of accumulated overtime hours from the overtime list. If more than one specialized Technician is called to perform such work an equal number of Technicians with the lowest number of overtime hours will also be called for overtime.

ARTICLE 7 – HOLIDAYS-DAYS AT A TIME

Intentionally left blank

(a) Employees shall be offered the opportunity to take up to five (5) Days at a Time (DATs) annually. A DAT is a day on which an employee is scheduled to work, but which the employee may request to take off **with pay**. Management shall have discretion to approve requests to use a DAT based on the needs of the operation. DATs must be used by December 1 of each calendar year; there shall be no carry over of DATs from year to year.

~~(a) The following holidays with pay will be granted:~~

<u>Holiday</u>	<u>Observance</u>
New Year's Day	January 1st
Independence Day	July 4th
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25th

~~(b) An employee required to work on any of the above holidays will receive one and one-half the regular rate for at least eight (8) hours, except when an employee requests and is granted fewer hours, in which event he will receive one and one-half times (1.5x) for all hours actually worked and straight time for the difference between the hours actually worked and eight (8) hours.~~

~~(c) If any of the above holidays falls on an employee's day off, his next workday will be observed as the holiday. The Company may designate the employee's last workday before such holiday to be observed as the holiday with his consent.~~

~~(d) If any of the above holidays falls within an employee's vacation period, his next workday following the vacation period will be observed as the holiday. An employee required to work on that day will be paid in accordance with paragraph (b) above.~~

~~(e) Payment for a holiday as such will not be made to an employee on a leave of absence or to an employee scheduled to work on such holiday who is not excused from work and who fails to report to work as scheduled.~~

~~(f) No employee will be required to report for duty on a paid holiday, except when absolutely required for the operation. An employee not required to work on the holiday will receive eight (8) hours' pay at straight time rates. The Company will request~~

~~not later than seven (7) calendar days prior to each holiday volunteers to work on the holiday. Notification of volunteers and others required to work on the holiday will, except in case of an emergency, be made not later than three (3) calendar days prior to the holiday. In the event insufficient volunteers are available, holiday work will be assigned on the same basis as overtime work.~~

~~——(g)—— Holiday work and pay for part time employees will be governed by the provisions of Article 43.~~

ARTICLE 8 - VACATIONS

(a) Employees hereunder as of March 1, 2001, will become entitled to and receive vacation allowance in accordance with the following:

(1) As used herein the term "year" is used to mean a calendar year.

(2) The following vacation allowance will apply:

Length of Service As of Dec 31 of any Year	Accrual Rate Per Month During the Year Ending Dec. 31	Maximum Vacation Accrual
Less than 5 years	1/2 work day	5 work days
5 years but less than 10 years	1 work days	10 work days
10 years but less than 17 years	1 1/2 work days	15 work days
17 years but less than 25 years	2 work days	20work days
25 years but less than 30 years	2 1/2 work days	25 work days
30 years or more	3 work days	30 work days

(3) In computing vacation eligibility under this Article:

In any calendar month, fifteen (15) days or more of service with the Company will be considered a full month and less than fifteen (15) days will not be considered.

Fractions of one-half a day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) The pay for such vacation will be at the pay, which the employee would normally have received at his straight-time rate at the time the vacation is taken including shift differential.

(c) Preference in the period in which employees hereunder will be permitted to take their vacations will be granted within each work group or section in the order of Company seniority provided, however, that vacation schedules may be so arranged within each work group or section as will not interfere with the requirements of the service. The Company will post requests for vacation preference for the following year on Company bulletin boards not later than November 1st of each year and employees eligible will list their preference not later than November 30th. The vacation periods will be assigned and posted on Company bulletin boards by December 15th, whenever possible. Any employee not expressing a preference will be assigned a vacation, if eligible. Except in emergency, an employee's vacation will commence immediately following his regularly scheduled days off.

(d) Vacation allowances will not be cumulative and a vacation to which an employee becomes entitled on December 31 of any year will be forfeited unless taken during the following year; provided, however, if an employee is requested by the Company in writing to forego his vacation during the year in which it is to be taken and has not received it by the end of that year, the employee will be entitled to said deferred vacation during the succeeding calendar year or to pay in lieu of same at the option of the employee, subject to the requirements of the service.

(e) An employee hereunder who takes a leave or leaves of absence which exceeds or the total of which exceeds sixty (60) calendar days during any calendar year will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of said leave or the total of such leaves which exceeds sixty (60) days; provided, however, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty.

(f) In the event of termination of employment with the Company, an employee hereunder who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

	½ Day	—————			One
Day		—————			1½ Days
		—————			2 Days
	Per Mo.	Per Mo.	Per Mo.	Per Mo.	
Mos of	Accrual	Accrual	Accrual	Accrual	

Svc in Yr of Term.	Rate = 5/12ths of a Day's Pay	Rate = 5/6ths of a Day's Pay	Rate = 1-1/4th of a Day's Pay	Rate = 1-2/3rds of a Day's Pay
1	.5	1	1	2
2	1	2	3	3
3	1.5	3	4	5
4	1.5	3	5	7
5	2	4	6	8
6	2.5	5	8	10
7	3	6	9	12
8	3.5	7	10	13
9	4	8	11	15
10	4	8	13	17
11	4.5	9	14	18
12	5	10	15	20

Mos of Svc in Yr of Term.	2 1/2 Days Per Mo. Accrual Rate = 2-1/12th of a Day's Pay	3 Days Per Mo. Accrual Rate = 2-1/2 of a Day's Pay
1	2	3
2	4	5
3	6	8
4	8	10
5	10	13
6	13	15
7	15	18
8	17	20
9	19	23
10	21	25
11	23	28
12	25	30

Mos of Svc in Yr of Term	1/2 Day Per Mo. Accrual Rate = 5/12 ^{ths} of a Days Pay	One Day Per Mo. Accrual Rate = 5/6 ^{ths} of a Days Pay	1 1/2 Days Per Mo. Accrual Rate = 1-1/4 th of a Days Pay	2 Days Per Mo. Accrual Rate = 1-2/3 ^{rds} of a Days Pay	2 1/2 Days Per Mo. Accrual Rate = 2-1/12 th of a Days Pay	3 Days Per Mo. Accrual Rate = 2-1/2 of a Days Pay
1	.5	1	1	2	2	3
2	1	2	3	3	4	5
3	1.5	3	4	5	6	8
4	1.5	3	5	7	8	10
5	2	4	6	8	10	13
6	2.5	5	8	10	13	15

7	3	6	9	12	15	18
8	3.5	7	10	13	17	20
9	4	8	11	15	19	23
10	4	8	13	17	21	25
11	4.5	9	14	18	23	28
12	5	10	15	20	25	30

An employee who fails to give two (2) weeks' notice of resignation in writing, and such notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation hereunder.

(g) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a), subparagraphs (2) and (3).

(h) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to such layoff. In no case will the vacation to which such employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(i) An employee who has been assigned a vacation period will not have his vacation dates changed without his consent, unless he is notified of such change in writing thirty (30) days in advance of the starting date of his vacation. This will not apply in case of emergency; that is, an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet.

(j) An employee's scheduled days off immediately following his vacation will be the same as his scheduled days off immediately preceding his vacation.

~~(k) An employee may request a paid personal vacation day(s) of up to five (5) days per year. The Company will grant such days if manning permits. Days used for personal vacation days will be deducted from the vacation day accrual to be awarded in the subsequent year's vacation. Requests for personal vacation will be granted in order of seniority within the work unit/group. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law.~~

(l) Vacation allowance and rate of accrual for part time employees will be governed by the provisions of Article 43 and Appendix "C".

(m) Technicians may request approval of individual vacation days during the period December 15 through December 31. Requests must be submitted in writing on or before November 15. If operational and manpower requirements permit, Management will approve requests by December 1.

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Reduced Vacation Application

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed how to implement the one week vacation savings in order to realize the savings in 2003 thereby avoiding additional decreases in pay or other work rule changes.

The basic principal of the transition application is that each employee with vacation remaining in 2003 will roll one (1) week of 2002's accrued vacation to use in 2004 thus reducing 2003 accrual by two (2) weeks. The application in effect combines vacation weeks from 2003 and 2004 which are then divided between the two years depending on whether or not the employee has already used some or all of his current vacation. The net effect is that we reduce the total weeks over the two (2) years by two (2) weeks.

The attached diagram on the attached page illustrates this application. It provides an example at each point from seven (7) weeks through two (2) weeks.

As part of the implementation and in order to realize the savings, employees will defer a week of 2003 vacation based on a certain allocation for each individual week. **Example:** Week of September 6 and 13, 2003. Station ABC will allow 6 employees to defer Sept. 6, 2003 and 6 employees for Sept. 13, 2003. This is to ensure the Company does not have too many of the same week deferred. To allow employees to select without a limitation could cause a scenario whereby Sept. 6 has 15 employees defer and Sept. 13 has only 4, thus, the vacation relief coverage would be skewed and the vacation relief headcount would not be balanced properly.

Once the procedures have been finalized, employees need to provide which week they would like to defer to local management no later than May 8, 2003. In the event, there are weeks made available after the deferral process is complete, local management in conjunction with the local union will work out a selection process for those available weeks.

For those employees, who as a result of the deferral and adjusted accrual do not have a week of vacation for 2004, can take time off without pay through a GS arrangement. We understand that for employees to work an entire year or more without a scheduled

~~vacation should have time off and therefore strongly encourage these employees to utilize the flex vacation option which will be made available in October of 2003 for 2004 vacation.~~

Sincerely,

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

Agreed to this date:

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

See attached

Current Vacation (Weeks)	2003—Already Taken	2003 Remaining	2004	2005 and on
7	7	0	5	6
	6	0	6	6
	5	1	6	6
	4	2	6	6
	3	3	6	6
	2	4	6	6
	1	5	6	6
	0	6	6	6
6	6	0	4	5
	5	0	5	5
	4	1	5	5
	3	2	5	5
	2	3	5	5
	1	4	5	5
	0	5	5	5
5	5	0	3	4
	4	0	4	4
	3	1	4	4
	2	2	4	4
	1	3	4	4
	0	4	4	4
4	4	0	2	3
	3	0	3	3
	2	1	3	3
	1	2	3	3
	0	3	3	3
3	3	0	1	2
	2	0	2	2
	1	1	2	2
	0	2	2	2
2	2	0	0*	1
	1	0	1	1
	0	1	1	1

Note: ** Employees with two weeks of vacation would still receive what they have accrued through the Date of Signing (one day per month).*

~~Therefore, these employees would have some days to take in 2004.~~

~~This scenario assumes that 2003 accrual is reduced by two weeks, and future accruals are reduced by one week.~~

~~One week of vacation accrued in 2002 is deferred to 2004.~~

April 7, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Flex Vacation

Dear Jim:

~~During the recent negotiations for the restructuring of the AATWU labor agreements, the issue of Flex Vacation arose as it relates to the future application based on other changes to the AATWU agreements, such as wage rates, vacation accrual, etc.~~

~~To ensure both parties are clear on the matter, below are the questions as they have been posed and the Company's corresponding answer.~~

~~If an employee selected a flex vacation week or days in 2002 for use in 2003 and has not yet taken it, can the employee cancel the flex vacation and receive a refund on the wages that have been payroll deducted?~~

~~Employees will not be afforded an opportunity to cancel their flex vacation week in 2003 unless they meet the operational necessity requirement as determined by local operation. If they meet the operational necessity requirement the refund is made in the Month of December and the request for the refund is made in November.~~

~~Will the Company open up a window of opportunity to employees who did not select a Flex vacation week for 2003 to be able to do so?~~

~~Due to IRS constraints, we cannot offer another opportunity to purchase flex vacation for the year 2003.~~

~~With the changes to wages, will the payroll deduction for flex vacation pay back be reduced to reflect the new rates?~~

~~Yes, upon notification of ratification of the agreements, the Company will reduce the payroll deducted rates to reflect the new reduced rates. Due to implementation issues, the rate change will be effective June 1, 2003, however, it is contingent on receiving the necessary information by next week. Note: Since the original rates used for payroll deductions were the rates as of July 2002, some employees may have experienced a pay increase which we do not nor ever have adjusted for. However, if the pay increase is greater than the reduced rate, the new payroll deducted rate will be based on the net salary increase.~~

~~If employees have already used their flex vacation for 2003, will the rates deducted from their paychecks be changed or left the same?~~

~~Due to system constraints, the rates will be reduced for all employees.~~

~~If you should have any questions, please contact me at 817-967-1447.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

ARTICLE 9 - PROBATIONARY PERIOD

(a) New employees, regardless of classification, will be considered on probation for the first year, except that if a new employee meets the following conditions, his probation may be as short as six (6) months: an employee who has satisfactorily completed all required training for new employees and demonstrated the ability to perform all normal duties of his classification for a two (2) month period will be deemed to have completed probation at the end of the second month of such demonstration and will be so notified in writing of the effective date. After such notification, employees will not be subject to discharge without cause and will have full representation provided for under Article 29 and be afforded all provisions under Article 30. New employees hired in the classification of Associate Flight Simulator Technician will be required to satisfactorily complete all sections of the classroom training and on-the-job training specified by the Company.

(b) It is agreed that all duties and responsibilities, regardless of classification, will be fully explained to new employees. The Company will make the traditional resources available to the new employee, as needed, in order to meet the stated objectives. It is agreed that the new employee must demonstrate the initiative required to meet the stated objectives.

(c) The Company will maintain a training record for each new employee. This record will be shared with the new employee and the Union and copies will be provided upon request of the new employee and the Union.

(d) Employees on probation may be required to have their performance evaluated at any time, but no later than three (3) months. It is understood by the parties that the right of the Company to release an employee at any time during the probationary period without the benefit of a performance evaluation as provided for above is unaffected.

ARTICLE 10 - SENIORITY

(a) Company seniority will commence with the effective date of placement on the payroll.

(b) All references in this Agreement to seniority will mean Occupational Seniority in a classification under this Agreement except where specific reference is made to Company seniority.

(c) Occupational Seniority will begin to accrue from the date of first assignment to a classification covered by the provisions of this Agreement. Employees holding positions in the classification of Simulator Technician under this Agreement since July 6, 1982 and on the payroll on the date of signing of this Agreement will have seniority dates and order as listed in Appendix "A" of this Agreement. All employees in each classification above will be listed in separate Seniority Lists in accordance with the provisions of Article 13.

(d) If an employee is transferred from one location or work section to another in a position covered by the provisions of this Agreement, his seniority will not be broken.

(e) Occupational Classification Seniority will govern in the use of reduction in force and reemployment after release due to reduction in force as outlined in Article 15 and Article 16 of this Agreement.

(f) An employee in the bargaining unit who, after the date of signing of this Agreement, accepts a permanent position with the Company outside the bargaining unit will lose one (1) day of Occupational Seniority for every day he is outside the bargaining unit. ~~except that if the employee has accrued five (5) or more years seniority prior to accepting a permanent position, he will retain his seniority for five (5) years then will lose five (5) years seniority retroactively. An employee who accepts a permanent position outside the bargaining unit and has accrued less than five (5) years seniority will retain for a time equal to his accrued seniority and then forfeit all seniority.~~

(g) An employee who accepts a temporary Company assignment to a classification of work outside the bargaining unit will retain and continue to accrue Occupational Seniority for a period up to one (1) year from the date of the assignment. Nothing in this paragraph prohibits the Company from assigning an employee to such classification of work outside of the bargaining unit for periods of shorter duration than one (1) year, provided that such assignments or the total of such assignments do not normally exceed one (1) year. If as a result of the application of the provisions of (g) an employee accepts a permanent position outside the bargaining unit, then the provisions of (f) will be enforced and any time accrued due to (g) will be subtracted from the employee's Occupational seniority.

ARTICLE 11- CLASSIFICATIONS AND QUALIFICATIONS/WORK SECTIONS

(1) Work Sections

(a) Employees covered by this Agreement shall be assigned to one of the following work Sections:

- (1) Simulator Operational Support
- (2) Audio Visual
- (3) Technical Support

~~Appendix B of this agreement contains the descriptions of the following classifications:~~

- ~~(1) Flight Simulator Technician~~
- ~~(2) Associate Flight Simulator Technician~~
- ~~(3) Technical Coordinator~~

(b) The above work sections have been established by the Company for the purpose of determining to which particular work section hereunder specific work and duties will be assigned. There may be times when as a result of new work or equipment or a change in the work process, the Company will reassign, or combine work and duties that have been performed in one work section to another work section. In accomplishing such reassignment, the Company reserves the right to create a work section or combine work sections which may result in the elimination of a work section, to meet operational requirements.

(c) In establishing these work sections, the parties recognize that the descriptions are not necessarily all inclusive. When it is necessary to determine to which work section any work and duties not yet described will be assigned, the appropriate work section will be determined by where the majority of the normally assigned work and duties lie.

(d) Nothing in this Article is intended to preclude normal employee cooperation one with the other, nor is it intended that where employees have rendered assistance one to the other that the terms of this Article preclude such continuing.

(e) Where work sections may not be in existence, the Company and the Union recognize that the initial filling of these new work sections should be accomplished in a manner that is of the most benefit to the operation. Such initial selection and placement of qualified personnel will be accomplished through the use of a Selection Panel as defined in Article 12. Incumbents in

current work sections will not be displaced during the initial establishment of these new work sections.

(2) Performance Evaluations

(a) Whenever and wherever performance evaluations are used to determine the competency of an employee for assignment or transfer, these performance evaluations will be prepared by the Company. Performance evaluations will be of the practical demonstrative type. The Union may provide an observer to the administration of the performance evaluation and, in the event of a dispute as to the competency of the employee to meet the requirements, the results will be reviewed and qualifications of the employee determined by the responsible Department Head. The decision of the Department Head will be final and binding. The performance evaluation must be successfully completed no later than four (4) months following assignment to the work section. The employee will be required to successfully demonstrate competence on 50% of those items for which the employee has been checked off by his manager as having received formal or on the job training.

(b) Copies of the performance evaluations and of any revised or new performance evaluations will be furnished to the Union prior to their use. When the Union has objections to any portions of any revisions or of any new performance evaluations, the same may be discussed by the Union with the Company upon thirty (30) days' notice from the date the tests are received. If agreement concerning the objections raised cannot be reached, the performance evaluations may be placed in effect and the Union may take up the disputed points as a grievance under Article 31 and 32 of the Agreement.

(c) In the event of such objections, the Company will continue its established requirements or qualifications standards in effect, and the Union may appeal its objection to the System General Board of Adjustment in accordance with the provisions of Article 32.

(3) Classifications

(a) Flight Simulator Technician

A Flight Simulator Technician will possess practical and theoretical knowledge required in the simulated environment. Such knowledge will include but is not limited to proficiency in analog/digital theorems and techniques at a level to include some design capabilities, system concepts on computer systems, linkage, data storage devices and peripheral equipment, proficiency in software language manipulation, skills necessary for system troubleshooting, remodeling and trainer enhancements, proficiency in hardware/software and electronics.

A Flight Simulator Technician will perform as required or assigned the maintenance of aircraft systems operation, emergency evacuation trainers, visual

flight crew training devices, mock ups, motion systems, control loading, and classroom training equipment; when assigned, the Flight Simulator Technician will perform maintenance of baggage X-ray equipment and miscellaneous audio and visual equipment.

In addition to the maintenance of equipment as above described, the Flight Simulator Technician may be assigned to assist in the development and enhancement of trainers and systems, system evaluation, testing and programming of software as necessary to maintain equipment operational certification for simulator operation and related training equipment.

As required or assigned, the Technician will research vendor sources to provide essential ~~resonant~~ spare parts, maintain required maintenance records, coordinate with Federal Aviation Administration Agency personnel, conduct training of other Flight Simulator Technicians or Associate Flight Simulator Technicians, attend vendor training, generate technical documentation for example (instruction manuals, wire lists, system schematic drawings, mechanical assembly drawings, etc.) fabricate training equipment parts or complete pieces of equipment, perform and evaluate simulator flight functions, perform modifications to maintain equipment operating requirements, implement engineering change orders, and bulletins advise flight training staff on the operation of training equipment and perform non-technical tasks, as required by the simulator support department.

A Flight Simulator Technician will maintain proficiency as possible in the practical and theoretical knowledge required to perform the full scope of this job classification.

(b) Technical Coordinators

The work of the Technical Coordinator classification will be comprised of the basic duties and functions within the classification for Flight Simulator Technician. The Technical Coordinator will perform the duties as presently assigned and may be required to perform additional duties as determined by management and the needs of the operation. In addition to and depending upon assignment, the Technical Coordinator classification includes any or all of the following:

Receives assignments from management. Provides technical assistance to engineering and maintenance personnel. Performs research to resolve obsolete parts issues. Assists in the establishment of economic order quantities. Locates new suppliers and vendors to insure a prompt and efficient supply of materials for maintenance and engineering. Assists Stores personnel in requisitioning, receiving and stocking of materials. Maintains Inventory and Requisition databases as assigned. Develops and provides reports on spending performance, inventory levels, requisitions, and maintenance activities. When assigned provides training through both

formal classroom environments and OJT sessions to other company personnel. Assists in the development of maintenance procedures, plans and work assignments to facilitate the timely repair of training equipment. Assists in the development of Parts Lists and Preventive Maintenance tasks and schedules. Debriefs flight crews, maintenance and engineering personnel, reviews log records, analyzes all available data when assigned to increase the efficiency and accuracy of procedures and logistical support efforts. Coordinates findings with appropriate personnel to resolve related technical maintenance problems. When assigned provides Network administration and development support to department networks. When assigned provides Client workstation development and support to department network systems. Maintains and administers department network systems and software to support Antivirus Control, Configuration, Maintenance Management Systems, and Documentation Management Systems. Develops and provides assistance on the development of technical training curricula. Monitors operational engineering and maintenance performance to ensure compliance with FAA, SQAAP and standard operating procedures. Monitors simulator and visual reliability performance through maintenance and engineering databases; detects and eliminates repetitive discrepancies through database analysis. Provides technical information to management on technical, logistical and procedural issues to improve equipment and operational performance. If assigned, works directly with outside contractors and other personnel to provide direct assistance and guidance in the detection and recommended repair action to be taken. Works according to FAA and Company regulations and complies with procedures in all applicable manuals. Communicates with other company personnel as required in a manner designated by the Company.

(d1) The parties recognize that the employees of the company possess valuable skills and capabilities that can be better utilized in the operation with expanded job classifications. To address that the Company will establish a Technical Coordinator classification. This classification will be established to recognize, enhance and promote better use of the skills available within the workforce, and will be administered solely by the Company.

(e2) The Company reserves the right to discontinue the use of the Technical Coordinator classification at any time at its sole discretion. Such discontinuance will not be subject to review under grievance procedures. **If the Company decides to discontinue the Technical Coordinator classification, the Company will meet with the Union to discuss the distribution of work between the remaining classifications under this agreement.**

(f3) Technical Coordinators will be assigned within the Technical Support work section.

(4a) Qualifications for the Technical Coordinator: An applicant for the position of Technical Coordinator will possess a minimum of ten (10) years experience in the maintenance of Flight Simulators or Visual Systems and will have worked for the Company as a Flight Simulator Technician a minimum of (1) year.

(2b) Additional qualifications may be required to meet operational needs due to changing technology or work practices. Such additional qualification requirements will be posted at such time as the opening is posted.

(3c) The applicant shall possess and be able to demonstrate advanced knowledge, practical and personal skills or abilities in the following areas:

a1. A proven or past personal performance history of possessing a high degree of initiative, dependability and the capability of working with minimal supervision.

b2 Procedures and techniques used in troubleshooting and repair of simulators and visual systems used by the Company utilizing the documentation provided by the manufacturer or other sources.

e3. Proficiency in the use of manuals, supply catalogs, procedures, schematics and other documentation and reference tools.

d4. Proficiency in both oral and written communications for the instruction of employees, individually or in a group. Proficiency in developing training courses and administrating training procedures provided by the company.

e5. Completion of Company records, to include but not limited to; reports, log books, Change forms, and other associated forms in a comprehensible and proficient manner.

f6. In depth knowledge of Personal Computers, application software and networking fundamentals.

g7. Excellent communication skills.

h8. Organizational skills.

i9. Knowledge of logistical and support methodologies and procedures.

(c) Associate Flight Simulator Technician

An Associate Flight Simulator Technician will possess the theoretical and practical knowledge required in the simulated environment and the ability to demonstrate the practical knowledge requirements and associated skills necessary to qualify as an Associate Flight Simulator Technician. Said Associates will have at least two (2) years of formal training in simulation technology, computer science or equivalent.

~~(g) — Nothing in this Article is intended to preclude normal employee cooperation one with the other, nor is it intended that where employees have rendered assistance one to the other that the terms of this Article preclude such continuing.~~

~~(h) — Where work sections may not be in existence, the Company and the Union recognize that the initial filling of these new work sections should be accomplished in a manner that is of the most benefit to the operation. Such initial selection and placement of qualified personnel will be accomplished through the use of a Selection Panel as defined in Article 12. Incumbents in current work sections will not be displaced during the initial establishment of these new work sections.~~

~~(i) — Performance Evaluations~~

~~(1) — Whenever and wherever performance evaluations are used to determine the competency of an employee for assignment or transfer, these performance evaluations will be prepared by the Company. Performance evaluations will be of the practical demonstrative type. The Union may provide an observer to the administration of the performance evaluation and, in the event of a dispute as to the competency of the employee to meet the requirements, the results will be reviewed and qualifications of the employee determined by the responsible Department Head. The decision of the Department Head will be final and binding. The performance evaluation must be successfully completed no later than four (4) months following assignment to the work section. The employee will be required to successfully demonstrate competence on 50% of those items for which the employee has been checked off by his manager as having received formal or on the job training.~~

~~(2) — Copies of the performance evaluations and of any revised or new performance evaluations will be furnished to the Union prior to their use. When the Union has objections to any portions of any revisions or of any new performance evaluations, the same may be discussed by the Union with the Company upon thirty (30) days notice from the date the tests are received. If agreement concerning the objections raised cannot be reached, the performance evaluations may be placed in effect and the Union may take up the disputed points as a grievance under Article 31 and 32 of the Agreement.~~

~~(3) — In the event of such objections, the Company will continue its established requirements or qualifications standards in effect, and the Union may appeal its objection to the System General Board of Adjustment in accordance with the provisions of Article 32.~~

AMERICAN AIRLINES, INC.

ATTACHMENT 11.1 - ASSOCIATE FLIGHT SIMULATOR TECHNICIAN PROGRAM

Section I - Purpose

The following program is intended to provide the method by which qualified employees may be hired into the Associate Flight Simulator Technician classification. It is intended that employees in this classification will be provided with classroom and on-the-job training to achieve sufficient technical knowledge, theory and creditable experience and ability to qualify for a Flight Simulator Technician position.

Section II - Eligibility and General
Provisions

- a. The employees in the classification of Associate Simulator Technician will be eligible to participate in this program.
- b. The employee must have the requisite credited experience as determined by the Company, or he/she must have successfully completed an accredited technical school or received credits in recognized technical courses.
- c. The employee must meet all Company established medical requirements, possess appropriate technical school certificates/credits and demonstrate, within sixty (60) days, an aptitude for the Associate Simulator Technician assignments for which he/she will be trained.
- d. Following assignment to the Associate Simulator Technician classification, an employee under this program will be required to remain in the classification until such time as he has the equivalent of six (6) years creditable experience (through on-the-job training) in the designated skill area.
- e. During this period of on-the-job training, employees will be required to satisfactorily complete additional Company designated classroom and self-instructional training courses.
- f. Throughout this period of on-the-job training and course completion, the employee will be required to satisfactorily perform assigned Simulator Technician duties to develop the necessary creditable experience and prove sufficient aptitude and ability for the Simulator Technician classification.
- g. Employees will be assigned to work schedules, work sections, and jobs as necessary to accommodate the technical experience requirements and the needs of the department. Employees in this classification will not be eligible to bid shifts.
- h. The cost of any required self-instructional or home study technical training courses will be assumed by the Company. Employees will not be compensated

for the time spent completing any self-instructional or home study courses including written examinations conducted on Company premises. Attendance at Company provided classrooms and on-the-job training sessions shall be compensated as provided in Article 20 of the AA/TWU Simulator Technicians Agreement.

- i. During the period of employee participation in this program, the employee may be required to work overtime for training purposes. The Associate Simulator Technician will not be used to cover overtime in the Simulator Technician classification.
- j. During the period that an employee is assigned to the Associate Simulator Technician classification under this program, he/she will not be considered eligible to transfer to another work section except as assigned. The employee in this program shall begin to accrue Occupational Seniority in this classification only from the date of that assignment in the classification of Associate Simulator Technician and shall be subject to a probationary period under Article 9 of this Agreement.
- k. Provided, however, employees who fail to perform satisfactorily the assigned Associate Simulator Technician duties, or fail to satisfactorily complete the Company designated training course, and pass all appropriate exams, at any time within the six (6) years period shall be removed from the program and the employee will be terminated from the Company.

Section III - Review Procedures

It is also recognized that the establishment of the new Associate Simulator Technician Program and the implementation of that Program may expose the parties to those problems Associated with the inauguration of any new system. Therefore, each of the parties has reserved the right to bring any problems Associated with the implementation of this Program, whether or not such problem was the subject of discussion during these negotiations, to the attention of the other party. Upon setting forth, in writing, the problem or problems involved the parties will, within thirty (30) days of receipt of such notice, convene a meeting of a Associate Simulator Technician Panel for the purpose of resolving the issue.

ARTICLE 12 – PROMOTIONS AND JOBS TO BE POSTED/TRANSFER

(a) Promotions

Technical Coordinator

(1) Whenever qualifications will be required for the purposes of a promotion bid to **Technical Coordinator**, the selection of personnel for the position will be **conducted by a Technical Coordinator Selection Panel**. The Company and the Union will agree on a method to evaluate and select the most qualified candidate. This panel will be comprised of two members of management (**one of the management representatives will be from outside of the Simulator Training Equipment Support (STES) department**) and two representatives of the Union. The panel will jointly interview candidates bidding for the position to determine the most qualified applicant based on the Qualifications required. **The Technical Coordinator Selection Panel will select the most qualified employee based on the qualifications required for the posted position. If necessary, the final decision (tie-breaker) will be made by the Managing Director – Flight Training.** Where two applicants are equally qualified for the position being sought, the bid will be awarded to the applicant with the greater seniority.

(2) Whenever vacancies for a **Technical Coordinator** job classification become available, Management will post notice of such vacancies and the qualifications required for a minimum of fourteen (14) calendar days unless operational requirements dictate otherwise. Employees desiring consideration by the Selection Panel must submit their written application to the Company official detailed on the notice prior to the **posted closing date**.

(3) The qualifications and job descriptions for existing Technical Coordinator positions will be available for all employees to review, including those employees who are interested in pursuing future vacancies. **Postings for the promotion to Technical Coordinator will be restricted locally to the STES department. Awarding of such vacancies will be determined by the Technical Coordinator Selection Panel outlined above.**

(4) A vacancy created by the transfer, demotion, retirement or resignation of a Technical Coordinator may be filled by the Company at its option. The Company at its sole discretion will decide how many Technical Coordinators will be required at any time and how they will be scheduled and assigned to best benefit the operation.

(5) Technical Coordinators will bid separate vacation, overtime and shift bids, and will be eligible for overtime and bidding of shifts according to their separate classifications. Where this will create multiple slots with the same duties, periodic bidding of shifts will occur for these new positions following the same shift bidding schedule as other Flight Simulator Technicians. Technical

Coordinators will bid and work posted shifts, but will with sufficient justification and with Management's approval or direction, work flexible schedules that allow them to adjust their shift times to satisfy the completion of their assignments.

(b) Process Review Panel

(1) A Process Review Panel, comprised of the Vice President-Employee Relations or his designee and the International Vice President-TWU or his designee, will be established to review and resolve questions or issues that arise regarding the conduction of the Selection Process(es). Their decision will be final and binding.

(c) Performance Review and Demotion -

Technical Coordinator

(1) An employee selected as Technical Coordinator will upon the completion of his first full bid cycle have his performance formally reviewed by his supervisor. During this discussion, the supervisor will review the employee's performance and together with the employee develop an action plan and timeline to correct any deficiencies. Following the development of this plan, the supervisor will on a periodic basis provide feedback on the employee's performance. These conversations will be documented on the Performance Review form. At the conclusion of the next bid cycle or the allocated time dictated by the action plan another formal performance review will be conducted with the employee. If his performance remains unsatisfactory, the Company will advise the Union, and then demote the employee for cause, based on unsatisfactory performance.

(2) After the completion of the second bid cycle the Technical Coordinator's performance will then be formally reviewed on an annual basis or sooner in the event the employee's performance becomes unsatisfactory. In the event the Technical Coordinator's performance is deemed to be unsatisfactory, the employee and the supervisor will develop an action plan and timeline to correct the unsatisfactory behavior. Following the development of this plan, the supervisor will on a periodic basis provide feedback on the employee's performance. These conversations will be documented on the Performance Review form. At the conclusion of the next full bid cycle or the allocated time dictated by the action plan another formal performance review will be conducted with the employee. If his performance remains unsatisfactory, the Company will advise the Union, and then demote the employee for cause, based on unsatisfactory performance.

(3) In the event a Technical Coordinator is issued an Advisory Letter for Attendance or Job Performance they will be automatically demoted for cause.

Self Demotion

(4) The Company will ~~offer a fifteen (15) day open window each year on March 1st for any~~ allow a Technical Coordinator to self-demote. Following this self-demotion window, the jobs to be vacated by the self-demotion process will be posted for bid and awarded by the selection process(es) stated above. If more employees desire to self-demote than those bidding for the jobs, self-demotions will be limited to the number requesting to back fill the positions. If insufficient bidders are available, the self-demotions will be permitted in seniority order up to the number of bidders. If these conditions are met, the employee may self-demote at the completion of the current bid cycle. Such an employee, or an employee demoted for cause, shall not be permitted to bid for another vacancy in the classification of Technical Coordinator for a period of twenty-four (24) months following the effective date of such demotion.

(d) Transfer

Vacancies in other work sections will be posted by management when such vacancies become available. The bid period to fill these posted vacancies will be open for a minimum of fourteen (14) days unless the needs of the business dictate otherwise. An employee who requests a transfer to fill a vacancy in another work section under this Agreement will be granted such transfer by seniority provided:

- (1) He has a minimum of twelve (12) months in his present job.
- (2) He possesses the posted qualifications.
- (3) He has not completed a transfer to another vacancy during the past twelve (12) months.
- (4) Any vacancy created by such transfer of an employee may or may not be filled by the Company at its option.

(5) An employee transferred to a vacancy under this provision must, within four (4) months of his transfer, demonstrate his ability by successfully completing the appropriate performance evaluation. In the event that the employee is not successful, he will be returned to his former work section. In the event there is no vacancy, the employee with the least occupational seniority may be displaced and assigned to another work section as deemed necessary by management.

(e) Special Assignments

In instances where necessary skills are required for accomplishment of a project, the Company may make Special Assignments. When circumstances permit the Company will make a reasonable effort to post such assignments and request volunteers. Special Assignments within a work section will not normally exceed six (6) months. Special Assignments to another work section will not normally exceed four (4) months. If an extension is required, the Company and the Union will meet to establish a mutually agreed upon extension.

(f) Employees covered by this agreement will be given the opportunity to fill regular or part-time vacancies, under the Fleet Service and Instructors agreements, prior to filling those vacancies with new hires. If an employee covered under the Fleet Service or Instructor agreement and an external candidate, are equally qualified, as determined by the Company, under the requirements of Article 11, of this Agreement, the AA employee will be given preference to fill vacancies under this agreement prior to filling those with new hires.

Employees will be pay slotted consistent with Article 27(b). Where such language does not exist, the application of 27(b) as stated in the Fleet Service agreement shall apply. We agree to expand upon those vacancies that the Simulator Technicians may be considered for. We agree to allow Simulator Technicians to fill vacancies for all TWU classifications covered under the Aviation Maintenance Technician, Fleet Service, Instructor, Flight Simulator Technician, Stock Clerk, Technical Specialist, and Plant Maintenance Mechanic Agreements, as long as they meet the remaining requirements under Article 12, including qualifications. Employees covered by this agreement will be given the opportunity to fill regular or part time vacancies in these classifications prior to filling those vacancies with new hires.

Employees who transfer to other TWU positions will be pay slotted consistent with Article 27(b) according to the agreement to which they are transferring.

ARTICLE 13 - SYSTEM SENIORITY LIST

(a) A ~~Ssystem s~~Seniority list of the employees covered by this **Agreement** listing name, personnel number, **job title**, occupational seniority date, company seniority date, **and pay seniority date** ~~job classification, station of each employee~~ will be furnished to the Union **posted and maintained on Jetnet and will be updated each evening to include any personnel transaction request (PTR) that has been processed.**, ~~semi annually. This list will indicate the position held by each employee and will also indicate whether he is retaining or retaining and accruing seniority.~~

(b) The Company will **provide** ~~post a copies of list of employees who are retaining and not accruing in accordance with Article 10 the system seniority list to the local TWU leadership every six (6) months in April and October. on its bulletin boards at all stations where employees are based.~~

(c) **The Company will provide a list of employees who retain recall rights either manually (every six (6) months in April and October), or on Jetnet.**

~~(c) An employee or the Union may use a system seniority list protest form for any omission or incorrect posting affecting any employee's seniority within sixty (60) calendar days after posting of the seniority list, except that an employee on a leave of absence in accordance with Articles 17 and 18 of this Agreement or on an assignment at a location where a roster is not posted, will have sixty (60) calendar days from the date of his return to duty at a station where the roster is posted in which to file such protest. An employee may file a protest with respect to his listing upon his presentation of new and pertinent evidence. Waivers to these time limits may only be granted by joint agreement between the Director of the Air Transport Division of the Union and the Vice President of Employee Relations of the Company.~~

~~(d) The following will be the procedures for the filing of a system seniority list protest form. An employee or the union may protest any omission or incorrect posting affecting an employee's seniority by use of a "System Seniority Protest Form", also referred to as "Protest Form". There will be no time limit to protest any omission, or incorrect posting affecting an employee's seniority.~~

(e) Procedures for filing of a "Protest Form" are as follows:

(1) The employee will forward one copy each of the protest form to the Local HR office and to the Local Union office. The protest form must be accompanied by documentation and a written statement supporting his protest, **or they will not be accepted.**

(2) The Local Union office will investigate the protest. The Local HR office will assist in this investigation.

(3) The Local Union office will forward the protest and their recommendation to the TWU ATD office.

(4) The TWU ATD will advise the Company if a change is required. The Company will forward a final resolution to the protest to the Local Union office and Local HR office.

ARTICLE 14 - LOSS OF SENIORITY

(a) An employee once having established seniority will not lose said seniority except as provided in this Agreement.

(b) An employee who is discharged for just cause will forfeit all seniority accrued to date of such discharge. An employee who resigns from the service of the Company will forfeit all seniority accrued to date of such resignation, except that an employee, who, on the effective date of resignation, holds recall rights pursuant to Article 16 (Recall) may continue to hold such recall rights provided such employee submits a written request to hold recall rights prior to the effective date of his resignation.

(c) If an employee who has been laid off is offered the opportunity to return to the service, in other than temporary work, and such offer of recall is to employment of the same classification and status as laid off from (full time to full time or part time to part time) and such employee elects not to return to the service, or who fails to comply with the provisions of Article 16 (Recall) (a) or (e), his seniority right of preference in reemployment will at that time terminate, and his seniority with the Company will be forfeited.

ARTICLE 15 - REDUCTION IN FORCE

(a) When a reduction in force results in the layoff of full- time and part-time employees under this Agreement, such layoffs shall be handled separately in inverse order of Occupational Classification Seniority as provided in paragraph (e) of Article 10 hereof. It is understood, however, that in the event of a reduction in force, employees in the Associate Flight Simulator Technician classification will be subject to layoff before any employee in the Flight Simulator Technician or Technical Coordinator classification is affected by such reduction in force.

(b) In the event of a reduction in force, notwithstanding other provisions of this Agreement, the reassignment of available employees between work sections to maintain the stability and efficiency of the work force may be effected by the Company providing such reassignment is effected within forty-five (45) days of the effective date of the layoff.

(c) An employee(s) reassigned under the provision of this Article as a result of a reduction in force, will be offered the first opportunity to return to the assignment held prior to the reduction in force upon the recall of the laid-off employee(s).

~~(d) A protected employee may exercise his seniority to displace the least senior employee in a part-time position. An employee electing this option shall maintain his protected hourly rate of pay. An employee electing to take a part-time position will thereafter be guaranteed only a part time position; however, he shall maintain recall rights to a full-time position in accordance with Article 16.~~

(e) Upon request of the Local Union President and employee, may within seven (7) calendar days, appeal to a review panel composed of a representative of the TWU International and the Vice President, Employee Relations, or their respective designees, any disputes regarding the Reduction in Force application or administration.

(f) Employees who are subject to furlough will be allowed to fill vacancies in other AA /TWU contract groups in accordance with Article 12.

(h) An employee who has accepted layoff and who has been removed from payroll will accrue ~~Classification~~ **Pay** seniority for the duration of the period on layoff, not to exceed ten (10) years as outlined in Article 16 (Recall).

ARTICLE 16 - RECALL

(a) An employee who has completed his probationary period and who is laid off by the Company due to a reduction in force will continue to accrue **occupational** seniority during such layoff. ~~for a period not exceeding his previous service to a maximum of three (3) years, the employee will continue to retain seniority thereafter. All seniority will be cancelled and recall rights forfeited if the employee is not recalled by the Company within ten (10) years from the effective day of layoff. Employees who remain on payroll will accrue seniority and retain recall rights indefinitely.~~ The Company and the respective TWU Local President will agree on the current recall list within ninety (90) calendar days of the date of ratification of this agreement.

(b) All employees laid off by the Company due to reduction in force will file proper addresses with appropriate Manager - Simulator/Training Equipment Support - GSW at the time of layoff. Any change in address must be filed promptly in writing, certified mail, return receipt requested, with the Manager - Simulator/Training Equipment Support - GSW.

All notices of recall will be made (telephonic notifications are okay if confirmed in writing) in writing via ~~overnight mail/express (i.e. U.S. Post Office, Federal Express, or equivalent).~~ **certified US mail, return receipt requested, or equivalent carrier.** All employees must notify the person whose name is signed to the recall letter, within ten (10) calendar days of the date of mailing postmark of the recall letter, the date he will report for duty. Any employee who fails to notify the Manager or who fails to return to duty within twenty one (21) calendar days of the date of the mailing (or equivalent) will be considered to have refused recall and will lose all rights to reemployment and his seniority will be forfeited, unless such period is extended by the Company for an additional period not exceeding fifteen (15) additional calendar days. The Company will furnish the ranking Local Union Representative a copy of all such recall letters.

(c) A laid-off employee, ~~including a protected employee exercising his options under Article 42,~~ will have recall rights in order of seniority, for the period indicated in paragraph (a) above.

ARTICLE 17 - LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA", for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employees will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing. The Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing, not less than fourteen (14) calendar days prior to the effective date of cancellation.

(4) An employee elected to a full-time governmental office (Federal, State) will be granted a Government Leave of Absence (GLOA) not to exceed the term of office, or subsequent re-election. The application for a GLOA must be made in writing to the Company, with a copy to the Union. An employee granted a GLOA will retain and accrue Occupational seniority for the period of the leave, however, no other Company benefits or privileges will be granted or accrued, nor will time on a GLOA constitute continuous service for pension plan benefits. Employees granted a GLOA must give thirty (30) days' notice of intent to return.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits, but the Company will bill the Local Union or the International Union, as applicable, for the employee's salary plus a percentage override for tax and benefit related expenses. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as "UB", the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of absence (OL) available to TWU represented employees who have completed their probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the Executive Vice President of Operations or the Vice President of Flight or his designee, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared, an employee who is on a leave of absence other than an Overage Leave, may request to have his leave converted to an Overage Leave. It is the employee's sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of occupational seniority for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, by certified U.S. Mail, or equivalent carrier, return receipt requested, at the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

a. He fails to return to work on the specified date at the expiration of the leave; or

b. He declines, in writing, his intention to return to work; or

c. He does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence; or

d. He does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.

(10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and ~~Classification~~ **Pay** seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.

(11) An employee, returning to duty at the expiration of an Overage Leave, will return to his former classification and will, thereafter, be permitted to exercise his seniority on the next available shift selection.

(12) An employee on an OL will receive benefits under the conditions provided below:

a. While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact **Employee Services** for the appropriate forms to calculate his individual costs.

b. The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.

~~c. An employee must continue to prefund for retiree medical coverage in order to receive credit toward the ten (10) year requirement in accordance with Company policy. An employee should contact for the appropriate forms to complete before the Overage Leave begins.~~

d. The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.

e. Holidays that occur during an OL will not be paid.

f. An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines, which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

g. Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

h. Benefit coverage and application not specifically provided in Article 17 will be applied in accordance with Company policy.

(e) When an **employee is placed on an unpaid leave of absence** ~~is granted on account of sickness, injury, or pregnancy, referred to as a Sick Leave of Absence or "SKLOA"~~ **he on account of sickness or injury, the continuation of the leave is contingent upon review and approval by AA Medical. Employee Services will send the employee a personal information package within ten (10) days from the start of the leave including a letter advising of his unpaid leave status, benefit information, and notice of the requirement for medical substantiation. The employee must provide medical substantiation for the leave to AA Medical within fifteen (15) days of receipt of the package. Should AA Medical need further clarification, the employee and/or the treating physician/ provider may be asked to provide additional information. The approval of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating**

physician/provider. Approvals will be granted in writing and will specify the expiration date of the leave. The employee will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for duty; except that in no case will a leave for the same sickness or injury exceed a total continuous period of five (5) years. The Company will provide one hundred and eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified mail-U.S. Mail, return receipt requested, or equivalent carrier to the employee's last known address. An employee must request a SKLOA in writing and attach medical documentation supporting the request. An approved SKLOA will be granted in writing and will specify the expiration date of the leave. The Company may place an employee on a SKLOA in accordance with the provisions of Article 39.

(1) Application of SKLOA is referenced in Company policy.

(2) To extend the LOA beyond the initially approved leave period, an employee must provide updated medical information from his treating physician/provider to AA Medical at least seven (7) days prior to the expiration of the leave in order for AA Medical to make the determination that a continuation of a leave is substantiated. The approval of the continuation of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/provider.

(3) An employee who is returning from a leave granted for reasons of sickness or injury will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLOA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled work day following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by Article 17, between the Company and an employee on a leave of absence will be via ~~US Postal Service, certified U.S. Mail, return receipt requested~~, or equivalent carrier ~~Certified Mail, Return Receipt Requested~~.

(i) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(j) The rights of an employee on a leave of absence under the provisions of Articles 17 and 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, ~~Classification~~ **Pay** seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows.

	Personal Leave	Union Leave	Government Leave	Overage Leave	Unpaid Sick Leave of Absence (including Maternity)	Unpaid Injury on Duty Leave	Military Leave	Family Leave
Duration of Leave	Up to a total of 12 months	Up to 12 months or term of office	Term of office	Minimum of 1 week, up to 1 year	Up to 5 years (cumulative if same illness)*	Up to 5 years (cumulative if same injury)*	Up to 5 years or in accordance with Federal law	Up to 84 calendar days (12 weeks)
Accrual of Company Seniority	Up to 90 calendar days	Duration of the Leave	None	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave
Accrual of Occupational Seniority	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave, not to exceed 90 calendar days
Accrual of Classification Pay Seniority	None	Duration of the Leave	None	Duration of the Leave	Up to 30 calendar days	Duration of the Leave	Duration of the Leave	Up to 30 calendar days
Vacation Accrual	Up to 60 calendar days, then reduced	Duration of the Leave	None	Duration of the Leave	Up to 60 calendar days, then reduced	Duration of the Leave	Duration of Leave	Up to 60 days, then reduced
Sick Leave Accrual	None	Duration of the Leave	None	Duration of the Leave	Up to 60 cal. days, then reduced	Duration of the Leave	Duration of Leave	Up to 30 calendar days
Pension / Credited Service Accrual	None	Duration of the Leave None	None	Duration of the Leave None	None	None	Duration of the Leave None	Duration of the Leave None
Reinstatement Rights	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ARTICLE 18 - MILITARY LEAVE

(a) The reemployment and seniority status of any employee, who, while in the active service of the Company, entered the armed services or the Merchant Marine of the United States, will be governed by the provisions of the Selective Training and Service Act of 1948, as amended, now known as the Uniformed Services Employment and Reemployment Rights Act, or other applicable law.

(b) Time spent on military leave will count as time worked for purposes of seniority, wage rates within the employee's classification and vacation.

(c) An employee granted a leave of absence to go on a tour of duty with the National Guard or other reserve unit will accrue length of service for pay purposes for the period of such leave. An employee, if he so desires will be able to use any accrued or unused vacation and ~~available personal vacation (PV) days~~ during this leave.

~~(d) The provisions of Article 42(a) will apply if the employee was subject to layoff while on military leave. Provided however, the employee must have seniority to exercise options either at his own station or the system and subsequently exercise those options upon return to active payroll. Under such circumstances, no adjustments will be made to his seniority (i.e. Company, Occupational and classification).~~

An employee on military leave at time of layoff, lacking sufficient seniority to exercise options, will be placed on lay off status. The military leave will be terminated until the employee is recalled at which time the employee will be reinstated to military leave, if applicable. Appropriate adjustments will be made to Company, Occupational and ~~Classification~~ **Pay** seniority.

Employees having sufficient seniority to exercise options at time of layoff (while on military leave), but who subsequently choose the layoff option (upon return from military leave), will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.

ARTICLE 19 - TERMINATION OF EMPLOYMENT

(a) An employee laid off through no fault of his own will be given two (2) weeks' notice in writing or, at the option of the Company, two (2) weeks of pay at straight-time rates, including his base hourly rate plus any applicable premiums and longevity, in lieu of the notice.

This requirement of notice will not apply to a layoff caused by an Act of God or by a strike of the employees of the Company without giving the notice required by the Railway Labor Act, as amended.

(b) An employee who resigns will give the Company two (2) weeks' notice of resignation in writing. The Company may, at its option, give the employee two (2) weeks of pay at straight-time rates, including his base hourly rate plus any applicable premiums and longevity, in lieu of working the notice period.

(c) In the event an employee under this Agreement is laid off, the Company will provide the following continuation of benefits to the employee and his dependents on the same basis as if he were still an active employee:

(1) Current life insurance coverage for a period of thirty-one (31) calendar days.

ARTICLE 20 - BULLETIN BOARDS

The Company will provide secure and locked bulletin boards at each station where employees are employed, marked Transport Workers Union of America, AFL-CIO, and the appropriate Local number, for the posting of official notices of Union activities not inconsistent with the Railway Labor Act. Such notices will bear the signature of an officer of the Union and will not contain anything of a defamatory or personal nature attacking the Company or its representatives.

The Company will provide bulletin boards as specified and agreed to by the Joint Safety Committee for safety related issues.

ARTICLE 21- WORK SCHEDULES

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ARTICLE 22- REGULAR AND RELIEF ASSIGNMENTS

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ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS OR TRAINING
CLASSES

(a) When an employee hereunder is required by the Company to attend hearings or investigations, he will be paid for such time required to be spent at such hearing or investigation in the same manner as though such time were spent at his regular work.

(b) Any employee hereunder who is required by the Company to attend training classes during regular working hours will be paid for time spent in attendance at such classes at his regular rate and such time will be deemed as time spent at his regular work for all purposes; provided, however, any time so spent after regular work hours will not be classed as overtime and will be compensated for, when attendance is required by the Company, at the employee's regular straight time rate.

An employee required to attend training on any scheduled day off will be compensated for such training at the rate of time and one-half his regular hourly rate. An employee required to travel on any scheduled day off in connection with training away from his base station will be compensated for such travel time at the rate of time and one-half his regular hourly rate, but in no event less than four (4) hours nor more than eight (8) hours compensation at time and one-half his regular hourly rate for such travel during each twenty-four (24) hour period starting with the commencement of travel time. Travel time referred to herein will begin 30 minutes before the scheduled departure of the flight actually taken by the employee (or any earlier flight for which he stood by) and will end 30 minutes the actual arrival at the airport of destination.

(c) Training normally will be scheduled to provide at least seven (7) calendar days' notice to employees affected; except in the event of training required to meet unanticipated conditions. To the extent that work requirements permit, training will be accomplished during the employee's regular working hours.

(d) The Flight Department will issue procedures for per diem, ~~(per IRS guidelines)~~, hotel and ground transportation expenses while traveling away from base for employees covered by this agreement.

ARTICLE 24 - ABSENCE FROM DUTY

(a) An employee unable to report for duty will, unless prevented by reasons beyond his control, notify his immediate supervisor or other control point set up for reporting purposes by the Company as far in advance of the scheduled starting time of his shift as possible.

(b) An employee will not be absent from duty without prior permission, in writing, except for reason of sickness, injury or other cause beyond the control of the employee.

(c) The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement, as set forth in Article 34 (Sick Leave). Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose.

ARTICLE 25 - RECALL AND CALL-IN WORK

(a) RECALL

An employee who has been relieved from duty and has left the premises and who is recalled to duty to perform work not continuous with his next regular work period will be paid for not less than four (4) hours at the applicable overtime rate, but in no event will he receive less than four (4) hours' compensation at the applicable overtime rate. Time taken for meals will not terminate a continuous service period.

(b) CALL-IN

When an employee is called to work, which commences within four (4) hours of the beginning of his regular shift, he will be paid at the applicable overtime rate for all time up to the beginning of his regular shift, excluding a meal period, whether or not such time is actually worked. In the event an employee is called to such work commencing less than two (2) hours prior to the beginning of his regular shift and reports at the time designated, he will be paid at the applicable overtime rate for such two (2) hours.

ARTICLE 26 - FIELD WORK

(a) When an employee hereunder is required to perform work away from his base station on his regularly scheduled workdays, he will be paid at least eight (8) hours at his regular day shift hourly rates for each regularly scheduled workday while away from his base station, whether traveling, on call or working.

(b) When an employee hereunder is required to perform work away from his base station on his scheduled day off, he will be paid at least eight (8) hours' compensation at the rate of time and one-half his regular hourly rate, whether traveling, on call or working.

(c) Such employee will not receive compensation for more than eight (8) hours of traveling during any twenty-four (24) hour period, except that an employee required to travel in excess of eight (8) hours as a result of international flight schedules will be compensated for all travel time incurred. Compensated travel will be considered as time worked.

(d) When an employee hereunder is required to perform work away from his base station on a day during which he reported to work at his base station, all continuous time, whether traveling or working, will be computed as working time for all purposes.

(e) A period of seven and one-half (7 1/2) hours or more during which an employee is not traveling or working will break the continuity of paid hours for overtime purposes.

(f) The company will establish a field trip selection procedure for those stations subject to field trip assignments.

(g) The Flight Department will issue procedures for per diem (per ~~IRS~~ **Company** guidelines), hotel and ground transportation expenses while traveling away from base for employees covered by this agreement.

ARTICLE 27 - GENERAL

(a) All orders to and requests from an employee involving transfers, promotions, demotions, layoff, reemployment, leaves of absence, or anything affecting his pay or status, will be in writing.

(b) N/A

(c) N/A

(d) N/A

(e) No employee will be required to work under unsafe or unsanitary conditions. The Company agrees to furnish good drinking water, sanitary fountains, and first aid kits; the floors of the toilets and washrooms will be kept in good repair and in a clean, dry, sanitary condition. Employees will cooperate in maintaining the foregoing conditions. Restrooms and shops will be lighted, heated and air-conditioned. Individual lockers will be provided for all employees.

(f) In order to eliminate, as far as possible, accidents and illness, a Joint Safety Committee composed of an equal number of Union representatives, not more than two (2), and Company representatives, not more than two (2), will be established at each location in the system where employees covered by this Agreement are employed. It will be the duty of the Safety Committee to:

(1) Receive and review Company accident, injury and job related illness reports pertinent to the Safety Committee investigation, and make recommendations to prevent recurrence (Safety Committee members will receive copies of available monthly summaries of employee accidents and injuries and have access, upon request, to specific Company reports resulting from employee on the job accidents or injuries);

(2) Receive and investigate complaints regarding unsafe and unsanitary working conditions and make recommendations to resolve such hazards and complaints;

(3) See that all applicable sanitary and safety regulations are complied with;

(4) Make recommendations for the maintenance of appropriate sanitary and safety standards.

(5) N/A

Joint Safety Committee meetings will be scheduled by mutual agreement between the Company and the Union.

In the event that the Joint Safety Committee is unable, within sixty (60) days, to resolve an issue which has been brought to its attention, either the Company or the Union may submit the issue to the System Joint Safety Committee which will constitute a board to review the issue(s). In cities where an APC (Accident Prevention Council) exists, the issue will be first submitted to the APC for resolution, prior to sending to the System Joint Safety Committee. The APC Committee will meet a minimum of once per month. The Transport Workers Union will be invited to participate on the APC.

The System Joint Safety Committee will consist of a representative of the Transport Workers Union-International and a representative of the Company's Safety office. If the issue(s) is (are) not resolved by the System Joint Safety Committee, either representative may submit the issue(s) on appeal to the System Board of Adjustment in accordance with the provisions of Article 29(d) of the labor agreement.

(g) The Company will furnish all necessary safety devices for employees working on hazardous or unsanitary work, and employees will be required to use or wear such devices in performing such work. The Company will promptly notify the employees and the Union of the use of any material, equipment or procedure known to be hazardous to employees exposed, and the known procedures to control the hazards. The Company will provide the Union with the results of any management or government health and safety survey concerning the employees represented by the Union.

(h) Three (3) days personal emergency (PE) leave with pay for death in the employee's immediate family will be extended to the employees covered by this Agreement. Immediate family includes mother, father, spouse, eligible domestic partner, sister, step-sister, brother, step-brother, child (dependent and non-dependent), mother-in-law, domestic partner's mother, father-in-law, domestic partner's father, step-mother, stepfather, employee's grandparents, employee's grandchildren, legal guardian or documented former legal guardian, or relative who is a resident of the household. To the extent that the Employee Policy Guide provides more expansive personal emergency leave benefits, those benefits will be applied to all employees covered by this Agreement.

Upon request the option of up to two ~~(2) Personal Vacation (PV) days or up to two (2) days of personal emergency (PEU) days without pay will be extended to an employee, in conjunction with PE days. If an employee does not have PV days available, up to two (2) days of PEU will be extended to an employee in conjunction with PE days.~~

(i) ~~Employees~~ **An employee called for jury duty will be paid as if working for all regularly scheduled hours less the fee received for jury services for actual days served.** The employee will promptly ~~show~~ **provide** his supervisor **a copy of the jury summons and also show the courts provide a copy of the court's validation of jury service when completed. In the event an employee is excused (employee requests not to serve) from jury duty, he will only be compensated for hours verified by the court.**

An employee assigned to jury duty for five (5) or more consecutive days during day time hours will be assigned to the day shift with Saturday and Sunday as his scheduled days off, effective for the workweek in which jury duty starts. Employees assigned to other types of jury duty, (e.g. telephone standby, single day jury duty, etc.) will have their work schedules adjusted only to the extent necessary to accommodate the actual jury service requirement.

If there is a question regarding the application of this provision, the employee's supervisor shall contact Employee Relations who will establish a telephone conference with the TWU International and the Local President to resolve the matter.

(j) The Company will **post the agreement for reference and viewing on the Company website. Upon request of the local Union President, 5X7 inch copies of this agreement will be provided to the local Union Officers and accredited Union Representatives of the Local, as identified in Article 29(c)**

(k) The Company will forward to the Director - Air Transport Division of the Union copies of Company regulations expressly referred to in the Agreement. Revisions to these regulations will also be forwarded.

(l) The Company will forward to the ranking Local Union Representative a copy of the regular crew list schedule for the station. The crew list schedule will include scheduled shift hours and scheduled days off.

(m) No employee will be required to participate in a bomb scare investigation (as outlined by Company Systems Operations Control) or hazardous material incident against his wishes. The Company will immediately notify the ranking local union representative when such conditions arise. The Company will provide death and permanent disability insurance coverage for employees, as set out below, applicable if a bomb explosion or hazardous material incident in or about American Airlines facilities or aircraft is the proximate cause of such death or disability.

Death	\$500,000
Total Permanent Disability	\$500,000
Total Loss or Use of Two Members	\$500,000
Total Loss or Use of One Member	\$250,000

Member, in this article, is defined as hand, arm, foot, leg or eye.

This insurance will be handled by blanket coverage, and employees covered thereby will not have to sign individual application forms, except for designation of a beneficiary.

(n) N/A

(o) New employees will be required to fulfill the tool list requirements specified by the Company and agreed to by the Union. New employees tool kit/boxes will be inventoried prior to the end of the first week of their probationary period by a member of management. All employees are expected to maintain the tools on the established tool list to perform the work under this Agreement. If an employee has tools in excess of the established tool list, he must have an accurate inventory signed by him and management in his personnel file in order to be covered by insurance in this article. If an employee does not have a signed inventory on file, he will be insured for the agreed upon value of the established tool list only. In the event of the total loss of an employee's tool box and its contents as a result of fire or theft while the box is located on Company property or while the employee is traveling and/or working on an authorized Field Assignment and stored in a Company designated area, the employee will assume the first \$50.00 of replacement cost and the Company will provide up to the following amounts towards the balance of the replacement cost of the tool box:

- (1) Up to \$2,000.00 for the loss of a "Rollaway" tool box,
- (2) Up to \$600.00 for the loss of a "Tote Box/Kit Bag"

This benefit only applies to the entire loss of a toolbox and its contents. This benefit will be paid only one time during an employee's career. It does not cover loss of individual tools. Only tools required by the established tool list for the employee's classification will be considered for replacement.

(p) The company will provide a locking four drawer metal file cabinet for use of the TWU to be placed in a convenient location in the Technician office area.

ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND
COMPLIANCE

(a) The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees regardless of sex, color, race, creed, age, religious preferences, status as a veteran or military reservist, disability or national origin

(b) The Union recognizes that the Company will have sole jurisdiction of the management and operation of its business, the direction of its working force, the right to maintain discipline and efficiency in its hangars, stations, shops or other places of employment, and the right of the Company to hire, discipline and discharge employees for just cause, subject to the provisions of this Agreement. It is agreed that the rights enumerated in this Article will not be deemed to exclude other pre-existing rights of management not enumerated above which do not conflict with other provisions of this Agreement.

(c) Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union will be binding on every individual employee claiming or entitled to the benefits of this Agreement.

(d) Except as otherwise provided in this Agreement, all letters of discipline, whether warning or suspension will be removed after a period of two (2) years from date of issuance, unless the Company and the Union agree to a shorter period.

(e) Copies of the Peak Performance through Commitment (PPC) Program will be available to all employees upon request. Any changes to the PPC Program will be provided and explained to the Union prior to implementation.

(f) If the Company documents records of discussion or counseling held with an employee, the documentation will be on a form designed to ensure that the record accurately reflects the facts and the nature of the discussion or counseling held with the employee. The employee will indicate his acknowledgement of the discussion or counseling in the actual record, or, at his option he may place a rebuttal or statement in the actual record. The employee will be provided a copy of the final actual record.

(g) Each employee will have a right to meet with his Supervisor at a mutually agreeable time to discuss his performance and to review his personnel file. At that time, the Supervisor and the employee will review the personnel file to ensure that the provisions of this Article have been complied with. Should the supervisor and employee agree to modifications or deletions to the counseling records, their request and recommendation will be forwarded to the Supervisor's immediate manager, who will review the matter and respond to the supervisor and the employee.

(h) If there is an investigation of sexual harassment and the charged employee is exonerated of the charges, no entry regarding the charge or investigation will be made in the counseling records. Any entry previously made will be deleted from the counseling records. In other cases, a counseling record entry, if any, will reflect only the nature of the discussion with the employee. As always, the employee has the right to review the counseling record entry and provide any additional information desired.

ARTICLE 29 - REPRESENTATION

(a) The Union may select and designate such representatives in the respective fields, stations, shops, and other working units as may be necessary for the purpose of representing the employees under the terms of this Agreement, or in accordance with the Railway Labor Act, as amended. The number of Union Representatives that will confer with management at any one time on any issue will be equal to the number of management representatives. In meetings convened under Article 29(f), where there is more than one management representative present, one of the Union Representatives will be present to act as a scribe.

(b) The Union may designate a System Coordinator for the employees covered by the Agreements between the Company and the Union.

(c) The Union will notify the Company in writing of the names of its Accredited Representatives designated in paragraph (a) and (b) above and of any subsequent changes to those Representatives. The Company will inform the Union, in writing, of the supervisors with whom these Accredited Representatives will deal and of any subsequent changes to those supervisors.

International Officers, Local Union Officers and Local Union Representatives will, at any time during regular working hours, have access to the premises of the Company where employees covered by this Agreement are located, for the purpose of investigating grievances or other matters directly connected with the operation of this Agreement and its procedures for the settlement of any dispute. Notice of an intended visit will be given the ranking Company official or his designated representative. A visit will be subject to such reasonable regulations as may be made from time to time by the Company, but the Company will not impose regulations that will render ineffective the intent of this provision nor impair the privacy of any conference necessary to accomplish the purpose of the visit.

(d) An International Representative of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, will have the right within ten (10) calendar days after the alleged misapplication or misinterpretation has been ascertained to protest such violation, in writing, to the other party, who will evaluate such protest and render a decision in writing within fifteen (15) calendar days. Disputes in respect to actual grievances will be handled exclusively according to the provisions of Article 31, Grievance Procedure.

This provision will also apply to a Local President with respect to improper application or interpretation of this Agreement affecting a group of employees within the jurisdiction of his Local Union. The protest will be filed with the appropriate Executive in Charge of Flight Training of the Company.

When an actual grievance has been filed other than under this paragraph, the International or Local President may rescind the grievance and initiate a protest under this paragraph, within ten (10) calendar days after the decision to rescission.

(e) If no settlement is reached under Article 29(d), an appeal may be made, in writing, within thirty (30) calendar days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) The Union does not question the right of the Company supervisors to manage and supervise the work force and make reasonable inquiries of employees, individually or collectively, in the normal course of work. In meetings for the purpose of investigation of any matter which may eventuate in the application of discipline or dismissal; or when written statements may be required; or of sufficient importance for the Company to have witnesses present, or to necessitate the presence of more than one Company supervisor; or during reasonable cause or post-accident drug/alcohol testing as provided in Article 29(h), the Company will inform the employee of his right to have Union representation present. The supervisor's record will reflect if the employee does not desire Union representation.

(1) When the Company convenes a meeting under the provisions of Article 29(f), it will, except for rare or compelling reasons, indicate the purpose of the meeting and then provide the opportunity for an employee and Union representative to confer, for a reasonable period of time. Once the Article 29(f) meeting reconvenes it will continue until concluded by the supervisor.

(2) Before written notification of discipline or dismissal is given an employee, he will be afforded the opportunity to discuss the matter with his supervisor. If he so desires, he will have a Union representative in this discussion. Nothing in this Article will be construed as preventing the Company from holding an employee out of service pending an investigation, provided the employee will be paid as if working for all regularly scheduled hours while held out of service, except when he is withheld for:

(a) Action constituting a criminal offense, on or off duty.

(b) Refusal or adulteration of an alcohol/drug test or verified positive drug or confirmed positive alcohol test from the date on the letter of verification/confirmation.

(c) Failure to cooperate with an investigation.

(g) An employee covered by this Agreement who is interviewed by a Company Security Department representative as part of a Security Department investigation may, upon request, have a TWU representative present during the interview. If a local TWU official is not readily available after a request, the Company's Security Department will not be required to wait for his availability before conducting the interview. However, the employee may request the presence of another TWU

represented employee (peer witness) during the interview. The role of the TWU representative or peer witness will be that of a silent observer only. The representative or witness may in no way interfere nor impede the Security Department's investigation and/or interview.

(h) Employees who are required to take a reasonable cause or post-accident drug/alcohol test by the Company may, upon request, have a Union Representative present as a witness during those parts of the specimen collection process indicated below:

(1) In those stations where a Local Union Representative is not readily available, the Company will delay the test for up to one (1) hour from the time the employee requests or is notified of this right to Union representation, whichever occurs first, in order to allow the first available representative to be present at the medical facility.

(2) If normal travel time to the medical collection facility exceeds one (1) hour, then the one (1) hour waiting period will be extended by the amount of travel time in excess of one (1) hour. This is in accordance with the FAA's directive of July 1990, which prohibits the presence or absence of a Union Representative from in any way hampering or delaying the collection process.

(3) Only one (1) Union Representative will be allowed to accompany an employee to the medical collection facility and into the area where the medical collector opens the drug testing kit, completes the relevant paperwork and secures the kit after completion of the collection process. The Union Representative will be allowed to witness the opening of the collection kit by the collector, the documentation of the chain of custody procedure by the collector and the employee, and the packaging and sealing of the kit for shipment following the collection. The Union Representative will not be allowed to accompany an employee or collector into a restroom.

(4) In accordance with the FAA's directive of July 1990, no Union Representative will engage in any activity, which disrupts the collection process. Should the Union Representative engage in disruptive activity, the Union Representative will be required by the Company's Supervisor to wait in the employee/patient waiting area until the collection process and paperwork has been completed. This is pursuant to the FAA's directive.

ARTICLE 30 – GRIEVANCE PROCEDURE FOR DISMISSAL/CORRECTIVE ACTION

(a) An employee who has passed his probationary period will not be dismissed from the service of the Company **or be issued corrective action** without written notification of that action. The notification will include the reason or reasons for his dismissal **or corrective action**.

An employee who believes that he has been unjustly dealt with as a result of dismissal or corrective action, may submit his written grievance in person or through his representative within ten (10) calendar days of receiving the notification. Such grievance must be submitted to the Chief Operating Officer, with a copy to the appropriate Human Resources Office or Representative. ~~An Appeal from dismissal will be made, in writing, by the employee within ten (10) calendar days after receiving the notification and will be addressed to the Chief Operating Officer, with a copy to the appropriate Human Resources Office.~~ The Executive In Charge of Flight Training or his designee will fully investigate the matter and render his written decision as soon as possible, but not later than ~~ten (10)~~ **twelve (12)** calendar days following the receipt of the appeal, unless mutually agreed otherwise. A copy of the written decision will be provided to the Union.

The inability of the Executive In Charge of Flight Training or his designee to complete the investigation and render his decision within ~~ten (10)~~ **twelve (12)** calendar days will permit the Union to file directly for arbitration, **within the time limits prescribed in Article 30(b). For grievances related to corrective action, this will result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. For dismissal cases, and this will result in a monetary penalty equivalent to four (4) hours of pay as if working per day until the decision is issued.**

Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(b) If the decision of the Executive in Charge of Flight Training or his designee is not satisfactory to the employee, the dismissal and decision will be appealed in accordance with (c) below, provided, however, said appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(c) An appeal from the decision of the Executive In Charge of Flight Training will be submitted to the System Board of Adjustment in accordance with Article 32 which will docket the case. Any dispute as to whether all of the procedural requirements for the appeal have been satisfied, will be determined by the System Board of Adjustment.

(d) **All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorized his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his**

representative to act for him in the disposition of said grievance. Two (2) copies of all grievance answers will be given to the local union.

(e) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected through his authorized representative within the time limit prescribed herein for such appeals, the decision of the Company will become final and binding.

(f) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related disciplinary records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and will be paid at regular rates for his regularly scheduled hours as if working.

(g) When it is mutually agreed that a stenographic report is to be taken of a System Board of Adjustment hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record so requested will be borne equally by both parties to the dispute.

(h) Upon the request of an accredited Union representative, the Company will inform the Union of its decision of any grievance regarding which a formal hearing or investigation has been held at which the aggrieved employee was not represented by his accredited Union representative.

ARTICLE 31 - GRIEVANCE PROCEDURE FOR CONTRACTUAL DISPUTES

(a) An employee who believes that any provision of this Agreement has not been properly applied or interpreted may submit his grievance in person or through his representative within ten (10) calendar days. The grievance will be presented to his immediate supervisor, who will evaluate the grievance or complaint and render his written decision as soon as possible, but not later than ten (10) calendar days following his receipt of the grievance. Inability of the immediate supervisor to complete the investigation and render his written decision within the respective time limits will permit the Union to move directly to the next step of the grievance process.

(b) If the written decision of the immediate supervisor is not satisfactory to the employee whose grievance is being considered, it may be appealed within ten (10) calendar days to the Executive in Charge of Flight Training, with a copy to the appropriate Human Resources Office or **Representative**. The Executive in Charge of Flight Training will fully investigate the facts of the matter and will render a written decision as soon as possible, but not later than ten (10) calendar days, unless mutually agreed otherwise, following his receipt of the appeal. A copy of the written decision will be provided to the Union.

The inability of the Executive in Charge of Flight Training to complete the investigation and render his decision within ten (10) calendar days will permit the Union to file directly for arbitration, **within the time limits as prescribed** in Article 31(c) and result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(c) If the decision of the Executive in Charge of Flight Training is not satisfactory to the employee, the grievance and the decision may be appealed to the System Board of Adjustment, as provided for in Article 32. The appeal must be submitted by an accredited International representative within twenty (20) calendar days of receipt of the decision rendered by the Executive in Charge of Flight Training.

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of said grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(e) An employee who has a grievance may present his grievance to his immediate supervisor during regular work hours. An accredited representative of the Union may investigate, discuss and present a grievance of an employee or employees during regular work hours without suffering loss of pay for time so spent.

(f) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected through his authorized representative within the time limit prescribed herein for such appeals, the decision of the Company will become final and binding.

(g) When it is mutually agreed that a stenographic report is to be taken of a System Board of Adjustment hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record so requested will be borne equally by both parties to the dispute.

(h) Upon the request of an accredited Union Representative, the Company will inform the Union of its decision of any grievance **involving** a formal hearing or investigation at which the aggrieved employee was not represented by his accredited Union Representative.

ARTICLE 32 - SYSTEM BOARD OF ADJUSTMENT

(a) System Board of Adjustment

(1) Pursuant to the provisions of the Railway Labor Act, as amended, there is the parties established a System Board of Adjustment for employees covered by this agreement.

(2) The Board will have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving interpretation or application of this Agreement, including disputes over the content of an employees personnel file, whether hard copy or electronic, to the extent such information can be used for discipline. The Board will have no jurisdiction, whatsoever, over proposals or disputes relating to general changes in hours of work, rates of pay, rules or working conditions. Proposals relating to general changes in hours of work, rates of pay, rules or working conditions will be handled in the manner provided for in Article 47 of this Agreement. Board Hearings may be postponed, in writing, by mutual agreement of the Director of the Air Transport Division and the Vice President – Employee Relations.

(3) The System Board of Adjustment will be composed of a Company member, a Union member and a neutral referee, the latter to serve for an indefinite term; however, either party may cause the services of the neutral referee to be terminated at any time except as to cases already submitted to him by giving written notice to the other party and to the neutral referee.

(4) If a neutral vacancy occurs and the Company and the Union cannot agree on a successor within fifteen (15) calendar days, unless extended by mutual agreement, the American Arbitration Association will be requested to select a neutral in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules, as amended.

(5) The System Board will hear and determine all disputes properly before it, including those disputes as to whether all of the procedural requirements for appeal to the Board have been satisfied, or whether the case is within the jurisdiction of the System Board of Adjustment.

(b) Procedures Generally Applicable to the Board

(1) The System Board will meet in the city where the general offices of the Company are maintained (unless a different place of meeting is agreed upon by the parties to the dispute).

(2) The Company and Union will at all times have their respective board members available at the convenience of the neutral referee, and alternate members will be provided by the Company or Union, as the case may be,

whenever its regular board member is not available. If an alternative member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without participation by the absent member, and the decision of the neutral referee will constitute the decision of the Board.

(3) All disputes referable to the Board will be sent to the System Board.

(4) The Chairman and Vice Chairman of the General Board through the System Board Administrator will set the hearing dates (providing notice thereof to the parties). All cases will be set for hearing promptly in order to keep the number of cases docketed to a minimum. Unless the parties agree otherwise, the case with the lowest docket number pending before a Board will be scheduled first. The aforementioned scheduling procedure will be followed until there are a sufficient number of cases scheduled to insure full days of hearing. Cases so scheduled but not heard for lack of time will be rescheduled in accordance with the above scheduling procedure.

The parties recognize that as the scheduling of cases takes place well in advance of dates of hearing, those cases rescheduled due to lack of hearing time may be out of numerical sequence with those already scheduled.

If the designated Company representative and the designated Union representative for the Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing will be scheduled within fifteen (15) calendar days, unless shortened or extended by mutual agreement, of their decision to expedite the case.

(5) An appeal to a grievance decision arising out of Articles 29, 30, and/or 31 will be submitted in writing, as provided below, and will include the following information:

- a. the name, personnel number, job classification, and the number of the Local Union for the employee(s) involved;
- b. a statement that the provisions of Articles 29, 30, and/or 31 have been exhausted;
- c. a statement of the nature of the dispute, including the articles in question, and whether the dispute involves discipline/discharge or a contract interpretation or application;
- d. the position or contention of the party filing the submission;
- e. the remedy sought.

The written appeal will be sent to the International TWU in the form of a petition. The International TWU will assign a case number and forward the appeal and two (2) copies, with the case number noted on each, to the Employee Relations Department. The scheduling of cases to be heard before the Boards is an administrative matter addressed by mutual agreement between the Union and the Company.

(6) A petition will be served upon the other party, who will have the right, within fifteen (15) calendar days after receipt to file a written answer.

(7) Three (3) copies of each petition and answer will be delivered to the office of the System Board, HDQ American Airlines, which will file the original, and transmit one (1) copy thereof to each member of the appropriate Board.

(8) Employees and the Company may be represented at Board hearings by such person or persons as they may choose and designate. Evidence may be presented either orally or in writing or both. The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours' notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness has the option to postpone the hearing in light of the new document or witness.

(9) Upon the request of either party to the dispute, or of two Board members, a Board will summon witnesses to testify at Board hearings. The Company will cooperate to ensure that all witnesses summoned by the Board will appear in a timely fashion. Reasonable requests by the Union for employee witnesses will be honored. The requests for witnesses will normally not exceed those who can be spared without interference with the service of the company. Disputes arising from this provision will be immediately referred to the Director of the Air Transport Division and the Vice President of Employee Relations, or their respective designees, for resolution.

(10) A majority vote of all members of a Board will be sufficient to make a finding or a decision with respect to any dispute properly before it, and the finding or decision will be final and binding upon the parties to such dispute. The Union and the Company will at all times have their respective Board members available at the convenience of the various neutral referees, and alternate members will be provided by the Union or the Company, as the case may be, whenever its regular Board member is not available. If an alternate member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without

participation by the absent member. In that case, the decision of the neutral referee will constitute the decision of the Board.

(11) The failure of a Board to decide a dispute under the procedure established in this Article will not serve to foreclose any subsequent rights or procedures which the Railway Labor Act, as amended, may provide with respect to the settlement of such disputes, and nothing in this Agreement will be construed to limit, restrict or abridge the rights or privileges accorded to either the employees or to the employer, or to their duly accredited representatives, by said Act.

(12) Board findings and decisions will be stated in writing and will be rendered within thirty (30) calendar days from the close of hearing, unless such period is extended by agreement of the parties to the dispute. In each case a copy of the finding or decision will be furnished the Company, the Union and such employee or employees as are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then, upon request of the Company, the Union or the employee or employees that are parties to the dispute, the Board will interpret the finding or decision.

(13) The System Board will keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at the Board will be taken if requested by either party to the dispute. In the case, the cost of the record will be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of that record will be borne equally by both parties to the dispute.

(14) Each party will assume the compensation, travel expense and other expenses of its Board members and the witnesses it summons.

(15) So far as space is available, witnesses who are employees of the Company will receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(16) The Board, upon agreement of a majority of its members, will have the authority to incur expenses necessary for the proper conduct of the business of the Board. Those expenses, as well as the expense of each neutral referee, will be shared equally by the parties hereto. Union board members who are employees of the Company will be granted necessary leaves of absence for the performance of their duties as board members. So far as space is available, the board members will be furnished free transportation over the lines of the Company for the purpose of attending Board meetings to the extent permitted by law.

(17) Every Board member will be free to discharge his duty in an independent manner, without fear that his individual relations with the Company

or with the employees covered by this agreement may be affected in any manner by any action taken by him in good faith in his capacity as a Board member. Each party will specifically instruct each Board member selected that he will at all times, while serving in that capacity, act not as a partisan or advocate of a partisan group or cause but will act and serve solely to render impartial findings and just decisions.

(c) Procedures for Finalizing Awards

The following procedures are provided in order to standardize the arbitration process and avoid any controversy regarding the deliberations and discussion associated with the publication of System Board of Adjustment awards:

(1) Executive sessions for every case should take place at the conclusion of the hearing, or at such time as agreed upon by a majority of the Board at the conclusion of the hearing. This postponed executive session may be necessary due to the submission of briefs or other post-hearing issues and should be the exception, not the rule.

(2) An arbitrator's draft decision, distributed to the Board unsigned, may be changed to any extent agreeable to a majority of the Board. A written decision, once executed and signed by the neutral arbitrator, may only be modified as to content by agreement of all Board members.

(3) The Board members are not to discuss the decision of the Board with anyone other than the Board members prior to the publication of the award by the Administrator of the System Board.

(4) No ex-parte communication concerning the case (that is, discussion held without the presence of the full Board) are permitted at any time.

(5) The details of the Board's deliberations must be held confidential by virtue of the Board's intended neutrality. No Board member should divulge the nature or content of the discussions held between the Board members in reaching their decision.

(6) The System Board distribution policy will include sending System Board decisions directly to the TWU International, the Vice President Employee Relations and to the Local Union involved who will then notify the grievant.

ARTICLE 33 - NO STRIKE - NO LOCKOUT

It is the intent of the parties to this Agreement that the procedures in this Agreement will serve as a means of amicable settlement of all disputes that may arise between them, and, therefore:

(a) The Company will neither cause nor permit a lockout during the life of this Agreement, and

(b) Neither the Union nor the employees will engage in a strike, sit-down, walkout, stoppage, slowdown, or curtailment of work for any reason during the life of this Agreement.

ARTICLE 34 - SICK LEAVE

(a) An employee, who completes six (6) months of service with the Company, will be credited with two and one half (2.5) days of sick leave for the calendar year in which the six (6) months period is completed.

(b) Upon being credited with the initial six (6) months credit of sick leave, an employee will thereafter accrue five twelfths (5/12) of one (1) day of sick leave for each calendar month of service with the Company, up to a maximum of five (5) days in any calendar year. Sick leave accrued during a calendar year will not be used prior to January 1 of the following year.

(c) Unused sick leave will be cumulative up to a maximum of one hundred and eighty (180) days.

(d) Except as specified in this Article, only days absent due to illness or injury of the employee which are not compensable under the applicable Workmen's Compensation Laws will be paid for from his allowed sick leave. Payment will be based on the employee's regular hourly rate.

(e) While it will not be the policy of the Company to require a slip from his doctor stating treatment for an illness or injury for all absences of one (1) to three (3) days in order for an employee to be eligible for sick leave pay, the Company reserves the right to require such doctor's slip whenever circumstances indicate suspected abuses of the sick leave policy.

Any employee suspected of abusing sick leave and therefore may be required to furnish a doctor's slip stating that he was treated for an illness or injury will first have the circumstances leading to the suspicion fully discussed with him. He may, if he so desires, have a Union representative present during such discussion. Subsequent to this discussion, if the Company decides that a doctor's slip is required, he will be given written notice of this requirement. Upon request of the employee, the specific reasons for the suspected abuse will be supplied to him, in writing. The requirement for this slip from the doctor will expire ninety (90) calendar days from the effective date of the written notice.

(f) When employees, including probationary employees, are absent due to illness or injury, ~~Classification~~ **Pay** seniority will continue to accrue for a period not to exceed thirty (30) calendar days for any period of absence.

(g) During an employee's absence due to an occupational illness or injury compensable under the applicable Workmen's Compensation Law, he will receive from the Company the following benefits:

(1) for the first ten (10) workdays absent, the difference between his base pay (including shift differential) and Workers' Compensation payments;

(2) at the conclusion of the period referred to in (1) above, a disabled employee drawing Workmen's Compensation may, at his option, draw upon his accrued sick leave up to the extent of his accrual at the rate of up to one-half regular pay (including shift differential). Provided, however, the sum of such Workmen's Compensation weekly payments plus such sick pay benefits will not exceed the employee's regular base weekly pay (including shift differential). Corresponding deductions will be made from his available sick leave accrual. Deductions will be to the nearest 0.1 of a day up to a maximum of one-half day of sick leave.

These benefits will be in lieu of any other payment provided for in this Article for all absences due to the same illness or injury.

(h) In the event that the Company challenges the payment of benefits under paragraph (g) above, occurring during the statutory waiting period under the applicable state Workmen's Compensation Laws, the employee will receive pay continuance (base pay, including shift differential) from the Company up to the maximum days provided in the waiting period.

The challenged payment by the Company will be resolved in the following manner:

(1) The Company, or the employee, may within seven (7) calendar days, appeal through a review panel composed of a representative of the TWU International and the Vice President-Employee Relations which will hear and resolve the case. The panel will be limited to determining whether the pay continuance, made to the employee under this provision, will be considered a benefit under paragraph (d) or paragraph (g) of this agreement, or whether the employee should return to the Company the benefit he received under this provision. In the event the panel is unable to resolve the issue, the case may be submitted to the System Board of Adjustment for final and binding resolution.

(2) If the Company or the employee fails to appeal the challenged payment, the pay continuance benefit will be considered payment under paragraph (d), of this agreement and will be charged to the sick leave benefit.

(i) The employees and the Union recognize their obligations to prevent absence for reasons other than illness or injury, or other abuse of the sick leave privilege, and pledge their wholehearted cooperation to the Company to prevent abuse.

(j) A lump sum payment for unused sick leave days, if any, will be made to each employee entitled thereto upon the employee's effective date of retirement as defined in American Airlines policies. If an employee dies prior to retirement the employee's beneficiary or estate will receive a lump sum payment for all unused sick leave. A day or days of unused sick leave referred to in this paragraph will mean those days credited or accrued in each calendar year and not used by the employee up to the date of retirement or death.

(k) For each such day of unused sick leave (up to a maximum of one hundred and fifty (150) days), the Company will pay an employee covered by this Agreement, twenty-five dollars (\$25.00). For example: An employee retires on January 1, 1981. He has a total accumulation of one hundred fifty (150) days of unused sick leave. On that date, said employee will receive a lump sum payment of three thousand seven hundred fifty dollars (\$3,750).

(l) A day or days of unused sick leave referred to in paragraphs (a) and (b) above will mean those days credited or accrued in each calendar year and limited to the cumulative maximum in the manner set forth under the provisions of Article 34 (c) of this Agreement and not used by the employee up to the date of retirement.

ATTACHMENT 34.1 – EMPLOYEE CLAIMING HARASSMENT AS A RESULT OF
DOCTOR'S SLIP REQUIREMENT

AMERICAN AIRLINES, INC.
633 Third Avenue
New York, New York 10017

May 11, 1971

Mr. James F. Horst
International Executive Vice President
Transport Workers Union of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: Employee Claiming Harassment as a Result of Doctor's Slip Requirement

Dear Mr. Horst:

During the course of the negotiations leading to the signing of the current agreement, claims were raised of employees being required to supply information from their doctors without just cause and without being advised that they were suspected of abusing the sick leave benefit.

The Company has repeatedly stated that in cases where such abuse was suspected the requirement to furnish a doctor's slip stating the employee was treated for an illness or injury is necessary to prevent the misuse of a valuable benefit and was never intended to be used as a disciplinary measure or as means of harassment.

As a result of these discussions it was decided to set up a panel to review claims of harassment quickly without the necessity of the employee resorting to the grievance procedure.

Upon request of the Local Union President any employee claiming harassment as a result of being required to furnish a doctor's slip will have the opportunity to present his claim to a panel composed of the Vice President-Employee Relations and the International Executive Vice President ATD, TWU, or their respective designees.

The panel will then investigate the allegation and promptly render a decision without the formality generally attendant a System Board hearing.

In the event the claim of harassment is valid, the employee would have one day added to his sick leave account. In the event it is not valid, the employee would forfeit one day from his sick leave account.

Very truly yours,

C.A. Pasciuto
Vice President
Employee Relations

Agreed to this 11th
day of May, 1971

James F. Horst

~~ATTACHMENT 34.2—SICK LEAVE AND IOD APPLICATIONS~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

~~Sick Leave and IOD Applications~~

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to modifications to the manner in which sick leave is accrued and paid. Additionally, the parties agreed to modifications to the manner in which IOD salary continuance is paid. The implementation plan of these items is detailed below and constitutes the required method to reach the targeted savings.~~

~~Sick Leave~~

~~On December 31, 2003, all employees in the TWU Title Groups will be credited with sick leave based upon our agreed to changes. Sick leave is awarded based on 5/12ths of a day (3.65 hours in the M&R Agreement) per each 173.3 paid hours period. The maximum credit is five (5) days (40 hours in the M&R Agreement) per calendar year.~~

~~There is no change to the maximum accrual of one hundred fifty (150) or one hundred eighty (180) days. Additionally, there is no change to the sick bank of each employee as of January 01, 2003.~~

~~Effective on May 01, 2003, in Title Group I and Title Group II only, payment for sick leave will be at 50% of the employee's base rate for the first sixteen (16) hours, of any single occurrence.~~

~~Injury On Duty—Salary Continuance~~

~~The parties agreed to modification of the IOD—Salary Continuance provision. In order to transition from the eighty (80) days of salary continuance to the new ten (10) days of salary continuance, employees, who are receiving salary continuance on the basis of the eighty (80) day application for an injury or illness that occurs prior to April 15, 2003, will continue to draw salary continuance on the basis of the eighty (80) day application~~

~~through April 30, 2003. For those employees, salary continuance will end as of May 01, 2003.~~

~~Example: Employee "A" has used 74 days of IOD as of 4/15/03. This employee would continue to receive IOD pay for six (6) more days up to the eighty (80) days. Emp. B has used 45 days of IOD as of 4/15/03, he/she will continue on IOD, if necessary, till 4/30/03.~~

~~For those employees who incur an illness or injury during the period of April 15, 2003, through April 30, 2003, the salary continuance payment will be for ten (10) work days. For those employees, salary continuance will end after payment of ten (10) work days.~~

~~If an employee incurs an illness or injury on or after May 01, 2003, the Company will pay the employee up to ten (10) work days of salary continuance (ID) for each separate illness or injury.~~

~~Sincerely,~~

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

~~Agreed to this date:~~

~~James C. Little _____
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ARTICLE 35 - TEMPORARY EMPLOYEES

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ARTICLE 36 - MEAL PERIOD

(a) Meal periods will be thirty (30) minutes, except when a longer period is agreed upon between the parties.

(b) Meal periods will be scheduled not earlier than three (3) hours after commencement of work and not later than five and one-half (5 1/2) hours after commencement of work. If an employee is not scheduled for a meal period within the foregoing time span, the meal period will be provided immediately before or after it, and the employee will receive time and one-half his regular hourly rate for the meal time before or after such time span.

In the event that a meal period has not been provided in accordance with the foregoing, the employee is then free, if he so desires to take his meal period and will receive time and one-half his regular hourly rate during such meal period.

ARTICLE 37 - SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those in paragraphs (b), (c) and (f) will receive severance allowance as provided in paragraph (e), subject to the limitations in this Article.

(b) Severance allowance will not be paid for layoffs of less than four (4) months' duration, which are due to seasonal schedule reductions.

(c) Severance allowance will not be paid if the layoff is the result of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(d) At the time of layoff, the Company will advise the employee in writing of the reasons for his release and whether it is for reasons outlined in Article 37 (a), (b) or (c). If the employee is released for reasons in Article 37(a), he will be eligible for the immediate payment of the severance allowance as provided in this Article. If the employee is released for reasons in Article 37(b), and if at the expiration of four (4) months from the date of layoff he is not offered reemployment in other than a temporary job in accordance with Article 16, his layoff will be presumed to have been caused by factors covered in Article 37(a), and he will become entitled at that time to severance allowance, as provided in this Article. Temporary work, which does not exceed a continuous period of forty-five (45) calendar days, will not be considered as breaking the four-month period of layoff.

(e) The amount of severance allowance payable under this Article to employees eligible is contained in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits in this Agreement.

(1) Severance for part-time employees will be based on the employee's Company seniority and the scheduled hours at the time of layoff. If the employee's scheduled hours have been reduced within sixty (60) calendar days of the layoff notice, an average of the previous six (6) months scheduled hours will be used to determine the "scheduled" hours for the purposes of pay.

(2) A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by forty (40) hours for full time but for part time hours as outlined above.

<u>If employee has completed:</u>	<u>Severance Allowance:</u>
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks

4	years of service	5	weeks
5	years of service	6	weeks
6	years of service	7	weeks
7	years of service	8	weeks
8	years of service	9	weeks
9	years of service	10	weeks
10	years of service	11	weeks
11	years of service	12	weeks
12	years of service	13	weeks

(f) If the employee is not reemployed by the Company within four (4) months from the effective date of his layoff, and he has at least one year's seniority as of the date of layoff, he will be entitled to an additional two- (2) weeks' severance allowance. In the event an employee is recalled to work under Article 16 before the expiration of four (4) months from the date of his layoff and is again laid off, he will be entitled to the additional two (2) weeks' severance allowance if he is not reemployed by the Company within four (4) months from the effective date of the subsequent layoff.

(g) Severance allowance will not be granted when (1) the employee elects to exercise his seniority to remain with the Company in his own or a lower classification in accordance with Article 15; (2) he has, within four (4) months of layoff, been offered a job in accordance with Article 16, and has refused the job; or (3) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(h) An employee recalled to work under the terms of Article 16, who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with Article 37(e), less the dollar amount received on the occasion of the previous severance, provided that the dollar amount deduction will not be made if the employee completes at least one (1) additional year of compensated service with the Company from the date on which he reported for duty upon the occasion of the prior recall.

(i) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance (plus an additional two (2) weeks if he also received two (2) weeks' pay in lieu of notice) will have the amount of overpayment deducted from his subsequent earnings.

(j) An employee who has been reemployed under the conditions outlined in Article 37(h) and (i) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

ARTICLE 38 - UNION SECURITY

(a) All employees covered by this Agreement will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation fee and membership dues (not including fines and penalties), or agency fees in accordance with applicable law. An employee may have his membership dues deducted from his earnings by signing the form "Assignment and Authorization for Check-Off of Union Dues," also referred to as "Check-Off Form," or, if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(b) All new employees of the Company hired on or after the effective date of this Agreement will become members of the Union sixty (60) calendar days after the date of employment with the Company and will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues, or in lieu of maintenance of membership, agency fees in accordance with applicable law. The Company will supply each Local Union with the name and personnel number of any new employee or transferee covered under this agreement within fifteen (15) calendar days of the actual report date of said employee. The Company will allow the Union an opportunity during local orientation to meet with new employees and transferees regarding Union matters.

(c) If any employee who has resigned from the Company or has been laid off is reemployed or recalled, he will be considered as a new employee for the purposes of this Article and will be governed by the provisions of paragraph (b).

(d) Employees who are or become members of the Union under paragraphs (a) or (b) above will pay membership dues as set forth in this article, except that payment for membership dues will not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification or position not covered by this Agreement.

(e) "Member of the Union", for the purpose of this Article, will mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of the initiation fee and membership dues as specified herein or agency fee payer not more than sixty (60) calendar days in arrears in the payment of his fees

(f) When an employee who is a member of the Union becomes delinquent within the meaning of paragraph (e) above, the following procedure will apply:

(1) The Director of the Air Transport Division of the Union will notify the employee in writing, certified mail, return receipt requested, that he is delinquent in the payment of the initiation fee and membership dues or agency fees, as specified herein, and accordingly, is subject to discharge as an employee of the Company. Such letter will also notify the employee that he must remit the required payment within fifteen (15) calendar days of the date of mailing of the

notice, or be subject to discharge. This provision will be deemed to be complied with if the Union sends, but the employee refuses the above mailing.

(2) If, upon the expiration of the fifteen (15) calendar days period, the employee still remains delinquent, the Director of the Air Transport Division of the Union will certify, in writing, to the Vice President-Employee Relations of the Company, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Vice President-Employee Relations, after being presented with the appropriate documentation, will then take proper steps to discharge such employee from the services of the Company.

(3) An employee discharged by the Company under the provisions of this paragraph will be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(g) Any discharge under the terms of this Article will be based solely upon the failure of the employee to pay or tender payment of the initiation fee and membership dues or agency fees, as specified in this Article, and not because of denial or termination of membership in the Union upon any other ground.

(h) Any grievance by an employee concerning the interpretation or application of the provisions of this Article will be subject exclusively to the following procedure:

(1) An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review, in writing, within five (5) calendar days from the date the grievance arises, except that a grievance arising under paragraph (f)(1) must be filed within the fifteen (15) calendar day period specified in that paragraph. The request will be submitted to his immediate supervisor who will review the grievance and render his decision, in writing, not later than five (5) calendar days following the receipt of the grievance.

(2) The immediate supervisor will forward his decision to the employee with a copy to the Local Union Accredited Representative. If the decision is not satisfactory to both the employee and the Union, then either may appeal the grievance directly to the System General Board of Adjustment, within ten (10) calendar days from the date of the decision. The terms and provisions of the System Board Article will be applicable, except as otherwise specified in this Article.

(3) If the Union should appeal the decision to the System General Board of Adjustment, it will prepare a joint submission of the grievance setting forth the Union's and the employee's position and forward copies to the employee, the Vice President-Employee Relations of the Company and to the members of the System General Board of Adjustment. If the employee should appeal the decision, he may request the Vice President-Employee Relations to

prepare the submission papers on his behalf for the System General Board of Adjustment. In this event, such request will be made by the employee, in writing, to his immediate supervisor who will transmit, through the local City Manager all facts, data and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Vice President-Employee Relations will forward copies of the employee's separate submission to the employee, the local City Manager, the Director of the Air Transport Division of the Union and to the members of the System General Board of Adjustment.

(4) During the period a grievance is filed under the provisions of this paragraph and until after final award by the System General Board of Adjustment, the employee will not be discharged from the Company because of noncompliance with the terms and provisions of this Article. In the event the employee's grievance is denied because he has not tendered dues owed under this Article, he will be considered discharged for cause. In any proceeding under this Article, the employee, the Company, and the Union will be allowed to present any facts or arguments supporting their positions concerning proper application of this Article.

(i) The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims, which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(j) The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure of employment or any term or condition of employment, attempt to discourage membership in the Union.

(k) The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his right to work, in the proper exercise, performance, or implementation of his duties and responsibilities with the Company, or in respect to Union activity or membership. Further there will be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(l) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-laws of the Union and as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes the following agreed-upon Check-Off Form. This form will be prepared and furnished by the Union.

ASSIGNMENT AND AUTHORIZATION
FOR CHECK-OFF OF UNION DUES

To: American Airlines, Inc.
Attention: Manager–Payroll Customer Service
M.D. #790
P. O. Box 582848
Tulsa, Oklahoma 74158-2848

U.S. Mail Address:
7645 East 63rd Street Suite 600
Tulsa, OK 74133-1275

I, _____,
(Name: Initials and last name)

hereby assign to the Transport Workers Union of America, AFL-CIO, my Union dues from any wages earned or to be earned by me as your employee. I authorize and direct you to deduct the flat sum of _____, which is the bi-weekly equivalent of my monthly membership dues, or such bi-weekly equivalent as may hereafter be established by the Union as my membership dues, from each bi-weekly paycheck and to remit the same to the Union.

This assignment, authorization, and direction may be revoked by me, in writing, after the expiration of one year from the date hereof, or upon the termination date of the labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with the existing Agreement between the Union and the Company.

Address of Employee _____
Personnel Number _____
Cost Center _____ Location _____
Department _____
Local Union Number _____
Date _____

(m) When a member of the Union properly executes such "Check-Off Form", the Director of the Air Transport Division of the Union will forward an original copy to: American Airlines, Inc.; Manager – Payroll Customer Service 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275. Any Check-Off Form which is incomplete or improperly executed will be returned to the Director. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and delivered by certified mail, addressed to their respective Local Union Office. Each Local Union office will forward a copy to: American Airlines, Inc., Manager – Payroll Customer Service, 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275 for future Union dues withholding. Check-Off Forms and notices received by the Manager- Payroll Customer Service will be stamp-dated on the date received and will constitute notice to the Company on the date received, and not when mailed.

(n) When a Check-Off Form, as specified in this Article, is received by the Manager- Payroll Customer Service on or before a given payday, deductions will commence with the first regular paycheck following said payday, and will continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, personnel numbers and station numbers of the employees for whom deductions have been made in that particular period, arranged in order of their personnel numbers. Additionally, the Company will supply in duplicate to the office of the Union a listing of those employees who are on leave of absence; have accepted a position outside the bargaining unit; or have terminated employment with the Company.

(o) No deductions of Union dues will be made from the wages of any employee who has executed a Check-Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions will be automatically resumed provided the employee has not revoked the assignment in accordance with this Article, and provided it is in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(p) An employee who has executed a Check-Off Form and who resigns or is terminated from the employ of the Company for reasons other than layoff will be deemed to have automatically revoked his assignment and if reemployed, further deductions of Union dues will be made only upon execution and receipt of a new Check-Off Form. Provided, however, that upon return from layoff, leave of absence, or reinstatement from disciplinary discharge to work within a classification covered by this Agreement, deductions will be automatically resumed. In cases where Check-Off is not reinstated by the Company due to mechanical or software errors, the Company will collect the back dues at a maximum of fifty (50) dollars per month and remit to the Union, provided the employee has not revoked the assignment in accordance with this

Article, and such deductions are in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(q) Collection of any back dues owed at the time of starting deductions for any employee, and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, will be the responsibility of the Union and will not be the subject of payroll deductions.

(r) Deductions of membership dues will be made in a flat sum from each paycheck provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to collect dues will not extend beyond the bi-weekly period in which his last day of work occurs.

ARTICLE 39 – PHYSICAL EXAMINATION FITNESS FOR DUTY

(a) If two or more members of management determine there is a serious question as to an employee's physical fitness to perform his assigned work, **one or more of the following may be required of the employee.** ~~he may be given a physical examination by the Company doctor.~~ The employee will be notified of the ~~examination~~ in writing. ~~The notification~~ **which** will include an explanation of the reason(s) for the **evaluation** examination. ~~An employee who fails to pass a Company physical examination may, within fifteen (15) calendar days of the date of written notification of his failure to pass the examination, be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform, or, at his option, have a review of his case in the following manner:~~

(1) **If he is currently under the care of a physician, he may be required to provide medical documentation regarding such treatment.** ~~He may employ a qualified medical examiner of his own choosing and at his own expense for a physical examination.~~

(2) **If he is not currently under the care of a physician or does not provide medical documentation to AA Medical from his own personal physician in timely manner, management may request a fitness for duty evaluation through the Company Medical department.**

~~Should the medical examiner chosen by the employee disagree with the findings of the medical examiner employed by the Company, the Company will, at the written request of the employee or his Union representative, ask that the two medical examiners agree upon and appoint a third qualified and neutral medical examiner, for the purpose of making a further physical examination of the employee.~~

(3) **As soon as the medical information is received either from the employee's treating physician or the company provided medical evaluation, it will be reviewed by an AA physician or the AA Medical Review Board (hereafter referred to as the MRB) at the next scheduled MRB (normally within two (2) weeks). The Company physician or MRB will consider the information provided by the treating physician or the medical evaluation as well as the employee's AA Medical file.**

~~The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral doctor (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.~~

Note: During any time the employee is absent from work due to these situations, he will be compensated from his existing sick bank unless he is on "withhold with pay" status.

As a result of the Company physician and/or MRB review, one of the following will apply:

- (a) The employee may be cleared to full duty;
- (b) Temporary restrictions may be assigned: A temporary restriction is a restriction assigned by the employee's treating physician or AA Medical, until the employee's fitness for full duty can be established.
- (c) Permanent restrictions may be assigned: A permanent medical restriction is a work restriction that is based on the presence of a medical condition which is unlikely to change substantially in the immediate or foreseeable future.

~~(4) The expense of the third medical examiner will be borne one half by the employee and one half by the Company. Copies of the Board's report will be furnished to the Company, the Union, and the employee.~~

~~(5) If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job and be paid for time lost, at his regular rate of pay, less any amount he may have received as compensation during the interim period.~~

~~(b) Should the medical examiner, chosen by the employee in Article 39(a)(1), agree with the findings of the Company doctor but disagree regarding the employee's ability to return to his job, the following will apply to all cases, including alcoholism and mental disorders, except when superceded by the DOT or FAA rules or the Company's Alcohol/Drug Policy:~~

~~(1) The employee may appeal through the local Union President to a System Review Panel, composed of the Vice President Employee Relations and the Director of the Air Transport Division, to resolve the dispute.~~

~~(2) Should the System Review Panel be unable to satisfactorily resolve the case, it will be referred to a System Professional Medical Board composed of the American Airlines Corporate Medical Director, a physician appointed by the employee, and a third physician mutually agreed upon by the first two physicians. The third physician will possess the medical expertise necessary to resolve the dispute.~~

~~(3) The case will be presented to the Professional Medical Board which will be empowered to return the employee to his former job. The decision of the Board will be final and binding, the majority vote deciding the case.~~

~~(4) The expense of the employment of the third physician will be shared equally by the parties.~~

(b) Temporary Restrictions

If temporary restrictions are assigned, AA Medical will notify the employee

and local management, in writing, of the temporary restrictions. Local Management will determine if the restrictions can be accommodated in the workplace, and may seek input from Medical and the Union. AA Medical will work with the employee and his treating physician to address the temporary restrictions. (In some cases, the temporary restrictions may become permanent restrictions.) In the event the employee's treating physician disagrees with the temporary restrictions that have been assigned by AA Medical, the employee may initiate a second review by AA Medical; provided, the review process will not be initiated until the employee has provided his medical records to AA Medical and AA Medical continues to recommend temporary restrictions with which the employee's physician disagrees. The second review must be accompanied by newly available or additional medical information relating to the established restrictions (e.g. physician to physician review, if appropriate). AA Medical commits to a timely review of the medical facts.

~~(c) If a dispute should arise from the application of Article 39(a) or 39(b), the Company will supply to the employee's personal physician, upon receipt of a signed release from the employee, a copy of the employee's medical records that pertain to the dispute.~~

~~Provision and disclosure of the medical records will be in conformity with applicable government regulations.~~

(c) Permanent Restrictions

If the employee is assigned permanent restrictions, AA Medical will notify the employee in writing of the permanent restrictions. (A form will be included in the MRB letter.) An employee who has been assigned permanent restrictions by the MRB is encouraged to seek local accommodation in his existing job with local management. If local management is unable to accommodate the restrictions, the employee may file an appeal as stated below, or request a broader accommodation or job search assistance from the Accommodation Review Board (hereafter referred to as the ARB). In the event that the employee's treating physician disagrees with the permanent restrictions that have been assigned by the MRB, the employee and his treating physician may appeal the MRB's decision within fifteen (15) calendar days of the date of written notification. The employee will be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform or, at his option, have a review of his case in the following manner:

- (1) Once AA Medical has been notified of the appeal the Company will, at the written request of the employee or his Union representative, ask that the two medical examiners, the employee's treating physician, and the AA Medical physician agree upon and appoint a third qualified and neutral medical examiner for the purpose of conducting a further medical evaluation of the employee.

AA Medical will research the qualifications and credentials of physicians qualified as medical examiners for the appropriate medical condition and/or restrictions to be reviewed. AA Medical will provide a written list of medical examiners to the employee's treating physician with a copy to the employee. AA Medical will also review a list of qualified medical examiners provided by the employee's treating physician if provided.

(2) The employee's treating physician should notify AA Medical of the choice of medical examiner within fifteen (15) calendar days of the date of the letter. The employee must provide a medical release to AA Medical prior to the scheduling of an appointment with the medical examiner. Provision and disclosure of the medical records will be in conformity with applicable government regulations. AA Medical will schedule the appointment, will notify the employee in writing and will provide all appropriate Company medical records to the medical examiner. Additionally, if the employee or the employee's treating physician has additional medical information, it must be submitted to AA Medical along with the medical release for forwarding to the medical examiner prior to the appointment.

(3) The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral medical examiner (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.

(a) The expense of the third medical examiner will be borne by the Company including all expenses related to travel such as airfare and hotel. Copies of the medical examiner's report will be furnished to AA Medical and the employee's treating physician. If the employee fails to show for the scheduled appointment and has no justifiable reason, he will be responsible for any no-show fee.

(b) If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job. Back pay will apply from the date the employee files his Article 39 appeal. The employee will be compensated at his regular rate of pay, less any amount he may have received as compensation during the interim period. If the employee used sick leave or vacation allowance, his sick leave or vacation allowance will be replenished.

(c) Should the third party medical examiner agree with the permanent restrictions assigned by AA Medical, the employee may request accommodation through the ARB.

(d) The decision of the third party medical examiner is final and binding on all parties.

Note: This process will not supersede the Company's Alcohol/Drug Policy, FAA, or DOT rules.

~~(d) In order to expedite the resolution of cases brought before the AA TWU System Review Panel under the provisions of Article 39(b), the provisions of this paragraph will be followed. In the event that the Panel, with the concurrence of the AA Corporate Medical Director or his designee, returns the employee to his job, or another job covered by the Agreement, the reinstatement will be effective no later than ten (10) calendar days from the date the decision is reached. The reinstated employee will return to work on the date, time, and place determined by the Manager of the work unit to which the employee will return.~~

~~(1) In the event of a deadlock by the Panel under the provisions of Article 39(b)(1), the employee will:~~

~~(a) Complete and sign an American Airlines authorization form for the release of medical information; and~~

~~(b) Write a letter to the AA Medical Director stating the name of the doctor specializing in the treatment of the medical disability which caused the employee to be disqualified from his job and/or upon whose opinion the Company may rely, if the System Review Panel determines the doctor has not been specified already; and~~

~~(c) Furnish a detailed medical memorandum for the physician under Article 39(d)(1)(b). The memorandum will detail the diagnosis, prognosis, medication, current status, test results, etc., based on an examination performed not more than ninety (90) days before or after the date of the System Review Panel hearing.~~

~~(2) The above documents are to be sent to:~~

~~Corporate Medical Director
P. O. Box 619616, MD 5187
DFW Airport, TX 75261-9616~~

~~(3) Upon receipt of the above documents, the AA Medical Department will evaluate the employee's physician's report and will communicate with the employee's physician to choose a third physician to constitute the Professional Medical Review Board specified under Article 39(b)(2). All questions concerning the submission of documents above will be handled by AA Medical.~~

~~(4) The entire process of appeal from the decision of the System Review Panel to the Professional Medical Review Board will be completed within forty-five (45) calendar days. However, when the employee's physician, the AA physician, or the third doctor are not available, test results are delayed, or other factors beyond the control of the parties exist, the process may be extended another fifteen (15) calendar days to a total period from deadlock of the System Review Panel through the process of the Professional Medical Review Board of not more than sixty (60) calendar days.~~

~~(5) Every employee participating in the process above will be made aware of his or her responsibility to share the cost of the third physician equally with the Company under the provisions of Article 39(b)(4).~~

(e) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

Attachment 39.1 - Accommodation Review Board

DOS

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

Re: ACCOMMODATION REVIEW BOARD

Robert,

In follow up to today's conversation I am providing information on how your field representatives should handle employee requests regarding the process of the Accommodations Review Board and how it relates to their permanent medical restrictions.

If permanent restrictions are assigned, AA Medical will notify the employee and the TWU ATD Designees in writing of the permanent restrictions. Once an employee has exhausted the provisions of the contract and is still restricted from performing his job, the employee should forward to HR, in writing, with a copy to the Local Union President, a request for review by the ADA System Accommodations Committee.

HR is the designated contact point for such accommodation review requests. Employees who have been assigned permanent restrictions by the MRB are encouraged to seek local accommodation in their existing job with their local management. If local management is unable to accommodate the restrictions, the employee may request a broader accommodation or job search assistance from the Accommodation Review Board.

The ARB will consist of:

Human Resources (Chairperson)

Employee Relations

TWU ATD Designees

Legal

Medical

Local Management

Local Union Representative – Designated by the Local President

The function of the ARB is to discuss all aspects of the employee's request, his restrictions and ability to perform his essential job functions, and whether the Company can reasonably accommodate the restrictions without undue hardship, in an attempt to return the employee to his previously held position. The ARB works with management, union representatives and Human Resources prior to making a recommendation. If the employee is unable to return to his previous

position, a job search within AMR is recommended.

If a job search is recommended, the ARB Chairperson will assist the employee in an attempt to identify other open positions within all of AMR in which the employee will be able to work, with or without a reasonable accommodations, and for which he may be qualified (may include non-TWU represented positions). This assistance may include coordinating access to internal Company postings; resume writing techniques and skill assessment.

The ARB will do all possible to work with local management to implement the recommendation of the board.

Sincerely,

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

ARTICLE 40 – PENSION-RETIREMENT BENEFIT

(a) The Company has maintained a retirement plan for the employees for a number of years. The full text of the **“The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO”** (successor to **“The American Airlines, Inc. Retirement Benefit Plan for Flight Simulator Technician, Associate Flight Simulator Technician and Technical Coordinator Employees”**) (**“Plan”**) ~~plan~~ is on file with the Company and is available to the employees in accordance with government regulations. ~~The Plan “The American Airlines, Inc. Retirement Benefit Plan for Stock Clerk Employees”~~ has been amended to enhance and clarify benefits over time. **The Plan is frozen effective 11:59 p.m. on [FREEZE DATE].**

(b) The following changes to the Plan were made by Letter dated 08/09/80.

(1) For an employee member who was first eligible to join the Plan prior to January 1, 1956, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service.

(2) For the employee member who was first eligible to join the Plan between January 1, 1956 and April 1, 1978, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service and the attainment of age twenty-five (25).

(3) For the employee member who was first eligible to join the Plan April 1, 1978 or later, credited service will be counted from the first of the month coincident with or next following his or her completion of one year of Company service.

(4) After December 31, 1976, credited service will not include periods of unpaid hours in excess of one hundred eighty (180) hours in a calendar year. A leave of absence for Union business for which the employee member has been paid by the Union will be counted as credited service for the Plan.

(c) The following changes to the Plan were made by Letter dated 08/01/85.

(1) Effective for employees who are on the active payroll on September 1, 1985, Credited Service under the Retirement Benefit Plan will include any periods of employment during which an employee would have accrued Credited Service if the age 25 eligibility restriction had not existed in prior years. Credited Service will be counted from the January 1st or July 1st following completion of one (1) year of Company service.

(2) For purposes of the preceding paragraph, "on the active payroll" means actually at work. It will also include employees who retire from the active payroll in the calendar month preceding September 01, 1985, those who are on a paid sick or vacation period, on an overage leave, or on a Union leave on September

01, 1985. It does not include employees who are on a personal leave of absence, unpaid sick leave, or other unpaid absence from work on September 01, 1985, unless they actually return to work.

(d) The following changes to the Plan were made by Letter(s) dated 05/05/89.

(1) A new vesting schedule will apply to employees who perform at least one hour of service for which they are paid on or after January 1, 1990.

(2) The new vesting schedule will provide that such employees will become 100% vested after completing five years of vesting service as defined in the plan. Prior to completing five years of vesting service, employees will have 0% vested benefits.

(3) Rules for counting vesting service and for applying breaks in service remain unchanged from the current plan.

(4) The Company agreed to retroactively credit all pensionable hours worked past age 65 for TWU represented employees who retire from the active payroll after January 1989.

(e) The amendments covered in Article 40(e) will be applicable only for those members classified as "Stock Clerk Employees", who are on active payroll or on an approved leave of absence with recall rights as of 03/01/01 and whose benefits commence on or after the first day of the month following 03/01/01.

(1) Final Average Compensation

The compensation used for calculating a member's retirement benefit will be the average of the highest forty eight (48) consecutive months of pay out of the one hundred and twenty (120) consecutive months of pay preceding the date of retirement. The definition of the compensation used to determine the forty-eight (48) and one hundred and twenty (120) month periods is unchanged. Various formulas exist for benefits, e.g., $1.667 \times \text{Final Average Earnings} \times \text{Years of credited service}$, which are also unchanged.

(2) Eligibility For Benefits – Early Retirement

A member will be eligible for early retirement on or after attaining the earlier of:

(a) age 55 and fifteen (15) years of credited service; or

(b) age 60 and ten (10) years of credited service.

(3) Early Retirement Benefits

Pension benefits determined as of early retirement will be reduced 3% for each year that the member is less than age 60.

(f) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

(g) After [FREEZE DATE], no further benefits will accrue under the Plan. Benefits for current employees who are participants in the Plan will be determined based on their pension accrual calculated as of [FREEZE DATE], and no new participants will be added to the Plan after [FREEZE DATE]. This pension freeze will not result in the loss of any pension benefits accrued through [FREEZE DATE]. Service performed after [FREEZE DATE] will not be counted for any purpose except as otherwise required by law. The benefits accrued as of [FREEZE DATE], will remain obligations of the Plan and its related trust on behalf of existing Plan participants and will be paid in accordance with the terms of the Plan.

(h) Subject to paragraph (g), the Company will continue to maintain the Plan and its related trust. The Company may amend the Plan, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the pension freeze described in paragraph (g) or to maintain the Plan's tax-qualified status or otherwise comply with applicable Federal law.

(i) On [FREEZE DATE+1], the Company will enroll all current employees, except those described in paragraph (i)(1) below, and all future new-hire and transfer employees in the Super Saver - A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries ("Super Saver Plan"), a defined contribution plan, or equivalent plan.

(1) Employees who already have a Super Saver Plan, (or equivalent plan), contribution election on file as of the date they would otherwise be automatically enrolled will not be automatically enrolled in the Super Saver Plan (or equivalent plan) and their previous contribution election will remain in place.

2) Employees who are automatically enrolled into the Super Saver Plan, will be enrolled at an employee-deferral rate of 3% pre-tax contribution.

(3) The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will, for each employee who has at least one year of Eligibility Service, contribute to the Super Saver Plan on a pre-tax basis for each Plan Year as an Employer Matching Contribution 100% of the aggregated amount of the employee's Employee Before-tax Contributions and employee's Employee Designated Roth Contributions,

up to a total amount of 5.5% of an employee's Eligible Compensation (as defined in the Super Saver Plan).

(4) The Super Saver Plan shall remain in effect and the benefit levels shall not be reduced during the term of this Agreement. However, the provisions of the Super Saver Plan may be modified from time to time to maintain the plan's tax-qualified status or to otherwise comply with applicable Federal law and may also be amended at the Company's sole discretion, provided no such discretionary amendment shall reduce the benefit levels stated above in subsection (i)(3) during the term of this Agreement or be inconsistent with the terms of this paragraph (i) or its subparagraphs. The Company will provide the Union with a copy of any amendment.

(5) Capitalized terms in this paragraph (i) not otherwise defined in this Agreement, but defined in the Super Saver Plan, will have the same meaning as set forth in the Super Saver Plan.

ATTACHMENT 40.1 - CHARGE FOR THE PRE-RETIREMENT SURVIVOR BENEFIT

October 19, 1995

John M. Orlando
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood, Suite 112
Hurst, Texas 76054

Dear John:

This letter follows up our conversation of today regarding the charge for the pre-retirement survivor benefit.

The Retirement Equity Act of 1984 mandated that pension plans provide a benefit for the surviving spouse of an employee who dies vested, but prior to retirement. This is known as the Qualified Pre-retirement Survivor Annuity (QPSA). Because this requirement adds to pension costs, employers are allowed to recover the cost by reducing the employee's pension at retirement. The AA reduction at retirement for QPSA coverage does not fully cover the cost of providing this benefit. QPSA coverage is still heavily subsidized by American.

QPSA coverage is mandatory and automatic unless the employee and spouse sign a waiver. The benefit and how the charge is calculated are explained in detail beginning on page R-17 of the Employee Handbook. The calculation is based upon a percentage by age for the number of years coverage was in effect. There is no charge for providing the coverage past age 65, although the employee is charged for those years under age 65. Once an employee is at least age 55 with 15 years of credited service or age 62 with 10 years of credited service, the charge also stops accumulating. The charge is based only on the mandatory 50% survivor benefit. Employees who have elected a larger survivor benefit are not charged more.

Since the actual QPSA calculation is complex and can only be done accurately when an exit date has been established, for estimate purposes only we show a uniform \$20 monthly reduction. We use \$20 because we rarely see a QPSA reduction of \$20 or more, for simplicity in preparing estimates, \$20 is shown on all estimates, even for employees who never had the coverage, or will not be charged this exact amount.

At retirement those employees who never had coverage will, of course, have no reduction. For those who were covered, the reduction will be individually calculated based on their age and years of coverage.

As we discussed, normally about 300 TWU members retire each year. However with the early out, we may be asking as many as 7,000 TWU members to take a close look at their pension plan. Although the QPSA explanation has been in the handbook for approximately 10 years, with this kind of scrutiny we are learning that we can improve how we communicate very important, but unfortunately often very technical pension information.

Thank you for bringing this issue to my attention and I hope this explanation is helpful. Please let me know if you have any questions.

Sincerely,

Mark Johnson
Managing Director
Benefits Compliance

ARTICLE 41 – BENEFITS

(a) The parties recognize that controlling the spiraling costs of health care has become a national priority and a critical mutual objective for both the Company and the employees.

In order to provide maximum flexibility and choice for individual employees, while helping to assure the Company's continued financial strength, effective ~~January 1, 1990~~ **DATE**, the Company will implement a flexible benefits program ~~new plan design options~~, which limits the impact of future health cost increases for both the Company and the employees as follows:

(1) The Company will provide "benefit dollars" which will allow each employee, in 1990, to "purchase", at no cost beyond those "benefit dollars", the basic Group Life and Health Benefits Plan. The employee may also contribute a portion for other plans at his option ~~two medical plan options, a Standard medical plan option and a Core medical plan option. With the exception of the Standard medical 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 plan option (which are not incorporated into this agreement) may change at Company discretion and advance notice of any changes will be provided to the TWU prior to implementation.~~ ~~or~~

~~2) Employees may spend their "benefit dollars" to buy that combination of benefits that best meets their individual needs – for example, more life insurance, but less health coverage.~~

~~(3) An employee may select a more limited benefit plan such as a plan with a higher deductible, and receive cash in exchange for unused "benefit dollars". This cash payment will not increase other benefits – e.g., pension accruals or life insurance and is subject to income and Social Security taxes.~~

~~(4) The number of "benefit dollars" provided by the Company to each employee will increase by the percentage increase in the Company's average annual cost per covered employee, for the period July 1, through June 30, immediately preceding the enrollment year over the previous period July 1, through June 30, up to a maximum of 5%. In this way, the Company pays for the first 5% of cost increases.~~

~~(2)(5) If American's average annual cost per covered employee for providing the benefit package rises by more than 5% during the measurement period, an employee who desires to maintain an identical level of coverage will share the additional costs by making monthly contributions to cover the increase in cost over the first 5% paid by the Company, up to an additional 5% increase in costs year over year. **Aggregate employee contributions 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 plan options. Contributions for the Standard and Core medical plan options will increase annually with projected inflation for all expenses related to these two (2) medical plan options, provided during the life of the agreement, aggregate employee contributions will remain at 21% of the total projected cost.

~~(3) (6)An employee who does not choose to contribute will be able to elect a less costly alternative package of benefits, such as a plan with a higher deductible.~~ **Coverage tiers for contribution rates will be as follows:**

New Coverage Tiers
Employee Only
Employee + Spouse/Domestic Partner
Employee + Child(ren)
Employee + Family

(4) Part-time employees will be offered the same medical plan options as full-time employees. Contribution rates for medical plan options for Employee Only coverage will be the same as full-time employees. Part-time employees' contribution rates for dependent tiers in the Standard medical plan option will be two (2) times the full-time contribution rates for employees enrolled in the same medical option and coverage tier. Part-time employees' contribution rates for dependent tiers in the Core medical plan option will be the same as full-time contribution rates for employees enrolled in the same medical option and coverage tiers.

~~(5) The TWU and the Company have agreed that a review committee will be established to review planned administrative changes to the negotiated Standard Mmedical Plan plan option. and for planned changes in the Point of Service Plan contribution rates, so long as Point of Service Plan continues to be offered. This committee will have the right of appeal to the Sr. Vice President – Human Resources in the event of a dispute.~~

Notice of changes to the Value Plan will be provided to the TWU in advance of implementation.

~~(6) The TWU and the Company will participate on a joint committee to develop programs and procedures which will reduce the rate of increase in costs in order to minimize the impact on employees.~~

(b) The annual deductible under the Standard medical plan option will be \$1,000 per individual with a maximum family deductible of \$3,000 Major Medical Plan will be \$150 per individual per calendar year for in-network services. The family deductible will be satisfied in any calendar year after a total of \$400 in deductible charges have been paid for any three (3) or more family members. No one family member may contribute more than \$150 toward the satisfaction of this family deductible. Plan design features are listed below.

	Standard medical plan option	Core medical plan option
Plan Design Features	Contractual	Non-contractual
Spending Accounts	HRA	
Spending Account Funding (2012 only)	\$500 emp / \$500 spouse	
In Network Deductible (Single/Family)	\$1,000 / \$3,000	
Out of Network Deductible (Single/Family)	\$3,000 / \$9000	
Coinsurance (In/Out)	20% / 50%	
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	
Primary Care Physician Copay (In/Out)	\$30*	
Specialist Copay (In/Out)	20% / 50%	
Retail Clinics Copay (In/Out)	20% / 50%	
Preventive Care*	\$0	
Emergency Room	Deductible / Coinsurance \$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$20 min / \$40 max)	
Formulary Brand	30% (\$30 min / \$100 max)	
Non-Formulary Brand	50% (\$45 min / \$150 max)	
Pharmacy (Mail)		
Generic	20% (\$10 min / \$80 max)	
Formulary Brand	30% (\$60 min / \$200 max)	
Non-Formulary Brand	50% (\$90 min / \$300 max)	
2012 Full Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$202.78	\$174.17
EE + Child(ren)	\$121.67	\$104.50
EE + Family	\$270.37	\$232.23
2012 Part Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$337.97	\$174.17
EE + Child(ren)	\$175.74	\$104.50
EE + Family	\$473.15	\$232.23

***Not subject to deductible**

Standard coinsurance amounts (Medical and Rx) apply towards OOP maximums
OOP amounts do not include the deductibles for Standard

(c) — The Major Medical Expense Benefits lifetime maximum for each active employee and eligible dependent(s) will be \$5,000,000. An employee and his eligible dependents, who retires early under Article 41(l) will remain under the \$300,000 lifetime maximum until the retired employee reaches the earlier of age 65 or Medicare eligibility.

~~(1) Inpatient hospitalization charges will be reimbursed at 80% of the first \$5,000 in covered expenses and 100% of the remaining covered expenses. The out of pocket maximum is \$1,000 per person.~~

~~(2) The Group Life and Health Benefits Plan for retirees provides that 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined, and 100% of the remaining combined charges in a calendar year will be reimbursed.~~

~~(3) When the Company's Group Life and Health Benefits Plan is providing secondary coverage for dependents, the total combined benefits paid by the primary plan and the Company will not exceed what the Company's Group Life and Health Benefits Plan would have paid had it been the primary plan.~~

(c) ~~(d)~~ Effective **DOS**, a newly hired employee will be subject to a one (1) calendar month service waiting period before the employee may be covered under the American Airlines Group Life and Health Benefits Plan as described in Article 41. The employee may not purchase coverage under the Group Life and Health Benefits Plan for the first month of employment with American Airlines, Inc. After one (1) month of service, the employee will automatically be placed in the American Airlines Group Life and Health Benefits Plan **in the Core medical plan option** with contributions in accordance with Article 41. Coverage will begin on the day that the employee has completed one (1) month of service with the Company, provided he is actively at work on that day, or on vacation, or on a scheduled day off. Otherwise, the employee will be covered on the date he returns to work.

(d) ~~(e)~~ Dental Plan

Expenses under the Dental Plan 1, excluding Orthodontic and Preventive Expenses will be covered at 80% of reasonable and customary charges, after the deductible is met. Preventive Dental Care will be covered at 100% with no deductible for a maximum of two (2) annual visits per calendar year, subject to reasonable and customary charges. The annual individual plan maximum will be \$1,500. In addition, adult orthodontia will be added with a lifetime maximum of \$1,500.

(e) ~~(f)~~ Life Insurance

The Company will provide several options regarding life insurance.

(1) For an employee whose base monthly salary is \$1,500 or over, his basic life insurance coverage will be two times his base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

(2) Coverage for an employee under Contributory Plan I will be 50% of his Basic Coverage.

(3) Coverage for an employee under Contributory Plan II will be an amount equal to his Basic Coverage, plus one times his base annual salary taken to the next higher multiple of \$100.

(4) In addition to the above Company provided plans, the TWU will offer an optional Whole Life Insurance Plan for its members. The Company will provide payroll deduction of premiums for employees electing this coverage.

(f) ~~(g)~~ Optional Short Term Disability

The Company provides an Optional Short Term Disability Plan (OSTD). The OSTD plan provides salary replacement of 50%, except where a statutory plan meets or exceeds 50% of salary replacement. The OSTD plan is 100% employee paid. If the employee does not elect to participate when first solicited during open enrollment, evidence of insurability may be required by the carrier providing the coverage.

(g) ~~(h)~~ Hearing Aid Coverage

Expenses incurred at the direction of a physician for hearing aids and examinations in connection therewith are covered under the ~~m~~Major ~~m~~Medical ~~e~~Expense ~~b~~Benefits portion of the Plan **in accordance with the network design outlined in (b) above.**

(h) Vision Plan

The Company **will continue to offer a voluntary vision plan at the same contributions as other workgroups.** ~~is reviewing a proposal submitted by the TWU for a vision insurance plan. The Company agrees that the TWU will make the selection upon review of their proposed vendor (Spectera) and one other competitor vendor with a comparable proposal. The Company will contribute the current vision discount card program cost per employee per year towards the new program.~~

(i) Donor Expenses

Expenses incurred for a donor and/or recipient in a transplant operation are covered under the Major Medical Expense Benefits portion of the Plan.

(j) Dependent Coverage

Dependent coverage is subject to the rules established by the Insurance Carrier and published in Company regulations.

~~(k) An employee who retires from the Company at Early Retirement Date or on the basis of disability, will receive the same medical expense coverage as active employees, except as noted in Article 41(c), for themselves and eligible dependents until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Thereafter the retired employee and spouse only are each covered for \$50,000 under the Retired Employee Major Medical Expenses Benefits Plan. This post 65 benefit (\$50,000 lifetime maximum, \$150 deductible) for the retiree and spouse will also apply to employees who retire from the Company at their Normal or Late Retirement Date.~~

~~(2) — Upon the death of the retired employee, coverage for the surviving spouse only is continued for six months or until the spouse is eligible for Medicare, whichever is later. Coverage for dependent children, if any, ceases upon the retiree's death, and the spouse's lifetime maximum is reduced to the lesser of \$50,000 or the unused balance of the spouse's coverage at the time of retiree's death. Employees must meet the requirement of Article 41(m) regarding prefunding as well as plan eligibility requirements.~~

~~(m) — Prefunding Retiree Health Care~~

~~All employees, who are on the Company's active payroll, on a union leave of absence, on a family leave of absence, or on a military leave of absence and who are at least age 30 with a minimum of one year of service with the Company, will be offered the opportunity to begin prefunding his retiree health care plan at the contribution amount for the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5). Additionally, that amount is subject to the escalator described in Article 41(m)(5). Incumbent employees on active payroll on 12/31/89, who enrolled when first eligible, will pay the incumbent rates in accordance with the Table in Article 41(m)(5). No entry fee will be assessed to the employee, if he chooses to participate when first eligible. An eligible employee will be automatically enrolled in the Plan and payroll deductions will commence as of the first pay period following his date of eligibility, unless the employee completes and returns a form, prescribed by the Company and countersigned by his supervisor, to waive participation. Married employees must obtain spousal consent to waive participation.~~

~~(1) — Should the Company's cost per covered retiree during the immediately preceding period July 01, through June 30, increase above the Company's cost per covered retiree during the previous period July 01, through June 30, then, effective January 1, of the following year, the monthly contribution rate for employees described in Article 41(m) will increase in accordance with the formula specified in the April 02, 1992 Trust Agreement incorporated below in this Article.~~

~~(2) — Retiree health care coverage under Article 41 will commence after the employee retires from the Company after having met all the eligibility and prefunding requirements. Coverage will be the same level of coverage provided to active employees except that retiree health care coverage will reimburse 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined and 100% of the remaining combined charges in a calendar year and will be subject to a \$300,000 (remainder of active coverage maximum if less)~~

~~major medical maximum if retirement is at or after age 55 and before the earlier of age 65 or Medicare eligibility.~~

~~(3) — Employees who were on the Company's active payroll, on a union leave of absence, or on an approved leave of absence for other reasons on May 5, 1989, but who were ineligible to participate on January 1, 1990 because they did not meet the minimum age and/or years of service requirement specified in Article 41(m), will be offered the opportunity to elect retiree medical coverage under the same terms and conditions applicable to employees described in Article 41(m) (no \$250.00 late enrollment fee and a monthly contribution rate equal to the rate then being paid by employees who opted for coverage before January 1, 1990). Payroll deductions will commence as of the first pay period following their date of eligibility unless the employees complete and returns a form prescribed by the Company to waive participation. A married employees must obtain spousal consent to waive participation.~~

~~(4) — An employee who elected not to participate when first eligible will be offered, during an annual enrollment period, the opportunity to begin prefunding his retiree health coverage. The employee will pay the applicable age based contributory rates set forth in Article 41(m) (5) and will be required to pay the \$250 non refundable late enrollment fee.~~

~~(5) — Age Based Rates Table~~

~~Monthly plan contribution rates for employees referred to in Article 41(m) will be in the table below. Also refer to the annual escalator formula in Article 41(n)(3). The contributions below were effective as of January 01, 2001, based on the Escalator formula in the April 02, 1992, Trust Agreement.~~

Age Employee Begins Prefunding	Monthly Employee/Employer Contribution
Incumbent employees on active payroll as of 12/31/89, who enrolled when first eligible	\$ 12.96
30	\$ 15.54
31	\$ 16.97
32	\$ 18.66
33	\$ 20.41
34	\$ 22.13
35	\$ 24.60
36	\$ 27.06
37	\$ 29.78
38	\$ 32.90

39	\$ 36.20
40	\$ 40.40
41	\$ 44.81
42	\$ 49.59
43	\$ 54.57
44	\$ 60.17
45	\$ 66.33
46	\$ 77.81
47	\$ 86.59
48	\$ 96.84
49 & older	\$ 110.56

(6) — ~~An employee must continuously participate in this prefunded retiree health plan for at least the ten (10) years immediately preceding retirement to receive retiree medical coverage on date of retirement.~~

(7) — ~~An employee contributions made to prefund retiree health care coverage will be held in trust exclusively for the purpose of providing retiree health care. If an employee dies or is terminated prior to retirement, the employee or his beneficiary will receive the value of his contributions plus a pro rata share of trust fund net earnings.~~

(8) — ~~An employee making his contributions so as to prefund his retiree medical coverage will cease making contributions upon retirement from the Company.~~

(9) — ~~Employees making contributions so as to prefund their retiree medical coverage must continue contributions during all leaves of absence except unpaid sick and unpaid IOD. Any employee who commences prefunding of his retiree health coverage, subsequently discontinues prefunding, and later decides to again prefund his retiree health coverage, will be required to pay the rates in the Age Based contributory Rates Table set forth in Article 41(m) (5)), based on the age prefunding is started. Additionally, he must prefund continuously for at least ten (10) years immediately preceding retirement and pay a \$250 late enrollment fee.~~

(n) — ~~Prefunding Trust (Memorandum of Understanding Between American Airlines, Inc. and Transport Workers Union of America AFL-CIO, April 02, 1992) Article 41(n) expresses the understanding of the parties regarding the amendments to the Trust Agreement and Plan effective January 01, 1993, governing the health benefits provided to active TWU represented employees of American Airlines, Inc. at retirement and the health and other welfare benefits provided to retired employees of American Airlines, Inc. who were represented by the TWU at the time of retirement. Article 41(n) will not be construed to modify or alter an employee's eligibility for retiree welfare benefits under the collective bargaining agreement or the Plan.~~

~~(1) — The Trust Agreement and the Trust which holds Plan assets is established for the exclusive benefit of TWU represented active employees and retired employees who were represented by the TWU at the time of retirement.~~

~~(2) — The Trust will maintain a separate account to hold reserves equal to the Participants' prefunding contributions, Employer prefunding contributions, and investment earnings attributable thereto reserved for retiree welfare benefits due to Participants under the terms of the Plan and to pay administrative expenses associated with such Program. In the event of termination of the Plan and/or Trust, the balance of the reserves will be distributed as provided in Article 41(n)(8). In no event will these reserves be used for payment of any expenses associated with the active employees medical benefits program or for any other purpose except those identified with respect to retiree welfare benefits in Article 41(n), the Trust Agreement, and the Plan.~~

~~(3) — An employee participating in the Retiree Prefunded Benefits Program will make a monthly contributions to the Trust Fund. If an employee was an active employee of American Airlines on December 31, 1989, and elected to prefund when first eligible, his contribution was \$10.00 per month in 1992, and such contribution amount is subject to the Escalator, described in Article 41(n)(5), in all future years. If an employee was not an active employee of American Airlines on December 31, 1989, or was an active employee of American Airlines on December 31, 1989, and declined participation when first eligible, his contribution amount is determined based on the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5), and that amount is subject to the annual Escalator formula described in Article 41(n)(5).~~

~~(4) — American Airlines will make a monthly matching contribution on behalf of each employee contributing under the Retiree Prefunded Benefits Program. That contribution amount is identical to the amount required to be contributed by each participating employee in accordance with Article 41(n)(3).~~

~~(5) — Contributions made by participating employees and by American Airlines are subject to an annual Escalator formula. American Airlines will calculate the impact of the annual Escalator on contributions, subject to review by the TWU in accordance with the provisions of Article 41(n)(6) below, by comparing the percentage increase in the cost of medical benefits for covered retirees during the year ending June 30 immediately preceding the effective date of the Escalator to the cost of medical benefits for covered retirees in the year ending the previous June 30. Such percentage increase is divided equally between the participating employee and American Airlines in order that each pays 50%. The resulting percentage increase will be applied to the amount of the then current Employee and Employer monthly contribution. However, in no event will the participating employee's or American Airlines' contributions increase from one year to the next by more than the amounts stipulated in the Escalator Cap Table below.~~

Employees affected.	Maximum Monthly Increase over Prior Year
Incumbent employees on active payroll 12/31/89 who enrolled when first eligible	\$1.00
Others—based on age when prefunding begins	
30-34	\$1.50
35-39	\$2.50
40-45	\$3.50
46-48	\$5.00
49 or older	\$5.50

(6) — ~~The increase in contributions as calculated by American Airlines is subject to review by the TWU, provided the TWU's request for review is received within thirty (30) calendar days of notification. While no individual's claims history will be available for review, data in the aggregate, upon which the Escalator calculation was based, will be made available by American Airlines to the TWU on request. The TWU may contest the Escalator calculation within sixty (60) calendar days of receipt of the data. If the TWU contests this calculation, an independent accounting firm, as agreed to by both parties, will be retained to verify the amount. In the event that the independent accounting firm determines that contributions should change by a different amount, any increase or decrease will be retroactive to the first of the year to which the new Escalator calculation applies. Any decrease in the contribution will be credited to the Employees' future monthly contributions within sixty (60) calendar days, barring unforeseen circumstances. Any increase or decrease will be applied to the Participants' contributions and Employer's contributions in accordance with Article 41(n)(5).~~

(7) — ~~At retirement, an eligible participating retiree's own contributions, the matching Employer contributions made on his behalf to the Retiree Prefunded Benefits Program, and investment earnings attributable thereto are drawn down in ten equal annual installments for the purpose of providing retiree medical coverage. However, exhaustion of the funds in a retiree's account under this provision does not waive or modify the retiree's entitlement to continued medical coverage under the Agreement or the terms and limitations of the Plan. Should an eligible retiree die during the ten year draw down period, any remaining contributions continue to draw down for the period of the surviving spouse's medical coverage, if any. After the surviving spouse's coverage terminates, or if the spouse dies before the balance of the Account is drawn down, the balance of the employee's contribution is paid to the spouse's estate. If there is no surviving spouse, the balance of the employee's contribution is paid to the designated beneficiary.~~

~~(8) — In case of death or termination of employment by a participating active employee, employee contributions to the Retiree Prefunded Benefits Program plus investment earnings attributable thereto will be distributed as a severance or death benefit, as applicable, to the employee or the employee's designated beneficiary(ies).~~

~~(9) — In the event of Trust termination, retirees participating in the Retiree Prefunded Benefits Program will receive any balance of their own contributions to the Program and investment earnings attributable thereto which have not been drawn down during the ten year draw-down period described in Article 41(n)(7). Conditioned on Internal Revenue Service approval, active employees' contributions to the Prefunded Retiree Benefits Program and investment earnings attributable thereto will be distributed to active employees. Should the Internal Revenue Service disallow the distribution of active employees' contributions, the parties agree to establish a mutually satisfactory alternative regarding the disposition of active employees' contributions in the event of Trust termination. Employer contributions and investment earnings attributable thereto in the Retiree Prefunded Benefits Program Account will be used for the exclusive benefit of participating employees and retirees in the event of Trust termination. That includes the use of the assets for the purpose of continuing retiree health coverage under an alternative program as may be agreed to by the parties.~~

~~(10) — In the event the Internal Revenue Service disapproves a particular provision or benefit expressed in the Trust Agreement, any provisions or benefits which are approved or unaffected by the disapproval will remain in force, and the TWU will not contest the obligation to prefund in court or under the collective bargaining agreement. However, the TWU reserves all legal and contractual rights in the event the Internal Revenue Service rules that the Trust may not hold funds in reserve for retiree welfare benefits, or that the earnings attributable to Participant contributions held in trust for this purpose or the Employer matching contributions (plus earnings) are currently taxable to the Participants.~~

~~(11) — Counsel for the parties will review the amended Trust Agreement to ensure that it expresses the principles of this Agreement. Neither the Plan nor the Trust Agreement may be amended or modified in a manner inconsistent with the principles set forth in this Agreement, except to conform to the requirements of Federal law and regulations, provided, however, that the TWU waives no rights stipulated in Article 41(n)(10).~~

~~(12) — American Airlines will revise, in a timely fashion after the date of ratification, the Plan to fully reflect the amendments made to the Trust Agreement and the provisions of this Memorandum. The revised Plan will be subject to review by the person(s) designated by the TWU.~~

(i) Retiree Medical - effective for retirements on or after DOS:

(1) Early retirees age 55 – 64 will have access to a Company sponsored retiree medical plan option. Contribution rates 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.

(2) Retirees age 65 and over will be offered access to a guaranteed issue Medicare supplement plan through a third party administrator at the retirees' expense.

(3) The Retiree life insurance benefit will be discontinued.

(4) The Company shall not be required to maintain, fund, or provide for a Company sponsored retiree medical plan or retiree life insurance benefits.

~~(e)~~(j) Monitoring Insurance Plan

In connection with the administration and processing of claims under the group insurance plan, the Company will continue to monitor and to urge the insurance company to improve claims processing under the plan.

~~(p)~~ Notice of Changes

~~The Company will provide the Director of the Air Transport Division with advance notice of plan changes prior to releasing announcements to plan participants. The Company will not change the limits on employee cost increases described in Article 41(a)(4) and 41(a)(5), nor the prefunding contribution limits of Article 41(m), for the duration of this Agreement.~~

~~(q)~~(k) Company's Right to Modify Plan

Although it is the intention of American Airlines, Inc. to continue to make available to its employees a Group Insurance Plan of the type similar to that, which is now available, the Company will reserve the right to modify the Plan consistent with this Article.

DOS

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

“Employee and Company Prefunding Contributions”

Dear Robert,

During the restructuring agreement negotiations, the parties agreed that upon implementation of the changes to the Retiree medical plan program 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 employee prefunding refunds.

In addition, the parties agreed that 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 withholdings and/or excise tax), excluding employees who have already received refunds of their employee prefunding accounts. **The refund will be made to the employee no later than 120 days following DOS.**

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

ARTICLE 42 - JOB SECURITY

~~(a) — Employees Covered By Job Security~~

~~(1) — Except as provided in Attachment 42.1, the Company will guarantee employment (full time/part time status based on employee's status on 08/23/99) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to August 23, 1999, and who was on the Company's active payroll on August 23, 1999, or on a Union leave of absence, or on an approved leave of absence for other reasons in accordance with the following provisions of this Article. These protected employees names are in Appendix "A". In addition, an employee as defined above will not be involuntarily reduced to a lower classification than that classification he occupied on August 23, 1999.~~

~~(b) — Notwithstanding the above provisions, the Company may lay off, in accordance with Article 15, when the layoff is necessitated by any one or more of the following conditions:~~

~~(1) — An act of God,~~

~~(2) — A strike, picketing, work stoppage, slowdown, or other labor dispute by Company or outside employees resulting in a reduction of work,~~

~~(3) — A national war emergency,~~

~~(4) — Revocation of the Company's operating certificate or certificates,~~

~~(5) — Grounding of a substantial number of Company's aircraft for safety reasons,~~

~~(6) — A reduction in the Company operations resulting from a decrease in available fuel supply or other critical materials caused either by governmental action or commercial suppliers being unable to meet the Company's demands.~~

~~(c) — No protected employee will be subject to displacement by employees not covered by paragraph (a) above (unprotected employee). A protected employee who is affected by a reduction in force and who fails to exercise his options under Article 14 will be laid off and forfeit his protected status.~~

~~(d) — An employee covered by this job security provision who accepts or transfers to a part time position or voluntarily transfers to a lower classification will thereafter be guaranteed only a part time position or lower classification position as applicable.~~

~~(e) This Article does not in any way limit the Company's right to terminate or discipline an employee for just cause or disqualify an employee under the provisions of Article 39.~~

~~Attachment 42.1 — Job Security~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

One Time Relief from Job Security Provisions

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to lift the system job protection provision of the various agreements to enable the Company to reduce the number of employees in each title group by the number required to reach the negotiated costs savings. The chart below illustrates the number of reductions by title group. Additionally, we have listed the newly established system job protection dates that will be in effect once the reductions associated with the changes have been completed.~~

<u>Title Group</u>	<u>Number of Reductions</u>	<u>Title Group</u>	<u>Number of Reductions</u>
Title I	1371	Technical Specialists	8
Title II	0	Flight Dispatchers	5
Title III	1856	Ground/Simulator Instructors	110
Title IV	Included in Title III	Meteorologists	0
Title V 57		Simulator Technicians	9

~~Following the reduction of the above number of employees, the parties agreed to modify the dates of system protection for the remaining employees to the dates indicated below. In addition, the date may be adjusted either backward or forward at the conclusion of the applicable reductions and must be agreed to by both parties.~~

<u>Title Groups</u>	<u>New System Protection Date</u>
Title I and Title III	September 24, 1998
Ground/Simulator Instructors	March 01, 1998
Simulator Technicians	August 23, 1999
All Others	March 01, 2001

~~Sincerely,~~

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

~~Agreed to this date:~~

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ARTICLE 43 - PART-TIME EMPLOYEES

The Company may utilize part-time employees in all work sections under this Agreement and at all designated locations where work is assigned. The provisions of the Basic Agreement will apply except as follows:

~~(a) No employee who is protected by Article 42 (Job Security) will be involuntarily assigned to a part-time position.~~

(b) Any vacancy(s), without regard to pending transfer request(s) to another work section and without regard to the existence of furloughed employee(s) with recall rights, but as limited by subparagraph (1) below.

(1) The number of part-time employees will not exceed the percent (10%) of the full-time employees covered by the Flight Simulator Technicians Agreement (e.g., total full-time employees covered by the Agreement is 50 - then the maximum number of part-time employees under this Agreement is 5). This ten percent (10%) ratio will not apply to any particular work section, but will be on the basis of the total number of full-time Flight Simulator Technicians.

(c) A part-time vacancy(s) will be filled by the most senior qualified employee(s) requesting to fill such vacancy(s) in accordance with the following order of preference:

- (1) By full-time employees
- (2) By an employee with recall right
- (3) Hire new employee(s)

A full-time employee's refusal of part-time work will not affect that employee's seniority or recall rights under this Agreement.

(d) A part-time employee will be scheduled in either of the following two (2) methods:

(1) No less than four (4) consecutive hours, but no more than six (6) consecutive hours in a work day and for a maximum of five (5) consecutive work days in a work week.

(2) For up to eight (8) consecutive hours in a work day, exclusive of a meal period, and up to a maximum of three(3) days in a work week.

a. Such employee may be scheduled to work up to a maximum of twenty-four (24) hours in a work week, and

b. Such employee may be scheduled to work up to a maximum of three (3) consecutive days which will include some combination of Friday, Saturday, Sunday, or Monday.

Provided, however, employees hired prior to February 11, 1983, will be scheduled for not less than twenty (20) hours per week and all employees hired after February 11, 1983 and prior to January 1, 1984 will be scheduled for no less than sixteen (16) hours per week under either option above. However, such employees may, at their option, bid for work schedules containing fewer scheduled hours.

(e) No two (2) four (4) hour part-time shifts in a work unit will be scheduled back-to-back in a nine (9) hour period.

(f) Part-time employees required to work in excess of five (5) hours will be allowed a thirty (30) minute unpaid meal period. The provisions of Article 43 (b) will not apply.

~~(g) A part time employee scheduled to work on a holiday for less hours than his regular work schedule will be paid double time and one half for all hours worked and straight time for the difference between the hours actually worked and the hours normally scheduled on that work day. If a part time employee is not scheduled to work on a holiday, he will be paid one fifth (1/5th) of his regularly scheduled work hours for that work week at straight time rates for the holiday.~~

(h) The probationary period for a part-time employee will be the same as for a full-time employee, but will be based on equivalent full-time service (hours paid not to exceed eighty (80) in a bi-weekly period whether paid at straight or overtime rates).

(i) A part-time employee will accrue Company and Occupational Seniority on the same basis as a full-time employee.

(j) A part-time employee will accrue sick leave, vacation, pension, group life and health benefits in accordance with paragraph (n) of this Article. Injury on Duty benefits will be in accordance with Article 34 (g). Vacation, Sick Leave and injury on Duty pay will be based on a part-time employee's normal work schedule.

(k) Overtime (call in contiguous with the beginning of a full-time employee's shift or holdover contiguous with the end of a full-time employee's shift) will first be proffered to full-time employees available for work at the time the overtime is required. If those full time employees are not available for this needed overtime, then the Company may require part-time employees to work beyond their scheduled hours at straight-time rates up to eight (8) hours in a workday. The Company will proffer day-off overtime, when day-off overtime is required by the Company, to full-time employees before such proffer is made to part-time employees. Part-time employees will be assigned overtime before full-time employees are assigned.

(1) Overtime rates will be paid to part-time employees after eight (8) consecutive hours in a workday have been worked and at the rates provided in this Agreement.

(2) Day off overtime. Time worked on an employee's regularly scheduled day off will be paid as follows:

a. If an employee has not worked forty (40) hours or five (5) workdays during the workweek, straight-time pay for all hours up to eight (8) hours on an employee's day off. Any hours over eight (8) will be paid in accordance with Article 6(a) of this Agreement.

b. If an employee has worked forty (40) hours or five (5) workdays during the workweek, time and one-half pay for all hours up to eight (8) on an employee's day off. Double time for hours over eight (8).

c. If a part-time employee works the second or subsequent day off and has worked forty (40) hours or five (5) workdays in the workweek in addition to time worked on the first day off, he will be paid double time for the hours worked on the second day off. If the employee has not worked forty (40) hours or five (5) workdays in the workweek, he will be paid regular time until he has completed forty (40) hours or five (5) workdays including time worked on his first day off. Once the employee attains forty (40) hours or five (5) workdays, he will be paid according to (b) above.

d. The provisions of Article 6(b) (4) and 25 (b) do not apply to part-time employees.

~~(l) Employees who are protected by Article 42 and who voluntarily accept a part-time position will thereafter be guaranteed only part-time employment.~~

(m) Full-time employees who transfer to part-time status, and who are fifty-seven (57) years of age or over at the time of transfer, and who have at least five (5) years of credited service under said Plan on a prorated basis and final average salary for Retirement Benefit Plan purposes on a non-prorated basis, up to sixty (60) months following their transfer to part-time. **See Article 40**

(n) BENEFITS AND PRIVILEGES BASED ON EQUIVALENT FULL TIME SERVICE

(1) Equivalent full time service is determined by hours paid, not to exceed 80 hours in a BI-weekly period, not to exceed 2080 hours annually, whether paid at straight-time or overtime rates. For example, hours during which overtime is paid are counted in the same manner as straight-time hours without reflecting overtime pay.

(2) Sick Leave:

Upon completion of 6 months equivalent full time service (1,040 part time hours paid), as defined in 1. above, the employee will be credited with twenty (20) hours Sick Leave for use during the balance of that calendar year. Thereafter Sick Leave credit of five twelfths (5/12) of an hour for each 173.3 hours paid is accrued. If, after dividing part time hours by 173.3 the remaining hours are more than 86.6, credit the employee with an additional five twelfths (5/12) of an hour Sick Leave. Remaining hours less than 86.6 are disregarded. Sick Leave, other than the original 20 hours credited, is not usable until January 1 of the year following its accrual.

(3) Vacations:

Vacation accrual is on the basis of equivalent full time service.

a. Number of Vacation Days

The number of vacation days accrued will be determined by length of service (as for full time employees) adjusted for leave of absence.

b. Number of Hours Per Day of Vacation

Compensation for a vacation period for part time employees or employees changing from full time status to part time status or vice-versa either in the vacation accrual year or the vacation usage year, will be based on the following.

1. Total hours worked in the accrual year (not to exceed eighty (80) hours Bi-weekly) divided by 173.3 hours = equivalent months of service (rounded to nearest whole number - 5/10 or above round up, 4/10 or below round down).

2. Equivalent months of service x the following accrual schedule = the number of equivalent workdays for pay accrual.

Monthly Accrual Rate As Outlined In <u>Article 8(a)</u>	Accrual Rate/ Month During Year Ending <u>December 31</u>	Maximum Days of Vacation <u>Pay Accrual</u>
1/2 day	5/12 workday	5 workdays
1 day	5/6 workdays	10 workdays
1 1/2 days	1 1/4 workdays	15 workdays
2 days	2/3 workdays	20 workdays
2 1/2 days	2-1/12 workdays	25 workdays
3 days	1/2 workdays	30 workdays

3. Number of workdays from 2. above x 8 hours = total hours of vacation pay.

4. Total hours from 3. above divided by number of vacation days eligible based upon length of service will equal the hours per days of pay for a part time employee.

(4) Pensionable Credited Service – **See Article 40**

Pensionable credited service for part time employees will be the same as for full time employees.

(5) Group Life and Health Benefits Plan:

a. Part time employees will be covered by Article 41 in the same manner as full time employees with the following exceptions in coverage:

1. Basic term life insurance coverage will be no less than equal to the basic term life insurance provided to any other part time employee within American Airlines.

2. Accidental Death and Dismemberment Insurance coverage is \$10,000.

3. Weekly Income for Accident and Sickness benefits are based on the average of straight-time earnings in the last 6 months with a maximum benefit of 50% of such average weekly earnings. Maximum benefit will be \$100 per week.

b. Full time employees who convert to part time status will continue to be eligible for all Group Term Life Insurance and Health benefits coverage held as a full time employee. **Contribution rates will vary from full time employee's rates in accordance with Article 41.**

ARTICLE 44 - MOVING EXPENSES

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ARTICLE 45 - EFFECT ON PRIOR AGREEMENTS

This Agreement will supersede and take precedence over prior Agreements, except that Letters and similarly related documents executed between the Company and the Union prior to the signing of this Agreement, that are not in conflict with this Agreement; and local or station work rules which were previously negotiated that do not conflict with this Agreement, will remain in effect. All rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, will be satisfied or discharged.

ARTICLE 46 - ONE STATION AGREEMENTS

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ARTICLE 47 - DURATION

THIS AGREEMENT will become effective as of XXXXX Y, 2012 and will continue in full force and effect until and including XXXXX Y, 2018, and will renew itself until each succeeding XXXXX Y thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than (30) calendar days prior to the 1Y day of XXXXX in any year, beginning with XXXX Y, 2018. **However, either the Company or the TWU may elect to reopen this Agreement by the service of written notices in accordance with section six (6), Title I of Railway Labor Act as amended pursuant to Section 6, on or after November XX, 2017 (6 months prior to amendable date).**

IN WITNESS WHEREOF, the parties hereto have entered this Agreement on the **DOS**, and have signed this Agreement on **DOS**:

FOR TRANSPORT WORKERS
UNION OF AMERICA

James C. Little
International President
Transport Workers Union

Garry L. Drummond
International Vice President
Director – ATD
Transport Workers Union

Robert F. Gless
Deputy Director - ATD
AA System Coordinator
Transport Workers Union

Timothy J. Gillespie
International Representative
Transport Workers Union

WITNESS:

James Fudge
Nathan Pike

FOR AMERICAN
AIRLINES, INC.

Denise Lynn
Vice President
Employee Relations

James B. Weel
Managing Director
Employee Relations

Dianne E. Taber
Senior Principal
Employee Relations

WITNESS:

Chris Broom

APPENDIX A

	<u>Employee Name</u>	<u>Employee #</u>	<u>R</u>	<u>Occ. Sen.</u>	<u>Co. Sen.</u>
1	GENTRY, C.R.	34195		9/11/78	4/25/74
2	THORNHILL, C.	73876		2/9/80	2/9/80
3	YOUNG, K.F.	73879		3/10/80	3/10/80
4	HODGE, M.L.	73885		3/27/80	3/27/80
5	MORGAN, D.D	73893		5/5/80	5/5/80
6	CURRIE, R.L.	73910		7/21/80	7/21/80
7	BLACK, M.K.	73917		6/1/81	6/1/81
8	RUTH, D.A.	73918		6/29/81	6/29/81
9	KENDLE, T.L.	25329		9/12/85	9/12/85
10	SWAIN, P.A.	35455		11/18/85	11/18/85
11	BRAZZEL, L.G.	86853		6/23/86	4/5/85
12	WARBRITTON, M.	110798		2/18/87	2/18/87
13	DAVIS, N.D.	110806		3/2/87	3/2/87
14	MOUSLEY, M.P.	110862		3/25/87	3/25/87
15	TUCKER, K.B.	124710		8/17/87	8/17/87
16	KING, M.K.	127252		11/9/87	11/9/87
17	BROCK, G.D.	25332		3/1/88	9/9/85
18	FUDGE, J.J.	134423		5/16/88	5/16/88
19	TOOLAN, D.J.	141193		8/1/88	8/1/88
20	HALCOMB, J.	141254		9/12/88	9/12/88
21	DRAWDY, S.J.	141376		4/10/89	4/10/89
22	PENDERGRASS, M.G	141423		5/1/89	5/1/89
23	GRIFFIN, J.A.	174221		7/3/89	7/3/89
24	CHATHAM, K.	174256		7/17/89	7/17/89
25	GONZALES, J.E.	174314		10/9/89	10/9/89
26	RODRIGUEZ, J.	174331		10/16/89	10/16/89
27	ALLWRIGHT, D.R.	174385		1/8/90	1/8/90
28	COOK, D.W.	174388		1/15/90	1/15/90
29	DAWSON, T.K.	174387		2/12/90	2/12/90
30	JARINKO, D.A.	86749		2/19/90	2/19/90
31	O'CONNOR, P.J.	174405		2/19/90	2/19/90
32	HODGES, D.F.	174413		4/30/90	4/30/90
33	BUTLER, S.B.	174582		5/7/90	5/7/90
34	WHALEY, A.D.	174674		6/18/90	6/18/90
35	THORLEY	174617		7/2/90	7/2/90
36	EVERHART, F.	174698		7/16/90	7/16/90
37	TORELLI, J.F.	174697		7/23/90	7/23/90
38	BLANTON, R.T.	310645		8/20/90	8/20/90
39	STEPHENS, M.	77205		10/22/90	10/22/90
40	YAKSICH, G.S.	310678		11/5/90	11/5/90
41	HENDRIX, J.	119426		11/7/90	6/8/87

	<u>Employee Name</u>	<u>Employee #</u>	<u>R</u>	<u>Occ. Sen.</u>	<u>Co. Sen.</u>
42	MORONES	310717		11/19/90	11/19/90
43	GRIFFIN, C.E.	310812		2/4/91	2/4/91
44	YANNEY, W.G.	310834		3/4/91	3/4/91
45	STANLEY, M.C	310833		3/4/91	3/4/91
46	KLEIN, R.D.	310898		4/8/91	4/8/91
47	BOGGS, L.H.	310965		4/25/91	4/25/91
48	BRINKLEY, B.	174406	R	5/20/91	2/19/90
49	PIKE, N.C.	311050		6/10/91	6/10/91
50	MILLER, G.L.	311097		6/17/91	6/18/92
51	KELLY, K.J.	341971		9/30/91	11/30/92
52	JONES, A.E.	77125		10/7/91	12/7/91
53	OLSON, E.W.	342371		12/28/92	7/16/94
54	VADEN, R.L.	342482		2/8/93	8/16/94
55	JONES, J.A.	342480		8/13/93	11/7/94
56	ALONSO, J.	342703		1/14/94	1/23/95
57	HONSINGER, M.J.	451566		4/29/96	4/29/96
58	HUFF, S.D.	517431		9/8/97	9/8/97
59	SCHMIDLING, J.D.	517465		9/15/97	9/15/97
60	SON, R.C.	517466		9/22/97	9/22/97
61	HUMPHREY, P.	517467		9/29/97	9/29/97
62	DRAHMS, G.	517577		10/27/97	10/27/97
63	REEDER, M.P.	517634		11/17/97	11/17/97
64	CUSIC, G.W.	518047		6/15/98	6/15/98
65	PHILLPOTT, D.	518094		7/6/98	7/6/98
66	DANIEL, M.J.	518310		9/8/98	9/8/98
67	HAUPTMANN, R.S.	518312		9/8/98	9/8/98
68	GALLAGHER, J.K	518311		9/21/98	6/10/99
69	GRAMBUSH, M.	548640		11/30/98	11/30/98
70	LONGACRE, J.	548641		12/10/98	12/10/98
71	JOHNSTONE, D.M.	548800		5/3/99	5/3/99
72	FANTZ, W.M.	548759		5/3/99	5/3/99
73	PEARCE, S.S.	548996		8/24/99	8/24/99
74	SCHOCK, T.V.	549014		9/7/99	9/7/99
75	FELARCA, K.R.	549142		2/14/00	2/14/00
76	LILLEY, M.A.	146681		2/21/00	2/21/00
77	SMITH, M.B.	549202		6/12/00	6/12/00
78	PENDERGRASS, D.	549427		9/11/00	9/11/00
79	REWINKEL, L.	597419		12/29/00	12/29/00
80	BEARD, S.	673950		4/10/01	12/18/83
81	MARTIN, M.	673990		4/10/01	5/30/90
82	BIXEL, S.	548985	R	8/31/01	5/17/00
83	BARTON, D.	620532	R	8/6/03	8/6/01
84	RICHARDS, J.	690064	R	8/23/03	12/31/83

R=Retainer

LETTERS OF MEMORANDA
LETTER OF MEMORANDUM - 1 - PERFORMANCE ENHANCEMENT

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, AFL-CIO
80 West End Avenue
New York, New York 10023

Re: Performance Enhancement

Dear Mr. Kerrigan:

This letter will confirm our discussions and understandings with respect to the need for individual Technicians to maintain current knowledge of and proficiency in modification and repair of all systems to which a Technician may be assigned.

As an alternative to forced rotation of every Technician through the third shift by normal seniority bidding, the parties agree that the Company may assign an employee to a specified shift for skill enhancement and training purposes for a minimum of one bid cycle. A definite training assignment will be provided in the area or areas where the employee's skills are deficient. An extension of this assignment may occur by mutual agreement between the Company and the Union. It is understood that the Company will exercise this option only after a performance review (mini or yearly) and at least two counseling sessions with an employee.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

Agreed this date:

John J. Kerrigan

LETTER OF MEMORANDUM - 2 - TUITION REIMBURSEMENT PROGRAM

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: Tuition Reimbursement Program

Dear Mr. Kerrigan:

To prepare an employee for upgrading opportunities or enhancement of present skills, the Company will provide tuition reimbursement for satisfactory completion of approved training specialties.

The number of training opportunities for which the Company reimburses tuition costs will be determined by Company needs.

To be eligible an employee must complete two (2) years of service with the Company and satisfy the requirements for enrollment.

Employees completing courses which enhance their skills within their classification will be eligible for this program.

Upon successful completion of training in a Company approved course, the employee will be reimbursed by the Company for his tuition costs not to exceed the maximum amount approved and set by the Company.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

Agreed to this date:
John J. Kerrigan

LETTER OF MEMORANDUM 3 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

LETTER OF MEMORANDUM - 4 - APPLICATION OF SICK LEAVE BENEFIT

MEMORANDUM OF UNDERSTANDING BETWEEN
AMERICAN AIRLINES, INC.
AND
TRANSPORT WORKERS UNION OF AMERICA,
AFL-CIO

This Memorandum expresses the understanding of the parties as to the application of a provision in the Maintenance and Stores Agreements, Article 24(c) and the Communications Agreement, Article 27(b), all effective May 11, 1971, as follows:

"The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement as set forth in Article 34 (Article 11 Stores Agreement, Article 31 Communications Agreement). Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose."

By this provision, the Company pledged that no employee under the Maintenance, Stores and Communications Agreements will be disciplined for the use of his sick leave for the intended purpose.

The intended purpose of the sick leave benefit is to protect the earnings of the employee during necessary absence from work due to illness or injury; to aid the employee in meeting bills when sickness or injury have temporarily taken away the ability to work.

In August, 1969, the Company published and distributed a booklet entitled, "Attendance Control Guidelines and the Sick Leave Benefit". Company supervisors and Union officials received a copy. The Union acknowledges that the statements in this booklet do not conflict with the rights of employees under the Maintenance, Stores, and Communications Agreements.

Accordingly, it is agreed that:

I. The Company will take the following actions before issuing a disciplinary notice for unsatisfactory attendance to an employee with a sick leave balance when such disciplinary notice considers occasions of absence involving sick leave:

a) Full discussion with the employee concerning his attendance record.

b) If abuse of the sick leave policy referred to in the Sick Leave Article is suspected, the employee will be so advised of the reasons for suspected abuse; in writing if he so requests.

c) Requiring the employee to provide a doctor's slip stating he was treated for an illness or injury for sick leave eligibility subject to the provisions of the Sick Leave Article.

2. A disciplinary notice issued subject to the conditions and actions herein shall include the charge of suspected abuse of sick leave in connection with absence.

This Memorandum shall not apply to any incident where an employee is charged with the fraudulent abuse of the sick leave benefit.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Understanding this 11th day of May 1971.

FOR TRANSPORT
WORKERS UNION OF AMERICA,
AFL-CIO

FOR AMERICAN
AIRLINES, INC.

James F. Horst
International Executive
Vice President

C. A. Pasciuto
Vice President
Employee Relations

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

LETTER OF MEMORANDA - 5 Contract Modifications Review Panel

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.

Due to the unusual nature of the numerous modifications the parties have agreed to establish a Contract Modifications Review Panel to discuss and resolve issues pertaining to these changes in an expeditious manner.

The TWU International or a Local Union President may, within seven (7) calendar days of the date on which he became aware of the disputed matter, appeal to a review panel composed of the Director of the Air Transport Division and the Vice President, Employee Relations, or their designees, any dispute regarding the proper application or interpretation of the contractual modifications resulting in the agreement dated April 15, 2003.

The committee will review issues brought to it's attention, and will take the necessary and appropriate action to resolve those issues. Decisions from the review panel will be final and binding on both parties.

The panel is not intended to replace nor circumvent the current grievance procedures as outlined in Article 31 & 32 of the AA/TWU agreements.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

Date

**LETTER OF MEMORANDA - 6 - WORKING TOGETHER/EMPLOYMENT
INVOLVEMENT**

DOS

Robert F. Gless
Deputy Director - ATD
AA System Coordinator
1791 Hurstview Drive
Hurst, TX 76054

Re: Working Together / Employee Involvement

Dear Robert,

During the current negotiations, the Transport Workers Union and American Airlines discussed the ever-increasing challenges that exist within the Aviation Industry and the global marketplace in which we compete. There is mutual recognition that the challenges faced in the existing global economy will continue and require fundamental changes in the work environment. In order to be Best-in-Class, we need to jointly take steps to significantly expand and continually promote the implementation and maturation of Working Together initiatives. This belief is firmly founded on the understanding that the success of the Transport Workers Union and American Airlines is dependent on its people. We believe the following about our employees:

- All of our employees want to be involved in decisions that affect them (IDS)
- American Airlines and our customers will benefit from involving our employees wherever practical and appropriate in the decisions that affect them (IDS)
- Our employees care about their jobs, our customers and each other
- They know what our customers expect
- They take pride in themselves and in their contributions
- They want to fully utilize their skills and abilities
- They want to share in the success of their hard work

The purpose of continuing the Working Together process and developing an effective Employee Involvement process is to create a customer-focused workplace so that our customers are continuously provided the highest quality and best-in-class products and services, while serving the interest of employees by protecting job security and employee wages.

It is mutually agreed that the opportunity of achieving a highly effective and motivated employee with a strong customer-focus is only attainable when the union and the company jointly work to:

- Involve employees individually and/or through teams (Joint Leadership Teams, Area Leadership Teams, Floor Leadership Teams, Product Leadership Teams, Customer Experience Leadership Teams, Natural Work

Groups and/or similar structures) in the identification and solution of quality and production problems

- Create a culture that promotes teamwork, mutual trust and respect which in turn will create job satisfaction, job security, innovation, growth, rewards and recognition
- Create a culture that promotes honest and open communications by using the Involve, Discuss, and Share principles
- Continually develop methods and processes that involve employees in improving the way their work is performed so that their skills and abilities are effectively utilized without violation the collective bargaining agreement
- Develop, sustain and empower teams who have clearly defined goals, tasks, measurements and metrics and who are given a degree of autonomy commensurate with the degree of accountability they have demonstrated including a willingness to accept and an ability to manage
- Provide non-precedent setting opportunities for teams at all levels of the organization to apply for and obtain permission to experiment with alternative means of performing and managing work

Recognizing that jointly sponsored efforts such as Working Together are long term processes that can only be sustained by ongoing attention and resources, American Airlines and the Transport Workers Union agree the sponsorship and oversight of Working Together as an essential aspect of the work of company and union leaders.

It is not the intent of the Working Together process to undermine the strength of either party or to compromise the legal collective bargaining process. Therefore, when disagreements arise which threaten the ability of American Airlines and the Transport Workers Union to function collaboratively as Working Together Sponsors, those disagreements will be viewed as an occasion to redouble rather than disband our joint efforts.

If the above accounting reflects your understanding of the agreement, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

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

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 8 & 11

DOS

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

RE: Employee Gain Sharing Plan – Simulator Technicians

Dear Robert,

During the recent negotiations, the parties committed to jointly develop a variable compensation plan (“Plan”) that will be applicable to TWU represented Simulator Technicians in the Flight department. The parties agree that capitalizing on the value of our people’s knowledge, experience and skills to improve American Airlines Overall performance and processes. An appropriate recognition system is a meaningful way to keep our people engaged.

The variable compensation plan covering the Flight Department Instructor employees will incorporate the following principles:

- Simple and easily understood by employees
- Fiscally responsible (self-funded)
- Performance-based
- Connected to employee action: “line of sight”
- Tied to corporate and DAS/Cargo business results
- Structured to motivate continuous improvement

The Plan will be designed to promote and reward exceptional performance across the areas of:

- Safety
- Compliance
- Quality
- Efficiency
- Performance
- Cost

Performance in each of these areas will be tracked and reported utilizing Metrics which are:

- Objectively Quantifiable
- Results Oriented
- Independently Measured
- Auditable

The parties agree to create a Gain Share Committee consisting of leadership from the following departments, plus one Committee Chairperson:

- Flight
- Flight Training
- Finance
- Employee Relations
- TWU Leadership

Management and TWU will be represented on the Gain Share committee.

The Gain Share Committee will work to develop and implement the Plan as expeditiously as practical, including details such as:

- Metrics
- Target-setting
- Award calculation and distribution
- Eligibility
- Program valuation

Any such plan(s) will be implemented only by mutual agreement of the parties and will be subject to the approval of the Company's Chief Operating Officer and the TWU International prior to implementation.

The above agreed upon terms and conditions will replace the Customer Service component of the AIP plan as of DOS.

The Committee will also be responsible for monitoring and modifying the program as becomes necessary.

Sincerely,

{Original Signed on file}

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 2

DOS

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

“Me, too, provision”

Dear Robert,

During the negotiations that led to the signing of the Agreement between American Airlines, Inc. (“AA” or “the Company”) and the Transport Workers Union of America, AFL-CIO (“TWU”) covering Flight Simulator Technician, Associate Flight Simulator Technician and Technical Coordinator Employees, the Company and the TWU agreed to the following, effective upon ratification of all seven (7) of the TWU Agreements by the TWU membership:

1) Notwithstanding any provision to the contrary in this Restructuring Agreement (“Agreement”), the terms of the Agreement shall not become effective until the Company has received approval to implement, through binding agreement, and/or implemented by legal unilateral authority, revisions to (i) the labor contracts of the Company’s other non-TWU unionized employees and (ii) the wages, benefits and working conditions of the Company’s non-union hourly employees and (iii) the wages, benefits and working conditions of the non-union salaried and management employees so that the aggregate revisions in (i),(ii) and (iii) for each individual non-TWU union and non-union employee group are reasonably projected by the Company to produce the targets for labor cost savings specified in the Company’s Section 1113(c) motion.

2) The Company agrees that if the Company fails to implement the changes described in paragraph 1 for any other non-TWU union or non-union employee group, without implementing other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, the Company will meet with TWU to discuss and agree upon a proportionate reduction in projected labor cost savings under the Agreement. This paragraph shall expire upon the earlier of 1) six (6) months after the date the Company emerges from the bankruptcy process; or 2) when the changes described in paragraph 1, or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, are implemented for all non-TWU union or non-union employee groups.

3) The Company further agrees that if it obtains modifications to agreements with other non-TWU union groups that result in labor cost savings to the Company from reduction in TWU represented employees working under TWU agreements,

it will meet with TWU to discuss and agree upon an appropriate credit to the TWU based on the level of labor cost savings realized by the Company from that reduction.

4) The Company will provide TWU with sufficient relevant information reasonably necessary for TWU to determine compliance with the terms of this agreement.

5) Any alleged violation of these provisions will be resolved pursuant to the grievance and arbitration procedures of the applicable TWU Agreement.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

LETTER OF MEMORANDUM

LETTER OF MEMORANDUM - Profit Sharing Plan

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

DOS

RE: Profit Sharing Plan

Dear Robert,

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

American Airlines will establish a profit sharing arrangement (the “Profit Sharing Plan”) that will allow eligible employees, including TWU represented employees, the opportunity, as described below, to share in the financial success of American.

The effective date of the Profit Sharing Plan, as to TWU represented employees covered by this agreement, will be when it has been ratified by the membership, approved by the bankruptcy court, and signed by the parties. Performance will be measured by American’s Pre-Tax Earnings (as defined in the Profit Sharing Plan) with respect to the plan year covered by the Profit Sharing Plan and the fund from which all Profit Sharing awards for all eligible employees, including TWU represented employees, are distributed (“Fund”) will accumulate based on that performance and will be established as follows:

- Fifteen percent (15%) of the dollar amount of American’s Pre-Tax Earnings.**
- For eligible participants, including TWU represented employees, individual awards under the Profit Sharing Plan will be distributed based on a predetermined formula for allocating on a pro-rata basis the contributions made to the Fund as determined by American and the participant’s Eligible Earnings (as defined in the Profit Sharing Plan).**
- Any payout under the Profit Sharing Plan will be made no later than ____ of the year following the year’s profits on which the payout is based.**

- **All other terms and conditions are covered under the Profit Sharing Plan document.**

This Letter of Agreement shall supersede all prior LOAs establishing a profit sharing plan for TWU employees.

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

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

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

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

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Summary of the 2003 Contract Changes

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed many changes intended to achieve sustained long-term financial relief from the current provisions of the TWU labor agreements. This letter is intended to recap the majority of the agreed upon changes. Changes are listed by Title groups: I (Mechanics and Related), II (Facilities, Automotive, Cabin Cleaners, Utility and Building Cleaners), III (Fleet Service), IV (Fuelers), V (Stock Clerks), T/S (Technical Specials), Disp (Dispatch), Metro (Meteorologists), Sim Techs (Simulator Technicians) and Instrs (Ground School and Pilot Instructors).

Pay Related:

Effective May 1, 2003:

- ~~Base wage pay reduction, varying percentages (all groups)~~
- ~~Elimination of all longevity pay (I & II)~~
- ~~Modified longevity pay, start after 17 years, current rates (III, IV, V, T/S)~~
- ~~Reduced Sim Tech Coordinator premium by \$.75/hour~~
- ~~Reduced Sim Tech Skill pay to \$.10/hour~~
- ~~Reduced Pilot Simulator Instructors premium to \$10.00/month~~
- ~~Reduced Ground School/Pilot Simulator Instructors standardization coordinator pay to \$150.00/month~~
- ~~Reduced Pilot/Simulator Instructors work unit experience premium~~
- ~~Modified shift differential to \$.01, \$.02, \$.03 (I, II, III, V, T/S, Sim Techs)~~
- ~~Elimination of weekend differential (I, II, V, at AFW, TUL, MCI)~~
- ~~Elimination of midnight skill retention premium (Sim Techs)~~
- ~~Training pay at straight time for off shift and day off (I, II)~~
- ~~Elimination of penalty lunch payment (I, II, III, IV, V)~~
- ~~Elimination of OT meal allowance (I, II, III, IV, V, T/S)~~
- ~~Penalty hours pay for actual time worked @ 1.5x (I, II, III, IV, V, T/S)~~
- ~~Reduce OT rate from 2x to 1.5x (I, II, III, IV, V)~~
- ~~Work 40 hrs to reach OT rate for day off overtime (III, V)~~
- ~~Elimination of debrief pay (T/S)~~
- ~~Elimination of Stock Clerk driver premium~~
- ~~Elimination of AMT premiums when displacing OSM employee~~
- ~~Elimination of Early Call In guarantees (I, II, III, IV)~~
- ~~Elimination of short turn penalty due to shift bids (Art 21 d) (III, IV)~~
- ~~Elimination of CC premium when not working as CC (III, V)~~

Work Rules/ Other changes and effective dates:

Effective April 15, 2003:

- ~~Combine Systems/Structures into Generals (Title I)~~
- ~~Added 7 day labor loan provision (Bases only)~~
- ~~Increased AMT productivity through multiple work assignments/training~~
- ~~Holidays reduced from 10 to 5. The five (5) observed holidays will be: New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (all groups)~~
 - ~~Holidays 5 days with roll @ 1.5x (I, II, III, IV, V, T/S, Sim Techs)~~
 - ~~Holidays 5 days (no roll) @ 1.5x (Disp, Metro, Instrs)~~

Effective May 1, 2003

- ~~Reduce annual SK accrual to 5 days @ 100% (all except I & II)~~
- ~~Reduce annual SK accrual to 5 days, 1st two at 50% (I & II)~~

Effective May 3, 2003

- ~~4/10s at Overhaul docks/TUL, duration of agreement~~

Effective within sixty (60) days of ratification:

- ~~Outsource RON/Ultraclean (II/III)~~
- ~~One time System protection credit for headcount reductions realized from work rule changes (all groups except Metro)~~

Effective thirty (30) days from ratification:

- ~~Reduce uniform provisioning and eliminate laundering (I, II, III, IV, V)~~
- ~~Outsource stores function at HDQ (6 Stock Clerks)~~
- ~~Relocate 4 Stock Clerks at ORD/GEM to ORD/M & E hanger~~

Effective as soon as practicable after April 15, 2003:

- ~~Change work schedule to 5 on, 2 off (T/S)~~
- ~~Reduced VC accrual one week (all groups)~~
- ~~Modify Crew Chief ratios:
AMT 1:11.5
FSC 1:9
Fuelers eliminated ratio
Stores 1:12~~

Benefits:

- ~~Medical & Dental plan modifications (all groups) **Effective 1/1/04**~~
- ~~SLOA Benefit Coverage reduced from 24 to 12 months (all groups)
Effective 5/01/03~~
- ~~Eliminate STD Plan (all groups) **Effective 1/1/04**~~
- ~~Discontinue subsidized medical benefits RIF'd employees (all groups)~~

~~Effective 4/15/03~~

- ~~Modify IOD to 10 days (all groups) **Effective 5/01/03 with the following transition:**~~

- ~~If the injury was incurred prior to 4/15/03, remaining applicable salary continuation through the end of the month up to the current 80 days~~
- ~~If the injury is incurred on 4/15/03 or before 4/30/03, salary continuation for 10 days up to the current 80 days~~
- ~~If the injury is incurred after 5/01/03, salary continuation for 10 days~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

Date

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Exhibit D



AGREEMENT

between

AMERICAN AIRLINES, INC.

and

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

covering

GROUND SCHOOL AND PILOT SIMULATOR INSTRUCTORS

EFFECTIVE: **DOS**



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.

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AGREEMENT

between

AMERICAN AIRLINES, INC.

and

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

covering

GROUND SCHOOL AND PILOT SIMULATOR INSTRUCTORS

DATE

PREAMBLE

THIS AGREEMENT entered into this, **X** day of **DATE**, by and between AMERICAN AIRLINES, INC. (herein sometimes referred to as the "Company") and TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO (herein sometimes referred to as the "Union"), as representatives of the employees within the United States in the classifications listed herein, pursuant to the terms of the Railway Labor Act, as amended, in the mutual interests of the employees and of the Company to promote the safety and continuity of air transportation, to further the efficiency and economy of operations, and to provide orderly collective bargaining relations between the Company and its employees, a method for the prompt and equitable disposition of grievances, and for the establishment of fair wages, hours and working conditions for the employees covered hereunder. In making this Agreement both the Company and the employees covered hereunder recognize their duty to comply with the terms hereof and to cooperate fully both individually and collectively, for the accomplishment of the intent and purpose of this Agreement.

ARTICLE 1 - RECOGNITION AND SCOPE

(a) The Company recognizes the Transport Workers Union as the exclusive and sole collective bargaining agency with respect to rates of pay, rules, and working conditions for all employees covered under this Agreement in the classifications set forth in Article 2 (Definitions) for the purposes of the Railway Labor Act.

(b) Ground School

(1) Instructors covered by this Agreement will be utilized for Ground School Training conducted at the Flight Academy, or at other locations as required, for flying equipment used by the Company as follows:

(a) Full month work will be performed by full-time Instructors covered by this Agreement.

(b) Partial schedules of work will be performed by Part-Time Instructors covered by this Agreement.

(2) During peak periods, other personnel currently qualified as Line Pilots and Instructor furlougees and retirees previously covered by this Agreement may be utilized as required to perform Ground School Training at the Flight Academy or other locations for flying equipment used by the Company.

(c) Pilot Simulator Instructors

(1) The Pilot Simulator Instructors will perform training at the Flight Academy or at other locations as required for flying equipment used by the Company and may not be displaced from their Classification by any other personnel should the workload decrease.

(a) Full month work will be performed by full-time Instructors covered by this Agreement.

(b) Partial schedules of work will be performed by Part-Time Instructors covered by this Agreement.

Other personnel who have Line Pilot experience, and Instructor furlougees and retirees previously covered by this Agreement, may be utilized for additional and/or short term workload peaks in the Flight Simulator group.

(d) The Training and "dry leasing" of equipment and facilities will continue as current practice.

(e) Merger, Purchase or Acquisition of Another Company.

(1) In the event of a merger, purchase or acquisition of another company, involving that entire company or a substantial portion of the company, by that 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.

(2) 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 such integration.

(3) 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.

(4) 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.

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

(f) Merger, Purchase or Acquisition by Another Company

(1) 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.

(2) Labor Protection Provisions

(a) 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).

(b) The employee groups of each carrier will remain separated until such time as the seniority lists are integrated in accordance with subparagraph (a) above.

(g) Successorship

(1) Agreement Binding on Successor

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 recognize the TWU as the representative of employees on the TWU System Seniority list consistent with the Railway Labor Act, as amended, to employ the employees on the TWU System Seniority list in accordance with the provisions of this Agreement, and to assume and be bound by this Agreement.

(2) Seniority List Merger

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.

ARTICLE 2 - DEFINITIONS

(a) The word "employee" as used in this agreement will mean an employee in the classifications covered by this Agreement and will include Instructor-Flying Training Ground School ("Ground School Instructor"); Pilot Instructor-Flight Simulator ("Pilot Simulator Instructor").

(b) "Ground School Instructor, General Subjects Ground School Instructor or International Ground School Instructor" means an Instructor whose work, depending upon assignment, includes, but is not limited to, any or all of the following:

Provides formal and tutorial training for flight crewmembers and certain maintenance personnel in Ground School on such subjects as aircraft systems, normal operating procedures, abnormal procedures, emergency procedures, survival techniques, capabilities, procedures and equipment, navigation, aerodynamics, FAA (CAA and JAA as required) Regulations and Company policies and procedures relating to Domestic and International flying. Utilizes Cockpit Procedures Trainers, Cabin Emergency Procedural Simulators (CEPS), System Trainers, Static Flight Simulators and other training devices as required by course curriculum. Conducts aircraft visits and procedures training in static aircraft as required. Administers examinations required by course curriculum. Obtains required training equipment, training aids, manuals, course materials and supplies necessary to conduct assigned courses. As assigned, assists in the development of and reviews courseware, home studies and examinations for technical content and accuracy. Completes required training records and reports. Determines and reports on student progress and proficiency. Provides specialized instruction and counseling of students as needed. Reviews engineering and other technical documents on assigned subject matter and makes necessary recommendations for revisions to training aids and course materials impacted by these documents. Attends in-company and out-of-company training programs as assigned. Assists in the training of other Instructors as assigned.

(c) "Pilot Simulator Instructor" means an Instructor whose work, depending upon assignment, includes, but is not limited to, any or all of the following:

Conducts simulator phase of pilot flight instruction in compliance with AA Regulations, policies, procedures and techniques. Insures compliance with FAA or applicable Government requirements relating to training of crewmembers. Recommends crewmembers for checks and may conduct checks for contract training, if requested by the contractor. Fills an open seat for Captain or First Officer training, as required by the company and stated seat filling procedures. Makes suggestions through channels to enhance safety and efficiency. Assists in program development for all phases of flight instruction as directed by management.

(d) Any masculine pronoun used herein will be deemed and understood to designate any employee covered by this agreement, whether male or female.

(e) "W" day as hereinafter referred to will mean a scheduled workday on the Instructors' monthly work schedule on which no specific assignment has been scheduled at the time the monthly work schedule has been posted.

(f) The term "Red Circle" work assignments will mean a specialized work assignment in which specific training or qualifications are required to perform the assignment.

(g) All references in this Agreement to "seniority" will mean occupational seniority on the latest seniority list except where specific reference is made to Company seniority.

(h) The term "dry lease" as used in this Agreement will mean the leasing of any or all Company-owned training equipment to a contractor under which Instructor personnel are furnished by the contractor.

(i) The term "Part-Time" as used in this Agreement is as defined in Article 43. Status as referred to in this agreement denotes if an employee is either full time (full time status) or part time (part time status).

~~(j) The term "protected employees" used in this Agreement will mean all employees covered by the job security provisions of Article 42.~~

(k) **Pay** seniority (~~classification seniority~~) will govern pay raises and/or placement on the pay scales. This seniority is governed by the appropriate regulations.

(l) The term "seat filler" will apply to a student position in a training cycle, in the flight simulator, for which there is no student; and that seat/position must be occupied by an appropriately qualified TWU instructor, Check Airman or line pilot for the training session to be valid according to the FAA approved AA training manual for that type of aircraft.

(m) The term "Company" will refer to American Airlines Inc.

(n) The term "IT" is used to identify a day on the monthly work schedule designated for annual or requalification training for instructors. This term may also be used for initial training.

(o) The term "PD", when listed on the monthly work schedule, will mean a day designated for program development/review, and will have a start time of 0800 (unless a specific start time is shown on the monthly work schedule).

(p) Standardization Coordinators are instructors (per Article 11) chosen on their ability to present material in a standardized manner, communication skills and experience.

(q) The term "RG", when listed on the monthly work schedule, will mean a day of instruction for pilot recurrent training and will have a specific start time.

(r) The term "Unscheduled Work" will mean any work that is not on the monthly bid sheet at the time of proffer, which will be covered as specified in Article 3(f). It can also be identified as "pop-up work".

(s) The term “Emergency” will mean an abnormal situation, such as, but not limited to, building fire, medical emergency, bomb threat or other facility threat that would require immediate attention or response.

(t) The term “Successor” as used in this Agreement will include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.

(u) The term “Successorship Transaction”, as used in this Agreement will mean any transaction, whether single-step or multi-step, that provides for results in, or creates a successor.

(v) The term “Affiliate” means (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) of this paragraph.

(w) The term “regular pay” or “pay as if working” will mean the “chart rate”, plus applicable longevity pay, standardization coordinator pay and all premiums.

ARTICLE 3 - HOURS OF SERVICE

(a) The workday will consist of a twenty-four (24) hour period beginning at twelve o'clock midnight and a regular day's work will consist of up to eight (8) hours commencing with scheduled brief time, and including any scheduled de-briefing period. For simulator pilot instructors in training or traveling to an off-site training facility, the workday may extend up to ten (10) hours.

(b) All time worked in any continuous tour of duty will be considered as work performed on the day in which the work day started.

(c) Work schedules will be posted for selection monthly. Bids will be posted on centrally located bulletin boards no later than six (6) days prior to the effective date of the work schedule. Bid awards will be posted no later than three (3) days prior to the effective date of the work schedule. If extraordinary circumstances prevent posting or awarding within this time schedule, the company will make every effort to adhere as closely as possible to such schedule. If the schedule of posting and awarding bids is not complied with for two (2) consecutive months, representatives of the Company and the Union will promptly confer in an attempt to resolve the situation.

(d) Work schedule/s, as referred to in this Article, encompass hours of work and scheduled days off only. The assignment of specific work duties on days of work remain the prerogative of the Company or as stated in Article 2.

(e) Work schedules will be generated and proffered to the Instructors in each work unit for bid as follows:

(1) Scheduled duty days (including W and PD days), scheduled days off and scheduled start times for all known and anticipated training (except no start time on W days) listed in organized "lines of work" will be proffered to each work unit of Instructors and awarded in order of seniority (except in (7) below) to the Instructors submitting bids.

(a) Recurrent training for Instructors that falls outside their vacation months may be posted on a bid line in the monthly work schedule. Bid lines will adhere to Article (3) (e) (4) and the bid line will be adjusted, as necessary, to include 20 days of work.

(b) Known Leaves of Absence will also be posted on a bid line in the monthly schedule, with the same understanding in (a) above.

(c) Designated Observations days for Standardization Coordinators will not be planned in advance. After the bids are released, the Section Supervisors will confer with Standardization Coordinators and designate the days on which Standardization Coordinators will observe the work of other instructors. Designated observation days will not be planned for W days. However, Standardization Coordinators may voluntarily elect to perform standardization duties on their assigned W day(s). The replaced work will go below the line and be covered in accordance with paragraph (f) of this Article. If required, Standardization

Coordinators may be used on the designated observation day to support the training schedule. In this case, the planned observation will be re-scheduled.

(2) Schedules, once awarded, may be changed with seven (7) days' notice. This may only be done due to unforeseen circumstances such as, but not limited to, equipment breakdown, student cancellation, or other conditions outside the control of the Company. However, scheduled start time(s) may be changed up to two (2) hours from the scheduled basic start time with twelve (12) hours' notice, however, such notice may be waived by the employee.

(3) The monthly work schedule may provide work patterns of up to seven (7) consecutive workdays; however, such seven (7) days may be extended under the proffer or assignment provision of the coverage of open schedules, by month to month schedule bids, or by scheduling adjustments required by law.

(4) A minimum of two (2) days off duty will be scheduled before or after four (4) or five (5) consecutive workdays, and three (3) days off duty time will be scheduled before or after six (6) or seven (7) consecutive workdays. Per (b) above, the second day of a continuous duty period is considered as one of these days off. The above day off minimums do not apply to scheduled workday patterns created by month to month schedule bids or assignments to work on day(s) off outlined in (f) (2) below.

(5) Duty periods will be scheduled to provide a minimum of ten (10) hours off between work assignments, except as specified in Article 3 (f) (6) (c). Scheduled debrief periods will not be considered as part of the ten (10) hour rest period.

(6) Whenever a number of W or RG days are scheduled in any month within a work unit, they will be distributed as equitably as practical among the lines of work offered for bid. All W days may be moved prospectively, with the consent of both the instructor and the Company.

(7) Planners will cover instructor vacation periods by offering a line on the bid sheet containing a set of days identified as "vacation relief days" (VR) days. The Instructor awarded these VR days, (if not the vacationer) will assume the schedule of the vacationer without regard to (e) (3) and (4) above.

Each instructor is encouraged to contact his planner 25 days or more before the beginning of the month in which he has planned a vacation. A vacation line will then be built for that instructor; and regardless of seniority, that instructor has first bid at his line. If two or more vacations coincide within the same work unit and the core vacation period is congruent, those selections will be awarded in accordance with seniority. If the instructor(s) does not bid his line, normal precedence will apply for any other instructor(s) bidding these lines.

In an effort to encourage each employee to bid his vacation line, the Company will guarantee a minimum of four days off in conjunction with the

core vacation period if the employee bids his own vacation line. For example, an employee bidding his own line with a one week vacation (five (5) days) would be guaranteed a minimum of four (4) additional days off for a total of nine (9) days. An employee bidding his own line with a two (2) week vacation (ten (10) days) would also be guaranteed a minimum of four (4) additional days off plus (2) days between the core vacation periods for a total of sixteen (16) days. All days off scheduled in conjunction with the vacation period will be considered part of the vacation. During this vacation period, the instructor may be proffered overtime if no other instructor is available, but they cannot be assigned overtime.

(8) Work awarded by bid, and then subsequently cancelled, will retain the original start time. These days will be referred to as CW and will be subject to reassignment, within the parameters of paragraph (f) below.

(f) Coverage of open schedules on a day-to-day basis will be accomplished as follows:

(1) Reschedule an Instructor whose training assignment has been eliminated (CW) to a new start time, but within the basic start times as outlined in (e) (2) above. The instructor will be in the local area. He may either be on call at home or at an agreed upon contact point until released by scheduling, but no later than 1630. Alternatively, he may arrange to call scheduling at agreed upon intervals within the basic start times as outlined in (e) (2) above if he is not available at the normal contact point. A cell phone is an authorized, valid contact point.

(2) Proffer to Instructors whose training assignment has been eliminated that would require them to change their start time outside (either earlier or later) than the basic shift start times outlined in (e) (2) above.

(3) Assignment of Instructors on an unassigned work day (W day). Whenever more than one Instructor within a work unit is scheduled for the same W day, Schedulers will assign by day in order of the Instructor who has been recalled on W days the least number of times during that month. If two (2) or more Instructors are equal in this regard, then assignment will be made in reverse order of seniority.

An Instructor scheduled for an unassigned work day (W day) may be assigned by the company prior to such W day. If not assigned to a specific work schedule on a W day, the Instructor will be in the local area either, (a) on call at home, or at an agreed upon contact until released by scheduling, but no later than 1630, or (b) he will arrange to call scheduling at agreed upon intervals throughout the day, if he plans to vacate the normal contact point. A cell phone is an authorized valid contact point.

(4) Adjust the assignment of an Instructor presently on duty as outlined in (e) (2) above. For a ground school assignment:

(a) If there are two (2) RGs scheduled with no W days scheduled, and there is a total of thirteen (13) students or less in both RGs, the classes may be combined and the senior instructor will be given his choice of work. If there are two (2) RGs scheduled on the monthly bid sheets, the rooms identified on the bid sheet are for scheduling purposes only.

(b) If there is work below the line and there may not be adequate W days to cover open work, an RG instructor may be given a CW/RA if the open work is within the timeframe of (e)(2) above and the combined student total in both RGs is thirteen (13) students or less. Scheduling determines "adequate" W day coverage to preclude unnecessary overtime. If scheduling decides to give an RG instructor a CW/RA, the senior instructor will be given his choice of work.

(5) Overtime coverage sequence

(a) Proffer to Instructors on a scheduled day off or on a CW day (outside the basic start time as defined in (e) (2) above) beginning with the Instructor on the top of the overtime distribution list. If two or more instructors are equal in the last day worked, the proffer will be by occupational seniority for those instructors. Once such proffer has been accepted and worked, that Instructor's name will be moved to the bottom of the list for the purpose of proffering future overtime.

(b) Assign overtime to the most junior available instructor on a scheduled day off who did not work an overtime day during the same day off sequence. However, if the junior available instructor has already been assigned overtime that month, and there is another instructor on that day off who has not been assigned, then the instructor who has not been assigned will be assigned in reverse order of seniority. This will also apply for the second assignment, third, and so on; except that there is a limit of 5 overtime assignments per month, per instructor. This applies to all instructors whether or not they are on the overtime list.

(c) Then assign to the most junior Instructor available on a scheduled day off. An instructor may decline to have his name placed on the overtime seniority list by so stating in writing to the Company. This option may be rescinded by the Instructor in writing, with ten (10) calendar days' notice to the scheduling department. The Instructor would then be placed on the overtime list in his proper order of seniority. This does not prevent the Company from assigning overtime when applicable.

(6) If previously unassigned work which is the responsibility of the simulator pilot instructor group becomes available, the work will be offered to simulator pilot instructors to work two simulator periods in one day (**exception Letter Of Memorandum 1 – Seat Fillers**), ~~prior to assignment of a Check Airman to such work.~~ When the offer of a second simulator period is made, the following restrictions will apply:

(a) The instructor must voluntarily accept the assignment.

(b) The instructor must attend the briefing and attend the debriefing session (if required). The interval between the two periods must be sufficient to complete the first scheduled debrief (if required) before beginning the briefing for the second scheduled period.

(c) The time off between the end of the second period or debrief (if required) and the scheduled report time for the next calendar day must be at least nine (9) hours. If the time off is at least nine (9) hours, the next day's normal schedule is paid at regular rates.

(d) The offer will be made to these instructors in the same order as overtime is offered.

(e) If an instructor wishes to accept a trade that requires him to work a double shift then he may do so if (1) his supervisor approves the trade, (2) it meets the requirements above and (3) it does not generate any additional cost to the Company.

(7) Prior to assigning the junior available Instructor on a scheduled day off, Part Time Instructors may be utilized to provide AA training coverage.

(8) If under steps (5) or (6) above, a full-time Instructor works on a scheduled day off, such Instructor will be compensated for that day as specified in Article 6 (Overtime). Under the provisions of steps (5) or (6) above, an Instructor may exceed the scheduled work day maximums outlined in (e) (3) above.

(9) In the routine coverage of open time for the next day, an Instructor will be bypassed for an overtime assignment if a reasonable attempt at notification is unsuccessful. "Reasonable" attempts may vary dependent on the volume of open schedules to be covered but will normally consist of at least three (3) calls spaced thirty (30) minutes apart up to 1530 for work assignments commencing prior to 1200 the following day. An instructor will be bypassed for GSW overtime if their duty location is other than DFW/GSW. An instructor assigned to a duty location other than DFW/GSW, and on a day off, will be the first eligible for overtime at that location

(10) An Instructor will be bypassed for overtime work arising the same day if a reasonable attempt at notification is unsuccessful. The word "reasonable" is described as no less than two (2) attempts spaced thirty (30) minutes apart unless such time intervals will not permit the orderly notification and coverage of such work assignment.

(g) **The Company may schedule** ~~An Instructor will not be scheduled to exceed up to twenty (20)~~ **twenty - one (21) work days in a calendar month, for up to 55% of all Ground and Simulator Instructor's bid schedules (combined) in a calendar month. The twenty-first (21st) work day will be compensated at straight time rates.** The first quarter of each year shall be divided into three (3) thirty (30) day

contractual months; thus, the month of January will run from January 1 through January 30; the month of February will run from January 31 through March 1; the month of March will run from March 2 through March 31. Bid postings will reflect those thirty (30) day months accordingly.

(h) When the Company determines that it is necessary for a specific instructor to be rescheduled for an assignment, such as continuity of training, and it affects the most eligible instructor on the overtime list, as defined in (f)(5) above; then, that "most eligible instructor on the overtime list" will be given a W day. This W day is for any unscheduled work on that day, and will be paid at time and one-half rates.

ARTICLE 4 - COMPENSATION

(a) During the period of this Agreement, the regular rates of pay for the classifications of work covered hereunder will be:

Ground School Instructor - Monthly Rate

	<u>10/01/11</u>	<u>10/01/12</u>	<u>10/01/13</u>
1st year	\$3617	\$3671	\$3726
2nd year	\$3771	\$3828	\$3885
3rd year	\$4039	\$4100	\$4161
4th year	\$4305	\$4370	\$4436
5th year	\$4570	\$4638	\$4708
6th year	\$4836	\$4908	\$4982
7th year	\$5105	\$5182	\$5259
8th year	\$5371	\$5452	\$5534
9th year	\$5636	\$5720	\$5806
10th year	\$5905	\$5993	\$6083
Thereafter	\$6381	\$6477	\$6574

	<u>DOS</u>	<u>DOS + 12</u>	<u>DOS + 24</u>	<u>DOS + 36</u>	<u>DOS + 48</u>	<u>DOS + 60</u>
1st year	\$3,617	\$3,671	\$3,726	\$3,782	\$3,839	\$3,897
2nd year	\$3,771	\$3,828	\$3,885	\$3,943	\$4,002	\$4,062
3rd year	\$4,039	\$4,100	\$4,161	\$4,224	\$4,287	\$4,351
4th year	\$4,305	\$4,370	\$4,435	\$4,502	\$4,569	\$4,638
5th year	\$4,570	\$4,639	\$4,708	\$4,779	\$4,850	\$4,923
6th year	\$4,836	\$4,909	\$4,982	\$5,057	\$5,133	\$5,210
7th year	\$5,105	\$5,182	\$5,259	\$5,338	\$5,418	\$5,500
8th year	\$5,371	\$5,452	\$5,533	\$5,616	\$5,701	\$5,786
9th year	\$5,636	\$5,721	\$5,806	\$5,893	\$5,982	\$6,072
10th year	\$5,905	\$5,994	\$6,083	\$6,175	\$6,267	\$6,361
Thereafter	\$6,381	\$6,477	\$6,574	\$6,672	\$6,773	\$6,874

Simulator Instructor - Flight Engineer - Monthly Rate

	<u>10/01/11</u>	<u>10/01/12</u>	<u>10/01/13</u>
Thereafter	\$6917	\$7020	\$7126

	<u>DOS</u>	<u>DOS + 12</u>	<u>DOS + 24</u>	<u>DOS + 36</u>	<u>DOS + 48</u>	<u>DOS + 60</u>
Thereafter	\$6,917	\$7,020	\$7,126	\$7,233	\$7,341	\$7,452

Pilot Simulator Instructor - Monthly Rate

	<u>10/01/11</u>	<u>10/01/12</u>	<u>10/01/13</u>
1st year	\$4071	\$4132	\$4194
2nd year	\$4245	\$4309	\$4374
3rd year	\$4544	\$4612	\$4681
4th year	\$4843	\$4916	\$4989
5th year	\$5141	\$5218	\$5296
6th year	\$5444	\$5525	\$5608
7th year	\$5742	\$5828	\$5915
8th year	\$6042	\$6133	\$6225
9th year	\$6341	\$6436	\$6533
10th year	\$6643	\$6743	\$6844
Thereafter	\$7179	\$7286	\$7396

	<u>DOS</u>	<u>DOS + 12</u>	<u>DOS + 24</u>	<u>DOS + 36</u>	<u>DOS + 48</u>	<u>DOS + 60</u>
1st year	\$4,071	\$4,132	\$4,194	\$4,257	\$4,321	\$4,386
2nd year	\$4,245	\$4,309	\$4,373	\$4,439	\$4,505	\$4,573
3rd year	\$4,544	\$4,612	\$4,681	\$4,752	\$4,823	\$4,895
4th year	\$4,843	\$4,916	\$4,989	\$5,064	\$5,140	\$5,217
5th year	\$5,141	\$5,218	\$5,296	\$5,376	\$5,456	\$5,538
6th year	\$5,444	\$5,526	\$5,609	\$5,693	\$5,778	\$5,865
7th year	\$5,742	\$5,828	\$5,916	\$6,004	\$6,094	\$6,186
8th year	\$6,042	\$6,133	\$6,225	\$6,318	\$6,413	\$6,509
9th year	\$6,341	\$6,436	\$6,533	\$6,631	\$6,730	\$6,831
10th year	\$6,643	\$6,743	\$6,844	\$6,946	\$7,051	\$7,156
Thereafter	\$7,179	\$7,287	\$7,396	\$7,507	\$7,620	\$7,734

(b) Premium Pay - For all Instructors, upon completion of the initial probationary period will receive an occupational premium as follows:

Simulator Pilot	\$ 295/month
Ground School Instructor	\$ 210/month

The corresponding classification premium above will be paid upon completion of the trial period in the classification to which employee has been promoted. Effective January 1, 1991 for those employees retiring on or after August 15, 1995, skill premium pay will be included in the pensionable earnings of those employees who receive skill pay as outlined above in (b).

(c) The Company may, at its sole discretion, grant credit for prior experience to new employees hired on or after May 1, 1984. Such credited experience is for pay purposes only and will allow a new employee to hire in at up to the third year step of the applicable classification monthly rates provided for under paragraph (a) above.

(d) LONGEVITY PAY

Effective August 15, 1995 each employee in a job classification under this Agreement will, upon completion of three (3) years of accredited service with the Company, be paid longevity pay as follows:

Length of Service	Monthly Rate	Length of Service	Monthly Rate
3 Years	\$4.80	12 Years	\$19.20
4 Years	6.40	13 Years	20.80
5 Years	8.00	14 Years	22.40
6 Years	9.60	15 Years	24.00
7 Years	11.20	16 Years	28.80
8 Years	12.80	17 Years	33.60
9 Years	14.40	18 Years	38.40
10 Years	16.00	19 Years	43.20
11 Years	17.60	20 Years	48.00

Part-time employees will receive a pro-rated portion of the above scale based on the number of days worked in each month ($1/20 \times \text{no. of year rate} \times \text{no. days worked}$, e.g. 6 year employee who worked 10 days gets $1/20 \times 9.60 \times 10 = \4.80).

Total longevity pay will not exceed forty-eight dollars (\$48) per month. Longevity pay increments will be effective with the beginning of the pay period falling closest to the date the employee completes the required amount of accredited service. Longevity pay will be compounded in the calculation of overtime rates and will be part of base pay calculations for pension purposes.

Accredited service with the Company, for determining longevity pay increments, will be defined as: Active service on the Company's payroll in any capacity, except such service prior to resignation, retirement, discharge or layoff when recall rights have expired; the entire duration of Military or Union Business Leaves of Absence; and Injury-on-duty Leave of Absence, up to a maximum of five (5) years; for those employees with over six (6) months of service with the Company, a Sick Leave of Absence up to a maximum of five (5) years, and Personal or Maternity Leaves of Absence up to a maximum of ninety (90) days.

(e) STANDARDIZATION COORDINATOR

Each Standardization Coordinator, as defined in Article 2, will receive a higher capacity premium of \$150.00 per month that will be part of the base pay calculations for pension purposes.

~~Attachment 4.1—Variable Compensation (Gain Sharing) Plan~~

~~October 1, 2011~~

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

~~RE: Variable Compensation (Gain Sharing) Plan~~

~~Dear Robert,~~

~~During the recent negotiations, the parties committed to jointly develop a variable compensation (Gain Sharing) plan that will be applicable to employees covered under the AA/TWU Ground School and Pilot Simulator Instructors agreement. It was understood that the plan would be developed based on the following principles:~~

- ~~▪—SIMPLE AND EASILY UNDERSTOOD BY EMPLOYEES~~
- ~~▪—FISCALLY RESPONSIBLE (SELF FUNDED)~~
- ~~▪—PERFORMANCE BASED~~
- ~~▪—CONNECTED TO EMPLOYEE ACTION: “LINE OF SIGHT”~~
- ~~▪—TIED TO CORPORATE AND LOCAL BUSINESS RESULTS~~
- ~~▪—STRUCTURED TO MOTIVATE CONTINUOUS IMPROVEMENT~~

~~In addition, the plan would replace the Customer Service component of the AIP plan.~~

~~The parties agree to develop and implement the plan within one hundred eighty (180) calendar days from October 1, 2011. In the event the parties are unable to reach a resolution, a neutral third party will be retained to facilitate a resolution.~~

~~Sincerely,~~

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

Agreed to:

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

ARTICLE 5 - SHIFT DIFFERENTIAL

[INTENTIONALLY LEFT BLANK]

ARTICLE 6 - OVERTIME

(a) ~~Overtime rate of pay equal to time and one-half will be paid for the first day of work performed during a day off sequence or for the second work period performed on the same day. The second or more double shift worked in a sequence will be paid at double time rate. An overtime rate of pay equal to double time will be paid for the second or succeeding overtime periods of the same day off sequence. In the event that a double shift is worked, any subsequent overtime periods in the following day off sequence will be compensated at a rate of pay equal to double time (see table).~~

Day	Work	Work	Work	Work	Day Off	Day Off	Day Off
Double Shift	Yes <i>or</i>	Yes <i>or</i>	Yes <i>or</i>	Yes <i>or</i>			
Overtime					Yes <i>or</i>	Yes <i>or</i>	Yes <i>or</i>
Pay Rate	Regular <i>or</i> Regular + time and one- half if double shift worked	Regular <i>or</i> Regular + time and one- half if double shift worked. If double shift worked previous day, 2 nd shift is at double time and one-half rate	Regular <i>or</i> Regular + time and one- half if double shift worked. If double shift work in any previous day of this sequence double time and one-half will be paid for 2 nd -shift	Regular <i>or</i> Regular + time and one-half if double shift worked If double shift work in any previous day of this sequence double time and one- half will be paid for 2 nd shift	Double time if <i>any of</i> the previous work days had a double shift and overtime worked	Double time if <i>any of</i> the previous work days had a double shift and overtime worked, <i>or if</i> previous day was overtime	Double time if <i>any of</i> the previous work days had a double shift and overtime worked, <i>or if</i> previous day was overtime

(b) An authorized exchange of days off or shifts between employees (which must be approved in advance by the appropriate supervisor) will not result in the payment of overtime to either instructor for a work schedule exceeding that specified in Article 3, paragraph (e)(4).

(c) In lieu of day off overtime payment under paragraph (a) above, the employee may, at his option, elect to take an additional scheduled day off. Such additional scheduled day off will be subject to the approval of his immediate supervisor.

(d) An employee required to work on a holiday that is the employee's day off will receive holiday pay at the rate of double time and one-half (2.5). Under no

circumstances will an employee be paid more than double time and one-half (2.5) when a holiday worked coincides with the first or second day off.

(e) Overtime will be distributed in accordance with the provisions of Article 3.

(f) Multiples for overtime pay will be calculated on the basis of straight-time, plus premiums, longevity and standardization coordinator pay.

ARTICLE 7 - HOLIDAYS

(a) The following holidays with pay will be granted:

<u>Holiday</u>	<u>Observance</u>
New Year's Day	January 1st
President's Day	Third Monday in February
Good Friday	Friday preceding Easter
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Friday following Thanksgiving Day
Christmas Day	December 25th

An employee who is required to work at his regular duties on a holiday will be paid for such workday at two times (2.0) his straight time rate. A day of pay at regular pay rates will be paid to those instructors who are off on the holiday. Payment for a holiday at straight-time rates will be granted to an employee on a "W" day plus an additional ~~will be paid~~ eight (8) hours of regular pay.

(b) ~~Payment for a Holiday as such~~ will not be granted to an employee on a leave of absence or to an employee scheduled to work on such holiday who is not excused from work and who fails to report to work as scheduled.

ARTICLE 8 - VACATIONS

(a) Employees, as of **DOS** ~~October 1, 2011~~, will become entitled to and receive vacation allowance in accordance with the following:

(1) As used herein the term "year" is used to mean a calendar year.

(2) The following vacation allowance will apply:

Length of Service as of Dec. 31 of any Year	Accrual Rate Per Month During the Year Ending Dec. 31	Maximum Vacation Accrual
Less than 10 years	1 work day	10 work days
10 years but less than 17 years	1 ½ work days	15 work days
17 years but less than 25 years	2 work days	20 work days
25 years but less than 30 years	2 ½ work days	25 work days
30 years or more	3 work days	30 work days

(3) In computing vacation eligibility under paragraph (a) (2) of this Article:

In any calendar month, fifteen (15) calendar days or more of service with the Company will be considered a full month and less than fifteen (15) calendar days will not be considered.

Fractions of one-half day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) The pay for such vacation will be at the pay which the employee would normally have received at his straight-time rate at the time the vacation is taken.

(c) Preference in the period in which employees hereunder will be permitted to take their vacations will be granted within each work group or section in the order of Company seniority in accordance with Local procedures agreed upon by the Company and the Union provided that vacation schedules may be so arranged within each work group or section as will not interfere with the requirements of the service. The Company will post requests for vacation preference for the following year on Company bulletin boards not later than October 15th of each year and employees eligible will list their preference not later than November 30th. The vacation periods will be assigned and posted on Company bulletin boards by December 10th, whenever possible, but no later than December 15. Any employee not expressing a preference will be assigned a vacation, if eligible. Except in emergency, an employee's vacation will commence immediately following his regularly scheduled days off.

(d) Vacation allowances will not be cumulative and a vacation to which an employee becomes entitled on December 31 of any year will be forfeited unless taken during the following year; provided, however, if an employee is requested by the Company in writing to forego his vacation during the year in which it is to be taken and has not received it by the end of that year, the employee will be entitled to said deferred vacation during the succeeding calendar year or to pay in lieu of same at the option of the employee, subject to the requirements of the service.

(e) An employee hereunder who takes a leave or leaves of absence which exceeds or the total of which exceeds sixty (60) calendar days during any calendar year will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of said leave or the total of such leaves which exceeds sixty (60) days; provided, however, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty.

(f) In the event of termination of employment with the Company, an employee hereunder who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

Mos of Svc in Yr. of Term	One Day Per Mo. Accrual Rate = 5/6 ^{ths} of a Days Pay	1 ½ Days Per Mo. Accrual Rate = 1-1/4 th of a Days Pay	2 Days Per Mo. Accrual Rate = 1-2/3 ^{rds} of a Days Pay	2 ½ Days Per Mo. Accrual Rate = 2-1/12 th of a Days Pay	3 Days Per Mo. Accrual Rate = 2-1/2 of a Days Pay
1	1	1	2	2	3
2	2	3	3	4	5
3	3	4	5	6	8
4	3	5	7	8	10
5	4	6	8	10	13
6	5	8	10	13	15
7	6	9	12	15	18
8	7	10	13	17	20
9	8	11	15	19	23
10	8	13	17	21	25
11	9	14	18	23	28
12	10	15	20	25	30

An employee who fails to give two (2) weeks' notice of resignation in writing, and such notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation hereunder.

(g) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a), subparagraphs (2).

(h) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to such layoff. In no case will the vacation to which such employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(i) An employee who has been assigned a vacation period will not have his vacation dates changed without his consent, unless he is notified of such change in writing thirty (30) days in advance of the starting date of his vacation. This will not apply in case of emergency; that is, an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet.

~~(j) An employee may request a paid personal vacation day(s) of up to five (5) days per year. The Company will grant such days if manning permits. Days used for personal vacation days will be deducted from the vacation day accrual to be awarded in the subsequent year's vacation. Requests for personal vacation will be granted in order~~

~~of seniority within the work unit/group. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law.~~

ARTICLE 9 - PROBATIONARY PERIOD

(a) Employees will be considered on probation for the first nine (9) months of service in a classification under this Agreement. However, an employee who has satisfactorily instructed unsupervised for two (2) months will be deemed to have completed probation at the end of the second month of unsupervised instruction and will be so notified in writing of the effective date. Employees may be required to have their performance evaluated at any time, but no later than six (6) months, by a review panel composed of two members of Management and two members of the Transport Workers Union, if the Union desires to participate. If necessary, the final decision (tie-breaker) will be made by the Managing Director - Flight Training. An evaluation of the board is final and binding, and not subject to review under the grievance procedures. It is understood by the parties that the right of the Company to release an employee at any time during the probationary period without the benefit of a performance evaluation as provided for above is unaffected.

(b) Nothing in this Agreement will be construed to prevent the Company from releasing any employee, at any time, during his probationary period without cause and without hearing.

ARTICLE 10 - SENIORITY

(a) Company Seniority will commence with the effective date of placement on the payroll.

(b) Instructor occupational seniority as referenced in this Agreement will commence with placement in a position covered by this Agreement. Employees covered by this agreement as of October 1, 2011, will have seniority dates as listed in Appendix "A" of this Agreement and in each published list thereafter as provided under Article 13. Instructors employed after October 1, 2011, in a position covered by this Agreement will begin to accrue occupational seniority from the date of first assignment to such Instructor position. All references in this Agreement to seniority will mean occupational seniority except where specific reference is made to Company Seniority.

(c) The seniority number will determine any Instructor position within his classification. Instructor classifications are:

Classification I Ground School Instructor

Classification II Pilot Simulator Instructor

(d) Instructor Seniority number will govern in the case of reduction in force and reemployment after release due to reduction in force as outlined in Article 15 and Article 16 of this Agreement.

(e) An employee covered by this Agreement who accepts a position with the Company, outside the bargaining unit, may elect to return to the bargaining unit within one hundred twenty (120) calendar days without loss of seniority. If the employee elects to remain outside of the bargaining unit, his/her occupational seniority date will be moved forward a day for each day that he/she remains outside of the bargaining unit effective the date he left the bargaining unit. This will freeze his seniority at the number of years, months and days accrued up to the date of the transfer out of the bargaining unit. Should the employee return to the bargaining unit, his seniority number would be adjusted to reflect his new seniority in the bargaining unit relative to other members of the unit.

(f) Any employee formerly in the bargaining unit who holds a position with the Company outside of the bargaining unit on the date of this Agreement will have his occupational seniority date moved forward a day for each day that he remains outside of the bargaining unit.

(g) An employee who desires to return to the bargaining unit from another position within the Company will not displace an employee in the classification to which he/she desires to return.

ARTICLE 11 - CLASSIFICATIONS AND QUALIFICATIONS

(a) Classifications covered by this Agreement are:

Classification I	Ground School/General Subjects/International Instructor
Classification II	Pilot Simulator Instructor

(b) Standardization Coordinators are Ground School or Simulator instructors chosen on their ability to present material in a standardized manner, communication skills and experience. Their duties include providing feedback to fleet management regarding standardization compliance and enrichment. In addition, Standardization Coordinators may help fleet management plan standardization meetings, coordinate manual changes, plan observation periods and build training schedules for new instructors to the fleet.

(1) Standardization Coordinators may be selected within each of the classifications, among volunteers in each specific classification and equipment, by a panel of two (2) management and two (2) TWU representatives. If necessary, the final decision (tie-breaker) will be made by the Managing Director – Flight Training. Selection criteria will be based on demonstrated technical and procedural knowledge, instructional abilities and interpersonal skills and seniority.

(2) Flight Training Management, based on work unit requirements, will determine the number of Standardization Coordinators in each classification of each fleet. Some smaller classifications and/or fleets may not have a Standardization Coordinator. Flight Training Management will also determine the length of duration of each Coordinator (normally two (2) years).

(c) Qualifications: The Company will establish qualifications for employees covered by this Agreement. Such qualifications, including prerequisites qualification for each classification above, initial qualification/instruction for each classification, and recurrent qualification/instruction for each classification, will be determined and revised by the Company, as necessary. These qualifications will be contained in the appropriate Advanced Qualification Program (AQP) manual/s or Flight Department Administrative Guide (FDAG), or other controlling documents. Copies of the appropriate section of the FDAG, AQP manual, and other controlling documents, and any revisions will be provided to the Director of Air Transport Division of the International Union. A copy will also be provided to the President of Local 541.

(d) When the International Union has objection to any changes in any of the above qualifications, the same may be discussed by the International Union with the Company upon written notice of the objection within thirty (30) days from the date the revisions were received. If an agreement concerning the objections raised cannot be reached within a reasonable time, the revised qualifications may be placed in effect and the International Union may take up the disputed points as a grievance under Article 31 of this Agreement.

ARTICLE 12 - PROMOTIONS & JOBS TO BE POSTED

(a) Bidding for Job Transfers (Same Classification)

(1) An Instructor in a Classification may bid any job opening within the same Classification providing he/she has the prerequisites and qualifications. Qualifications are defined in Article 11. Openings/vacancies will be filled by, first (a) and then (b) below:

(a) When there is an overage of Instructors within a work unit within a Classification and vacant jobs within another work unit in the same Classification, then only those Instructors within the work unit with the overage will be eligible to bid. The most senior Instructor bidding will be so assigned. If no bids are forthcoming from within the work unit with the overage, then the most junior Instructor within that work unit may be so assigned. The Company, at its option, may assign the junior Instructor not on probation, or any other probationary Instructor in that work unit.

(b) Each quarter, one opening in each classification (provided an opening/vacancy exists) will be filled with a lateral transfer (if there is one on file) before filling the vacancy with a recall or initial hire. Additional openings may be filled with lateral transfers at the Company's option.

Instructors must have an active transfer form on file with the Company. All bids expire one year from the day they were submitted.

(2) Employees exercising any transfer will be locked in for one (1) year from the date of release to instruct, unsupervised, on their new equipment.

(3) An employee who has successfully bid for a posted job will not be held on a trial basis on his new assignment for a period longer than ninety (90) days after completion of training for new assignment and may be returned to his former assignment in the event of his inability to qualify or to perform his duties in a satisfactory manner. He will not, for a period of eighteen (18) months after such return, bid for another vacancy. In addition, if he is unable to qualify for a second time on the same equipment, he will not be awarded another vacancy for that equipment again.

(4) Vacancies created as a result of the above bid award/s will be filled at Company discretion. However, such vacancy/s in the Pilot Simulator Instructor group, will be posted as outlined in (b) below.

(5) Permanent vacancies of a planned duration of ninety (90) days or longer or actual vacancies of over ninety (90) days within a one hundred thirty-five (135) day calendar period will be posted for bid. Vacancies of a shorter duration will be filled at Company discretion.

(6) An Instructor who is a successful bidder will not be eligible to bid another vacancy for a period of one (1) year after the date of release to instruct unsupervised in his new assignment. (Except, if a new work unit is established for a new equipment type, all Instructors in that classification may bid for transfer to the new work unit, or an Instructor may bid for promotion at any time.)

(7) Instructors on probation will not be eligible to bid on a vacancy within another work unit.

(8) Certain work assignments within a work unit maybe red circled. These assignments will be posted for bid and awarded to the most senior Instructor(s) in that work unit bidding the assignment. If no requests for these assignments are forthcoming, the most junior Instructor(s) within the work unit will be so assigned. Once bid/s are awarded, others in that work unit (or another work unit) will not be eligible to bid work schedules including that particular assignment. If additional manning requirements for that assignment are required, additional bids will be posted. For assignments that exceed four (4) months, an Instructor may request to be removed from the red circle job providing he gives the Company sixty (60) day's notice prior to the month in which he wishes to be removed. The Company may deny the request if the red circle bids are planned to terminate within three (3) months of the request.

(9) Each bid notice will have a number assigned and list the prerequisites and qualifications for the job. The bid notice will note if the bidding procedure is to be restricted to within a specific work unit where an overage exists.

(10) Bid notices will be posted for a ten (10) day period exclusive of Saturday/Sunday and holidays and awarded within ten (10) days of posting exclusive of Saturday, Sunday and holidays.

(11) A copy of each transfer award of bid will be furnished to the ranking local Union Representative.

(b) Bidding for Promotions

(1) After the provisions of (a) above are complied with, the Company will post for promotion all permanent vacancies of a planned duration of one hundred eighty (180) days or longer. Vacancies of a shorter duration will be filled by Company assignment. Selection for promotion will be handled in accordance with FDAG/AQP and Article 11.

(2) An Instructor who is promoted will not be held on a trial basis on his new assignment for a period longer than ninety (90) days after completion of training for the new assignment and will be demoted to his former classification in the event of his inability to perform his duties in a satisfactory manner. He will not thereafter be eligible to bid for any other vacancy in the classification from which he was demoted.

(3) An Instructor who is a successful bidder for promotion will not be eligible to bid another vacancy for a period of twelve (12) months after the date of release to instruct unsupervised on the new assignment.

(4) Instructors on probation will not be eligible to bid for promotion on a vacancy in another classification. However, the Company may, at its discretion, waive this restriction if more senior Instructors do not bid for promotion.

(5) Each bid notice will have a number assigned and list the prerequisites and qualifications for the job. The bid notice will designate that this is a promotional bid and is open only to Instructors in classifications other than where the vacancy exists.

(6) Bid notices will be posted for a ten (10) day period exclusive of Saturday/Sunday and holidays and awarded within ten (10) days of posting exclusive of Saturday, Sunday and holidays. Pay rates for the new position will be based on the same pay step as the old position. Pay rates for the new position will begin no later than one (1) month after the bid award if the successful bidder is required to remain in his current position due to manning.

(7) A copy of each transfer award of bid will be furnished to the ranking local Union Representative.

(c) Cross Utilization

(1) "Horizontal" Cross Utilization

(a) A transferred Instructor will carry forth his original qualification to the new work unit, which becomes his primary work unit. He may be utilized in this dual capacity for a period of six (6) months from the full bid month he is able to teach solo on the new equipment; on a planned monthly basis or on a daily operational basis, based on operational requirements and if the Company deems necessary. The Company will provide the appropriate training to remain dual qualified. On completion of six (6) months, his previous qualification will be automatically dropped unless retention is mutually agreeable with the Instructor and the Company, or work volume in the new work unit will not support full time bid lines. In such case, the Instructor will retain dual qualification. Dual qualified Instructors shall be required to bid each selection which contains work on both types of aircraft upon which he holds qualifications prior to bidding any other selection.

(2) "Vertical" Cross Utilization

(a) Instructors who are dual qualified and current between two (2) Instructor classifications may be used on a planned monthly bid basis in a classification higher or lower than their bid classification.

(b) Instructors utilized in a higher classification will be paid the higher classification rate of pay for each day so spent. Instructors utilized

in a lower classification will be paid according to the classification in which they hold a bid for each day so spent.

(c) Time spent in an alternate classification, will not count toward the accrual of the ninety (90) days within the one hundred thirty-five (135) days provision for job transfer bidding as contained in Article 13.

(d) All promotions to, or utilization in, a higher classification will be subject to the prerequisites and qualification requirements contained in FDAG and/or AQP.

(d) Self Demotion

(1) A vacancy for self-demotion will not exist until all furlougees have been recalled. If a vacancy then opens, an instructor may bid into a lower classification.

(2) The Company will allow one (1) self-demotion per classification (Pilot Simulator Instructor) for the instructor group in a six (6) month period which will count against the classification from which he came.

(3) An instructor taking a self-demotion is governed by lock-in and qualification requirements as outlined above in (a) (2) and (3).

(4) If an instructor is furloughed to a lower classification and is subsequently recalled to his original classification, he may opt to remain in the lower classification through the self-demotion process as long as it does not result in anyone else being furloughed. This will fulfill requirements of Article 15.

(5) After self-demoting, the instructor's pay will be adjusted to his new classification.

(e) Physical Fitness to Perform Assigned Work in Classification

(1) If there is a medical determination based upon objective medical evidence by an employee's physician which raises a serious question as to an employee's physical fitness to perform his assigned work, he may be given a physical examination by the Company doctor. An employee who fails to pass a Company physical examination may, within fifteen (15) calendar days of the date of written notification of his failure to pass such examination, be permitted to exercise his seniority to fill a vacancy in a lower classification in work which he is technically qualified and physically able to perform.

(f) Employees covered by this agreement will be given the opportunity to fill regular or part-time vacancies, under the Fleet Service and Technicians agreements, prior to filling those vacancies with new hires. If an employee covered under the Fleet Service or Technician agreement and an external candidate are equally qualified, as determined by the Company, under the requirements of Article 11 of this Agreement, the AA employee will be given preference to vacancies under this agreement prior to filling those with new hires.

Instructors will be pay slotted consistent with Article 27(b). Where such language does not exist, the application of 27(b) as stated in the Fleet Service agreement shall apply. We agree to expand upon those vacancies that the Instructors and Simulator Technicians may be considered for. We agree to allow Instructors and Simulator Technicians to fill vacancies for all TWU classifications covered under the Aviation Maintenance Technician, Fleet Service, Instructor, Flight Simulator Technician, Stock Clerk, Technical Specialist, and Plant Maintenance Mechanic Agreements, as long as they meet the remaining requirements under Article 12, including qualifications. Employees covered by this agreement will be given the opportunity to fill regular or part time vacancies in these classifications prior to filling those vacancies with new hires.

Instructors who transfer to other TWU positions will be pay slotted consistent with Article 27(b) according to the agreement to which they are transferring.

ARTICLE 13 - SYSTEM SENIORITY LIST

(a) A System Seniority list of the employees covered by this Agreement listing name, personnel number, job title, occupational seniority date, company seniority date, and pay seniority date of each employee will be posted and maintained on Jetnet and will be updated each evening to include any personnel transaction request (PTR) that has been processed.

(b) The Company will provide a list of employees who are retaining and not accruing in accordance with Article 10 seniority to the local TWU leadership every six (6) months in April and October.

(c) The Company will provide a list of employees who retain recall rights either manually (every six (6) months in April and October), or on Jetnet.

(d) An employee or the union may protest any omission or incorrect posting affecting an employee's seniority by use of a "System Seniority Protest Form", also referred to as "Protest Form". There will be no time limit to protest any omission, or incorrect posting affecting an employee's seniority.

(e) Procedures for filing of a "Protest Form" are as follows:

(1) The employee will forward one copy each of the protest form to the Local HR office and to the Local Union office. The protest form must be accompanied by documentation and a written statement supporting his protest, or they will not be accepted.

(2) The Local Union office will investigate the protest. The Local HR office will assist in this investigation.

(3) The Local Union office will forward the protest and their recommendation to the TWU ATD office.

(4) The TWU ATD will advise the Company if a change is required. The Company will forward a final resolution to the protest to the Local Union office and Local HR office.

ARTICLE 14 - LOSS OF SENIORITY

(a) An employee once having established seniority will not lose said seniority except as provided in this Agreement.

(b) An employee who is discharged for just cause will forfeit all seniority accrued to date of such discharge. An employee who resigns from the service of the Company will forfeit all seniority accrued to date of such resignation, except that an employee, who, on the effective date of resignation, holds recall rights pursuant to Article 16 (Recall) may continue to hold such recall rights provided such employee submits a written request to hold recall rights prior to the effective date of his resignation.

(c) If an employee who has been laid off is offered the opportunity to return to the service, in other than temporary work, and such offer of recall is to employment of the same classification and status as laid off from (full time to full time or part time to part time) and such employee elects not to return to the service, or who fails to comply with the provisions of Article 16 (Recall) (a) or (e), his seniority right of preference in reemployment will at that time terminate, and his seniority with the Company will be forfeited.

ARTICLE 15 - REDUCTION IN FORCE

(a) When employees are to be furloughed, such furlough will be accomplished in reverse order of Instructor Seniority from within the Instructor classification affected by the curtailment of work. Employees covered by this Agreement who are to be furloughed will receive at least fourteen (14) calendar days' notice, or pay in lieu of such notice. This notice requirement will not apply where an Act of God, fire, any government's actions, laws or regulations, or strikes or other work stoppages cause the furlough.

Employees will not be withheld from bidding openings/vacancies unless they are identified as employees who will be furloughed within the next four (4) months. The Company agrees to meet with the TWU regarding those employees who are to be withheld from bidding. The Company and the TWU local will meet to discuss any extension of the withholding for up to an additional 3 months. If no agreement is reached, a panel consisting of the Vice-President of Employee Relations and the President of TWU International or their designees will meet to review the request. During the reduction-in-force, the Company will continue to discuss manpower planning which is under consideration.

(b) An employee who has completed his probationary period and who is directly affected by a curtailment of work requiring a reduction in force may exercise his seniority to fill a vacancy or to displace the least senior employee (provided he is senior to such employee) in any classification for which he is qualified per Article 11,

(c) An employee who desires to exercise his seniority as outlined above must notify his immediate supervisor of his intention to exercise his seniority within seven (7) calendar days of receipt of notice of layoff. Within fourteen (14) calendar days of receipt of notice of layoff, he must prove that his qualifications are sufficient for the classification and type of work for which he desires to exercise his seniority.

(d) All employees laid off by the Company due to reduction in force will file the proper addresses with the Managing-Director of Flight Training at the time of layoff. Any change in address must be filed promptly in writing, certified mail, return receipt requested, with the Managing-Director, Flight Training.

(e) Under the provisions of (b) above, an employee who is furloughed may not fill a vacancy in another classification if employees senior to him are on a layoff status from that classification and retain recall rights as outlined in Article 16.

(f) Upon request of the Local Union President, an employee may appeal any dispute regarding the reduction in force application and administration to a review panel composed of a representative of the TWU International and the Vice President, Employee Relations, or their respective designees. This appeal must be made within seven (7) calendar days of receipt of notice of reduction in force.

(g) Employees who are subject to furlough will be allowed to fill vacancies in accordance with Article 12.

ARTICLE 16 - RECALL

(a) An employee who has completed his probationary period and who is laid off by the Company due to a reduction in force will continue to accrue and retain occupational seniority during such layoff, and will accrue pay seniority for a period not to exceed five (5) years. ~~Such recall rights will also be applicable to any protected employee who exercised his options under Article 42.~~ Employees who remain on payroll will accrue seniority and retain recall rights indefinitely. The Company and the respective TWU Local President will agree on the current recall list within ninety (90) days of the date of this agreement.

(b) Procedures

(1) An employee who has completed his probationary period and who in lieu of layoff exercised his seniority to displace a junior Instructor in a different classification will retain recall rights in accordance with paragraph (a) above to the classification from which he was first laid off.

(2) An employee laid off from a full time position will also have recall rights to a part time position in the classification from which he was laid off. An employee declining such recall to a part time position will not lose recall rights to a full time position in that classification; however, such employee must submit, in writing, his request to be considered for future part time openings.

(3) Employee(s) recalled in accordance with the foregoing paragraphs will be recalled in seniority order to any opening for which he meets the qualifications specified in the AQP regulations. The Company will recall according to the information on file at the time of recall. It is up to the instructor to keep his file updated, with proof in writing to the Managing Director Flight Training.

(4) The Company may assign a displaced/recalled instructor to equipment on which he was previously qualified.

(c) Notification

(1) Employees being offered recall will be advised in writing via certified US mail, return receipt requested, or equivalent carrier at their last filed address. Employees so advised must, within ten (10) calendar days of receipt of the recall letter, notify the person whose signature is on the recall letter via certified US mail, return receipt requested, or equivalent carrier of the date he will report for duty.

(2) Any employee who fails to provide such notice or who fails to return to duty within thirty (30) calendar days of the date of the recall letter sent to his last filed address will lose all rights to reemployment and will forfeit all seniority. This period may be extended, at the Company's option, for a period not to exceed fifteen (15) additional days. The Company will furnish the ranking local Union representative a copy of all such recall letters.

(d) An employee, covered by this Agreement, who had been laid off, and who has been out of his job classification for a period of one (1) year or more may be required to demonstrate his ability to perform the work to which he is to be assigned within a period of three (3) months from the date he returned to work in a position covered by this Agreement.

ARTICLE 17 - LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA", for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employees will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing. The Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing, not less than fourteen (14) calendar days prior to the effective date of cancellation.

(4) An employee elected to a full-time governmental office (Federal, State) will be granted a Government Leave of Absence (GLOA) not to exceed the term of office, or subsequent re-election. The application for a GLOA must be made in writing to the Company, with a copy to the Union. An employee granted a GLOA will retain and accrue Occupational seniority for the period of the leave, however, no other Company benefits or privileges will be granted or accrued, nor will time on a GLOA constitute continuous service for pension plan benefits. Employees granted a GLOA must give thirty (30) days' notice of intent to return.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits, but the Company will bill the Local Union or the International Union, as applicable, for the employee's salary plus a percentage override for tax and benefit related expenses. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as "UB", the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of absence (OL) available to TWU represented employees who have completed their probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the Executive Vice President of Operations or the Vice President of Flight or his designee, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared, an employee who is on a leave of absence other than an Overage Leave, may request to have his leave converted to an Overage Leave. It is the employee's sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of occupational seniority for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, by certified U.S. Mail, or equivalent carrier, return receipt requested, at the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

(a) He fails to return to work on the specified date at the expiration of the leave; or

(b) He declines, in writing, his intention to return to work; or

(c) He does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence; or

(d) He does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.

(10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and Pay seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.

(11) An employee, returning to duty at the expiration of an Overage Leave, will return to his former classification and will, thereafter, be permitted to exercise his seniority on the next available shift selection.

(12) An employee on an OL will receive benefits under the conditions provided below:

(a) While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact HR Services for the appropriate forms to calculate his individual costs.

(b) The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.

~~(c) An employee must continue to pre-fund for retiree medical coverage in order to receive credit toward the ten (10) year requirement in accordance with Company policy. An employee should contact HR Services for the appropriate forms to complete before the Overage Leave begins.~~

(d) The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.

(e) Holidays that occur during an OL will not be paid.

(f) An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines, which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

(g) Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

(h) Benefit coverage and application not specifically provided in Article 17 will be applied in accordance with Company policy.

(e) When an employee is placed on an unpaid leave of absence on account of sickness or injury, the continuation of the leave is contingent upon review and approval by AA Medical. HR Services will send the employee a personal information package within ten (10) days from the start of the leave including a letter advising of his unpaid leave status, benefit information, and notice of the requirement for medical substantiation. The employee must provide medical substantiation for the leave to AA Medical within fifteen (15) days of receipt of the package. Should AA Medical need further clarification, the employee and/or the treating physician/provider may be asked to provide additional information. The approval of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating_physician/provider. Approvals will be granted in writing and will specify the expiration date of the leave. The employee will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for duty; except that in no case will a leave for the same sickness or injury exceed a total cumulative period of five (5) years. The Company will provide one hundred and eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified U.S. Mail, or equivalent carrier.

(1) Application of SKLOA is referenced in Company policy.

(2) To extend the LOA beyond the initially approved leave period, an employee must provide updated medical information from his treating physician/provider to AA Medical at least seven (7) days prior to the expiration of

the leave in order for AA Medical to make the determination that a continuation of a leave is substantiated. The approval of the continuation of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/provider.

(3) An employee who is returning from a leave granted for reasons of sickness or injury, will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled work day following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by Article 17, between the Company and an employee on a leave of absence will be via certified U.S. Mail, or equivalent carrier.

(i) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(j) The rights of an employee on a leave of absence under the provisions of Articles 17 and 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, Pay seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows.

	Personal Leave	Union Leave	Government Leave	Overage Leave	Unpaid Sick Leave of Absence (including Maternity)	Unpaid Injury on Duty Leave	Military Leave	Family Leave
Duration of Leave	Up to a total of 12 months	Up to 12 months or term of office	Term of office	Minimum of 1 week, up to 1 year	Up to 5 years (cumulative if same illness)*	Up to 5 years (cumulative if same injury)*	Up to 5 years or in accordance with Federal law	Up to 84 calendar days (12 weeks)
Accrual of Company Seniority	Up to 90 calendar days	Duration of the Leave	None	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave
Accrual of Occupational Seniority	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave, not to exceed 90 calendar days
Accrual of Pay Seniority	None	Duration of the Leave	None	Duration of the Leave	Up to 30 calendar days	Duration of the Leave	Duration of the Leave	Up to 30 calendar days
Vacation Accrual	Up to 60 calendar days, then reduced	Duration of the Leave	None	Duration of the Leave	Up to 60 calendar days, then reduced	Duration of the Leave	Duration of the Leave	Up to 60 days, then reduced
Sick Leave Accrual	None	Duration of the Leave	None	Duration of the Leave	Up to 60 cal. days, then reduced	Duration of the Leave	Duration of the Leave	Up to 30 calendar days
Pension / Credited Service Accrual	None	Duration of the Leave None	None	Duration of the Leave None	None	None	Duration of the Leave None	Only while on paid leave None
Reinstatement Rights	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*This cumulative effect will not apply if the employee has returned to active payroll on a full duty basis for at least 90 days, or if the latter sick leave is due to any injury or illness unrelated to the previous sick leave.

ARTICLE 18 - MILITARY LEAVE

(a) The reemployment and seniority status of any employee, who, while in the active service of the Company, entered the armed services or the Merchant Marine of the United States, will be governed by the provisions of the Selective Training and Service Act of 1948, as amended, now known as the Uniformed Services Employment and Reemployment Rights Act, or other applicable law.

(b) Time spent on military leave will count as time worked for purposes of seniority, wage rates within the employee's classification and vacation.

(c) An employee granted a leave of absence to go on a tour of duty with the National Guard or other reserve unit will accrue length of service for pay purposes for the period of such leave. The employee, if he so desires will be able to use any accrued or unused vacation and ~~available personal vacation days (PV)~~ during this leave.

~~(d) The provisions of Article 42(a) will apply if the employee was subject to layoff while on military leave. Provided however, the employee must have seniority to exercise options either at his own station or the system and subsequently exercise those options upon return to active payroll. Under such circumstances, no adjustments will be made to his seniority (i.e. Company, Occupational and Pay).~~

An employee on military leave at time of layoff, lacking sufficient seniority to exercise options, will be placed on lay off status. The military leave will be terminated until the employee is recalled at which time the employee will be reinstated to military leave, if applicable. Appropriate adjustments will be made to Company, Occupational and ~~Classification~~ **Pay** seniority.

Employees having sufficient seniority to exercise options at time of layoff (while on military leave), but who subsequently choose the layoff option (upon return from military leave), will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.

ARTICLE 19 - TERMINATION OF EMPLOYMENT

(a) An employee laid off through no fault of his own will be given two (2) weeks' notice in writing or, at the option of the Company, two (2) weeks' of pay at straight-time rates, including his base hourly rate plus any applicable premiums and longevity, in lieu of the notice.

This requirement of notice will not apply to a layoff caused by an Act of God or by a strike of the employees of the Company without giving the notice required by the Railway Labor Act, as amended.

(b) An employee who resigns will give the Company two (2) week's notice of resignation in writing. The Company may, at its option, give the employee two (2) weeks of pay at straight-time rates, including his base hourly rate plus any applicable premiums and longevity, in lieu of working the notice period.

(c) In the event an employee under this Agreement is laid off, the Company will provide the following continuation of benefits to the employee and his dependents on the same basis as if he were still an active employee:

(1) Current life insurance coverage for a period of thirty-one (31) calendar days.

ARTICLE 20 - BULLETIN BOARDS

The Company will provide secure and locked bulletin boards at each station where employees are employed, marked Transport Workers Union of America, AFL-CIO, and the appropriate Local number, for the posting of official notices of Union activities not inconsistent with the Railway Labor Act. Such notices will bear the signature of an officer of the Union and will not contain anything of a defamatory or personal nature attacking the Company or its representatives.

The Company will provide bulletin boards as specified and agreed to by the Joint Safety Committee for safety related issues.

ARTICLE 21 - ROTATION OF SHIFTS

[INTENTIONALLY LEFT BLANK]

ARTICLE 22 - REGULAR AND RELIEF ASSIGNMENTS

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ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS
OR TRAINING CLASSES

(a) When an employee, covered by this Agreement, is required by the Company to attend hearings or investigations, he will be paid for such time spent at such hearing or investigation in the same manner as though such time were spent at his regular work.

(b) Any employee, covered by this Agreement, who is required by the Company to attend training classes during regular working hours will be paid for time spent in attendance at such classes at his regular rate and such time will be deemed as time spent at his regular work for all purposes; provided, however, any time so spent after normal working hours will not be classed as overtime and will be compensated for, when attendance is required by the Company, at the employee's regular straight time rate.

An employee required to attend training on any scheduled day off will be compensated for such training at the rate of time and one-half his regular hourly rate. An employee required to travel on any scheduled day off in connection with training away from his base station will be compensated for such travel time at the rate of time and one-half his regular hourly rate, but in no event less than four (4) hours nor more than eight (8) hours compensation at time and one-half his regular hourly rate for such travel during each twenty-four (24) hour period starting with the commencement of travel time. Travel time referred to herein will begin sixty (60) minutes before the scheduled departure of the flight actually taken by the employee (or any earlier flight for which he stood by) and will end with the actual arrival at the gate of the destination airport, except that international destinations will end thirty (30) minutes after the actual arrival at the gate of the destination airport.

An employee required to travel in excess of eight (8) hours as a result of international flight schedules will be compensated for all travel time incurred.

(c) The Flight Department will issue procedures for per diem (per IRS guidelines), hotel and ground transportation expenses while traveling away from base for employees covered by this agreement.

ARTICLE 24 - ABSENCE FROM DUTY

(a) An employee covered by this Agreement unable to report for duty will, unless prevented by reasons beyond his control, notify his immediate supervisor or other central point set up for reporting purposes by the Company. This notification must be made as far in advance of the scheduled starting time of his shift as possible.

(b) An employee covered by this Agreement will not be absent from duty without prior permission, in writing, except for reason of sickness, injury or other cause beyond the control of the employee.

(c) The company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in the Agreement, as set forth in Article 34. Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose.

ARTICLE 25 - RECALL AND CALL IN

[INTENTIONALLY LEFT BLANK]

ARTICLE 26 - FIELD WORK

(a) Expenses incurred while on a trip on Company business will be payable in accordance with applicable Company expense regulations covering lodging, meals, transportation and tips.

(b) The Flight Department will issue procedures for per diem (per IRS guidelines), hotel and ground transportation expenses while traveling away from base for employees covered by this agreement. The employee may elect to be reimbursed for actual expenses in lieu of per diem. Expense Reports must be prepared on the form provided by the Company and filed promptly at the end of each trip.

(c) Employees covered under this agreement, while on a test hop or observation flight, will be afforded death and dismemberment insurance, above and beyond their personal elections as set below:

Death	\$100,000
Total Permanent Disability	\$100,000
Total Loss of Two Members	\$100,000
Total Loss of One Member	\$ 50,000

Member as used herein, is defined as hand, arm, foot, leg or eye.

Test hop or observation flight insurance will be handled by blanket coverage, and employees covered thereby will not have to sign individual application forms, except designation of beneficiary.

ARTICLE 27 - GENERAL

(a) All orders to and requests from an employee involving transfers, promotions, demotions, layoff, reemployment, leaves of absence, or anything affecting his pay or status, will be in writing.

(b) N/A

(c) N/A

(d) N/A

(e) The Company agrees to furnish good drinking water, sanitary fountains, and first aid kits; the floors of the toilets and washrooms will be kept in good repair and in a clean, dry, sanitary condition. Employees will cooperate in maintaining the foregoing conditions. Restrooms and will be lighted, heated and air-conditioned. At all stations and bases individual lockers will be provided for all employees. Every effort will be made, as early as possible, to provide space and lockers for employees at all stations and bases. Additionally, the Union will have the right to confer with the designated Company official on transportation to and from stations.

No employee will be required to work under unsafe or unsanitary conditions.

(f) In order to eliminate, as far as possible, accidents and illness. A Joint Safety Committee composed of an equal number of Union representatives, not more than two (2), and Company representatives, not more than two (2), will be established at each location in the system where employees covered by this Agreement are employed. It will be the duty of the Safety Committee to:

(1) Receive and review Company accident, injury and job related illness reports pertinent to the Safety Committee investigation, and make recommendations to prevent recurrence (Safety Committee members will receive copies of available monthly summaries of employee accidents and injuries and have access, upon request, to specific Company reports resulting from employee on the job accidents or injuries);

(2) Receive and investigate complaints regarding unsafe and unsanitary working conditions and make recommendations to resolve the hazards and complaints;

(3) See that all applicable sanitary and safety regulations are complied with;

(4) Make recommendations for the maintenance of appropriate sanitary and safety standards.

(5) N/A

Joint Safety Committee meetings will be scheduled by mutual agreement between the Company and the Union.

In the event that the Joint Safety Committee is unable, within sixty (60) calendar days, to resolve an issue which has been brought to its attention, either the Company or the Union may submit the issue to the System Joint Safety Committee which will constitute a board to review the issue(s). In cities where an APC (Accident Prevention Council) exists, the issue will be first submitted to the APC for resolution, prior to sending to the System Joint Safety Committee. The APC Committee will meet a minimum of once per month. The Transport Workers Union will be invited to participate on the APC.

The System Joint Safety Committee will consist of a representative of the Transport Workers Union-International and a representative of the Company's Safety office. If the issue(s) is (are) not resolved by the System Joint Safety Committee, either representative may submit the issue(s) on appeal to the System Board of Adjustment in accordance with the provisions of Article 29(d) of the labor agreement.

(g) The Company will furnish all necessary safety devices for employees working on hazardous or unsanitary work, and employees will be required to use or wear such devices in performing such work. The Company will promptly notify the employees and the Union of the use of any material, equipment or procedure known to be hazardous to employees exposed, and the known procedures to control the hazards. The Company will provide the Union with the results of any management or government health and safety survey concerning the employees represented by the Union.

(h) Three (3) days bereavement (BR) leave with pay for death in the employee's immediate family will be extended to the employees covered by this Agreement. Immediate family includes mother, father, spouse, eligible domestic partner, sister, step-sister, brother, step-brother, child (dependent and non-dependent), mother-in-law, domestic partner's mother, father-in-law, domestic partner's father, step-mother, stepfather, employee's grandparents, employee's grandchildren, legal guardian or documented former legal guardian, or relative who is a resident of the household. To the extent that Company Policy provides more expansive bereavement leave benefits, those benefits will be applied to all employees covered by this Agreement.

Upon request the option of up to two (2) ~~Personal Vacation (PV) days or up to two (2) days of bereavement (BRU) days~~ without pay will be extended to an employee, in conjunction with BR days. ~~If an employee does not have PV days available, up to two (2) days of BRU will be extended to an employee in conjunction with BR days.~~

(i) An employee called for jury duty will be paid as if working for all regularly scheduled hours less the fee received for jury services for actual days served. The employee will promptly provide his supervisor a copy of the jury summons and also provide a copy of the court's validation of jury service when completed. In the event an employee is excused (employee requests not to serve) from jury duty, he will only be compensated for hours verified by the court.

(1) To allow the employee to meet his civic obligations the Company will adjust his/her schedule to provide for the twenty (20) days of his monthly work schedule.

(2) If there is a question regarding the application of this provision, the employee's supervisor shall contact Employee Relations who will establish a telephone conference with the TWU International and the Local President to resolve the matter.

(j) The Company will post the agreement for reference and viewing on the Company website. Upon request of the local Union President, 5X7 inch copies of this agreement will be provided to the local Union Officers and accredited Union Representatives of the Local, as identified in Article 29(c).

(k) The Company will forward to the Director - Air Transport Division of the Union copies of Company regulations expressly referred to in the Agreement. Revisions to these regulations will also be forwarded.

(l) The Company will forward to the ranking Local Union Representative a copy of the bid/work schedule for the station. This bid/work schedule will include scheduled shift hours and scheduled days off.

(m) No employee will be required to participate in a bomb scare investigation (as outlined by Company Systems Operations Control) or hazardous material incident against his wishes. The Company will immediately notify the ranking local union representative when such conditions arise. The Company will provide death and permanent disability insurance coverage for employees, as set out below, applicable if a bomb explosion or hazardous material incident in or about American Airlines facilities or aircraft is the proximate cause of such death or disability.

Death	\$500,000
Total Permanent Disability	\$500,000
Total Loss or Use of Two Members	\$500,000
Total Loss or Use of One Member	\$250,000

Member, in this article, is defined as hand, arm, foot, leg or eye.

This insurance will be handled by blanket coverage, and employees covered thereby will not have to sign individual application forms, except for designation of a beneficiary.

(n) The company will provide free parking areas at the Flight Academy or other training facilities, where the company conducts crew training.

(o) The company will provide a locking four drawer metal file cabinet for use of the TWU to be placed in a convenient location in the Instructor office area.

ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF
RIGHTS AND COMPLIANCE

(a) The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees regardless of sex, color, race, creed, age, religious preferences, status as a veteran or military reservist, disability or national origin

(b) The Union recognizes that the Company will have sole jurisdiction of the management and operation of its business, the direction of its work force, the right to maintain discipline and efficiency in its hangars, stations, shops or other places of employment, and the right of the Company to hire, discipline and discharge employees for just cause, subject to the provisions of this Agreement. It is agreed that the rights enumerated in this Article will not be deemed to exclude other preexisting rights of management not enumerated above which do not conflict with other provisions of this Agreement.

(c) Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union will be binding on every individual employee claiming or entitled to the benefits of this Agreement.

(d) Except as otherwise provided in this Agreement, all letters of discipline, whether warning or suspension will be removed after a period of two (2) years from date of issuance, unless the Company and the Union agree to a shorter period.

(e) Copies of the Peak Performance through Commitment (PPC) Program will be available to all employees upon request. Any changes to the PPC Program will be provided and explained to the Union prior to implementation.

(f) If the Company documents records of discussion or counseling held with an employee, the documentation will be on a form designed to ensure that the record accurately reflects the facts and the nature of the discussion or counseling held with the employee. The employee will indicate his acknowledgement of the discussion or counseling in the actual record, or, at his option he may place a rebuttal or statement in the actual record. The employee will be provided a copy of the final actual record.

(g) Each employee will have a right to meet with his Supervisor at a mutually agreeable time to discuss his performance and to review his personnel file. At that time, the Supervisor and the employee will review the personnel file to ensure that the provisions of this Article have been complied with. Should the Supervisor and employee agree to modifications or deletions to the counseling records, their request and recommendation will be forwarded to the Supervisor's immediate manager, who will review the matter and respond to the Supervisor and the employee.

(g) If there is an investigation of sexual harassment and the charged employee is exonerated of the charges, no entry regarding the charge or investigation will be made in the counseling records. Any entry previously made will be deleted from the counseling records. In other cases, a counseling record entry, if any, will reflect only the nature of the discussion

with the employee. As always, the employee has the right to review the counseling record entry and provide any additional information desired.

ARTICLE 29 - REPRESENTATION

(a) The Union may select and designate such representatives in the respective fields, stations, shops, and other working units as may be necessary for the purpose of representing the employees under the terms of this Agreement, or in accordance with the Railway Labor Act, as amended. The number of Union Representatives that will confer with management at any one time on any issue will be equal to the number of management representatives. In meetings convened under Article 29(f), where there is more than one management representative present, one of the Union Representatives will be present to act as a scribe.

(b) The Union may designate a System Coordinator for the employees covered by the Agreements between the Company and the Union.

(c) The Union will notify the Company in writing of the names of its Accredited Representatives designated in paragraph (a) and (b) above and of any subsequent changes to those Representatives. The Company will inform the Union, in writing, of the supervisors with whom these Accredited Representatives will deal and of any subsequent changes to those supervisors.

International Officers, Local Union Officers and Local Union Representatives will, at any time during regular working hours, have access to the premises of the Company where employees covered by this Agreement are located, for the purpose of investigating grievances or other matters directly connected with the operation of this Agreement and its procedures for the settlement of any dispute. Notice of an intended visit will be given the ranking Company official or his designated representative. A visit will be subject to such reasonable regulations as may be made from time to time by the Company, but the Company will not impose regulations that will render ineffective the intent of this provision nor impair the privacy of any conference necessary to accomplish the purpose of the visit.

(d) An International Representative of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, will have the right within ten (10) calendar days after the alleged misapplication or misinterpretation has been ascertained to protest such violation, in writing, to the other party, who will evaluate such protest and render a decision in writing within fifteen (15) calendar days. Disputes in respect to actual grievances will be handled exclusively according to the provisions of Article 31, Grievance Procedure.

This provision will also apply to a Local President with respect to improper application or interpretation of this Agreement affecting a group of employees within the jurisdiction of his Local Union. The protest will be filed with the appropriate Executive in charge of Flight Training.

When an actual grievance has been filed other than under this paragraph, the International or Local President may rescind the grievance and initiate a protest under this paragraph, within ten (10) calendar days after the decision to rescission.

(e) If no settlement is reached under Article 29(d), an appeal may be made, in writing, within thirty (30) calendar days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) The Union does not question the right of the Company supervisors to manage and supervise the work force and make reasonable inquiries of employees, individually or collectively, in the normal course of work. In meetings for the purpose of investigation of any matter which may eventuate in the application of discipline or dismissal; or when written statements may be required; or of sufficient importance for the Company to have witnesses present, or to necessitate the presence of more than one Company supervisor; or during reasonable cause or post-accident drug/alcohol testing as provided in Article 29(h), the Company will inform the employee of his right to have Union representation present. The supervisor's record will reflect if the employee does not desire Union representation.

(1) When the Company convenes a meeting under the provisions of Article 29(f), it will, except for rare or compelling reasons, indicate the purpose of the meeting and then provide the opportunity for an employee and Union representative to confer, for a reasonable period of time. Once the Article 29(f) meeting reconvenes it will continue until concluded by the supervisor.

(2) Before written notification of discipline or dismissal is given an employee, he will be afforded the opportunity to discuss the matter with his supervisor. If he so desires, he will have a Union representative in this discussion. Nothing in this Article will be construed as preventing the Company from holding an employee out of service pending an investigation, provided the employee will be paid as if working for all regularly scheduled hours while held out of service, except when he is withheld for:

(a) Action constituting a criminal offense, on or off duty.

(b) Refusal or adulteration of an alcohol/drug test or verified positive drug or confirmed positive alcohol test from the date on the letter of verification/confirmation.

(c) Failure to cooperate with an investigation.

(g) An employee covered by this Agreement who is interviewed by a Company Security Department representative as part of a Security Department investigation may, upon request, have a TWU representative present during the interview. If a local TWU official is not readily available after a request, the Company's Security Department will not be required to wait for his availability before conducting the interview. However, the employee may request the presence of another TWU represented employee (peer witness) during the interview. The role of the TWU representative or peer witness will be that of a silent observer only. The representative or witness may in no way interfere nor impede the Security Department's investigation and/or interview.

(h) Employees who are required to take a reasonable cause or post-accident drug/alcohol test by the Company may, upon request, have a Union Representative

present as a witness during those parts of the specimen collection process indicated below:

(1) In those stations where a Local Union Representative is not readily available, the Company will delay the test for up to one (1) hour from the time the employee requests or is notified of this right to Union representation, whichever occurs first, in order to allow the first available representative to be present at the medical facility.

(2) If normal travel time to the medical collection facility exceeds one (1) hour, then the one (1) hour waiting period will be extended by the amount of travel time in excess of one (1) hour. This is in accordance with the FAA's directive of July 1990, which prohibits the presence or absence of a Union Representative from in any way hampering or delaying the collection process.

(3) Only one (1) Union Representative will be allowed to accompany an employee to the medical collection facility and into the area where the medical collector opens the drug testing kit, completes the relevant paperwork and secures the kit after completion of the collection process. The Union Representative will be allowed to witness the opening of the collection kit by the collector, the documentation of the chain of custody procedure by the collector and the employee, and the packaging and sealing of the kit for shipment following the collection. The Union Representative will not be allowed to accompany an employee or collector into a restroom.

(4) In accordance with the FAA's directive of July 1990, no Union Representative will engage in any activity, which disrupts the collection process. Should the Union Representative engage in disruptive activity, the Union Representative will be required by the Company's Supervisor to wait in the employee/patient waiting area until the collection process and paperwork has been completed. This is pursuant to the FAA's directive.

ARTICLE 30 - GRIEVANCE PROCEDURE FOR DISMISSAL/CORRECTIVE ACTION

(a) An employee who has passed his probationary period will not be dismissed from the service of the Company or be issued corrective action without written notification of that action. The notification will include the reason or reasons for his dismissal or corrective action.

An employee who believes that he has been unjustly dealt with as a result of dismissal or corrective action, may submit his written grievance in person or through his representative within ten (10) calendar days of receiving the notification. Such grievance must be submitted to the Chief Operating Officer, with a copy to the appropriate Human Resources Office or Representative. The Executive In Charge of Flight Training or his designee will fully investigate the matter and render his written decision as soon as possible, but not later than twelve (12) calendar days following the receipt of the appeal, unless mutually agreed otherwise. A copy of the written decision will be provided to the Union.

The inability of the Executive In Charge of Flight Training or his designee to complete the investigation and render his decision within twelve (12) calendar days will permit the Union to file directly for arbitration, within the time limits prescribed in Article 30(b). For grievances related to corrective action, this will result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. For dismissal cases, this will result in a monetary penalty equivalent to four (4) hours of pay as if working per day until the decision is issued.

Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(b) If the decision of the Executive in Charge of Flight Training or his designee is not satisfactory to the employee, the dismissal and decision will be appealed in accordance with (c) below, provided, however, said appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(c) An appeal from the decision of the Executive In Charge of Flight Training will be submitted to the System Board of Adjustment in accordance with Article 32 which will docket the case. Any dispute as to whether all of the procedural requirements for the appeal have been satisfied, will be determined by the System Board of Adjustment.

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorized his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of said grievance. Two (2) copies of all grievance answers will be given to the local union.

(e) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected through his authorized representative within the time limit prescribed herein for such appeals, the decision of the Company will become final and binding.

(f) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related disciplinary records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and will be paid at regular rates for his regularly scheduled hours as if working.

(g) When it is mutually agreed that a stenographic report is to be taken of a System Board of Adjustment hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record so requested will be borne equally by both parties to the dispute.

(h) Upon the request of an accredited Union representative, the Company will inform the Union of its decision of any grievance regarding which a formal hearing or investigation has been held at which the aggrieved employee was not represented by his accredited Union representative.

ARTICLE 31 - GRIEVANCE PROCEDURE FOR CONTRACTUAL DISPUTES

(a) An employee who believes that any provision of this Agreement has not been properly applied or interpreted may submit his grievance in person or through his representative within ten (10) calendar days. The grievance will be presented to his immediate supervisor, who will evaluate the grievance or complaint and render his written decision as soon as possible, but not later than ten (10) calendar days following his receipt of the grievance. Inability of the immediate supervisor to complete the investigation and render his written decision within the respective time limits will permit the Union to move directly to the next step of the grievance process.

(b) If the written decision of the immediate supervisor is not satisfactory to the employee whose grievance is being considered, it may be appealed within ten (10) calendar days to the Executive in Charge of Flight Training, with a copy to the appropriate Human Resources Office or Representative. The Executive in Charge of Flight Training will fully investigate the facts of the matter and will render a written decision as soon as possible, but not later than ten (10) calendar days, unless mutually agreed otherwise, following his receipt of the appeal. A copy of the written decision will be provided to the Union.

The inability of the Executive in Charge of Flight Training to complete the investigation and render his decision within ten (10) calendar days will permit the Union to file directly for arbitration, within the time limits as prescribed in Article 31(c) and result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(c) If the decision of the Executive in Charge of Flight Training is not satisfactory to the employee, the grievance and the decision may be appealed to the System Board of Adjustment, as provided for in Article 32. The appeal must be submitted by an accredited International representative within twenty (20) calendar days of receipt of the decision rendered by the Executive in Charge of Flight Training.

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of said grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(e) An employee who has a grievance may present his grievance to his immediate supervisor during regular work hours. An accredited representative of the Union may investigate, discuss and present a grievance of an employee or employees during regular work hours without suffering loss of pay for time so spent.

(f) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected through his authorized representative within the time limit prescribed herein for such appeals, the decision of the Company will become final and binding.

(g) When it is mutually agreed that a stenographic report is to be taken of a System Board of Adjustment hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record so requested will be borne equally by both parties to the dispute.

(i) Upon the request of an accredited Union Representative, the Company will inform the Union of its decision of any grievance involving a formal hearing or investigation at which the aggrieved employee was not represented by his accredited Union Representative.

ARTICLE 32 - SYSTEM BOARD OF ADJUSTMENT

(a) System Board of Adjustment

(1) Pursuant to the provisions of the Railway Labor Act, as amended, there is the parties established a System Board of Adjustment for employees covered by this Agreement.

(2) The Board will have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving interpretation or application of this Agreement, including disputes over the content of an employee's personnel file, whether hard copy or electronic, to the extent such information can be used for discipline.. The Board will have no jurisdiction, whatsoever, over proposals or disputes relating to general changes in hours of work, rates of pay, rules or working conditions. Proposals relating to general changes in hours of work, rates of pay, rules or working conditions will be handled in the manner provided for in Article 47 of this Agreement. Board Hearings may be postponed, in writing, by mutual agreement of the Director of the Air Transport Division and the Vice President – Employee Relations.

(3) The System Board of Adjustment will be composed of a Company member, a Union member and a neutral referee, the latter to serve for an indefinite term; however, either party may cause the services of the neutral referee to be terminated at any time except as to cases already submitted to him by giving written notice to the other party and to the neutral referee.

(4) If a neutral vacancy occurs and the Company and the Union cannot agree on a successor within fifteen (15) calendar days, unless extended by mutual agreement the American Arbitration Association will be requested to select a neutral in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules, as amended.

(5) The System Board will hear and determine all disputes properly before it, including those disputes as to whether all of the procedural requirements for appeal to the Board have been satisfied, or whether the case is within the jurisdiction of the System Board of Adjustment.

(b) Procedures Generally Applicable to the Board

(1) The System Board will meet in the city where the general offices of the Company are maintained (unless a different place of meeting is agreed upon by the parties to the dispute).

(2) The Company and Union will at all times have their respective board members available at the convenience of the neutral referee, and alternate members will be provided by the Company or Union, as the case may be, whenever its regular board member is not available. If an alternative member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without

participation by the absent member, and the decision of the neutral referee will constitute the decision of the Board.

(3) All disputes referable to the Board will be sent to the System Board.

(4) The Chairman and Vice Chairman of the General Board through the System Board Administrator will set the hearing dates (providing notice thereof to the parties). All cases will be set for hearing promptly in order to keep the number of cases docketed to a minimum. Unless the parties agree otherwise, the case with the lowest docket number pending before a Board will be scheduled first. The aforementioned scheduling procedure will be followed until there are a sufficient number of cases scheduled to insure full days of hearing. Cases so scheduled but not heard for lack of time will be rescheduled in accordance with the above scheduling procedure.

The parties recognize that as the scheduling of cases takes place well in advance of dates of hearing, those cases rescheduled due to lack of hearing time may be out of numerical sequence with those already scheduled.

If the designated Company representative and the designated Union representative for the Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing will be scheduled within fifteen (15) calendar days, unless shortened or extended by mutual agreement, of their decision to expedite the case.

(5) An appeal to a grievance decision arising out of Articles 29, 30, and/or 31 will be submitted in writing, as provided below, and includes the following information:

(a) The name, personnel number, job classification, and the number of the Local Union for the employee(s) involved.

(b) A statement that the provisions of Articles 29, 30, and/or 31 have been exhausted.

(c) A statement of the nature of the dispute, including the articles in question, and whether the dispute involves discipline/discharge or a contract interpretation or application.

(d) The position or contention of the party filing the submission.

(e) The remedy sought.

The written appeal will be sent to the International TWU in the form of a petition. The International TWU will assign a case number and forward the appeal and two (2) copies, with the case number noted on each, to the Employee Relations Department. The scheduling of cases to be heard before the Boards is an administrative matter addressed by mutual agreement between the Union and the Company.

(6) A petition will be served upon the other party, who will have the right, within fifteen (15) calendar days after receipt to file a written answer.

(7) Three (3) copies of each petition and answer will be delivered to the office of the System Board, HDQ American Airlines, which will file the original, and transmit one (1) copy thereof to each member of the appropriate Board.

(8) Employees and the Company may be represented at Board hearings by such person or persons as they may choose and designate. Evidence may be presented either orally or in writing or both. The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours' notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness has the option to postpone the hearing in light of the new document or witness.

(9) Upon the request of either party to the dispute, or of two Board members, a Board will summon witnesses to testify at Board hearings. The Company will cooperate to ensure that all witnesses summoned by the Board will appear in a timely fashion. Reasonable requests by the Union for employee witnesses will be honored. The requests for witnesses will normally not exceed those who can be spared without interference with the service of the company. Disputes arising from this provision will be immediately referred to the Director of the Air Transport Division and the Vice President of Employee Relations, or their respective designees, for resolution.

(10) A majority vote of all members of a Board will be sufficient to make a finding or a decision with respect to any dispute properly before it, and the finding or decision will be final and binding upon the parties to such dispute. The Union and the Company will at all times have their respective Board members available at the convenience of the various neutral referees, and alternate members will be provided by the Union or the Company, as the case may be, whenever its regular Board member is not available. If an alternate member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without participation by the absent member. In that case, the decision of the neutral referee will constitute the decision of the Board.

(11) The failure of a Board to decide a dispute under the procedure established in this Article will not serve to foreclose any subsequent rights or procedures which the Railway Labor Act, as amended, may provide with respect to the settlement of such disputes, and nothing in this Agreement will be construed to limit, restrict or abridge the rights or privileges accorded to either the employees or to the employer, or to their duly accredited representatives, by said Act.

(12) Board findings and decisions will be stated in writing and will be rendered within thirty (30) calendar days from the close of hearing, unless such period is extended by agreement of the parties to the dispute. In each case a copy of the finding or decision will be furnished the Company, the Union and such employee or employees as are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then, upon request of the Company, the Union or the employee or employees that are parties to the dispute, the Board will interpret the finding or decision.

(13) The System Board will keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at the Board will be taken if requested by either party to the dispute. In the case, the cost of the record will be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of that record will be borne equally by both parties to the dispute.

(14) Each party will assume the compensation, travel expense and other expenses of its Board members and the witnesses it summons.

(15) So far as space is available, witnesses who are employees of the Company will receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(16) The Board, upon agreement of a majority of its members, will have the authority to incur expenses necessary for the proper conduct of the business of the Board. Those expenses, as well as the expense of each neutral referee, will be shared equally by the parties hereto. Union board members who are employees of the Company will be granted necessary leaves of absence for the performance of their duties as board members. So far as space is available, the board members will be furnished free transportation over the lines of the Company for the purpose of attending Board meetings to the extent permitted by law.

(17) Every Board member will be free to discharge his duty in an independent manner, without fear that his individual relations with the Company or with the employees covered by this agreement may be affected in any manner by any action taken by him in good faith in his capacity as a Board member. Each party will specifically instruct each Board member selected that he will at all times, while serving in that capacity, act not as a partisan or advocate of a partisan group or cause but will act and serve solely to render impartial findings and just decisions.

(c) Procedures for Finalizing Awards

The following procedures are provided in order to standardize the arbitration process and avoid any controversy regarding the deliberations and discussion associated with the publication of System Board of Adjustment awards:

(1) Executive sessions for every case should take place at the conclusion of the hearing or at such time as agreed upon by a majority of the Board at the conclusion of the hearing. This postponed executive session may be necessary due to the submission of briefs or other post-hearing issues and should be the exception, not the rule.

(2) An arbitrator's draft decision, distributed to the Board unsigned, may be changed to any extent agreeable to a majority of the Board. A written decision, once executed and signed by the neutral arbitrator, may only be modified as to content by agreement of all Board members.

(3) The Board members are not to discuss the decision of the Board with anyone other than the Board members prior to the publication of the award by the Administrator of the System Board.

(4) No ex-parte communication concerning the case (that is, discussion held without the presence of the full Board) is permitted at any time.

(5) The details of the Board's deliberations must be held confidential by virtue of the Board's intended neutrality. No Board member should divulge the nature or content of the discussions held between the Board members in reaching their decision.

(6) The System Board distribution policy will include sending System Board decisions directly to the TWU International, the Vice President of Employee Relations and to the Local Union involved who will then notify the grievant.

ARTICLE 33 - NO STRIKE - NO LOCKOUT

It is the intent of the parties to this Agreement that the procedures in this Agreement will serve as a means of amicable settlement of all disputes that may arise between them. Therefore:

(1) The Company will neither cause nor permit a lockout during the life of this Agreement.

(2) Neither the Union nor the employees will engage in a strike, sit-down, walkout, stoppage, slowdown, or curtailment of work for any reason during the life of this Agreement.

ARTICLE 34 - SICK LEAVE

(a) An employee who completes six (6) months of service with the Company will be credited with two and one-half (2.5) days of sick leave for the calendar year in which the six (6) months' period is completed.

(b) Upon being credited with the applicable two and one half (2.5) days of sick leave, an employee will thereafter accrue five twelfths (5/12) of one (1) day of sick leave for each calendar month of service with the Company, up to a maximum of five (5) days in any calendar year. Sick leave accrued during a calendar year will not be used prior to January 1 of the following year.

(c) Unused sick leave will be cumulative up to a maximum of one hundred and eighty (180) days.

(d) Except as specified in this Article, only days absent due to illness or injury of the employee which are not compensable under the applicable Workmen's Compensation Laws will be paid for from his allowed sick leave. Payment will be based on the employee's regular hourly rate.

(e) While it will not be the policy of the Company to require a slip from his doctor stating treatment for an illness or injury for all absences of one (1) to three (3) days in order for an employee to be eligible for sick leave pay, the Company reserves the right to require such doctor's slip whenever circumstances indicate suspected abuses of the sick leave policy.

Any employee suspected of abusing sick leave and therefore may be required to furnish a doctor's slip stating that he was treated for an illness or injury will first have the circumstances leading to the suspicion fully discussed with him. He may, if he so desires, have a Union representative present during such discussion. Subsequent to this discussion, if the Company decides that a doctor's slip is required, he will be given written notice of this requirement. Upon request of the employee, the specific reasons for the suspected abuse will be supplied to him, in writing. The requirement for this slip from the doctor will expire ninety (90) calendar days from the effective date of the written notice.

(f) When employees, including probationary employees, are absent due to illness or injury, ~~Classification~~ **Pay** seniority will continue to accrue for a period not to exceed thirty (30) calendar days for any period of absence.

(g) During an employee's absence due to an occupational illness or injury compensable under the applicable Workmen's Compensation Law, he will receive from the Company the following benefits:

(1) for the first ten (10) workdays absent, the difference between his base pay (including shift differential) and Worker's Compensation payments;

(2) at the conclusion of the period referred to in (1) above, a disabled employee drawing Workmen's Compensation may, at his option, draw upon his accrued sick leave up to the extent of his accrual at the rate of up to one-half

regular pay (including shift differential). Provided, however, the sum of such Workmen's Compensation weekly payments plus such sick pay benefits will not exceed the employee's regular base weekly pay (including shift differential). Corresponding deductions will be made from his available sick leave accrual. Deductions will be to the nearest 0.1 of a day up to a maximum of one-half day of sick leave.

These benefits will be in lieu of any other payment provided for in this Article for all absences due to the same illness or injury.

(h) In the event that the Company challenges the payment of benefits under paragraph (g) above, occurring during the statutory waiting period under the applicable state Workmen's Compensation Laws, the employee will receive pay continuance (base pay, including shift differential) from the Company up to the maximum days provided in the waiting period.

The challenged payment by the Company will be resolved in the following manner:

(1) The Company, or the employee, may within seven (7) calendar days, appeal through a review panel composed of a representative of the TWU International and the Vice President-Employee Relations which will hear and resolve the case. The panel will be limited to determining whether the pay continuance, made to the employee under this provision, will be considered a benefit under paragraph (d) or paragraph (g) of this Article or whether the employee should return to the Company the benefit he received under this provision. In the event the panel is unable to resolve the issue, the case may be submitted to the System Board of Adjustment for final and binding resolution.

(2) If the Company or the employee fails to appeal the challenged payment, the pay continuance benefit will be considered payment under paragraph (d) of this Article, and will be charged to the sick leave benefit.

(i) The employees and the Union recognize their obligations to prevent absence for reasons other than illness or injury, or other abuse of the sick leave privilege, and pledge their wholehearted cooperation to the Company to prevent abuse.

(j) A lump sum payment for unused sick leave days, if any, will be made to each employee entitled thereto upon the employee's effective date of retirement as defined in American Airlines policies. If an employee dies prior to retirement the employee's beneficiary or estate will receive a lump sum payment for all unused sick leave. A day or days of unused sick leave referred to in this paragraph will mean those days credited or accrued in each calendar year and not used by the employee up to the date of retirement or death.

(k) For each such day of unused sick leave (up to a maximum of one hundred fifty (150) days), the Company will pay an employee covered by this Agreement, twenty-five dollars (\$25.00). For example: An employee retires on March 1, 2001. He has a total accumulation of one hundred fifty (150) days of unused sick leave. On that date,

said employee will receive a lump sum payment of three thousand seven hundred fifty dollars (\$3,750).

(l) A day or days of unused sick leave referred to in paragraphs (a) and (b) above will mean those days credited or accrued in each calendar year and limited to the cumulative maximum in the manner set forth under the provisions of Article 34(c), not used by the employee up to the date of retirement.

ATTACHMENT 34.1 - EMPLOYEE CLAIMING HARASSMENT AS A RESULT OF
DOCTOR'S SLIP REQUIREMENT

AMERICAN AIRLINES, INC.
633 Third Avenue
New York, New York 10017

May 11, 1971

Mr. James F. Horst
International Executive Vice President
Transport Workers Union of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: Employee Claiming Harassment as a Result of Doctor's Slip Requirement

Dear Mr. Horst:

During the course of the negotiations leading to the signing of the current agreement, claims were raised of employees being required to supply information from their doctors without just cause and without being advised that they were suspected of abusing the sick leave benefit.

The Company has repeatedly stated that in cases where such abuse was suspected the requirement to furnish a doctor's slip stating the employee was treated for an illness or injury is necessary to prevent the misuse of a valuable benefit and was never intended to be used as a disciplinary measure or as means of harassment.

As a result of these discussions it was decided to set up a panel to review claims of harassment quickly without the necessity of the employee resorting to the grievance procedure.

Upon request of the Local Union President any employee claiming harassment as a result of being required to furnish a doctor's slip will have the opportunity to present his claim to a panel composed of the Vice President-Employee Relations and the International Executive Vice President ATD, TWU, or their respective designees.

The panel will then investigate the allegation and promptly render a decision without the formality generally attendant a System Board hearing.

In the event the claim of harassment is valid, the employee would have one day added to his sick leave account. In the event it is not valid, the employee would forfeit one day from his sick leave account.

Very truly yours,

C.A. Pasciuto
Vice President

Employee Relations

Agreed to this 11th
day of May, 1971

James F. Horst

ATTACHMENT 34.2 - APPLICATION OF SICK LEAVE BENEFIT

MEMORANDUM OF UNDERSTANDING BETWEEN
AMERICAN AIRLINES, INC.
AND
TRANSPORT WORKERS UNION OF AMERICA,
AFL-CIO

This Memorandum expresses the understanding of the parties as to the application of a provision in the Maintenance and Stores Agreements, Article 24(c) and the Communications Agreement, Article 27(b), all effective May 11, 1971, as follows:

"The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement as set forth in Article 34 (Article 11 Stores Agreement, Article 31 Communications Agreement). Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose."

By this provision, the Company pledged that no employee under the Maintenance, Stores and Communications Agreements will be disciplined for the use of his sick leave for the intended purpose.

The intended purpose of the sick leave benefit is to protect the earnings of the employee during necessary absence from work due to illness or injury; to aid the employee in meeting bills when sickness or injury have temporarily taken away the ability to work.

In August, 1969, the Company published and distributed a booklet entitled, "Attendance Control Guidelines and the Sick Leave Benefit". Company supervisors and Union officials received a copy. The Union acknowledges that the statements in this booklet do not conflict with the rights of employees under the Maintenance, Stores, and Communications Agreements.

Accordingly, it is agreed that:

I. The Company will take the following actions before issuing a disciplinary notice for unsatisfactory attendance to an employee with a sick leave balance when such disciplinary notice considers occasions of absence involving sick leave:

a) Full discussion with the employee concerning his attendance record.

b) If abuse of the sick leave policy referred to in the Sick Leave Article is suspected, the employee will be so advised of the reasons for suspected abuse; in writing if he so requests.

c) Requiring the employee to provide a doctor's slip stating he was treated for an illness or injury for sick leave eligibility subject to the provisions of the Sick Leave Article.

2. A disciplinary notice issued subject to the conditions and actions herein shall include the charge of suspected abuse of sick leave in connection with absence.

This Memorandum shall not apply to any incident where an employee is charged with the fraudulent abuse of the sick leave benefit.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Understanding this 11th day of May 1971.

FOR TRANSPORT
WORKERS UNION OF AMERICA,
AFL-CIO

FOR AMERICAN
AIRLINES, INC.

James F. Horst
International Executive
Vice President

C. A. Pasciuto
Vice President
Employee Relations

~~ATTACHMENT 34.3—SICK LEAVE AND IOD APPLICATIONS~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

~~Sick Leave and IOD Applications~~

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to modifications to the manner in which sick leave is accrued and paid. Additionally, the parties agreed to modifications to the manner in which IOD salary continuance is paid. The implementation plan of these items is detailed below and constitutes the required method to reach the targeted savings.~~

~~Sick Leave~~

~~On December 31, 2003, all employees in the TWU Title Groups will be credited with sick leave based upon our agreed to changes. Sick leave is awarded based on 5/12ths of a day (3.65 hours in the M&R Agreement) per each 173.3 paid hour's period. The maximum credit is five (5) days (40 hours in the M&R Agreement) per calendar year.~~

~~There is no change to the maximum accrual of one hundred fifty (150) or one hundred eighty (180) days. Additionally, there is no change to the sick bank of each employee as of January 01, 2003.~~

~~Effective on May 01, 2003, in Title Group I and Title Group II only, payment for sick leave will be at 50% of the employee's base rate for the first sixteen (16) hours, of any single occurrence.~~

~~Injury On Duty—Salary Continuance~~

~~The parties agreed to modification of the IOD—Salary Continuance provision. In order to transition from the eighty (80) days of salary continuance to the new ten (10) days of salary continuance, employees, who are receiving salary continuance on the basis of the eighty (80) day application for an injury or illness that occurs prior to April 15, 2003, will continue to draw salary continuance on the basis of the eighty (80) day application through April 30, 2003. For those employees, salary continuance will end as of May 01, 2003.~~

~~Example: Employee "A" has used 74 days of IOD as of 4/15/03. This employee would continue to receive IOD pay for six (6) more days up to the eighty (80) days. Emp. B has used 45 days of IOD as of 4/15/03, he/she will continue on IOD, if necessary, till 4/30/03.~~

~~For those employees who incur an illness or injury during the period of April 15, 2003, through April 30, 2003, the salary continuance payment will be for ten (10) work days. For those employees, salary continuance will end after payment of ten (10) work days.~~

~~If an employee incurs an illness or injury on or after May 01, 2003, the Company will pay the employee up to ten (10) work days of salary continuance (ID) for each separate illness or injury.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little _____
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

ARTICLE 35 - TEMPORARY EMPLOYEES

[INTENTIONALLY LEFT BLANK]

ARTICLE 36 - MEAL PERIODS

[INTENTIONALLY LEFT BLANK]

ARTICLE 37 - SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those in paragraphs (b), (c) and (f) will receive severance allowance as provided in paragraph (e), subject to the limitations in this Article.

(b) Severance allowance will not be paid for layoffs of less than four (4) months' duration, which are due to seasonal schedule reductions.

(c) Severance allowance will not be paid if the layoff is the result of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(d) At the time of layoff, the Company will advise the employee in writing of the reasons for his release and whether it is for reasons outlined in Article 37 (a), (b) or (c). If the employee is released for reasons in Article 37(a), he will be eligible for the immediate payment of the severance allowance as provided in this Article. If the employee is released for reasons in Article 37(b), and if at the expiration of four (4) months from the date of layoff he is not offered reemployment in other than a temporary job in accordance with Article 16, his layoff will be presumed to have been caused by factors covered in Article 37(a), and he will become entitled at that time to severance allowance, as provided in this Article. Temporary work, which does not exceed a continuous period of forty-five (45) calendar days, will not be considered as breaking the four-month period of layoff.

(e) The amount of severance allowance payable under this Article to employees eligible is contained in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits in this Agreement.

(1) Severance for part-time employees will be based on the employee's Company seniority and the scheduled hours at the time of layoff. If the employee's scheduled hours have been reduced within sixty (60) calendar days of the layoff notice, an average of the previous six (6) months scheduled hours will be used to determine the "scheduled" hours for the purposes of pay.

(2) A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by forty (40) hours for full time but for part time hours as outlined above.

<u>If employee has completed:</u>	<u>Severance Allowance:</u>
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks
4 years of service	5 weeks
5 years of service	6 weeks
6 years of service	7 weeks
<u>If employee has completed:</u>	<u>Severance Allowance:</u>

7 years of service	8 weeks
8 years of service	9 weeks
9 years of service	10 weeks
10 years of service	11 weeks
11 years of service	12 weeks
12 years of service	13 weeks

(f) If the employee is not reemployed by the Company within four (4) months from the effective date of his layoff, and he has at least one year's seniority as of the date of layoff, he will be entitled to an additional two- (2) weeks' severance allowance. In the event an employee is recalled to work under Article 16 before the expiration of four (4) months from the date of his layoff and is again laid off, he will be entitled to the additional two (2) weeks' severance allowance if he is not reemployed by the Company within four (4) months from the effective date of the subsequent layoff.

(g) Severance allowance will not be granted when (1) the employee elects to exercise his seniority to remain with the Company in his own or a lower classification in accordance with Article 15; (2) he has, within four (4) months of layoff, been offered a job in accordance with Article 16, and has refused the job; or (3) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(h) An employee recalled to work under the terms of Article 16, who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with Article 37(e), less the dollar amount received on the occasion of the previous severance, provided that the dollar amount deduction will not be made if the employee completes at least one (1) additional year of compensated service with the Company from the date on which he reported for duty upon the occasion of the prior recall.

(i) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance (plus an additional two (2) weeks if he also received two (2) weeks' pay in lieu of notice) will have the amount of overpayment deducted from his subsequent earnings.

(j) An employee who has been reemployed under the conditions outlined in Article 37(h) and (i) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

ARTICLE 38 - UNION SECURITY

(a) All employees covered by this Agreement will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation fee and membership dues (not including fines and penalties), or agency fees in accordance with applicable law. An employee may have his membership dues deducted from his earnings by signing the form "Assignment and Authorization for Check-Off of Union Dues", also referred to as "Check-Off Form," or, if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(b) All new employees of the Company hired on or after the effective date of this Agreement will become members of the Union sixty (60) calendar days after the date of employment with the Company and will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues, or in lieu of maintenance of membership, agency fees in accordance with applicable law. The Company will supply each Local Union with the name, personnel number, and work location of any new employee or transferee covered under this Agreement within fifteen (15) calendar days of the actual report date of said employee. The Company will allow the Union an opportunity during local orientation to meet with new employees and transferees regarding Union matters.

(c) If any employee who has resigned from the Company or has been laid off is reemployed or recalled, he will be considered as a new employee for the purposes of this Article and will be governed by the provisions of paragraph (b).

(d) Employees who are or become members of the Union under paragraphs (a) or (b) above will pay membership dues as set forth in this Article, except that payment for membership dues will not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification or position not covered by this Agreement.

(e) "Member of the Union", for the purpose of this Article, will mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of the initiation fee and membership dues as specified herein or agency fee payer not more than sixty (60) calendar days in arrears in the payment of his fees.

(f) When an employee who is a member of the Union becomes delinquent within the meaning of paragraph (e) above, the following procedure will apply:

(1) The Director of the Air Transport Division of the Union will notify the employee in writing, certified mail, return receipt requested, that he is delinquent in the payment of the initiation fee and membership dues or agency fees, as specified herein, and accordingly, is subject to discharge as an employee of the Company. The letter will also notify the employee that he must remit the required payment within fifteen (15) calendar days of the date of mailing of the notice, or be subject to discharge. This provision will be deemed to be complied with if the Union sends, but the employee refuses the above mailing.

(2) If, upon the expiration of the fifteen (15) calendar day period, the employee still remains delinquent, the Director of the Air Transport Division of the Union will certify, in writing, to the Vice President-Employee Relations of the Company, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Vice President-Employee Relations, after being presented with the appropriate documentation, will then take proper steps to discharge such employee from the services of the Company.

(3) An employee discharged by the Company under the provisions of this paragraph will be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(g) Any discharge under the terms of this Article will be based solely upon the failure of the employee to pay or tender payment of initiation fee and membership dues or agency fees, as specified in this Article, and not because of denial or termination of membership in the Union upon any other ground.

(h) Any grievance by an employee concerning the interpretation or application of the provisions of this Article will be subject exclusively to the following procedure:

(1) An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review, in writing, within five (5) calendar days from the date the grievance arises, except that a grievance arising under paragraph (f) (1) must be filed within the fifteen (15) calendar day period specified in that paragraph. The request will be submitted to his immediate supervisor who will review the grievance and render his decision, in writing, not later than five (5) calendar days following the receipt of the grievance.

(2) The immediate supervisor will forward his decision to the employee with a copy to the Local Union Accredited Representative. If the decision is not satisfactory to both the employee and the Union, then either may appeal the grievance directly to the System General Board of Adjustment, established under Article 32 of this Agreement, within ten (10) calendar days from the date of the decision. The terms and provisions of such Article will be applicable, except as otherwise specified in this Article.

(3) If the Union should appeal the decision to the System General Board of Adjustment, it will prepare a joint submission of the grievance setting forth the Union's and the employee's position and forward copies to the employee, the Vice President-Employee Relations of the Company and to the members of the System Board of Adjustment. If the employee should appeal the decision, he may request the Vice President-Employee Relations to prepare the submission papers on his behalf for the System Board of Adjustment. In this event, the request will be made by the employee, in writing, to his immediate supervisor who will transmit, through the local City Manager all facts, data and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Vice President-Employee Relations will forward copies of the employee's separate submission to the employee, the local City

Manager, the Director of the Air Transport Division of the Union and to the members of the System Board of Adjustment.

(4) During the period a grievance is filed under the provisions of this paragraph and until after final award by the System Board of Adjustment, the employee will not be discharged from the Company because of noncompliance with the terms and provisions of this Article. In the event the employee's grievance is denied because he has not tendered dues owed under this Article, he will be considered discharged for cause. In any proceeding under this Article, the employee, the Company, and the Union will be allowed to present any facts or arguments supporting their positions concerning proper application of this Article.

(i) The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(j) The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure of employment or any term or condition of employment, attempt to discourage membership in the Union.

(k) The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his right to work, the proper exercise, performance, or implementation of his duties and responsibilities with the Company or in respect to Union activity or membership. Further there will be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(l) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-laws of the Union and as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes the following agreed-upon Check-Off Form. This form will be prepared and furnished by the Union.

ASSIGNMENT AND AUTHORIZATION
FOR CHECK-OFF OF UNION DUES

To:

Internal Mail Address:
Manager – Payroll Customer Service
M.D. #790 TUL

U.S. Mail Address:
American Airlines, Inc.
Manager – Payroll Customer Service
7645 East 63rd Street Suite 600
Tulsa, OK 74133-1275

I, _____,
(Name: Initials and last name)

hereby assign to the Transport Workers Union of America, AFL-CIO, my Union dues from any wages earned or to be earned by me as your employee. I authorize and direct you to deduct the flat sum of _____, which is the bi-weekly equivalent of my monthly membership dues, or such bi-weekly equivalent as may hereafter be established by the Union as my membership dues, from each bi-weekly paycheck and to remit the same to the Union.

This assignment, authorization, and direction may be revoked by me, in writing, after the expiration of one year from the date hereof, or upon the termination date of the labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with the existing Agreement between the Union and the Company.

Employee Signature	_____
Employee Address	_____

Personnel Number	_____
Cost Center	_____ / _____
Location	_____
Department	_____
Local Union Number	_____
Date	_____

(m) When a member of the Union properly executes such "Check-Off Form", the Director of the Air Transport Division of the Union will forward an original copy to: American Airlines, Inc. Manager - Payroll Customer Service 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275. Any Check-Off Form which is incomplete or improperly executed will be returned to the Director. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and delivered by certified mail, addressed to their respective Local Union office. Each Local Union office will forward a copy to: American Airlines, Inc. Manager – Payroll Customer Service, 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275 for

future Union dues withholding. Check-Off Forms and notices received by the Manager--Payroll Customer Service will be stamp-dated on the date received and will constitute notice to the Company on the date received, and not when mailed.

(n) When a Check-Off Form, as specified in this Article, is received by the Manager-Payroll Customer Service on or before a given payday, deductions will commence with the first regular paycheck following said payday, and will continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, personnel numbers and station numbers of the employees for whom deductions have been made in that particular period, arranged in order of their personnel numbers. Additionally, the Company will supply in duplicate to the office of the Union a listing of those employees who are on leave of absence; have accepted a position outside the bargaining unit; or have terminated employment with the Company.

(o) No deductions of Union dues will be made from the wages of any employee who has executed a Check-Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions will be automatically resumed provided the employee has not revoked the assignment in accordance with this Article, and provided it is in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(p) An employee who has executed a Check-Off Form and who resigns or is terminated from the employ of the Company for reasons other than layoff shall be deemed to have automatically revoked his assignment and if reemployed, further deductions of Union dues will be made only upon execution and receipt of a new Check-Off Form. Provided, however, that upon return from layoff, leave of absence, or reinstatement from disciplinary discharge to work within a classification covered by this Agreement, deductions shall be automatically resumed. In cases where Check-Off is not reinstated by the Company due to mechanical or software errors, the Company will collect the back dues at a maximum of fifty (50) dollars per month and remit to the Union, provided the employee has not revoked the assignment in accordance with this Article, and such deductions are in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(q) Collection of any back dues owed at the time of starting deductions for any employee, and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, will be the responsibility of the Union and will not be the subject of payroll deductions.

(r) Deductions of membership dues will be made in a flat sum from each paycheck provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to

collect dues will not extend beyond the bi-weekly period in which his last day of work occurs.

ARTICLE 39 - FITNESS FOR DUTY

(a) If two or more members of management determine there is a serious question as to an employee's physical fitness to perform his assigned work, one or more of the following may be required of the employee. The employee will be notified in writing which will include an explanation of the reason(s) for the evaluation.

(1) If he is currently under the care of a physician, he may be required to provide medical documentation regarding such treatment.

(2) If he is not currently under the care of a physician or does not provide medical documentation to AA Medical from his own personal physician in timely manner, management may request a fitness for duty evaluation through the Company Medical department.

(3) As soon as the medical information is received either from the employee's treating physician or the company provided medical evaluation, it will be reviewed by an AA physician or the AA Medical Review Board (hereafter referred to as the MRB) at the next scheduled MRB (normally within two (2) weeks). The Company physician or MRB will consider the information provided by the treating physician or the medical evaluation as well as the employee's AA Medical file.

Note: During any time the employee is absent from work due to these situations, he will be compensated from his existing sick bank unless he is on "withhold with pay" status.

As a result of the Company physician and/or MRB review, one of the following will apply:

(a) The employee may be cleared to full duty;

(b) Temporary restrictions may be assigned: A temporary restriction is a restriction assigned by the employee's treating physician or AA Medical, until the employee's fitness for full duty can be established.

(c) Permanent restrictions may be assigned: A permanent medical restriction is a work restriction that is based on the presence of a medical condition which is unlikely to change substantially in the immediate or foreseeable future.

(b) Temporary Restrictions

If temporary restrictions are assigned, AA Medical will notify the employee and local management, in writing, of the temporary restrictions. Local Management will determine if the restrictions can be accommodated in the workplace, and may seek input from Medical and the Union. AA Medical will work with the employee and his treating physician to address the temporary restrictions. (In some cases, the temporary restrictions may become permanent restrictions.) In the event the employee's treating physician disagrees with the temporary restrictions that have been assigned by AA Medical, the employee may initiate a second review by AA Medical; provided, the review process will not be initiated until the employee has provided his medical records to AA Medical and AA Medical continues to recommend temporary restrictions with which the employee's physician disagrees. The second review must be accompanied by newly available or additional medical information relating to the established restrictions (e.g. physician to physician review, if appropriate). AA Medical commits to a timely review of the medical facts.

(c) Permanent Restrictions

If the employee is assigned permanent restrictions, AA Medical will notify the employee in writing of the permanent restrictions. (A form will be included in the MRB letter.) An employee who has been assigned permanent restrictions by the MRB is encouraged to seek local accommodation in his existing job with local management. If local management is unable to accommodate the restrictions, the employee may file an appeal as stated below, or request a broader accommodation or job search assistance from the Accommodation Review Board (hereafter referred to as the ARB). In the event that the employee's treating physician disagrees with the permanent restrictions that have been assigned by the MRB, the employee and his treating physician may appeal the MRB's decision within fifteen (15) calendar days of the date of written notification. The employee will be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform or, at his option, have a review of his case in the following manner:

(1) Once AA Medical has been notified of the appeal the Company will, at the written request of the employee or his Union representative, ask that the two medical examiners, the employee's treating physician, and the AA Medical physician agree upon and appoint a third qualified and neutral medical examiner for the purpose of conducting a further medical evaluation of the employee. AA Medical will research the qualifications and credentials of physicians qualified as medical examiners for the appropriate medical condition and/or restrictions to be reviewed. AA Medical will provide a written list of medical examiners to the employee's treating physician with a copy to the employee. AA Medical will also review a list of qualified medical examiners provided by the employee's treating physician if provided.

(2) The employee's treating physician should notify AA Medical of the choice of medical examiner within fifteen (15) calendar days of the date of the letter. The employee must provide a medical release to AA Medical prior to the scheduling of an appointment with the medical examiner. Provision and

disclosure of the medical records will be in conformity with applicable government regulations. AA Medical will schedule the appointment, will notify the employee in writing and will provide all appropriate Company medical records to the medical examiner. Additionally, if the employee or the employee's treating physician has additional medical information, it must be submitted to AA Medical along with the medical release for forwarding to the medical examiner prior to the appointment.

(3) The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral medical examiner (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.

(a) The expense of the third medical examiner will be borne by the Company including all expenses related to travel such as airfare and hotel. Copies of the medical examiner's report will be furnished to AA Medical and the employee's treating physician. If the employee fails to show for the scheduled appointment and has no justifiable reason, he will be responsible for any no-show fee.

(b) If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job. Back pay will apply from the date the employee files his Article 39 appeal. The employee will be compensated at his regular rate of pay, less any amount he may have received as compensation during the interim period. If the employee used sick leave or vacation allowance, his sick leave or vacation allowance will be replenished.

(c) Should the third party medical examiner agree with the permanent restrictions assigned by AA Medical, the employee may request accommodation through the ARB.

(d) The decision of the third party medical examiner is final and binding on all parties.

Note: This process will not supersede the Company's Alcohol/Drug Policy, FAA, or DOT rules.

(d) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

Attachment 39.1 - Accommodation Review Board

October 1, 2011

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

Re: ACCOMMODATION REVIEW BOARD

Robert,

In follow up to today's conversation I am providing information on how your field representatives should handle employee requests regarding the process of the Accommodations Review Board and how it relates to their permanent medical restrictions.

If permanent restrictions are assigned, AA Medical will notify the employee and the TWU ATD Designees in writing of the permanent restrictions. Once an employee has exhausted the provisions of the contract and is still restricted from performing his job, the employee should forward to HR, in writing, with a copy to the Local Union President, a request for review by the ADA System Accommodations Committee.

HR is the designated contact point for such accommodation review requests. Employees who have been assigned permanent restrictions by the MRB are encouraged to seek local accommodation in their existing job with their local management. If local management is unable to accommodate the restrictions, the employee may request a broader accommodation or job search assistance from the Accommodation Review Board.

The ARB will consist of:
Human Resources (Chairperson)
Employee Relations
TWU ATD Designees
Legal
Medical
Local Management
Local Union Representative - Designated by the Local President

The function of the ARB is to discuss all aspects of the employee's request, his restrictions and ability to perform his essential job functions, and whether the Company can reasonably accommodate the restrictions without undue hardship, in an attempt to return the employee to his previously held position. The ARB works with management, union representatives and Human Resources prior to making a recommendation. If the employee is unable to return to his previous position, a job search within AMR is recommended.

If a job search is recommended, the ARB Chairperson will assist the employee in an attempt to identify other open positions within all of AMR in which the employee will be able to work, with or without a reasonable accommodations, and for which he may be qualified (may include non-TWU represented positions). This assistance may include coordinating access to internal Company postings; resume writing techniques and skill assessment.

The ARB will do all possible to work with local management to implement the recommendation of the board.

Sincerely,

James B. Weel
Managing Director
Employee Relations

ARTICLE 40 – PENSION-RETIREMENT BENEFIT

(a) The Company has maintained a retirement plan for the employees for a number of years. The full text of the **“The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO” (successor to “The American Airlines, Inc. Retirement Benefit Plan for Flight Instructor Employees”)** (“Plan”) plan is on file with the Company and is available to the employees in accordance with government regulations. **The Plan** ~~“The American Airlines, Inc. Retirement Benefit Plan for Stock Clerk Employees”~~ has been amended to enhance and clarify benefits over time. **The Plan is frozen effective 11:59 p.m. on [FREEZE DATE].**

(b) The following changes to the Plan were made by Letter dated 08/09/80.

(1) For an employee member who was first eligible to join the Plan prior to January 1, 1956, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service.

(2) For the employee member who was first eligible to join the Plan between January 1, 1956 and April 1, 1978, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service and the attainment of age twenty-five (25).

(3) For the employee member who was first eligible to join the Plan April 1, 1978 or later, credited service will be counted from the first of the month coincident with or next following his or her completion of one year of Company service.

(4) After December 31, 1976, credited service will not include periods of unpaid hours in excess of one hundred eighty (180) hours in a calendar year. A leave of absence for Union business for which the employee member has been paid by the Union will be counted as credited service for the Plan.

(c) The following changes to the Plan were made by Letter dated 08/01/85.

(1) Effective for employees who are on the active payroll on September 1, 1985, Credited Service under the Retirement Benefit Plan will include any periods of employment during which an employee would have accrued Credited Service if the age 25 eligibility restriction had not existed in prior years. Credited Service will be counted from the January 1st or July 1st following completion of one (1) year of Company service.

(2) For purposes of the preceding paragraph, "on the active payroll" means actually at work. It will also include employees who retire from the active payroll in the calendar month preceding September 01, 1985, those who are on a paid sick or vacation period, on an overage leave, or on a Union leave on September 01, 1985. It does not include employees who are on a personal leave of absence, unpaid sick leave, or other unpaid absence from work on September 01, 1985, unless they actually return to work.

(d) The following changes to the Plan were made by Letter(s) dated 05/05/89.

(1) A new vesting schedule will apply to employees who perform at least one hour of service for which they are paid on or after January 1, 1990.

(2) The new vesting schedule will provide that such employees will become 100% vested after completing five years of vesting service as defined in the plan. Prior to completing five years of vesting service, employees will have 0% vested benefits.

(3) Rules for counting vesting service and for applying breaks in service remain unchanged from the current plan.

(4) The Company agreed to retroactively credit all pensionable hours worked past age 65 for TWU represented employees who retire from the active payroll after January 1989.

(e) The amendments covered in Article 40(e) will be applicable only for those members classified as "Stock Clerk Employees", who are on active payroll or on an approved leave of absence with recall rights as of 03/01/01 and whose benefits commence on or after the first day of the month following 03/01/01.

(1) Final Average Compensation

The compensation used for calculating a member's retirement benefit will be the average of the highest forty eight (48) consecutive months of pay out of the one hundred and twenty (120) consecutive months of pay preceding the date of retirement. The definition of the compensation used to determine the forty-eight (48) and one hundred and twenty (120) month periods is unchanged. Various formulas exist for benefits, e.g., $1.667 \times \text{Final Average Earnings} \times \text{Years of credited service}$, which are also unchanged.

(2) Eligibility For Benefits – Early Retirement

A member will be eligible for early retirement on or after attaining the earlier of:

(a) age 55 and fifteen (15) years of credited service; or

(b) age 60 and ten (10) years of credited service.

(3) Early Retirement Benefits

Pension benefits determined as of early retirement will be reduced 3% for each year that the member is less than age 60.

(f) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

(g) After [FREEZE DATE], no further benefits will accrue under the Plan. Benefits for current employees who are participants in the Plan will be

determined based on their pension accrual calculated as of [FREEZE DATE], and no new participants will be added to the Plan after [FREEZE DATE]. This pension freeze will not result in the loss of any pension benefits accrued through [FREEZE DATE]. Service performed after [FREEZE DATE] will not be counted for any purpose except as otherwise required by law. The benefits accrued as of [FREEZE DATE], will remain obligations of the Plan and its related trust on behalf of existing Plan participants and will be paid in accordance with the terms of the Plan.

(h) Subject to paragraph (g), the Company will continue to maintain the Plan and its related trust. The Company may amend the Plan, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the pension freeze described in paragraph (g) or to maintain the Plan's tax-qualified status or otherwise comply with applicable Federal law.

(i) On [FREEZE DATE+1], the Company will enroll all current employees, except those described in paragraph (i)(1) below, and all future new-hire and transfer employees in the Super Saver - A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries ("Super Saver Plan"), a defined contribution plan, or equivalent plan.

(1) Employees who already have a Super Saver Plan, (or equivalent plan), contribution election on file as of the date they would otherwise be automatically enrolled will not be automatically enrolled in the Super Saver Plan (or equivalent plan) and their previous contribution election will remain in place.

(2) Employees who are automatically enrolled into the Super Saver Plan, will be enrolled at an employee-deferral rate of 3% pre-tax contribution.

(3) The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will, for each employee who has at least one year of Eligibility Service, contribute to the Super Saver Plan on a pre-tax basis for each Plan Year as an Employer Matching Contribution 100% of the aggregated amount of the employee's Employee Before-tax Contributions and employee's Employee Designated Roth Contributions, up to a total amount of 5.5% of an employee's Eligible Compensation (as defined in the Super Saver Plan).

(4) The Super Saver Plan shall remain in effect and the benefit levels shall not be reduced during the term of this Agreement. However, the provisions of the Super Saver Plan may be modified from time to time to maintain the plan's tax-qualified status or to otherwise comply with applicable Federal law and may also be amended at the Company's sole discretion, provided no such discretionary amendment shall reduce the benefit levels stated above in subsection (i)(3) during the term of this Agreement or be inconsistent with the terms of this paragraph (i) or its

subparagraphs. The Company will provide the Union with a copy of any amendment.

(5) Capitalized terms in this paragraph (i) not otherwise defined in this Agreement, but defined in the Super Saver Plan, will have the same meaning as set forth in the Super Saver Plan.

ATTACHMENT 40.1 - CHARGE FOR THE PRE-RETIREMENT SURVIVOR BENEFIT

October 19, 1995

John M. Orlando
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood, Suite 112
Hurst, Texas 76054

Dear John:

This letter follows up our conversation of today regarding the charge for the pre-retirement survivor benefit.

The Retirement Equity Act of 1984 mandated that pension plans provide a benefit for the surviving spouse of an employee who dies vested, but prior to retirement. This is known as the Qualified Pre-retirement Survivor Annuity (QPSA). Because this requirement adds to pension costs, employers are allowed to recover the cost by reducing the employee's pension at retirement. The AA reduction at retirement for QPSA coverage does not fully cover the cost of providing this benefit. QPSA coverage is still heavily subsidized by American.

QPSA coverage is mandatory and automatic unless the employee and spouse sign a waiver. The benefit and how the charge is calculated are explained in detail beginning on page R-17 of the Employee Handbook. The calculation is based upon a percentage by age for the number of years coverage was in effect. There is no charge for providing the coverage past age 65, although the employee is charged for those years under age 65. Once an employee is at least age 55 with 15 years of credited service or age 62 with 10 years of credited service, the charge also stops accumulating. The charge is based only on the mandatory 50% survivor benefit. Employees who have elected a larger survivor benefit are not charged more.

Since the actual QPSA calculation is complex and can only be done accurately when an exit date has been established, for estimate purposes only we show a uniform \$20 monthly reduction. We use \$20 because we rarely see a QPSA reduction of \$20 or more, for simplicity in preparing estimates, \$20 is shown on all estimates, even for employees who never had the coverage, or will not be charged this exact amount.

At retirement those employees who never had coverage will, of course, have no reduction. For those who were covered, the reduction will be individually calculated based on their age and years of coverage.

As we discussed, normally about 300 TWU members retire each year. However with the early out, we may be asking as many as 7,000 TWU members to take a close look at their pension plan. Although the QPSA explanation has been in the handbook for approximately 10 years, with this kind of scrutiny we are learning that we can improve how we communicate very important, but unfortunately often very technical pension

information.

Thank you for bringing this issue to my attention and I hope this explanation is helpful.
Please let me know if you have any questions.

Sincerely,

Mark Johnson
Managing Director
Benefits Compliance

ARTICLE 41 – BENEFITS

(a) The parties recognize that controlling the spiraling costs of health care has become a national priority and a critical mutual objective for both the Company and the employees.

In order to provide maximum flexibility and choice for individual employees, while helping to assure the Company's continued financial strength, effective ~~January 1, 1990~~ **DATE**, the Company will implement ~~a flexible benefits program~~ **new plan design options**, which limits the impact of future health cost increases for both the Company and the employees as follows:

(1) The Company will provide ~~“benefit dollars” which will allow each employee, in 1990, to “purchase”, at no cost beyond those “benefit dollars”, the basic Group Life and Health Benefits Plan. The employee may also contribute a portion for other plans at his option~~ **two medical plan options, a Standard medical plan option and a Core medical plan option. With the exception of the Standard medical 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 plan option (which are not incorporated into this agreement) may change at Company discretion and advance notice of any changes will be provided to the TWU prior to implementation. or**

~~2) Employees may spend their “benefit dollars” to buy that combination of benefits that best meets their individual needs for example, more life insurance, but less health coverage.~~

~~(3) An employee may select a more limited benefit plan such as a plan with a higher deductible, and receive cash in exchange for unused “benefit dollars”. This cash payment will not increase other benefits e.g., pension accruals or life insurance and is subject to income and Social Security taxes.~~

~~(4) The number of “benefit dollars” provided by the Company to each employee will increase by the percentage increase in the Company's average annual cost per covered employee, for the period July 1, through June 30, immediately preceding the enrollment year over the previous period July 1, through June 30, up to a maximum of 5%. In this way, the Company pays for the first 5% of cost increases.~~

~~(2)(5) If American's average annual cost per covered employee for providing the benefit package rises by more than 5% during the measurement period, an employee who desires to maintain an identical level of coverage will share the additional costs by making monthly contributions to cover the increase in cost over the first 5% paid by the Company, up to an additional 5% increase in costs year over year.~~ **Aggregate employee contributions 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 plan options. Contributions for the Standard and Core medical plan options will increase annually with projected inflation for all expenses related to these**

two (2) medical plan options, provided during the life of the agreement, aggregate employee contributions will remain at 21% of the total projected cost.

(3) ~~(6)An employee who does not choose to contribute will be able to elect a less costly alternative package of benefits, such as a plan with a higher deductible.~~ **Coverage tiers for contribution rates will be as follows:**

New Coverage Tiers
Employee Only
Employee + Spouse/Domestic Partner
Employee + Child(ren)
Employee + Family

(4) **Part-time employees will be offered the same medical plan options as full-time employees. Contribution rates for medical plan options for Employee Only coverage will be the same as full-time employees. Part-time employees' contribution rates for dependent tiers in the Standard medical plan option will be two (2) times the full-time contribution rates for employees enrolled in the same medical option and coverage tier. Part-time employees' contribution rates for dependent tiers in the Core medical plan option will be the same as full-time contribution rates for employees enrolled in the same medical option and coverage tiers.**

(5) ~~The TWU and the Company have agreed that a review committee will be established to review planned administrative changes to the negotiated Standard Mmedical Plan plan option. and for planned changes in the Point of Service Plan contribution rates, so long as Point of Service Plan continues to be offered.~~ This committee will have the right of appeal to the Sr. Vice President – Human Resources in the event of a dispute.

Notice of changes to the Value Plan will be provided to the TWU in advance of implementation.

(6) The TWU and the Company will participate on a joint committee to develop programs and procedures which will reduce the rate of increase in costs in order to minimize the impact on employees.

(b) **The annual deductible under the Standard medical plan option will be \$1,000 per individual with a maximum family deductible of \$3,000 Major Medical Plan will be \$150 per individual per calendar year for in-network services. The family deductible will be satisfied in any calendar year after a total of \$400 in deductible charges have been paid for any three (3) or more family members. No one family member may contribute more than \$150 toward the satisfaction of this family deductible. Plan design features are listed below.**

	Standard medical plan option	Core medical plan option
Plan Design Features	Contractual	Non-contractual
Spending Accounts	HRA	
Spending Account Funding (2012 only)	\$500 emp / \$500 spouse	
In Network Deductible (Single/Family)	\$1,000 / \$3,000	
Out of Network Deductible (Single/Family)	\$3,000 / \$9000	
Coinsurance (In/Out)	20% / 50%	
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	
Primary Care Physician Copay (In/Out)	\$30*	
Specialist Copay (In/Out)	20% / 50%	
Retail Clinics Copay (In/Out)	20% / 50%	
Preventive Care*	\$0	
Emergency Room	Deductible / Coinsurance \$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$20 min / \$40 max)	
Formulary Brand	30% (\$30 min / \$100 max)	
Non-Formulary Brand	50% (\$45 min / \$150 max)	
Pharmacy (Mail)		
Generic	20% (\$10 min / \$80 max)	
Formulary Brand	30% (\$60 min / \$200 max)	
Non-Formulary Brand	50% (\$90 min / \$300 max)	
2012 Full Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$202.78	\$174.17
EE + Child(ren)	\$121.67	\$104.50
EE + Family	\$270.37	\$232.23
2012 Part Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$337.97	\$174.17
EE + Child(ren)	\$175.74	\$104.50
EE + Family	\$473.15	\$232.23

***Not subject to deductible**

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

OOP amounts do not include the deductibles for Standard

~~(c) — The Major Medical Expense Benefits lifetime maximum for each active employee and eligible dependent(s) will be \$5,000,000. An employee and his eligible dependents, who retires early under Article 41(l) will remain under the \$300,000 lifetime maximum until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Inpatient hospitalization charges will be reimbursed at 80% of the first \$5,000 in covered expenses and 100% of the remaining covered expenses. The out of pocket maximum is \$1,000 per person.~~

~~(2) The Group Life and Health Benefits Plan for retirees provides that 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined, and 100% of the remaining combined charges in a calendar year will be reimbursed.~~

~~(3) When the Company's Group Life and Health Benefits Plan is providing secondary coverage for dependents, the total combined benefits paid by the primary plan and the Company will not exceed what the Company's Group Life and Health Benefits Plan would have paid had it been the primary plan.~~

(c) ~~(d)~~ Effective **DOS**, a newly hired employee will be subject to a one (1) calendar month service waiting period before the employee may be covered under the American Airlines Group Life and Health Benefits Plan as described in Article 41. The employee may not purchase coverage under the Group Life and Health Benefits Plan for the first month of employment with American Airlines, Inc. After one (1) month of service, the employee will automatically be placed in the American Airlines Group Life and Health Benefits Plan **in the Core medical plan option** with contributions in accordance with Article 41. Coverage will begin on the day that the employee has completed one (1) month of service with the Company, provided he is actively at work on that day, or on vacation, or on a scheduled day off. Otherwise, the employee will be covered on the date he returns to work.

(d) ~~(e)~~ Dental Plan

Expenses under the Dental Plan 1, excluding Orthodontic and Preventive Expenses will be covered at 80% of reasonable and customary charges, after the deductible is met. Preventive Dental Care will be covered at 100% with no deductible for a maximum of two (2) annual visits per calendar year, subject to reasonable and customary charges. The annual individual plan maximum will be \$1,500. In addition, adult orthodontia will be added with a lifetime maximum of \$1,500.

(e) ~~(f)~~ Life Insurance

The Company will provide several options regarding life insurance.

(1) For an employee whose base monthly salary is \$1,500 or over, his basic life insurance coverage will be two times his base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

(2) Coverage for an employee under Contributory Plan I will be 50% of his Basic Coverage.

(3) Coverage for an employee under Contributory Plan II will be an amount equal to his Basic Coverage, plus one times his base annual salary taken to the next higher multiple of \$100.

(4) In addition to the above Company provided plans, the TWU will offer an optional Whole Life Insurance Plan for its members. The Company will provide payroll deduction of premiums for employees electing this coverage.

(f) ~~(g)~~ Optional Short Term Disability

The Company provides an Optional Short Term Disability Plan (OSTD). The OSTD plan provides salary replacement of 50%, except where a statutory plan meets or exceeds 50% of salary replacement. The OSTD plan is 100% employee paid. If the employee does not elect to participate when first solicited during open enrollment, evidence of insurability may be required by the carrier providing the coverage.

(g) ~~(h)~~ Hearing Aid Coverage

Expenses incurred at the direction of a physician for hearing aids and examinations in connection therewith are covered under the ~~m~~Major ~~m~~Medical ~~e~~Expense ~~b~~Benefits portion of the Plan in accordance with the network design outlined in (b) above.

(h) Vision Plan

The Company **will continue to offer a voluntary vision plan at the same contributions as other workgroups.** ~~is reviewing a proposal submitted by the TWU for a vision insurance plan. The Company agrees that the TWU will make the selection upon review of their proposed vendor (Spectera) and one other competitor vendor with a comparable proposal. The Company will contribute the current vision discount card program cost per employee per year towards the new program.~~

(i) Donor Expenses

Expenses incurred for a donor and/or recipient in a transplant operation are covered under the Major Medical Expense Benefits portion of the Plan.

(j) Dependent Coverage

Dependent coverage is subject to the rules established by the Insurance Carrier and published in Company regulations.

~~(k) — An employee who retires from the Company at Early Retirement Date or on the basis of disability, will receive the same medical expense coverage as active employees, except as noted in Article 41(c), for themselves and eligible dependents until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Thereafter the retired employee and spouse only are each covered for \$50,000 under the Retired Employee Major Medical Expenses Benefits Plan. This post 65 benefit (\$50,000 lifetime maximum, \$150 deductible) for the retiree and spouse will also apply to employees who retire from the Company at their Normal or Late Retirement Date.~~

~~(2) — Upon the death of the retired employee, coverage for the surviving spouse only is continued for six months or until the spouse is eligible for Medicare, whichever is later. Coverage for dependent children, if any, ceases upon the retiree's death, and the spouse's lifetime maximum is reduced to the~~

~~lesser of \$50,000 or the unused balance of the spouse's coverage at the time of retiree's death. Employees must meet the requirement of Article 41(m) regarding prefunding as well as plan eligibility requirements.~~

~~(m) — Prefunding Retiree Health Care~~

~~All employees, who are on the Company's active payroll, on a union leave of absence, on a family leave of absence, or on a military leave of absence and who are at least age 30 with a minimum of one year of service with the Company, will be offered the opportunity to begin prefunding his retiree health care plan at the contribution amount for the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5). Additionally, that amount is subject to the escalator described in Article 41(m)(5). Incumbent employees on active payroll on 12/31/89, who enrolled when first eligible, will pay the incumbent rates in accordance with the Table in Article 41(m)(5). No entry fee will be assessed to the employee, if he chooses to participate when first eligible. An eligible employee will be automatically enrolled in the Plan and payroll deductions will commence as of the first pay period following his date of eligibility, unless the employee completes and returns a form, prescribed by the Company and countersigned by his supervisor, to waive participation. Married employees must obtain spousal consent to waive participation.~~

~~(1) — Should the Company's cost per covered retiree during the immediately preceding period July 01, through June 30, increase above the Company's cost per covered retiree during the previous period July 01, through June 30, then, effective January 1, of the following year, the monthly contribution rate for employees described in Article 41(m) will increase in accordance with the formula specified in the April 02, 1992 Trust Agreement incorporated below in this Article.~~

~~(2) — Retiree health care coverage under Article 41 will commence after the employee retires from the Company after having met all the eligibility and prefunding requirements. Coverage will be the same level of coverage provided to active employees except that retiree health care coverage will reimburse 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined and 100% of the remaining combined charges in a calendar year and will be subject to a \$300,000 (remainder of active coverage maximum if less) major medical maximum if retirement is at or after age 55 and before the earlier of age 65 or Medicare eligibility.~~

~~(3) — Employees who were on the Company's active payroll, on a union leave of absence, or on an approved leave of absence for other reasons on May 5, 1989, but who were ineligible to participate on January 1, 1990 because they did not meet the minimum age and/or years of service requirement specified in Article 41(m), will be offered the opportunity to elect retiree medical coverage under the same terms and conditions applicable to employees described in Article 41(m) (no \$250.00 late enrollment fee and a monthly contribution rate equal to the rate then being paid by employees who opted for coverage before January 1, 1990). Payroll deductions will commence as of the first pay period following their date of eligibility unless the employees complete and returns a~~

~~form prescribed by the Company to waive participation. A married employee must obtain spousal consent to waive participation.~~

~~(4) An employee who elected not to participate when first eligible will be offered, during an annual enrollment period, the opportunity to begin prefunding his retiree health coverage. The employee will pay the applicable age based contributory rates set forth in Article 41(m) (5) and will be required to pay the \$250 non refundable late enrollment fee.~~

~~(5) Age Based Rates Table~~

~~Monthly plan contribution rates for employees referred to in Article 41(m) will be in the table below. Also refer to the annual escalator formula in Article 41(n)(3). The contributions below were effective as of January 01, 2001, based on the Escalator formula in the April 02, 1992, Trust Agreement.~~

Age Employee Begins Prefunding	Monthly Employee/Employer Contribution
Incumbent employees on active payroll as of 12/31/89, who enrolled when first eligible	\$ 12.96
30	\$ 15.54
31	\$ 16.97
32	\$ 18.66
33	\$ 20.41
34	\$ 22.13
35	\$ 24.60
36	\$ 27.06
37	\$ 29.78
38	\$ 32.90
39	\$ 36.20
40	\$ 40.40
41	\$ 44.81
42	\$ 49.59
43	\$ 54.57
44	\$ 60.17
45	\$ 66.33
46	\$ 77.81
47	\$ 86.59
48	\$ 96.84
49 & older	\$ 110.56

~~(6) An employee must continuously participate in this prefunded retiree health plan for at least the ten (10) years immediately preceding retirement to receive retiree medical coverage on date of retirement.~~

~~(7) — An employee contributions made to prefund retiree health care coverage will be held in trust exclusively for the purpose of providing retiree health care. If an employee dies or is terminated prior to retirement, the employee or his beneficiary will receive the value of his contributions plus a pro rata share of trust fund net earnings.~~

~~(8) — An employee making his contributions so as to prefund his retiree medical coverage will cease making contributions upon retirement from the Company.~~

~~(9) — Employees making contributions so as to prefund their retiree medical coverage must continue contributions during all leaves of absence except unpaid sick and unpaid IOD. Any employee who commences prefunding of his retiree health coverage, subsequently discontinues prefunding, and later decides to again prefund his retiree health coverage, will be required to pay the rates in the Age Based contributory Rates Table set forth in Article 41(m) (5)), based on the age prefunding is started. Additionally, he must prefund continuously for at least ten (10) years immediately preceding retirement and pay a \$250 late enrollment fee.~~

~~(n) — Prefunding Trust (Memorandum of Understanding Between American Airlines, Inc. and Transport Workers Union of America AFL CIO, April 02, 1992) Article 41(n) expresses the understanding of the parties regarding the amendments to the Trust Agreement and Plan effective January 01, 1993, governing the health benefits provided to active TWU represented employees of American Airlines, Inc. at retirement and the health and other welfare benefits provided to retired employees of American Airlines, Inc. who were represented by the TWU at the time of retirement. Article 41(n) will not be construed to modify or alter an employee's eligibility for retiree welfare benefits under the collective bargaining agreement or the Plan.~~

~~(1) — The Trust Agreement and the Trust which holds Plan assets is established for the exclusive benefit of TWU represented active employees and retired employees who were represented by the TWU at the time of retirement.~~

~~(2) — The Trust will maintain a separate account to hold reserves equal to the Participants' prefunding contributions, Employer prefunding contributions, and investment earnings attributable thereto reserved for retiree welfare benefits due to Participants under the terms of the Plan and to pay administrative expenses associated with such Program. In the event of termination of the Plan and/or Trust, the balance of the reserves will be distributed as provided in Article 41(n)(8). In no event will these reserves be used for payment of any expenses associated with the active employee's medical benefits program or for any other purpose except those identified with respect to retiree welfare benefits in Article 41(n), the Trust Agreement, and the Plan.~~

~~(3) — An employee participating in the Retiree Prefunded Benefits Program will make monthly contributions to the Trust Fund. If an employee was an active employee of American Airlines on December 31, 1989, and elected to prefund when first eligible, his contribution was \$10.00 per month in 1992, and~~

~~such contribution amount is subject to the Escalator, described in Article 41(n)(5), in all future years. If an employee was not an active employee of American Airlines on December 31, 1989, or was an active employee of American Airlines on December 31, 1989, and declined participation when first eligible, his contribution amount is determined based on the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5), and that amount is subject to the annual Escalator formula described in Article 41(n)(5).~~

~~(4) American Airlines will make a monthly matching contribution on behalf of each employee contributing under the Retiree Prefunded Benefits Program. That contribution amount is identical to the amount required to be contributed by each participating employee in accordance with Article 41(n)(3).~~

~~(5) Contributions made by participating employees and by American Airlines are subject to an annual Escalator formula. American Airlines will calculate the impact of the annual Escalator on contributions, subject to review by the TWU in accordance with the provisions of Article 41(n)(6) below, by comparing the percentage increase in the cost of medical benefits for covered retirees during the year ending June 30 immediately preceding the effective date of the Escalator to the cost of medical benefits for covered retirees in the year ending the previous June 30. Such percentage increase is divided equally between the participating employee and American Airlines in order that each pays 50%. The resulting percentage increase will be applied to the amount of the then current Employee and Employer monthly contribution. However, in no event will the participating employee's or American Airlines' contributions increase from one year to the next by more than the amounts stipulated in the Escalator Cap Table below.~~

Employees affected.	Maximum Monthly Increase over Prior Year
Incumbent employees on active payroll 12/31/89 who enrolled when first eligible	\$1.00
Others based on age when prefunding begins	
30-34	\$1.50
35-39	\$2.50
40-45	\$3.50
46-48	\$5.00
49 or older	\$5.50

(6) The increase in contributions as calculated by American Airlines is subject to review by the TWU, provided the TWU's request for review is received within thirty (30) calendar days of notification. While no individual's claims history will be available for review, data in the aggregate, upon which the Escalator calculation was based, will be made available by American Airlines to the TWU on request. The TWU may contest the Escalator calculation within sixty (60) calendar days of receipt of the data. If the TWU contests this calculation, an independent accounting firm, as agreed to by both parties, will be retained to verify the amount. In the event that the independent accounting firm determines that contributions should change by a different amount, any increase or decrease will be retroactive to the first of the year to which the new Escalator calculation applies. Any decrease in the contribution will be credited to the Employees' future monthly contributions within sixty (60) calendar days, barring unforeseen circumstances. Any increase or decrease will be applied to the Participants' contributions and Employer's contributions in accordance with Article 41(n)(5).

(7) At retirement, an eligible participating retiree's own contributions, the matching Employer contributions made on his behalf to the Retiree Prefunded Benefits Program, and investment earnings attributable thereto are drawn down in ten equal annual installments for the purpose of providing retiree medical coverage. However, exhaustion of the funds in a retiree's account under this provision does not waive or modify the retiree's entitlement to continued medical coverage under the Agreement or the terms and limitations of the Plan. Should an eligible retiree die during the ten year draw down period, any remaining contributions continue to draw down for the period of the surviving spouse's medical coverage, if any. After the surviving spouse's coverage terminates, or if the spouse dies before the balance of the Account is drawn down, the balance of the employee's contribution is paid to the spouse's estate. If there is no surviving spouse, the balance of the employee's contribution is paid to the designated beneficiary.

(8) In case of death or termination of employment by a participating active employee, employee contributions to the Retiree Prefunded Benefits Program plus investment earnings attributable thereto will be distributed as a

~~severance or death benefit, as applicable, to the employee or the employee's designated beneficiary(ies).~~

~~(9) In the event of Trust termination, retirees participating in the Retiree Prefunded Benefits Program will receive any balance of their own contributions to the Program and investment earnings attributable thereto which have not been drawn down during the ten year draw down period described in Article 41(n)(7). Conditioned on Internal Revenue Service approval, active employees' contributions to the Prefunded Retiree Benefits Program and investment earnings attributable thereto will be distributed to active employees. Should the Internal Revenue Service disallow the distribution of active employees' contributions, the parties agree to establish a mutually satisfactory alternative regarding the disposition of active employees' contributions in the event of Trust termination. Employer contributions and investment earnings attributable thereto in the Retiree Prefunded Benefits Program Account will be used for the exclusive benefit of participating employees and retirees in the event of Trust termination. That includes the use of the assets for the purpose of continuing retiree health coverage under an alternative program as may be agreed to by the parties.~~

~~(10) In the event the Internal Revenue Service disapproves a particular provision or benefit expressed in the Trust Agreement, any provisions or benefits which are approved or unaffected by the disapproval will remain in force, and the TWU will not contest the obligation to prefund in court or under the collective bargaining agreement. However, the TWU reserves all legal and contractual rights in the event the Internal Revenue Service rules that the Trust may not hold funds in reserve for retiree welfare benefits, or that the earnings attributable to Participant contributions held in trust for this purpose or the Employer matching contributions (plus earnings) are currently taxable to the Participants.~~

~~(11) Counsel for the parties will review the amended Trust Agreement to ensure that it expresses the principles of this Agreement. Neither the Plan nor the Trust Agreement may be amended or modified in a manner inconsistent with the principles set forth in this Agreement, except to conform to the requirements of Federal law and regulations, provided, however, that the TWU waives no rights stipulated in Article 41(n)(10).~~

~~(12) American Airlines will revise, in a timely fashion after the date of ratification, the Plan to fully reflect the amendments made to the Trust Agreement and the provisions of this Memorandum. The revised Plan will be subject to review by the person(s) designated by the TWU.~~

(i) Retiree Medical - effective for retirements on or after DOS:

(1) Early retirees age 55 – 64 will have access to a Company sponsored retiree medical plan option. Contribution rates 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.

(2) Retirees age 65 and over will be offered access to a guaranteed issue Medicare supplement plan through a third party administrator at the retirees' expense.

(3) The Retiree life insurance benefit will be discontinued.

(4) The Company shall not be required to maintain, fund, or provide for a Company sponsored retiree medical plan or retiree life insurance benefits.

(e)(j) Monitoring Insurance Plan

In connection with the administration and processing of claims under the group insurance plan, the Company will continue to monitor and to urge the insurance company to improve claims processing under the plan.

~~(p) Notice of Changes~~

~~The Company will provide the Director of the Air Transport Division with advance notice of plan changes prior to releasing announcements to plan participants. The Company will not change the limits on employee cost increases described in Article 41(a)(4) and 41(a)(5), nor the prefunding contribution limits of Article 41(m), for the duration of this Agreement.~~

~~(q)(k) Company's Right to Modify Plan~~

Although it is the intention of American Airlines, Inc. to continue to make available to its employees a Group Insurance Plan of the type similar to that, which is now available, the Company will reserve the right to modify the Plan consistent with this Article.

DOS

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

“Employee and Company Prefunding Contributions”

Dear Robert,

During the restructuring agreement negotiations, the parties agreed that 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 employee prefunding refunds.

In addition, the parties agreed that 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 withholdings and/or excise tax), excluding employees who, prior to the AA/TWU Instructor agreement dated October 1, 2011, have already received refunds of their employee prefunding accounts. **The refund will be made to the employee no later than 120 days following DOS.**

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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**

ARTICLE 42 – JOB SECURITY

~~(a) – Except as provided in Attachment 42.1 employees covered under this Article:~~

~~(1) – The Company will guarantee full time/part time employment (based upon employee's full time/part time status on March 1, 1998) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to March 1, 1998 and who was on the Company's active payroll on March 1, 1998 or on a Union leave of absence, or on an approved leave of absence for other reasons in accordance with the following provisions of this Article. These protected employees names and respective classifications to which they are protected are in Appendix "A". An employee as defined above will not have his pay involuntarily reduced to a lower classification than that classification designated in Appendix A.~~

~~(b) – Notwithstanding the above provisions, the Company may lay off, in accordance with Article 15, when the layoff is necessitated by any one or more of the following conditions:~~

~~(1) – An act of God,~~

~~(2) – A strike, picketing, work stoppage, slowdown, or other labor dispute by Company or outside employees resulting in a reduction of work,~~

~~(3) – A national war emergency,~~

~~(4) – Revocation of the Company's operating certificate or certificates,~~

~~(5) – Grounding of a substantial number of Company's aircraft for safety reasons.~~

~~(6) A reduction in the Company operations resulting from a decrease in available fuel supply or other critical materials caused either by governmental action or commercial suppliers being unable to meet the Company's demands.~~

~~(c) – Due to the planned retirement of all aircraft requiring Flight Engineer positions, the Company plans to phase out the SIME classification by February 29, 2004. Those instructors remaining in the SIME classification on that date will be moved to the Ground School Instructor classification, provided that no SIME requirement exists at that time. If there is still a requirement for SIMEs, the classification will continue.~~

~~All instructors who were in the SIME classification on March 1, 2001, will continue to be paid the SIME rate as long as they are in that classification. When a SIME is moved to the Ground School classification, his pay is frozen at his current SIME rate until the Ground School rate exceeds the frozen rate.~~

~~The exception to the freezing of pay is the six (6) protected "E" classification instructors in Appendix "A". They will continue to maintain SIME classification pay throughout the duration of this contract. Their pay will then be frozen~~

~~at that current pay until Ground School pay exceeds that frozen pay unless the SIME classification is still required.~~

~~(d) No protected employee will be subject to displacement by employees not covered by paragraph (a) above. A protected employee who is working in a classification in which he is not protected and is affected by a reduction in force must exercise his options under Article 15 or will be subject to layoff and forfeit his protected status.~~

~~(e) An employee covered by this job security provision who accepts or transfers to a part time position or voluntarily transfers to a lower classification will thereafter be guaranteed only a part time position or lower classification position as applicable.~~

~~(f) This Article does not in any way limit the Company's right to terminate or discipline an employee for just cause or disqualify an employee under the provisions of Article 39.~~

ATTACHMENT 42.1

LETTER OF AGREEMENT

Between

AMERICAN AIRLINES, INC.

And

THE GROUND SCHOOL, FLIGHT ENGINEER SIMULATOR
AND PILOT SIMULATOR INSTRUCTORS

In the service of

AMERICAN AIRLINES, INC.

As represented by the

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

~~THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by American Airlines, Inc. (hereinafter referred to as the "Company"), and the Instructors in the service of American Airlines, Inc., as represented by the Transport Workers Union of America, AFL-CIO (hereinafter referred to as the "Union").~~

~~It is mutually agreed and understood by the Company and the Union by this Letter of Agreement that:~~

~~The Company retains the right to furlough Instructors up to and including J R Nerger #423544.~~

~~In addition, the Company and Union agree that when Instructors;~~

- ~~1. J R Nerger _____ #423544~~
- ~~2. D A Holder _____ #517699~~
- ~~3. J T Rademacher _____ #517686~~
- ~~4. D W Schneider _____ #517700~~
- ~~5. K L Weatherford _____ #517688~~
- ~~6. C T Large _____ #077558~~
- ~~7. R M Smith _____ #517687~~
- ~~8. G C Harrison _____ #517704~~
- ~~9. G S Baukman _____ #517650~~

~~are recalled, they will once again be considered as being "Job Protected" per the provisions of Article 42 of the current Collective Bargaining Agreement.~~

~~The Company agrees to recall the above listed nine (9) Instructors in seniority order per Article 15 to their former positions as attrition takes place in the Flight Training Department in their respective Instructor classification; provided, however that there is a need for such recall.~~

~~Therefore, the new Job Protection date will be 3/1/98 with the exception as outlined above.~~

AGREED:

Chris Alexander _____ John M. Conley
Employee Relations _____ Transport Workers Union, AFL-CIO
American Airlines _____ International Representative

Chuck Brasher _____ Curtis Gentry
Flight Training Department _____ Transport Workers Union, AFL-CIO
American Airlines _____ Local #541

~~Attachment 42.2 ONE TIME RELIEF FROM JOB SECURITY PROVISIONS~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

One Time Relief from Job Security Provisions

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to lift the system job protection provision of the various agreements to enable the Company to reduce the number of employees in each title group by the number required to reach the negotiated costs savings. The chart below illustrates the number of reductions by title group. Additionally, we have listed the newly established system job protection dates that will be in effect once the reductions associated with the changes have been completed.~~

<u>Title Group</u>	<u>Number of Reductions</u>	<u>Title Group</u>	<u>Number of Reductions</u>
Title I	1371	Technical Specialists	8
Title II	0	Flight Dispatchers	5
Title III	1856	Ground/Simulator Instructors	110
Title IV	Included in Title III	Meteorologists	0
Title V	57	Simulator Technicians	9

~~Following the reduction of the above number of employees, the parties agreed to modify the dates of system protection for the remaining employees to the dates indicated below. In addition, the date may be adjusted either backward or forward at the conclusion of the applicable reductions and must be agreed to by both parties.~~

<u>Title Groups</u>	<u>New System Protection Date</u>
Title I and Title III	September 24, 1998
Ground/Simulator Instructors	March 01, 1998
Simulator Technicians	August 23, 1999
All Others	March 01, 2001

~~Sincerely,~~

~~James B. Weel~~

Managing Director
Employee Relations

Agreed to this date:

James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

ARTICLE 43 - PART-TIME EMPLOYEES

The Company may utilize Instructors (hereafter referred to as "Part Time Instructors") to support partial work schedules and contract training. Such Instructors will become members of the Union and will be governed by the terms of this Article and Article 38 (Union Security).

Vacancies which occur for full-time Instructor positions will be offered, in order of seniority, to those Full Time and Part Time Instructors on the seniority list, after the provisions of Article 16 have been complied with.

~~(a) No employee who is protected by Article 42 will be involuntarily assigned to a part time position.~~

(b) A part time vacancy will be filled by the most senior qualified employee(s) requesting to fill such vacancy(s) in accordance with the following order of preference:

- (1) By full-time employees
- (2) By an employee with recall rights
- (3) New hire employee(s)

A full-time employee's refusal of part-time work will not affect that employee's seniority or recall rights under this Agreement.

Part Time Cap

(a) Any vacancy(s) exclusive of vacancies covered under Article 12(a)(4) may be declared by the Company to be part-time vacancy(s), without regard to pending transfer request(s) to another work section and without regard to the existence of furloughed employee(s) with recall rights, but as limited by subparagraph (1) below.

(1) The number of part-time employees will not exceed fifteen percent (15%) of the instructors covered by this Agreement (e.g., total instructors covered by the Agreement is 100 - then the maximum number of part-time employees under this Agreement is 15). This fifteen percent (15%) ratio will not apply to any classification, but will be on the basis of the total number of Instructors covered by the Agreement. However, work performed on contract training does not apply towards the cap.

(b) Work performed by Part-Time Instructors for contract (non-American Airlines) will not count against the "90 in 135" clauses of this agreement as outlined in Article 12(a)(5).

Compensation

The Part Time Instructors will be compensated at one-twentieth (1/20) of the base monthly rate for each day of work based on rates outlined in Article 4(a).

Probationary Period

New hire employees will be considered on probation as outlined in Article 9.

Assignment of Work

In a month when lines of work posted for bid in a work unit exceed the number of permanent Instructors assigned to that unit, qualified Part Time Instructors assigned to that unit may bid such work in seniority order. Such bid lines will be awarded the Part Time Instructors. Once awarded a full bid line, the Part Time Instructor assumes the status of "permanent" for that month, including the distribution of overtime.

The awarded bid line will not be altered in any way from the original posting except that changes can be made with three (3) days-notice (or less, with instructor's consent) provided that change complies with the provisions of Article 3(f). Remaining work, which does not conform to an additional line, will be distributed equitably to remaining Part Time Instructors. If no Part Time Instructor is available, "other personnel" may be utilized or it may be covered by overtime on a daily basis.

Both full-time and part-time instructors may be used to cover American Airlines and contract work.

Overtime Pay

Part Time Instructors will not be eligible for overtime compensation unless they have worked in excess of twenty (20) days in a calendar month. Such rate will be defined in Article 6 - (Overtime).

Holiday Pay

If a Part Time Instructor is scheduled and works on a holiday as defined in Article 7 (Holidays), he will be compensated at the rate provided in Article 7 (Holidays).

Length of Service

Such increases will be granted on the anniversary date of Instructor seniority.

Company and Instructor Seniority

Company and Instructor seniority will accrue on the same basis as other employees covered by this Agreement.

Benefits and Privileges Will Be Based on Equivalent Full-Time Service

Equivalent full-time service is determined by days paid, not to exceed twenty (20) days in a calendar month; i.e., twenty(20) paid days will equal one month's service.

Sick Leave

Sick leave will accrue based upon an equivalent full time service based upon Article 34.

Upon completion of one-hundred twenty (120) days paid, the employee will be credited with twenty (20) hours of sick leave. Accrual of sick leave begins with the seventh (7th) month of equivalent service. The employee will be credited with one (1) day of sick leave accrual for each twenty (20) days paid after the six (6) days were credited, up to a maximum accrual of twelve (12) days in any calendar year.

Vacations

Vacation accrual is on the basis of equivalent full-time service as outlined above and the accrual rate will be outlined in Article 8 (Vacations).

Training

The Company will continue to provide opportunities for Part Time Instructors to remain qualified.

Group Life and Health Benefits Plan

Part time employees will be covered by Article 41, ~~in the same manner as full time employees~~ with the following exceptions in coverage:

- (a) Basic Term Life Insurance coverage will be no less than equal to the basic term life insurance provided to any other part-time employee within American Airlines.
- (b) Accidental Death and Dismemberment Insurance coverage is \$10,000.
- (c) Weekly Income for Accident and Sickness benefits are based on the average of straight-time earnings in the last 6 months with a maximum benefit of 50% of such average weekly earnings. Maximum benefit will be \$100 per week.

Full time employees who convert to part-time status will continue to be eligible for all Group Term Life Insurance and Health benefits coverage held as a full time employee. **Contribution rates will vary from full time employee's rates in accordance with Article 41.**

Weekly Income for Accident and Sickness benefits will be determined by the average of straight-time earnings in the last 6 months, with a maximum benefit of 50% of such average weekly earnings. The maximum benefit will be \$100 per week.

Retirement Benefit Plan – See Article 40

(a) Part-Time Instructors are eligible for membership and will be enrolled automatically when they have accumulated at least one-hundred twenty (120) paid days in a twelve (12) month period.

(b) Full-time employees who transfer to part-time status, and who are fifty-seven (57) years of age or over at the time of transfer, and who have at least five (5) years of credited service under said Plan on a prorated basis will accrue final average salary for Retirement Benefit Plan purposes on a non-prorated basis, up to sixty (60) months following their transfer to part-time.

ARTICLE 44 - MOVING EXPENSES

[INTENTIONALLY LEFT BLANK]

ARTICLE 45 - EFFECT ON PRIOR AGREEMENTS

This Agreement will supersede and take precedence over prior Agreements, except that Letters and similarly related documents executed between the Company and the Union prior to the signing of this Agreement, that are not in conflict with this Agreement; and local or station work rules which were previously negotiated that do not conflict with this Agreement, will remain in effect. All rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, will be satisfied or discharged.

ARTICLE 46 - ONE STATION RULES

[INTENTIONALLY LEFT BLANK]

ARTICLE 47 - DURATION

THIS AGREEMENT will become effective as of XXXXX Y, 2012 and will continue in full force and effect until and including XXXXX Y, 2018, and will renew itself until each succeeding XXXXX Y thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than (30) calendar days prior to the 1Y day of XXXXX in any year, beginning with XXXX Y, 2018. **However, either the Company or the TWU may elect to reopen this Agreement by the service of written notices in accordance with section six (6), Title I of Railway Labor Act as amended pursuant to Section 6, on or after November XX, 2017 (6 months prior to amendable date).**

~~The job security provided for in Article 42 was agreed to in exchange for work rule changes. So long as the Union does not seek to change any of these work rules, Article 42 (Job Security) will remain in full force and effect forever.~~

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. It is agreed by the parties that the other will not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement, without serving written notice as provided for in the above paragraph.

IN WITNESS WHEREOF, the parties hereto have entered this Agreement on the **X** of **Month 201X**, and have signed this Agreement on **Month X, 201X**:

FOR TRANSPORT WORKERS
UNION OF AMERICA

FOR AMERICAN
AIRLINES, INC.

James C. Little
International President
Transport Workers Union

Denise Lynn
Vice President
Employee Relations

Garry L. Drummond
International Vice President
Director - ATD
Transport Workers Union

James B. Weel
Managing Director
Employee Relations

Robert F. Gless
Deputy Director - ATD
AA System Coordinator
Transport Workers Union

Dianne E. Taber
Sr. Principal
Employee Relations

Timothy J. Gillespie
International Representative
Transport Workers Union

WITNESS:

James Fudge
J. Michael Cook
Earl Smith II

WITNESS:

Chris Broom

APPENDIX A

<u>OCC. SEN</u>	<u>NAME</u>	<u>ST</u>	<u>OCC. SEN</u>	<u>NAME</u>	<u>ST</u>
09/18/68	JUSTISS, BR	E	12/28/90	MILLER, RC	G
11/02/72	PORTWOOD, WG	P	01/07/91	SIVERS, MR	G
01/02/80	MOORE, RW	G	01/30/91	SONTAG, DL	G
01/04/80	LUCKETT, WR	G	02/06/91	STARK, JE	G
01/05/80	NOLES, TG	P	02/06/91	SANDERS, DR	G
07/16/84	WAGAR, RD	G	02/13/91	COPELAND, AJ	G
07/17/84	GILFILLAN, FG	P	06/26/91	LILE, BL	P
08/06/84	WATSON, KA	G	07/13/91	MEEKS, DE	G
08/28/84	LACAYO, DJ	G	08/05/91	GULICK, CE	P
08/31/84	TAUBENECK, LD	G	08/19/91	DOUGHERTY, JR., J	G
09/10/84	MCDONALD, JE	P	08/21/91	MOORE, BW	G
10/15/84	WILSON, JE	G	08/28/91	KROPF, LE	P
11/01/84	MCGREW, JM	G	07/10/93	HALL, DA	G
06/28/85	CLAUDE, DL	P	11/24/97	BRASFIELD, AE	P
09/03/85	NEWSOME, CA	G	12/01/97	SHARDY, JE	P
09/03/85	MCKINNEY, RM	G	12/01/97	YANGER, RT	G
09/23/85	COX, KR	G	12/03/97	MARTONE, JV	G
10/21/85	CAMPBELL, RJ	G	12/17/97	HENDRIEX, FD	G
04/09/86	MCCLOSKEY, HF	P	12/31/97	HARRIS, RL	P
05/19/86	ANTON, WA	G	01/05/98	PAWLICKI, MG	G
07/28/86	COPELAND, MV	G	01/05/98	PELL, DL	G
09/15/86	QUINBY, GA	G	02/02/98	BATES, RL	P
10/09/86	SUTHERLAND, JD	P	02/02/98	STRINGER, DP	P
10/09/86	MCKENNA, JL	G	02/02/98	HOLDER, DA	G
11/17/86	STEARNS, JS	P	02/02/98	RADEMACHER, JT	G
01/19/87	YORK, KE	G	02/02/98	SCHNEIDER, DW	G
01/20/87	MCADAMS, JA	P	02/02/98	WEATHERFORD, KL	G
01/27/87	COOK, JM	P	02/02/98	SMITH, RM	G
04/02/87	TURNER, CS	G	02/02/98	HARRISON, GC	P
04/20/87	VANVOORHIS, VV	G	03/02/98	HAYS, RH	G
05/04/87	SCALF, WS	G	03/02/98	WEBB, DB	G
06/22/88	HOFFMANN, T	G	03/02/98	HEMBREE, BA	G
07/18/88	GREEN, FA	G	03/30/98	HENDRICKSON, JH	P
08/15/89	CEBELL III, VA	P	04/27/98	CORNILS, CW	P
08/22/89	ROUSEY, JE	P	04/27/98	SMITH II, EP	P
11/28/89	KRAUSS, DW	G	04/27/98	PERRONE, CS	P
11/28/89	ERNEST, RG	P	04/27/98	GREIDER, JE	P
03/05/90	KARDON, SL	P	04/27/98	JENKINS, JD	P
05/11/90	ANDREWS, MM	P	04/27/98	SCHATTEL, JL	G
05/14/90	JONES, GC	P	04/27/98	KIMBALL, LM	G
09/21/90	ESCOBAR, R	G	04/27/98	MURPHY, LE	G
11/14/90	HANKINS, KD	G	04/27/98	SCHRIMSHER, J	G
11/21/90	POWELL, JH	P	04/27/98	FENDER, RD	G

<u>OCC. SEN</u>	<u>NAME</u>	<u>ST</u>	<u>OCC. SEN</u>	<u>NAME</u>	<u>ST</u>
04/27/98	ARMSTRONG, DA	G	02/24/01	HUDDLESTON, KL	P
04/27/98	MCGREW, MA	G	04/10/01	STEGEMAN, JA	G
06/01/98	MIKK, A	P	04/10/01	WALLACE, TR	G
06/01/98	NORTON, MJ	G	04/10/01	VIETH, RJ	G
06/01/98	GORDON III. GD	P	04/10/01	BLIMLING, JT	G
06/01/98	MARSHALL, KT	G	06/20/01	JETER, RD	G
06/01/98	HUSTON, BF	P	06/26/01	ALEXANDER, VD	G
06/29/98	HACK, MJ	G	08/09/01	SZANYI, G	G
06/29/98	SMITH, DC	G	08/15/01	LOWE, WT	G
06/29/98	MARKS, KA	G	09/14/01	RITCHIE, CP	P
08/14/98	PITCHER, JH	G	10/22/01	LUKAWSKI, CA	P
09/22/98	HAGEN, JM	P	11/19/01	CLARK, DK	G
09/28/98	LENGNICK, TA	P	01/18/02	BAUCKMAN, GS	R
11/19/98	ORTIZ CELESTINO, JG	G	01/21/02	LANDTROOP, LL	G
03/15/99	GRAY, DM	P	01/21/02	WILLIAMS, TD	G
03/15/99	KNAPP, JE	P	06/22/02	LARGE, CT	R
03/15/99	CAMPBELL, DC	G	06/08/02	SZABO, L	P
03/15/99	THOMPSON, MT	G	08/14/02	CLAY, MA	R
05/03/99	MCNABB, NL	G	04/03/03	YUKNAVICH, AR	R
06/02/99	AMAYA, MA	P	07/18/04	BRUNER, JR	G
07/06/99	DOTSON, ML	P	08/13/04	PLUMMER, JW	G
07/06/99	QUIROLO, CF	G	08/13/04	HESS, DR	G
07/06/99	STRAMEL, DR	G	12/30/04	FARRELL, EP	R
08/02/99	STRICKLAND, BJ	P	03/18/05	SANSONE, GD	G
08/23/99	BARRON, DM	G	12/02/06	MCCLELLAN, GC	P
08/28/99	CASSADY, GA	G	06/02/08	FIELD, KD	P
08/30/99	MCMANUS, AL	G	06/05/08	LUKE, RP	P
10/11/99	BRAMAN, SW	P	04/30/10	PADGETT, FG	R
10/11/99	PERRY, JA	P	08/03/10	ADDISON, GI	R
11/08/99	WILKINS JR., HT	G	08/12/10	WILLIS, D	R
12/06/99	HARROD, JS	P	10/25/10	KECK, PW	P
12/06/99	KOFOED, WS	G	10/25/10	HENCKEN, JE	P
12/06/99	WHERRY, YO	G	10/25/10	BUCK, DA	P
02/07/00	WELCHANS, RD	P	10/25/10	MARSHALL, MR	P
02/14/00	ALEXAITIS, JH	P	10/25/10	SCHULZ, ED	P
03/06/00	ALLISON, JM	P	08/25/11	GILBREATH, D	P
04/17/00	RUPE, JW	P	09/01/11	COZBY, KC	G
05/08/00	ADAMS, JAGC	P	09/07/11	HUBBARD, CL	G
05/08/00	CAPS, J	P	09/07/11	HAWLEY, JC	G
07/10/00	HAINES, CL	P	09/07/11	ROMACK, E	G
08/07/00	WALTHER, DB	P	09/21/11	KULLBERG, WR	P

G = Ground School Instructor
E = Flight Engineer Simulator Instructor
P = Pilot Simulator Instructor
R = Retainer

LETTERS OF MEMORANDA
CONCURRENT WITH THE GROUND SCHOOL AND PILOT SIMULATOR
INSTRUCTORS AGREEMENT

<u>Subject</u>	<u>Date</u>
Letter of Memorandum - 1 - Seat Fillers as Described in Article 2	DOS 3/01/04
Letter of Memorandum - 2 - Contract Modifications Review Panel	3/31/03
Letter of Memorandum - 3 - Super Saver 401(k) Option	10/01/11
Letter of Memorandum - 4 - Enhanced Profit Sharing Plan	DOS 10/01/11
Letter of Memorandum - 5 - Working Together/Employment Involvement	10/01/11

New Letters of Memoranda

~~LETTER OF MEMORANDUM 1 SEAT FILLERS AS DESCRIBED IN ARTICLE 2~~

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

~~March 01, 2001~~

~~Mr. James Little
Dir. Air Transport Division
AA System Coordinator
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054~~

~~Re. Seat Fillers as described in Article 2~~

~~Dear Jim:~~

~~The following lists the order in which Seat Filling is offered/assigned.~~

- ~~➤ Fill open slots with Line Qualified Pilots requiring or requesting training.~~
- ~~➤ Assign TWU Instructors on a cancelled work day or "W" day.~~
- ~~➤ Offer/assign overtime to Simulator Instructors.~~
- ~~➤ Offer/assign to LQP to avoid canceling the period.~~

~~Very truly yours,~~

~~Aubrey Landry
Managing Director
Flight Training~~

~~Agreed to:
James Little~~

LETTER OF MEMORANDUM - 1 - SEAT FILLERS AS DESCRIBED IN ARTICLE 2

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

DOS

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

Re. Seat Fillers as described in Article 2

Dear Robert:

The following lists the order in which Seat Filling is offered/assigned.

- 1. Fill open slots with Line Qualified Pilots requiring or requesting training.**
- 2. Assign TWU Instructors on a cancelled work day or "W" day.**
- 3. Offer/assign to X-type Check Airmen on cancelled work day, "W" day, or available work day (day that requires no additional pay).**
- 4. Offer/assign overtime to Simulator Instructors to include double shift (to be paid at time and one-half rate).**
- 5. Offer/assign to LQP to avoid canceling the period.**

Very truly yours,

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

**Agreed to:
Robert F. Gless**

~~LETTER OF MEMORANDUM – 2 – Contract Modifications Review Panel~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054~~

Contract Modifications Review Panel

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~Due to the unusual nature of the numerous modifications the parties have agreed to establish a Contract Modifications Review Panel to discuss and resolve issues pertaining to these changes in an expeditious manner.~~

~~The TWU International or a Local Union President may, within seven (7) calendar days of the date on which he became aware of the disputed matter, appeal to a review panel composed of the Director of the Air Transport Division and the Vice President, Employee Relations, or their designees, any dispute regarding the proper application or interpretation of the contractual modifications resulting in the agreement dated April 15, 2003.~~

~~The committee will review issues brought to it attention, and will take the necessary and appropriate action to resolve those issues. Decisions from the review panel will be final and binding on both parties.~~

~~The panel is not intended to replace nor circumvent the current grievance procedures as outlined in Article 31 & 32 of the AA/TWU agreements.~~

~~Sincerely,~~

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

~~Agreed to this date:~~

~~_____
James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

~~_____
Date~~

~~LETTER OF MEMORANDUM – 3 – Super Saver 401k Option~~

~~AA/TWU Ground School and Pilot Simulator Instructors~~

~~October 1, 2011~~

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

~~RE: Super Saver 401k Option~~

~~Dear Robert,~~

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

~~The Company will provide the employees covered by the AA/TWU Ground School and Pilot Simulator Instructors agreement as of October 1, 2011 a one-time election period to move to the Super Saver – 401(k) Plan and receive an Employer Matching Contribution of 100% of the aggregated amount of the eligible Employee's Employee Before tax Contributions and eligible Employee's Employee Designated Roth Contributions up to a total amount of 5.5% of an eligible Employee's Compensation (as defined in the "The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO").~~

~~(1) — Employees who elect to move to the Super Saver Plan would cease to receive any additional credited service under the Defined Benefit plan.~~

~~(2) — Final average earnings used to calculate the Defined Benefit Plan annuity would include pay growth up to the time of separation from American Airlines, Inc.~~

~~Employees not electing the Super Saver – 401(k) Plan, will remain in "The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO".~~

~~The election period will be established prior to the end of the year with the intent to start contributions effective January 1, 2012.~~

~~Sincerely,~~

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

Agreed to:

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

~~LETTER OF MEMORANDUM 4 Enhanced Profit Sharing Plan~~

~~AA/TWU Ground School and Pilot Simulator Instructors~~

~~October 1, 2011~~

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

~~RE: Enhanced Profit Sharing Plan~~

~~Dear Robert,~~

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

~~The Company will establish an enhanced profit sharing arrangement (the “Enhanced Plan”) that will allow the Employees the enhanced opportunity, as described below, to share in the financial success of the Company.~~

- ~~1. The effective date of the Enhanced Plan will be the day following the date of ratification of the AA/TWU labor agreement covering Ground School and Pilot Simulator Instructors.~~
- ~~2. Performance will be measured by American’s Pre-Tax Earnings (as defined in the Enhanced Plan) with respect to the plan year covered by the Enhanced Plan and the fund from which any Enhanced Plan awards are distributed (“Enhanced Fund”) will accumulate based on that performance, and will be established as follows:~~
 - ~~a. Fifteen percent (15%) of the dollar amount of American’s Pre-tax Earnings.~~
 - ~~b. For eligible Employees, individual awards under the Enhanced Plan will be distributed based on a definite predetermined formula for allocating on a pro-rata basis the contributions made to the Enhanced Fund which will be determined by the Company.~~
 - ~~c. Any payout under the Enhanced Plan will be made no later than March 15th of the year following the year’s profits on which the payout is based.~~
 - ~~d. All other terms and conditions are covered under the Enhanced Profit Sharing Plan document.~~

~~This Letter of Agreement shall cancel and supersede the Letter of Agreement dated April 24, 2003 establishing the Annual Incentive Plan (AIP) for TWU represented employees.~~

Sincerely,

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

Agreed to:

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

LETTER OF MEMORANDUM - 5 - Working Together/Employment Involvement

October 1, 2011

Robert F. Gless
Deputy Director, - ATD
AA System Coordinator
1791 Hurstview Drive
Hurst, TX 76054

Re: Working Together / Employee Involvement

Dear Robert,

During the current negotiations, the Transport Workers Union and American Airlines discussed the ever-increasing challenges that exist within the Aviation Industry and the global marketplace in which we compete. There is mutual recognition that the challenges faced in the existing global economy will continue and require fundamental changes in the work environment. In order to be Best-in-Class, we need to jointly take steps to significantly expand and continually promote the implementation and maturation of Working Together initiatives.

This belief is firmly founded on the understanding that the success of the Transport Workers Union and American Airlines is dependent on its people. We believe the following about our employees:

- All of our employees want to be involved in decisions that affect them (IDS)
- American Airlines and our customers will benefit from involving our employees wherever practical and appropriate in the decisions that affect them (IDS)
- Our employees care about their jobs, our customers and each other
- They know what our customers expect
- They take pride in themselves and in their contributions
- They want to fully utilize their skills and abilities
- They want to share in the success of their hard work

The purpose of continuing the Working Together process and developing an effective Employee Involvement process is to create a customer-focused workplace so that our customers are continuously provided the highest quality and best-in-class products and services, while serving the interest of employees by protecting job security and employee wages.

It is mutually agreed that the opportunity of achieving a highly effective and motivated employee with a strong customer-focus is only attainable when the union and the company jointly work to:

- Involve employees individually and/or through teams (Joint Leadership Teams, Area Leadership Teams, Floor Leadership Teams, Product Leadership Teams, Customer Experience Leadership Teams, Natural Work Groups and/or similar structures) in the identification and solution of quality and production problems

- Create a culture that promotes teamwork, mutual trust and respect which in turn will create job satisfaction, job security, innovation, growth, rewards and recognition
- Create a culture that promotes honest and open communications by using the Involve, Discuss, and Share principles
- Continually develop methods and processes that involve employees in improving the way their work is performed so that their skills and abilities are effectively utilized without violation the collective bargaining agreement
- Develop, sustain and empower teams who have clearly defined goals, tasks, measurements and metrics and who are given a degree of autonomy commensurate with the degree of accountability they have demonstrated including a willingness to accept and an ability to manage
- Provide non-precedent setting opportunities for teams at all levels of the organization to apply for and obtain permission to experiment with alternative means of performing and managing work

Recognizing that jointly sponsored efforts such as Working Together are long term processes that can only be sustained by ongoing attention and resources, American Airlines and the Transport Workers Union agree the sponsorship and oversight of Working Together as an essential aspect of the work of company and union leaders.

It is not the intent of the Working Together process to undermine the strength of either party or to compromise the legal collective bargaining process. Therefore, when disagreements arise which threaten the ability of American Airlines and the Transport Workers Union to function collaboratively as Working Together Sponsors, those disagreements will be viewed as an occasion to redouble rather than disband our joint efforts.

If the above accounting reflects your understanding of the agreement, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

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

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 8 & 11

DOS

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

RE: Employee Gain Sharing Plan – Instructors

Dear Robert,

During the recent negotiations, the parties committed to jointly develop a variable compensation plan (“Plan”) that will be applicable to TWU represented Ground School and Pilot Simulator Instructors in the Flight department. The parties agree that capitalizing on the value of our people’s knowledge, experience and skills to improve American Airlines Overall performance and processes. An appropriate recognition system is a meaningful way to keep our people engaged.

The variable compensation plan covering the Flight Department Instructor employees will incorporate the following principles:

- Simple and easily understood by employees**
- Fiscally responsible (self-funded)**
- Performance-based**
- Connected to employee action: “line of sight”**
- Tied to corporate and DAS/Cargo business results**
- Structured to motivate continuous improvement**

The Plan will be designed to promote and reward exceptional performance across the areas of:

- Safety**
- Compliance**
- Quality**
- Efficiency**
- Performance**
- Cost**

Performance in each of these areas will be tracked and reported utilizing Metrics which are:

- Objectively Quantifiable**
- Results Oriented**
- Independently Measured**
- Auditable**

The parties agree to create a Gain Share Committee consisting of leadership from the following departments, plus one Committee Chairperson:

- Flight
- Flight Training
- Finance
- Employee Relations
- TWU Leadership

Management and TWU will be represented on the Gain Share committee.

The Gain Share Committee will work to develop and implement the Plan as expeditiously as practical, including details such as:

- Metrics
- Target-setting
- Award calculation and distribution
- Eligibility
- Program valuation

Any such plan(s) will be implemented only by mutual agreement of the parties and will be subject to the approval of the Company's Chief Operating Officer and the TWU International prior to implementation.

The above agreed upon terms and conditions will replace the Customer Service component of the AIP plan as of DOS.

The Committee will also be responsible for monitoring and modifying the program as becomes necessary.

Sincerely,

{Original Signed on file}

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 2

DOS

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

“Me, too, provision”

Dear Robert,

During the negotiations that led to the signing of the Agreement between American Airlines, Inc. (“AA” or “the Company”) and the Transport Workers Union of America, AFL-CIO (“TWU”) covering Flight Instructor Employees, the Company and the TWU agreed to the following, effective upon ratification of all seven (7) of the TWU Agreements by the TWU membership:

1) Notwithstanding any provision to the contrary in this Restructuring Agreement (“Agreement”), the terms of the Agreement shall not become effective until the Company has received approval to implement, through binding agreement, and/or implemented by legal unilateral authority, revisions to (i) the labor contracts of the Company’s other non-TWU unionized employees and (ii) the wages, benefits and working conditions of the Company’s non-union hourly employees and (iii) the wages, benefits and working conditions of the non-union salaried and management employees so that the aggregate revisions in (i),(ii) and (iii) for each individual non-TWU union and non-union employee group are reasonably projected by the Company to produce the targets for labor cost savings specified in the Company’s Section 1113(c) motion.

2) The Company agrees that if the Company fails to implement the changes described in paragraph 1 for any other non-TWU union or non-union employee group, without implementing other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, the Company will meet with TWU to discuss and agree upon a proportionate reduction in projected labor cost savings under the Agreement. This paragraph shall expire upon the earlier of 1) six (6) months after the date the Company emerges from the bankruptcy process; or 2) when the changes described in paragraph 1, or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, are implemented for all non-TWU union or non-union employee groups.

3) The Company further agrees that if it obtains modifications to agreements with other non-TWU union groups that result in labor cost savings to the Company from reduction in TWU represented employees working under TWU agreements, it will meet with TWU to discuss and agree upon an appropriate credit to the TWU

based on the level of labor cost savings realized by the Company from that reduction.

4) The Company will provide TWU with sufficient relevant information reasonably necessary for TWU to determine compliance with the terms of this agreement.

5) Any alleged violation of these provisions will be resolved pursuant to the grievance and arbitration procedures of the applicable TWU Agreement.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

LETTER OF MEMORANDUM

LETTER OF MEMORANDUM - Profit Sharing Plan

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

DOS

RE: Profit Sharing Plan

Dear Robert,

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

American Airlines will establish a profit sharing arrangement (the “Profit Sharing Plan”) that will allow eligible employees, including TWU represented employees, the opportunity, as described below, to share in the financial success of American.

The effective date of the Profit Sharing Plan, as to TWU represented employees covered by this agreement, will be when it has been ratified by the membership, approved by the bankruptcy court, and signed by the parties. Performance will be measured by American’s Pre-Tax Earnings (as defined in the Profit Sharing Plan) with respect to the plan year covered by the Profit Sharing Plan and the fund from which all Profit Sharing awards for all eligible employees, including TWU represented employees, are distributed (“Fund”) will accumulate based on that performance and will be established as follows:

- Fifteen percent (15%) of the dollar amount of American’s Pre-Tax Earnings.**
- For eligible participants, including TWU represented employees, individual awards under the Profit Sharing Plan will be distributed based on a predetermined formula for allocating on a pro-rata basis the contributions made to the Fund as determined by American and the participant’s Eligible Earnings (as defined in the Profit Sharing Plan).**
- Any payout under the Profit Sharing Plan will be made no later than ____ of the year following the year’s profits on which the payout is based.**

- **All other terms and conditions are covered under the Profit Sharing Plan document.**

This Letter of Agreement shall supersede all prior LOAs establishing a profit sharing plan for TWU employees.

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

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

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

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

Exhibit E



AGREEMENT

Between

AMERICAN AIRLINES, INC.

And

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

Covering

FLEET SERVICE EMPLOYEES

And

GROUND SERVICE EMPLOYEES

Effective:– DATE



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.

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LETTERS OF MEMORANDA

AGREEMENT

Between

AMERICAN AIRLINES

And

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

Covering

FLEET SERVICE EMPLOYEES

Of

AMERICAN AIRLINES, INC.

Effective date – **DATE**

PREAMBLE

THIS AGREEMENT, entered into this **X** day of **DATE** by and between AMERICAN AIRLINES, INC (hereinafter sometimes referred to as the “Company”) and TRANSPORT WORKERS UNION OF AMERICA AFL-CIO (hereinafter sometimes referred to as the “Union”), as representative of the employees within the United States in the classifications listed herein, pursuant to the terms of the Railway Labor Act, as amended, in the mutual interests of the employees and of the Company to promote the safety and continuity of air transportation, to further the efficiency and economy of operations, and to provide orderly collective bargaining relations between the Company and its employees, a method for the prompt and equitable disposition of grievances, and for the establishment of fair wages, hours and working conditions for the employees covered hereunder. In making this Agreement, both the company and the employees hereunder recognize their duty to comply with the terms hereof and to cooperate fully, both individually and collectively, for the accomplishment of the intent and purpose of this Agreement.

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 covered under this Agreement in the classifications set forth in Article 4, and as described in the classification descriptions, Article 11, who perform work as follows:

The loading and unloading of cargo (mail, baggage, freight and Company material) on and off aircraft; the transporting of cargo between terminals and aircraft; the ramp transfers of cargo where required; the receiving, delivering, and physical handling of freight and Company material in the Cargo Warehouse, or equivalent area (including docks), mail at the designated Post Office, and baggage in the outbound baggage room; the completion of forms, and when directed, initiation and action on messages related to and necessary for the performance in the designated locations of the functions described; the cleaning and servicing of cabin interiors, including cockpit and lavatories; draining lavatories; checking, handling, assembling, removing and installing of passenger service cabin furnishings and supplies, transporting such furnishings and supplies to and from aircraft, air conditioning of aircraft from outside source; the fueling, oiling, replenishing hydraulic and other fluids.

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 (e.g., foremen, chiefs and superintendents), management specialists (e.g., instructors and analysts), professional employees (e.g., engineers and draftsmen), operating employees (e.g., flight crews and dispatchers), plant protection employees (e.g., guards), office and clerical employees (e.g., agents and staff assistants), and skycaps.

(b) 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 work basis, the situation will not be deemed to be an emergency within the meaning of this paragraph.

(c) The Company will continue to assign American Airlines TWU represented employees in classifications designated by the Company to all stations wherein such TWU represented ~~Fleet Service~~ employees are assigned currently with ~~2555~~ **5475** and above annual departures ~~or 1460 for Ground Service employees~~ and will staff new cities (those not currently staffed by the TWU) at or above ~~5475~~ **7300** annual departures. ~~for Fleet Service employees and 3650 for Ground Service employees.~~ The Company will also restaff former TWU staffed cities that have been de-staffed once those cities reach ~~2555~~ **7300** and above annual departures. ~~for Fleet Service employees and 1460 for Ground Service employees.~~

~~Notwithstanding the above, the Company will be obligated to continue staffing in those stations subject to Article 42 (b) even though those stations that fall below 2555 (for Fleet Service) and (1460 for Ground Service) annual departures. Provided however, once those employees with station protection under Article 42 (b) have left the station or the Company through retirement or otherwise, those stations will be subject to the 2555 (for Fleet Service) and (1460 for Ground Service) annual departure provisions.~~

Annual departure threshold for initial determination of stations to be impacted will be based 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.

It is further agreed that as other stations are established during the term of this Agreement, the Union will be notified prior to the opening and conferences will be held between the parties regarding the staffing of these stations. The Company retains the right to staff such stations at its discretion.

(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, as its present employees, covered by this Agreement have the normal time and the skills to perform, and for which the Company can reasonably make available the necessary facilities.

Additionally, it is agreed that the Company may continue to contract out work not exceeding the scope of its present contracting out practices.

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

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.

~~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.~~

(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, 59CAB22 (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.

(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.

(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.

(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 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.

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

ATTACHMENT 1.X – Outsourcing

DOS

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

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. During these negotiations, we discussed the Company’s interest to be more competitive relative to certain work that is currently performed by TWU represented employees under the terms of the Fleet Service/Ground Service agreement.

After numerous discussions with respect to the scope of work, it was agreed that the Company will have the ability to outsource all dayline cabin cleaning work (including any work performed by Fleet Service Clerks pursuant to Attachment 1.XX- Contracting Out Ron/Ultraclean Aircraft Cabin Cleaning), all mail handling work, all cargo handling work, with the exception of DFW, JFK, LAX. MIA and ORD, all fueling work, all bus driving work, Interline Cargo work at JFK/MIA and all bag transfer work relating to American Eagle and/or any other commuter air carrier that feeds American which is currently performed by AA TWU represented Fleet Service/Ground Service employees.

Sincerely,

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

Agreed to this date:

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

**ATTACHMENT 1.XX – CONTRACTING OUT RON/ULTRACLEAN AIRCRAFT CABIN
CLEANING**

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL–CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Contracting Out RON / ULTRACLEAN Aircraft Cabin Cleaning

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed the Company's interest to contract out certain work currently performed by TWU represented employees in order to provide structural savings.

In these discussions RON and Ultraclean were two areas currently performed by TWU represented Fleet Service employees that we have agreed will be outsourced. We have also agreed that the initial implementation of this provision will occur within sixty (60) calendar days from date of ratification. Outsourcing of this work that is not accomplished within the sixty (60) calendar days mentioned above will not require an offset of the savings by the TWU.

The work identified in this understanding is that work assigned a Level 1 Bill of Work on overnight aircraft or designated an "Ultraclean". This work includes cleaning, stocking, shampooing of rugs, and conducting the required security checks.

Level 1 BOW or "Ultraclean" with scheduled arrivals after 0800 will be performed by day line Fleet Service except in OSO situations.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL–CIO

ATTACHMENT 1.XXX – Station Staffing

DOS

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

Dear Robert,

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

During these negotiations, we agreed that the following seventeen (17) stations will continue to be staffed with TWU represented employees following the implementation of Article 1(c). Those stations will remain staffed, with TWU represented Fleet Service employees, so long as the annual departures are at or above 2555 from the effective date of this agreement up to the day prior to the amendable date.

ATL	JFK	MIA	STL
AUS	LAS	ORD	TPA
BOS	LAX	SAT	
DCA	LGA	SFO	
DFW	MCO	SJU	

Beyond the amendable date, Article 1(c) will apply.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

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

ATTACHMENT 1.XXXX – Reassignment of Fleet Service Clerk work at TULE

DOS

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

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. During these negotiations, we discussed the Company’s interest to gain efficiencies at TULE for certain work that is currently performed by TWU represented employees under the terms of the Fleet Service agreement.

After numerous discussions, it was agreed that the Company will have the ability to reassign all fleet service work performed at TULE to the Overhaul Support Mechanic classification.

Sincerely,

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

Agreed to this date:

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

ATTACHMENT 1.XXXXX – Implementation of outsourcing

DOS

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

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on DOS. During these negotiations, we discussed the implementation of outsourcing pursuant to letter of agreement 1.X.

Prior to the implementation of outsourcing, current Crew Chiefs will have the opportunity to self-demote (outside of the Article 12 (n)(2) process) into a non-bid position at their station.

Crew Chiefs who displace another Crew Chief in a different work unit (e.g. cargo to line, dayline to bagroom, fueling to line) will serve a one hundred eighty (180) day trial period as provided in Article 12 (f).

Although the scope changes will be implemented in phases, it is the Company's intent to exercise one reduction in force process for all affected by the scope changes. Therefore, the Company intends to notify, offer and award available options to all affected employees simultaneously in round one of this process. As a result of this, employees' report dates may vary. If the Company determines that an additional reduction in force is needed, the Company shall have the right to implement the RIF in a similar manner.

“The terms of this Agreement, including any new terms effective as of DOS, shall apply to Ground Service employees until the outsourcing has been implemented.”

Sincerely,

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

Agreed to this date:

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

ATTACHMENT 1.1 – FLEET SERVICE PERSONNEL

January 31, 1961

Mr. James F. Horst
International Vice President
Transport Workers Union of America, AFL-CIO
80-07 Broadway
Elmhurst 73, New York

RE: ~~Fleet Service Personnel Driving Crew Car~~

Dear Mr. Horst,

The driving of the crew car on airport property between the terminal and the hangar at Los Angeles International Airport and Midway Airport for the transportation of Company employees is currently being done by Fleet Service personnel. Fleet Service personnel will continue to perform such work at the specific locations mentioned so long as the need for such driving shall continue to exist.

Very truly yours,

A. Di Pasquale
Assistant Vice President
Labor Relations

~~ATTACHMENT 1.2 – NEW TWU CITIES~~

~~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 ULD REPAIRS, BUILDING CLEANING,
AND UTILITY MAN WORK~~**

~~August 15, 1995~~

~~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 ULD Repairs, Building
Cleaning, and Utility Man Work~~

~~Dear Mr. Koziatek:~~

~~This will confirm our understanding that in order to be more competitive, the Company
will have the ability to contract out ULD repairs after protecting incumbent employees
currently assigned to those shops in other functions.~~

~~The Company may contract out work formerly performed by Building Cleaners and
Utilitymen (except at TULE), after protecting incumbent employees as outlined below.~~

~~At TULE/AFW Utilityman work (except Hazardous Materials which will be incorporated
into Plant Maintenance Man classification) will be moved into the Building Cleaner
classification.~~

~~Incumbent Building Cleaners will be protected in Cabin Cleaner (or FSC positions);
however, no incumbent Building Cleaner will be forced to relocate to another station.
Incumbent Utilitymen will be moved to Plant Maintenance Man positions, if qualified, or
to FSC positions, however no employee will be forced to relocate to another station. No
incumbent mechanic re-assigned as a result of contracting out of ULD repairs will be
forced to relocate to another station.~~

~~A transition plan for each of these actions will be prepared and discussed by local
management with the TWU Local President.~~

~~Very truly yours,
Jane G. Allen
Vice President
Employee Relations~~

~~Agreed to this date:
Edward R. Koziatek
August 15, 1995~~

ATTACHMENT 1.4 – CONTRACTING OUT WORK

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 1.5 – SEAT MILES SCHEDULED BY COMMUTER AIR CARRIERS~~

~~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~~

~~ATTACHMENT 1.6 – FLEET SERVICE CLERK BUS DRIVING~~

~~March 1, 2001~~

~~James C. Little
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054~~

~~RE: Fleet Service Clerk Bus Driving~~

~~Dear Jim,~~

~~The driving of vehicles on airport property between the terminal and the employee parking lot at Chicago O'Hare International Airport and John F. Kennedy International Airport for the transportation of Company employees is currently being done by Fleet Service personnel. Fleet Service personnel will continue to perform such work at the specific locations mentioned so long as the need for the driving continues to exist for the duration of this Agreement.~~

~~Sincerely,~~

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

~~Agreed to:~~

~~James C. Little~~

ATTACHMENT 1.7 – CARGO STAFFING

Revised March 1, 2001

March 30, 1984

James C. Little
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

RE: Cargo Staffing

Dear Jim,

This will confirm our understanding regarding the staffing of job duties normally performed by Agent employees in the Cargo function and our mutual desire to staff these locations in the most practical, competitive manner possible.

In accordance with the Agreement dated May 18, 1983, between C. A. Pasciuto, Vice President-Employee Relations, and H. J. Leonard, International Vice President-Transport Workers Union of America, the Company may assign, at its discretion and at selected locations, to qualified Fleet Service employees job duties normally performed by agent employees in the Cargo function.

It is understood and agreed that only Fleet Service employees who have completed specialized training will be deemed qualified to perform such duties. This training will be offered to volunteers in order of occupational seniority to the extent necessary as determined by the Company. In the event there are insufficient volunteers, the training will be assigned in reverse order of seniority.

In order to permit economic expansion into other cities, we have agreed that hereafter any employee who receives the Cargo Customer Service/ SABRE training course to perform Cargo Agent type duties will be required to bid shifts identified as requiring such training before bidding any other shift for a period of twelve (12) months after the completion date of the training.

(from letter dated December 19, 1985 revised)

Nothing in this Agreement is intended to require the Company to remove or replace agent employees in the Cargo function. In those locations employing agents, they will continue to perform their duties either alone or in conjunction with Fleet Service employees as assigned by the Company.

It is understood that the parties to this Agreement do not, by this Agreement, intend to permanently reassign work currently performed by other Company employees other than that described above or to accrete any job duties to the Fleet Service Clerk classification description.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

James C. Little

ARTICLE 2 – DEFINITIONS

(a) The word “employee” will mean an employee in the classifications covered by this Agreement.

(b) “He” or any other masculine pronoun will be deemed and understood to designate any employee whether male or female.

(c) The term “qualifications” will mean all requirements, other than qualifying tests, which may be considered necessary by the Company for the particular type of work to be performed, and specified in advance in writing.

(d) The term “Crew Chief” is a bid job designated by management. A Crew Chief will be responsible to management for the overall performance of the employees assigned to his crew. In those cases where management determines that the work to be performed requires a level of responsibility equivalent to that of a Crew Chief, an employee in the Crew Chief classification may be assigned to that function even though he has no other employees assigned directly to him. Crew Chiefs will be responsible for the timely and satisfactory completion of work assignments as set forth in the Crew Chief classification description.

(e) The term “qualifying test” will mean the tests for competency in a particular classification or type of work as established in the Qualifications and Administration Manual (QAM).

(f) The term “department head”, “chief operating officer” or any other management title referred to in this Agreement will mean the person or any other person properly designated and appointed by him to act in his stead. References to the titles of Union officials will mean that individual or any other person properly designated and appointed by him to act in his stead.

(g) The term “on call” will mean an employee’s status who has been instructed to remain or stand by at a station, shop, hangar or other location in order to begin work, immediately upon the work becoming available.

~~(h) The term “protected employee” will mean all employees covered by the job security provisions of Article 42. The term “unprotected employee” will mean all employees not covered by the job security provisions of Article 42.~~

(i) The term “chart rate” will mean those hourly rates of pay appearing in Article 4.

(j) The term “regular hourly rate”, “regular pay” or “pay as if working” will mean the “chart rate” plus any applicable longevity pay, premiums and/or differentials.

(k) ~~Classification~~ **Pay** seniority (~~pay seniority~~) will govern pay raises and placement on the pay scales. This seniority is governed by the applicable Articles of this Agreement.

(l) Status denotes if an employee is either full time (full time status) or part time (part time status).

(m) The term “emergency” as used in this Agreement will mean an unexpected occurrence or set of circumstances (e.g. sudden change in weather, air/ground interrupt, diversion, etc...) demanding immediate action.

(n) The term “Company” as used in this Agreement will mean American Airlines Inc.

(o) The term “Successor” as used in this Agreement will include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.

(p) The term “Successorship Transaction” as used in this Agreement will mean any transaction, whether single step or multi-step, that provides for, results in, or creates a successor.

(q) The term “affiliate” as used in this Agreement will mean (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) above.

ARTICLE 3 - HOURS OF WORK

(a) The workday will consist of a twenty-four-(24) hour period beginning at 12 o'clock midnight and a regular day's work will consist of eight (8) hours, exclusive of meal periods.

(b) The workweek (and pay week) will consist of seven (7) consecutive days beginning at 12:01 a.m. Saturday and the regular weekly work schedule will consist of five (5) workdays of eight (8) hours each within the workweek.

(c) Each employee will be scheduled two (2) days off during each workweek. The Company will make every reasonable effort to arrange work schedules so that, whenever practicable, those days will be Saturday and Sunday. When an employee's days off are other than Saturday and Sunday, they will be two (2) consecutive days. Nothing in this Article will prohibit the Company from scheduling Friday and Saturday as the two consecutive days off; (provided that when this is done Friday will be considered the first scheduled day off and Saturday will be considered the second scheduled day off), except that when an employee's days off are changed to Friday and Saturday, the first Saturday following the change will be paid, if worked, at the rate of time and one-half the regular hourly rate.

(d) At stations or shops where employees are required to maintain continuous operation of departments or assignments, days off ~~may either~~ **will be fixed and will be determined by seniority.** ~~or rotated in accordance with the preference of a majority of the employees involved, consistent with the requirements of the service. When fixed days off are selected, seniority will determine days off.~~

(e) All time worked in any continuous tour of duty, including overtime, will be considered as work performed on the workday within which the tour of duty is started.

(f) Part time employees' hours will be governed by the provisions of Article 43.

(g) Airports or individual work units may be scheduled in whole or in part on a four (4) day – ten (10) hour per day basis when mutually agreed between the Company and the Union. This agreement must be approved by the ATD Director and the Vice President overseeing the airport. When a 4/10 schedule is adopted, it will be subject to provisions outlined below:

This alternative schedule will be approved only when it involves no increased expense for the Company.

It is understood and agreed that either party will have the right to cancel a 4/10 schedule thirty (30) days prior to the next shift bid.

(h) The attachment on the following page is agreed to by the parties and is incorporated as part of this Agreement.

ATTACHMENT 3.1 - ROTATION OF SHIFTS AND/OR DAYS OFF

DOS

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

Hurst, Texas 76054

Dear Robert,

This will confirm our understanding that at those stations or shops that have been utilizing the rotation of shifts and/or days off for at least a period of two (2) years prior to DOS, may continue with the rotation of shifts and/or days off unless mutually agreed upon by local management and the appropriate TWU Local to utilize fixed shifts and/or days off.

Sincerely,

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

ARTICLE 4 – COMPENSATION

(a) During the period of this Agreement, the chart rates of pay for the bid classification of work covered by this Agreement will be as specified below.

Effective February 29, 1992 incumbent employees currently holding bid positions will receive the greater of 1) their current bid rate of pay as listed in the pay tables below or 2) their non-bid rate of pay plus the bid position differential (override).

An ~~Fleet Service~~ employee who is the successful bidder for the promotion into a Crew Chief classification on or after February 29, 1992, will receive his non-bid rate plus a bid position differential (override) of \$1.50. Employees who receive this bid position differential (override) will continue to receive that rate providing they hold a bid position.

~~A Ground Service employee, who is the successful bidder for promotion into a Crew Chief, Technical Crew Chief, or Inspector classification on or after March 01, 2001, or who holds a position in a Crew Chief classification on that date, will receive his non-bid chart rate plus a Bid Position Premium of \$1.75 per hour. An employee who receives this Bid Position Premium will continue to receive that Premium, provided that he continues to hold a bid position.~~

The bid position differential (override) is added to the non-bid rate of pay and will be considered as base pay for accrual of all pay related benefits. Length of service increases will be based upon the non-bid classification date.

A Crew Chief working at a lower classification due to a Change of Shift or Overtime will be paid at the applicable lower classification.

CREW CHIEF - FLEET SERVICE CLERK

<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
\$21.74	\$22.03	\$22.33	\$22.63	\$22.94	\$23.25
<u>DOS</u>	<u>DOS + 36 mos</u>	<u>DOS + 60 mos.</u>			
\$22.83	\$23.03	\$23.66			

(b) During the period of this Agreement, the chart rates of pay for the non-bid classifications of work covered by this Agreement will be as specified below.

(1) ~~For employees hired on or after October 7, 1991,~~ Progression from one step to the next will be based on twelve (12) months of service in the classification in each step. These rates of pay and the progression are subject to the provisions of paragraph (c) below.

FLEET SERVICE CLERK

	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
1st Step	8.02	8.14	8.26	8.38	8.51	8.64
2 nd Step	8.89	9.02	9.16	9.30	9.44	9.58
3rd Step	9.92	10.07	10.22	10.37	10.53	10.69
4th Step	10.95	11.11	11.28	11.45	11.62	11.79
5th Step	11.99	12.17	12.35	12.54	12.73	12.92
6th Step	13.02	13.22	13.42	13.62	13.82	14.03
7th Step	14.05	14.26	14.47	14.69	14.91	15.13
8th Step	15.09	15.32	15.55	15.78	16.02	16.26
9th Step	16.12	16.36	16.61	16.86	17.11	17.37
Thereafter	19.65	19.94	20.24	20.54	20.85	21.16

GROUND-SERVICEMAN

	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
1st Step	8.02	8.14	8.26	8.38	8.51	8.64
2 nd Step	8.89	9.02	9.16	9.30	9.44	9.58
3rd Step	9.92	10.07	10.22	10.37	10.53	10.69
4th Step	10.95	11.11	11.28	11.45	11.62	11.79
5th Step	11.99	12.17	12.35	12.54	12.73	12.92
6th Step	13.02	13.22	13.42	13.62	13.82	14.03
7th Step	14.05	14.26	14.47	14.69	14.91	15.13
8th Step	15.09	15.32	15.55	15.78	16.02	16.26
9th Step	16.12	16.36	16.61	16.86	17.11	17.37
Thereafter	19.65	19.94	20.24	20.54	20.85	21.16

FLEET SERVICE CLERK

	<u>DOS</u>	<u>DOS + 36 mos.</u>	<u>DOS + 60 mos.</u>
1st Step	\$8.47	\$8.55	\$8.81
2nd Step	\$9.39	\$9.48	\$9.77
3rd Step	\$10.48	\$10.58	\$10.90
4th Step	\$11.55	\$11.67	\$12.02
5th Step	\$12.66	\$12.79	\$13.17
6th Step	\$13.75	\$13.89	\$14.30
7th Step	\$14.83	\$14.98	\$15.42
8th Step	\$15.93	\$16.09	\$16.58
9th Step	\$17.02	\$17.19	\$17.71
Thereafter	\$20.74	\$20.94	\$21.57

~~(2) — For incumbent employees hired before October 7, 1991 into any classification covered by a TWU contract, progression from one step to the next will be based on six (6) months of service in the classification in each step. These rates of pay and the progression are subject to the provisions of paragraph (c) below. Employees not progressing on this scale as of March 1, 2001 will be placed on the twelve (12) month progression scale in paragraph (b) (2) below.~~

FLEET SERVICE CLERK

	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
1st Step	8.02	8.14	8.26	8.38	8.51	8.64
2nd Step	8.46	8.59	8.72	8.85	8.98	9.11
3rd Step	8.89	9.02	9.16	9.30	9.44	9.58
4th Step	9.41	9.55	9.69	9.84	9.99	10.14
5th Step	9.92	10.07	10.22	10.37	10.53	10.69
6th Step	10.44	10.60	10.76	10.92	11.08	11.25
7th Step	10.95	11.11	11.28	11.45	11.62	11.79
8th Step	11.47	11.64	11.81	11.99	12.17	12.35
9th Step	11.99	12.17	12.35	12.54	12.73	12.92
10th Step	12.51	12.70	12.89	13.08	13.28	13.48
11th Step	13.02	13.22	13.42	13.62	13.82	14.03
12th Step	13.54	13.74	13.95	14.16	14.37	14.59
13th Step	14.05	14.26	14.47	14.69	14.91	15.13
14th Step	14.57	14.79	15.01	15.24	15.47	15.70
15th Step	15.09	15.32	15.55	15.78	16.02	16.26
16th Step	15.61	15.84	16.08	16.32	16.56	16.81
17th Step	16.12	16.36	16.61	16.86	17.11	17.37
18th Step	17.88	18.15	18.42	18.70	18.98	19.26
Thereafter	19.65	19.94	20.24	20.54	20.85	21.16

~~GROUND SERVICEMEN~~

	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
1st Step	8.02	8.14	8.26	8.38	8.51	8.64
2 nd Step	8.46	8.59	8.72	8.85	8.98	9.11
3rd Step	8.89	9.02	9.16	9.30	9.44	9.58
4th Step	9.41	9.55	9.69	9.84	9.99	10.14
5th Step	9.92	10.07	10.22	10.37	10.53	10.69
6th Step	10.44	10.60	10.76	10.92	11.08	11.25
7th Step	10.95	11.11	11.28	11.45	11.62	11.79
8th Step	11.47	11.64	11.81	11.99	12.17	12.35
9th Step	11.99	12.17	12.35	12.54	12.73	12.92
10th Step	12.51	12.70	12.89	13.08	13.28	13.48
11th Step	13.02	13.22	13.42	13.62	13.82	14.03
12th Step	13.54	13.74	13.95	14.16	14.37	14.59
13th Step	14.05	14.26	14.47	14.69	14.91	15.13
14th Step	14.57	14.79	15.01	15.24	15.47	15.70
15th Step	15.09	15.32	15.55	15.78	16.02	16.26
16th Step	15.61	15.84	16.08	16.32	16.56	16.81
17th Step	16.12	16.36	16.61	16.86	17.11	17.37
18th Step	17.88	18.15	18.42	18.70	18.98	19.26
Thereafter	19.65	19.94	20.24	20.54	20.85	21.16

The following paragraph applies to paragraphs (a) and (b) above. Each employee while regularly assigned to the classification of Crew Chief – Fleet Service, Fleet Service Clerk, ~~Crew Chief—Ground Serviceman, and Ground Serviceman~~ at the field stations including Tulsa Line Maintenance, Alliance Maintenance Base, or Kansas City Maintenance Base will receive the Line rate which includes a wage differential of fifty five (55) cents per hour effective March 1, 2001. Such differential is reflected in the above rates.

(c) Flexible Starting Rates

(1) In the event that the Company, in its sole discretion, finds that any or all of its starting pay rates (Step 1) as specified in this Article, are non-competitive with local market starting rates for similarly situated jobs, the Company may hire applicants in any classification covered by this Agreement at any station/base/location at rates of pay higher (Step 2 through the maximum hourly rate in the applicable pay scale) than those starting rates specified in this Article. As market conditions change, the Company may, in its sole discretion, change its designated starting rate. The designated starting rate may be higher or lower than previous designated starting rates; however, the starting rate may not be lower than Step 1 nor higher than the maximum hourly rate in the applicable pay scale.

(2) In those stations/base/locations where higher starting rates of pay are designated in accordance with this Article, all employees in that classification(s) at that station/base/location who are receiving less than the new designated starting rate of pay will have their rate of pay concurrently increased to the new designated higher starting rate for that classification(s) in that station/base/location effective the date of hire of a new employee at the higher starting rate.

~~(3) An employee who is hired before October 7, 1991 and who is on the six (6) month progression scale under the provision of (C) (1) above and who has his rate of pay increased under the provisions of (C) (2) above will progress to the next step of his classification's pay scale on an annual basis (rather than semi-annual) until his length of service in the classification places him on the step to which employees with like years of service in his classification would be under a system of all semi-annual increases. At that time, the employee will resume semi-annual increases on his normal progression date until he reaches the top of his pay scale.~~

~~An employee who is on the twelve (12) month progression scale and is affected by (c) (1) or (c) (2) above will progress to the next step of his classification pay scale on an annual basis.~~

(4) An employee who transfers to or from a station/base/location which has an adjusted starting rate of pay for his classification will have his rate of pay adjusted upward or downward to conform to the rate of pay received by an employee with the same ~~classification~~ **pay** seniority as his at his new station/base/location. The adjusted rate may not be less than Step 1 nor higher than the maximum hourly rate in the applicable pay scale.

(5) It is understood and agreed that the effective dates of step increases and other changes in pay rates are determined by the employee's ~~classification~~ **pay** seniority.

(d) LONGEVITY PAY

Each employee in a job classification under this Agreement will have longevity pay increments added to his regular rate per hour following completion of the years of accredited service as indicated below:

17 years	.24 .06	cents/hr.
18 "	.24 .09	"
19 "	.27 .12	"
20 "	.30 .15	"

Longevity pay increments will be effective on the date the employee completes the required amount of accredited service. Longevity pay will be compounded in the calculation of overtime rates and will be part of pay calculations for pension purposes.

Accredited service with the Company, for determining longevity pay increments, will be defined as: active service on the Company's payroll in any capacity, except the service prior to resignation, discharge, or layoff when recall rights have expired; the entire duration of Military or Union Business Leave of Absence; and Injury-on-Duty Leave of Absence, up to a maximum of five (5) years; for those employees with over six (6) months of service with the Company, a Sick Leave of Absence up to a maximum of five (5) years, and Personal Leave of Absence up to a maximum of ninety (90) days.

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

ATTACHMENT 4.1 – COPE DEDUCTIONS

Mr. Ernest M. Mitchell
International Vice President
Director-Air Transport Division
Transport Workers Union of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: COPE Deductions

Dear Mr. Mitchell:

Effective thirty (30) days after ratification of the Agreement dated August 9, 1980 and during the life of that Agreement, the Company agrees to deduct contributions to a Union Fund known as the "Committee on Political Education" (COPE) from the pay of those employees under this Agreement who are Union members and who may voluntarily execute a form to authorize such deductions prepared and furnished by the Union. The content of such form shall be agreed upon between the Company and the Union, and the authorization for and remittance to the Union of such deductions shall be in conformance with all applicable laws.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

ATTACHMENT 4. 2- CREW CHIEF SCALE/OVERRIDE

March 1, 2001
Revised DOS

Mr. James C. Little
Director, Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054

Re: Crew Chief Scale/Override

Dear Jim,

This will confirm our understandings reached during the negotiations leading up to the Fleet Service Agreement dated March 1, 2001. During these discussions, it was agreed to adjust the variance that exists between Crew Chiefs who receive Crew Chief scale and those Crew Chiefs who receive the \$1.50 override. The methodology used to correct this situation is as follows;

Those employees who became Crew Chiefs after February 29, 1992 and who are at maximum pay or will reach maximum pay during the duration of the Agreement will receive a special premium equal to the difference between their current rate plus the override and the appropriate crew chief scale at maximum. For example, a Crew Chief – Fleet Service Clerk at maximum pay is paid a rate of ~~\$24.02~~ **\$22.83** while a Crew Chief – Fleet Service Clerk who is at maximum pay and who accepted a bid after February 29, 1992 is paid a chart rate of ~~\$22.05~~ **\$20.74** plus the \$1.50 override for a total rate of ~~\$23.55~~ **\$22.24**. That Crew Chief will receive a ~~\$0.47~~ **\$0.59** per hour supplement to bring his salary to equal that of scale ~~\$24.02~~ **\$22.83**.

Sincerely,

James B. Weel
Managing Director
Employee Relations

ARTICLE 5 - SHIFT DIFFERENTIAL

(a) An employee assigned to a shift which begins at or after 12:00 noon and before 5:00 p.m. will receive a shift differential of one cent (1¢) per hour.

An employee assigned to a shift which begins at or after 5:00 p.m., and before 6:00 a.m. will receive a shift differential of two cents (2¢) per hour.

No shift differential will be received by an employee assigned to a shift which begins at or after 6:00 a.m. and before 12:00 Noon.

Example:

(1)	12:00 Noon	-	4:59 p.m.	1¢
(2)	5:00 p.m.	-	5:59 a.m.	2¢
(3)	6:00 a.m.	-	11:59 a.m.	None

(b) An employee will receive the shift differential applicable to the shift to which he is regularly assigned. The applicable shift differential will be included with the employee's chart rate in the calculation of pay for overtime, vacation, holiday, sick leave benefit and benefits paid for absence due to an occupational illness or injury compensable under the applicable Workers' Compensation law.

(c) An employee may be required to rotate on shifts during a workweek in which event he will receive two cents (2¢) per hour shift differential if he rotates through a shift to which a one cent (1¢) per hour shift differential would otherwise be applicable and a shift for which no shift differential is applicable; or three cents (3¢) per hour shift differential if he rotates through a shift to which a two cents (2¢) per hour shift differential is applicable and any other shift or shifts. Such rotating shifts will be filled first by seniority among qualified employees who volunteer for such shifts. In the event that an insufficient number of employees volunteer to fill the necessary rotating shifts, such unselected shifts will be filled by assignment of the junior qualified employees.

ARTICLE 6 – OVERTIME

(a) Daily Overtime: Overtime rates will be paid on a daily basis as follows:

(1) One and one-half times (1.5x) his regular hourly rate for each hour worked in excess of eight (8) hours.

(2) An employee will not be required to suspend work during his regular shift to avoid the payment of overtime nor will he be entitled to overtime rates until he has worked eight (8) hours in the workday, including time worked after his regular shift.

(3) When an employee works beyond his regular shift to complete an assignment he will be entitled to penalty hour pay, for time worked at the applicable rate of pay.

(b) Weekly Overtime: ~~In Fleet Service only, w~~When an employee has worked forty (40) hours in a single workweek (exclusive of daily overtime), all time worked in excess of forty (40) hours at the request of the Company will be compensated at one and one half times (1.5X) his regular hourly rate. ~~In Ground Service only, time worked on an employee's regularly scheduled days off will be considered overtime and will be paid at one and one half times (1.5X) his regular hourly rate.~~

(1) When an employee is required to work on his scheduled day or days off he will be entitled to at least eight (8) hours of work unless he consents to less time.

(2) Time paid for and not worked on a holiday, **vacation** or Union Business will be considered as time worked for purposes of computing overtime.

(c) Shift differentials will be compounded in the calculation of overtime rates.

(d) Overtime work will be distributed among the employees qualified to perform the work necessitating overtime within the crew or appropriate work unit as equitably as practicable.

(1) An employee, when available, who is lowest on overtime and does not work the overtime, will be charged with the overtime missed for equalization purposes, as though it had been worked.

(2) In the event of an emergency and or when there are insufficient available employees, the Company may then assign employees who are lowest on overtime to perform that work.

(3) The supervisor's record of overtime worked, or charged to employees for equalization purposes, will be made available to the employees affected by posting or other appropriate methods.

(4) Except in emergencies employees who are to work overtime will be given two (2) hours' notice of such overtime.

(5) Overtime will be offered within appropriate classifications and/or overtime work units prior to offering such overtime work to other classifications and/or overtime work units. If a shift is scheduled to be cross utilized in more than one (1) classification, overtime coverage (if utilized) to cover that shift vacancy, should first be proffered to the classification where the preponderance of the work falls. Employees working the overtime accept the responsibility of the entire shift, including the cross utilization assignment.

(e) An employee working overtime will not be required to work more than two (2) hours continuously after the regular work period without being permitted a meal period.

(f) An employee whose overtime working period continues into the following day will continue to receive overtime rates for all overtime so worked.

(g) If any work period will continue so that its termination will be less than seven and one-half (7.5) hours prior to the commencement of the employee's regular shift in the succeeding workday, he will receive pay for all time worked at the rate of one and one-half times (1.5x) his regular hourly rate.

(h) No overtime will be worked except by direction of the proper supervisory personnel of the Company, except in cases of emergency and when prior authority cannot be obtained.

(i) Overtime compensation will be computed on the basis of the nearest one tenth (1/10th) of an hour of work.

(j) If overtime on any workday or any workweek is due to an authorized exchange of days off or shifts by employees (which must be approved in advance by the appropriate supervisor), that time will be compensated for at straight-time rates. However, only the time worked at the request of the Company beyond an authorized change of shifts in excess of eight (8) hours will be paid at the applicable overtime rates in accordance with Article 6 (a).

(k) In no event will any employee covered by this Agreement receive more than one and one half times (1.5X) his regular hourly rate (including shift differentials) under this Agreement.

(l) Overtime and the extension of scheduled hours for part time employees will be governed by the provisions of Article 43.

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

ATTACHMENT 6.1

Interpretive Bulletin
AA / TWU Fleet Service Agreement
Revised 11/7/03 as result of F-1713-02

Below are examples of how both Full Time and Part Time employees are paid in accordance with Articles 6, 25 and 43 of the AA / TWU Fleet Service Agreement. To determine the rate of pay on extended or overtime hours it is necessary to determine the employee's status and the combined number of hours worked beyond the regularly scheduled shift or the CS.

These examples include both Full Time and Part Time employees working their regularly scheduled shifts along with CS hours and extended or overtime hours and explain the proper payment for those extended or overtime hours. An employee's regularly scheduled shift or any CS hours are always paid at the employee's regular straight time rate of pay.

Full Time Examples

1.	0800 – 1630 Regular shift	8.0	Regular pay
	1630 – 2030 CS	4.0	Regular Pay
	2030 – 2230 Extension	2.0	2.0 OT
2.	0800 – 1630 Regular shift	8.0	Regular pay
	1630 – 1830 Hold over	2.0	OT
	1830 – 2230 CS	4.0	Regular pay
3.	0800 – 1430 CS	6.0	Regular pay
	1430 – 1630 Extension	2.0	2.0 OT
	1630 – 0100 Regular shift	8.0	Regular pay
4.	0800 – 1430 CS	6.0	Regular pay
	1430 – 1630 Early call	2.0	2.0 OT
	1630 – 0030 Regular shift	8.0	Regular pay
5.	0800 – <u>1630</u> Regular shift	8.0	Regular pay
	<u>1830</u> – 2230 CS	4.0	Regular pay
	2230 – 0230 Extension	4.0	Regular pay

The hours extended beyond the CS are exclusive of the regular shift due to a break in service and therefore paid at regular rates. The break in service (not covered by Article 25(a) Recall) causes the two work periods to be viewed independently for purposes of determining the payment of extended / overtime hours.

6.	0800 – 1630 Regular shift	8.0	Regular pay
	1830 – 2230 CS	4.0	Regular pay
	2230 – 0330 Extension	5.0	4.0 Regular pay 1.0 OT

The hours extended beyond the CS are exclusive of the regular shift due to a break in service and therefore paid at regular rates. The break in service (not covered by Article 25(a) Recall) causes the two work periods to be viewed independently for purposes of determining the payment of extended / overtime hours.

7.	0600 – 1200 CS	5.5	Regular pay
	1200 – 1400 Extension	2.0	2.0 OT
	1400 – 2230 Regular shift	8.0	Regular pay

8.	0600 – 1430 Regular shift	8.0	Regular pay
	1430 – 1630 CS	4.0	Regular pay
	1630 – 1830 Extension	2.0	2.0 OT

9.	0800 – 1630 Regular shift	8.0	Regular pay
	1630 – 1830 Extension	2.0	2.0 OT
	1830 – 2230 CS	4.0	Regular pay
	2230 – 0130 Extension	3.0	3.0 OT

Part Time Examples

1.	0800 – 1430 CS	6.0	Regular pay
	1430 – 1730 Extension	3.0	2.0 Regular pay 1.0 OT
	1730 – 2330 Regular shift	5.5	Regular pay

2.	0800 – 1430 Regular shift	6.0	Regular pay
	1430 – 2030 CS	5.5	Regular pay
	2030 – 2230 Extension	2.0	2.0 OT

3.	0800 – 1430 CS	6.0	Regular pay
	1430 – 1630 Extension	2.0	Regular pay
	1630 – 2230 Regular Shift	5.5	Regular pay

4.	0800 – 1130 Extension	3.5	2.0 Regular 1.5 OT
	1130 – 1800 Regular shift	6.0	Regular pay
	1800 – 2200 CS	4.0	Regular pay

5.	0800 – 1430 Regular shift	6.0	Regular pay
	1430 – 1730 Extension	3.0	2.0 Regular 1.0 OT
	1730 – 2130 CS	4.0	Regular pay

6.	0800 – 1430 CS	6.0	Regular pay
	1430 – 2100 Regular shift	6.0	Regular pay
	2100 – 0000 Extension	3.0	3.0 OT

7.	0800 – 1430 Regular shift	6.0	Regular pay
	1430 – 2100 CS	6.0	Regular pay
	2100 – 0000 Extension	3.0	3.0 OT

8.	0600 – <u>1000</u> CS	4.0	Regular pay
	<u>1200</u> – 1800 Regular shift	5.5	Regular pay
	1800 – 2100 Extension	3.0	2.5 Regular .5 OT

The hours extended beyond the CS are exclusive of the regular shift due to a break in service and therefore paid at regular rates. The break in service (not covered by Article 25(a) Recall) causes the two work periods to be viewed independently for purposes of determining the payment of extended / overtime hours.

9.	0800 – 1230 CS	4.5	Regular pay
	1230 – <u>1830</u> Regular shift	5.5	Regular pay
	<u>1900</u> – 0100 CS	5.5	Regular pay
	0100 – 0400 Extension	3.0	2.5 Regular pay .5 OT

The hours extended beyond the CS are exclusive of the regular shift due to a break in service and therefore paid at regular rates. The break in service (not covered by Article 25(a) Recall) causes the two work periods to be viewed independently for purposes of determining the payment of extended / overtime hours.

10.	0600 – 1430 CS	8.0	Regular pay
	1430 – <u>1630</u> Extension	2.0	2.0 OT
	<u>1700</u> – 2300 Regular shift	5.5	Regular pay
	2300 – 0100 Extension	2.0	Regular pay

The hours extended beyond the CS are exclusive of the regular shift due to a break in service and therefore paid at regular rates. The break in service (not covered by Article 25(a) Recall) causes the two work periods to be viewed independently for purposes of determining the payment of extended / overtime hours.

11.	0600 – 1430 CS	8.0	Regular pay
	1430 – 1630 Holdover	2.0	2.0 OT
	1630 – 2230 Regular shift	5.5	Regular pay
	2230 – 0030 Extension	2.0	2.0 OT

12.	0700 – 1330 CS	6.0	Regular pay
	1330 – 1930 Regular shift	5.5	Regular pay
	1930 – 2130 Extension	2.0	2.0 OT
	2130 – 2330 CS	2.0	Regular pay

13.	1200 – 1630 Regular Shift	4.5	Regular pay
	1630 – 1900 Extension	2.5	Regular pay
	1900 – 2400 CS	5.0	Regular pay

14.	1200 – 1630 CS	4.5	Regular pay
	1630 – 1900 Extension	2.5	Regular pay
	1900 – 2400 Regular Shift	5.0	Regular pay
15.	0445 – 0845 CS	4.0	Regular pay
	0845 – 1045 Extension	2.0	.3 Regular 1.7 OT
	1045 – 1900 CS	7.7	Regular pay
	1900 – 2400 Regular Shift	5.0	Regular pay

- End -

ATTACHMENT 6.2 - OVERTIME/PART TIME EXTENSION GUIDELINES

DOS

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

Dear Robert,

During the course of negotiations, we discussed the administration and distribution of overtime and part time extensions across the AA system. The Company expressed its interest to modify the overtime and part time extension provisions to allow for a more economic and efficient process for all TWU Fleet Service staffed stations. However, in the interest of finding an alternative resolution it was agreed that the original intent of Article 6(d) and 43(l) would apply across all TWU Fleet Service staffed locations.

Therefore, any local overtime guidelines that do not include a specific provision or reference to 43(l) of the AA/TWU Fleet Service agreement (e.g. Wallen report) will be considered null and void and will require a need for local management and the TWU to reach an understanding on new overtime/part time extension guidelines within six (6) months from DOS. Failure to reach an understanding within the specific time frame will allow management to develop and implement guidelines for the distribution of overtime and part time extensions in accordance with Article 6(d) and 43(l).

If you are in agreement, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

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

ARTICLE 7 – HOLIDAYS

(a) The following holidays with pay will be granted:

<u>Holiday</u>	<u>Observance</u>
New Year's Day	January 1 st
Independence Day	July 4 th
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Christmas Day	December 25 th

(b) An employee required to work on any of the above holidays ~~or his observed holiday~~ will receive one and one-half times (1.5x) his regular hourly rate for **all hours worked on the holiday and** at least eight (8) hours, except when an employee requests and is granted fewer hours in which event he will receive one and one-half times (1.5x) his regular hourly rate for all hours actually worked and straight time for the difference between the hours actually worked and eight (8) hours.

~~(c) If any of the above holidays fall on an employee's day off, including day off due to a change of shift (CS) as authorized by the supervisor, his next workday will be observed as the holiday. However, When an employee works on his day off on any of the above holidays he will be paid in accordance with Article 6. The Company may designate the employee's last workday before such holiday to be observed as the holiday with his consent.~~

~~(d) If any of the above holidays fall within an employee's vacation period, his next workday following the vacation period will be observed as the holiday. An employee required to work on that day will be paid in accordance with paragraph (b) above.~~

(e) Payment for a holiday as such will not be made to an employee on a leave of absence or to an employee scheduled to work on the holiday who is not excused from work and who fails to report to work as scheduled.

(1) If an employee has been absent because of illness or injury for a continuous period immediately preceding the holiday that does not exceed thirty (30) calendar days, exclusive of any vacation time, he is entitled to holiday off pay (HO) in accordance with this Article.

(2) If an employee has been absent because of illness or injury for a continuous period immediately preceding the holiday for more than thirty (30) calendar days, exclusive of any vacation time, he is deemed to be on a leave of absence and is not entitled to any holiday pay. Any pay due will be in accordance with Article 34.

(3) If an employee is scheduled to work on a holiday and is absent on the holiday, he is not entitled to any holiday pay, unless he was "excused" from working on the holiday by the Supervisor. "Excusable" reasons for not working as scheduled on the holiday include such compelling reasons as jury duty, a death in the family, a critical illness in the family requiring the attention of the employee, and bona fide union business. If the employee is excused in accordance with this paragraph, he is entitled to holiday off pay (HO).

(4) If an employee has a one (1) day absence for illness or injury on a holiday he is scheduled to work, he is not entitled to any holiday pay. Any pay due will be in accordance with Article 34.

(5) If an employee's absence for illness or injury commenced on a holiday that the employee was scheduled to work and then continues through one (1) or more workdays following the holiday, he is entitled to holiday off pay (HO) for the holiday. Subsequent absences will be paid in accordance with Article 34w.

(f) ~~No~~ **All employees** will be required to report for duty on a paid holiday **unless on scheduled days off or on vacation.** ~~An employee awarded holiday off will receive eight (8) hours or ten (10) hours pay, if applicable, at straight time rates.~~ The Company will request not later than seven (7) calendar days prior to each holiday, volunteers to **have** the holiday **off**. Notification of volunteers **awarded** the holiday **off** will, except in case of an emergency, be made not later than three (3) calendar days prior to the holiday. **Employees awarded the holiday off, under this provision, will receive holiday off (HO) pay.**

~~No employee will be required to report for duty on a paid holiday except when absolutely required for the operation. An employee not required to work on the holiday will receive eight (8) hours' pay at straight time rates. The Company will request not later than seven (7) calendar days prior to each holiday volunteers to work on the holiday. Notification of volunteers and others required to work on the holiday will, except in case of an emergency, be made not later than three (3) calendar days prior to the holiday. In the event insufficient volunteers are available, holiday work will be assigned on the same basis as overtime work.~~

(g) Holiday work and pay for part time employees will be governed by the provisions of Article 43.

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

ATTACHMENT 7.1 – PART TIME SCHEDULING

October 14, 1985

Mr. E. R. Koziatek
International Vice President
Transport Workers Union of America, AFL-CIO
Bldg. "A", Norwood Office Park
1501 N. Norwood Dr., Suite 125
Hurst, Texas 76053

Dear Ed:

This will confirm our discussions on the provisions of Article 43(d)(2) of the Labor Agreement effective September 1, 1985 pertaining to part time employees who may be scheduled for up to eight (8) hours on specified days. If any of these days should fall on a holiday and a reduced workforce is needed on these holidays, full time employees will have preference over such part time employees for eight (8) hour shifts on the actual holidays.

Very truly yours,

S. L. Crosser
Director
Employee Relations

SLC/jlh

Agreed:

E. R. Koziatek

ATTACHMENT 7.2 – HOLIDAY APPLICATION

December 1, 1992

Mr. Edward R. Koziatek
International Vice President – TWU
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Dear Ed:

This will confirm our discussions recently on the application of the holiday provision of the labor agreement when such holiday encompasses a vacation period including the days off at the end of the vacation period.

We have agreed that when such holiday falls within the vacation period including the days off at the end of the vacation period, employees observing their holiday on their first workday shall be grouped together for holiday work assignments with those employees whose holiday is on the same day either as a result of that day being the actual holiday or that day being the first workday following their scheduled day off. In essence, the provisions of Article 7 (c) and 7 (d) shall be treated equally in determining the staffing requirements. As examples:

———— July 4th holiday falls on Saturday.

———— Employee A is on vacation June 20th thru July 5th, Days off are Saturday/Sunday.

———— Employee B has days off Saturday/Sunday (July 4th and 5th).

Both employees are to be treated the same as far as the holiday work schedule on July 6th (holiday work/holiday off for both employees).

The same would hold true if the actual holiday fell on the Sunday or Monday.

———— Example 2:

Employee on vacation August 29 thru September 13. Labor Day is Monday September 7.

This employee's holiday would move to the next scheduled workday September 14 and the employee would either be scheduled to work or take a Holiday Off depending upon the requirements of the operation.

Nothing in the above is intended to modify nor change local practices on scheduling of vacations and/or holidays. This is intended to provide guidance and direction to resolve

~~those disputes on proper methodology of scheduling holiday work that encompasses a vacation.~~

Agreed:

Edward R. Koziatek	_____	S.L. Crosser
International Vice President	_____	Managing Director
Transport Workers Union	_____	Employee Relations

ARTICLE 8 – VACATIONS

(a) Employees will be entitled to and receive vacation allowance in accordance with the following:

(1) As used in this Article the term “year” is used to mean a calendar year.

(2) (A) The following vacation allowance will apply for ~~Fleet Service~~ employees:

Length of service as of December 31 of any year	Accrual rate per month during the year ending December 31	Maximum vacation accrual
Less than 5 years	½ work day	5 work days
5 years but less than 10 years	1 work days	10 work days
10 years but less than 17 years	1 ½ work days	15 work days
17 years but less than 25 years	2 work days	20 work days
25 years and over	2 ½ work days	25 work days
30 years and over	3 work days	30 work days

~~(B) The following vacation allowance will apply for Ground Service employees:~~

Length of Service As of Dec 31 of any Year	Accrual Rate Per Month During the Year Ending Dec 31	Maximum Vacation Accrual
Less than 5 years	four (4) hours	Forty (40) hours
5 years but less than 10 years	Eight (8) hours	Eighty (80) hours
10 years but less than 17 years	Twelve (12) hours	One hundred twenty (120) hours
17 years but less than 25 years	Sixteen (16) hours	One hundred sixty (160) hours

25 years but less than 30 years	Twenty (20) hours	Two hundred (200) hours
30 years and over	Twenty four (24) hours	Two hundred forty (240) hours

(3) In computing vacation eligibility under this Article:

In any calendar month, fifteen (15) calendar days or more of service with the Company will be considered a full month and less than fifteen (15) calendar days will not be considered.

Fractions of one-half a day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) The pay for such vacation will be at the pay, which the employee would normally have received at his regular hourly rate at the time the vacation is taken.

(c) ~~An Fleet Service~~ employee may select his vacation in its entirety in weekly increments. Preference for the period in which an employee will be permitted to take his vacations will be granted within each work unit in the order of Company seniority provided, however, that vacation schedules may be so arranged within each work group to not interfere with the requirements of the service. The Company will post requests for vacation preference for the following year on Company bulletin boards not later than October 15th of each year and employees eligible will list their preference not later than November 15th. The vacation periods will be assigned and posted on Company bulletin boards by December 1st, whenever possible. Any employee not expressing a preference will be assigned a vacation, if eligible. Except in emergency, an employee's vacation will commence immediately following his regularly scheduled days off.

(d) Vacation allowances will not be cumulative and vacation time to which an employee becomes entitled on December 31 of any calendar year will be forfeited unless taken during the following year. However, if an employee is requested by the Company in writing to forego his vacation during the year in which it is to be taken and has not received it by the end of that year, the employee will be entitled to his deferred vacation during the succeeding calendar year or to pay in lieu of same at the option of the employee, subject to the requirements of the service.

(e) An employee who takes a leave or leaves of absence which exceeds or the total of which exceeds sixty (60) calendar days during any calendar year will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of said leave or the total of the leaves which exceeds sixty (60) calendar days. However, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty. However, no employee will be required to

use his vacation while on IOD. An employee will choose from open vacation periods if any exist. Vacations not able to be accommodated by reassignment to an open week by the end of the calendar year will be paid out at the end of that calendar year.

(f) (1) In the event of termination of employment with the Company, an ~~Fleet Service~~ employee who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

Months of Svc in year of Term.	Accrual Rate Rate = X of Days Pay	1/2 Day X = 5/12ths	1 Day X = 5/6ths	1 1/2 Days X = 1 1/4th	2 Days X = 1 2/3rds	2 1/2 Days X = 2 1/12th	3 Days x = 2 1/2
1		0.5	1	1	2	2	3
2		1	2	3	3	4	5
3		1.5	3	4	5	6	8
4		1.5	3	5	7	8	10
5		2	4	6	8	10	13
6		2.5	5	8	10	13	15
7		3	6	9	12	15	18
8		3.5	7	10	13	17	20
9		4	8	11	15	19	23
10		4	8	13	17	21	25
11		4.5	9	14	18	23	28
12		5	10	15	20	25	30

~~(2) In the event of termination of employment with the Company, a Ground Service employee who has completed six (6) months of service with the Company will be paid for vacation not previously taken which he has earned and accrued up to the date of termination.~~

An employee who fails to give two (2) weeks' notice of resignation in writing, and the notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation not yet taken.

(g) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a) (2).

(h) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to the layoff. In no case will the vacation to

which the employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(i) An employee who has been awarded or assigned a vacation period will not have his vacation dates changed without his consent, unless he is notified of such change in writing thirty (30) days in advance of the starting date of his vacation. This will not apply in case of emergency; that is, an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet.

~~For Ground Service employees — If an employee transfers to a different station or work unit, any vacation he has scheduled, but not yet taken, will be scheduled in accordance with agreed upon local procedures. At those stations where no procedure governing the scheduling of a transferee's vacation exists, such a procedure will be established subject to mutual agreement between the Local Union and local management.~~

(j) An employee's scheduled days off during the week immediately following his vacation will be the same as his scheduled days off immediately preceding his vacation.

~~(k) — An employee may request a paid personal vacation day(s) (PV) of up to five (5) days per year. The Company will grant the days by seniority in accordance with agreed upon local procedures. At those airports where no procedure governing the granting of personal vacation days exists, a procedure will be established subject to mutual agreement between the Local Union and local management. Days used for personal vacation days will be deducted from the vacation day accrual to be awarded in the subsequent year's vacation. Requests for personal vacation will be granted in order of seniority within the work unit/group. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law. Personal vacation days will not be permitted on an employee's holiday.~~

(lk) Vacation allowance and rate of accrual for part time employees will be governed by the provisions of Article 43.

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

Attachment 8.1 – Reduced Vacation Application

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Reduced Vacation Application

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed how to implement the one week vacation savings in order to realize the savings in 2003 thereby avoiding additional decreases in pay or other work rule changes.

The basic principal of the transition application is that each employee with vacation remaining in 2003 will roll one (1) week of 2002's accrued vacation to use in 2004 thus reducing 2003 accrual by two (2) weeks. The application in effect combines vacation weeks from 2003 and 2004 which are then divided between the two years depending on whether or not the employee has already used some or all of his current vacation. The net effect is that we reduce the total weeks over the two (2) years by two (2) weeks.

The attached diagram on the attached page illustrates this application. It provides an example at each point from seven (7) weeks through two (2) weeks.

As part of the implementation and in order to realize the savings, employees will defer a week of 2003 vacation based on a certain allocation for each individual week. **Example:** Week of September 6 and 13, 2003. Station ABC will allow 6 employees to defer Sept. 6, 2003 and 6 employees for Sept. 13, 2003. This is to ensure the Company does not have too many of the same week deferred. To allow employees to select without a limitation could cause a scenario whereby Sept. 6 has 15 employees defer and Sept. 13 has only 4, thus, the vacation relief coverage would be skewed and the vacation relief headcount would not be balanced properly.

Once the procedures have been finalized, employees need to provide which week they would like to defer to local management no later than May 8, 2003. In the event, there are weeks made available after the deferral process is complete, local management in conjunction with the local union will work out a selection process for those available weeks.

~~For those employees, who as a result of the deferral and adjusted accrual do not have a week of vacation for 2004, can take time off without pay through a CS arrangement. We understand that for employees to work an entire year or more without a scheduled vacation should have time off and therefore strongly encourage these employees to utilize the flex vacation option which will be made available in October of 2003 for 2004 vacation.~~

Sincerely,

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

Agreed to this date:

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

See attached

Current Vacation (Weeks)	2003 Already Taken	2003 Remaining	2004	2005 and on
7	7	0	5	6
	6	0	6	6
	5	1	6	6
	4	2	6	6
	3	3	6	6
	2	4	6	6
	1	5	6	6
	0	6	6	6
6	6	0	4	5
	5	0	5	5
	4	1	5	5
	3	2	5	5
	2	3	5	5
	1	4	5	5
	0	5	5	5
	0	5	5	5
5	5	0	3	4
	4	0	4	4
	3	1	4	4
	2	2	4	4
	1	3	4	4
	0	4	4	4
4	4	0	2	3
	3	0	3	3
	2	1	3	3
	1	2	3	3
	0	3	3	3
3	3	0	1	2
	2	0	2	2
	1	1	2	2
	0	2	2	2
2	2	0	0*	1
	1	0	1	1
	0	1	1	1

Note:

~~* Employees with two weeks of vacation would still receive the four (4) days accrued through the Date of Signing (one day per month). Therefore, these employees would have some days to take in 2004.~~

~~-This scenario assumes that 2003 accrual is reduced by two weeks, and future accruals are reduced by one week.~~

~~-One week of vacation accrued in 2002 is deferred to 2004.~~

Attachment 8.2 – Flex Vacation

April 7, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Flex Vacation

Dear Jim:

~~During the recent negotiations for the restructuring of the AA/TWU labor agreements, the issue of Flex Vacation arose as it relates to the future application based on other changes to the AA/TWU agreements, such as wage rates, vacation accrual, etc.~~

~~To ensure both parties are clear on the matter, below are the questions as they have been posed and the Company's corresponding answer.~~

~~If an employee selected a flex vacation week or days in 2002 for use in 2003 and has not yet taken it, can the employee cancel the flex vacation and receive a refund on the wages that have been payroll deducted?~~

~~Employees will not be afforded an opportunity to cancel their flex vacation week in 2003 unless they meet the operational necessity requirement as determined by local operation. If they meet the operational necessity requirement the refund is made in the Month of December and the request for the refund is made in November.~~

~~Will the Company open up a window of opportunity to employees who did not select a Flex vacation week for 2003 to be able to do so?~~

~~Due to IRS constraints, we cannot offer another opportunity to purchase flex vacation for the year 2003.~~

~~With the changes to wages, will the payroll deduction for flex vacation pay back be reduced to reflect the new rates?~~

~~Yes, upon notification of ratification of the agreements, the Company will reduce the payroll deducted rates to reflect the new reduced rates. Due to implementation issues, the rate change will be effective June 1, 2003, however, it is contingent on receiving the necessary information by next week. Note: Since the original rates used for payroll deductions were the rates as of July 2002, some employees may have experienced a~~

~~pay increase which we do not nor ever have adjusted for. However, if the pay increase is greater than the reduced rate, the new payroll deducted rate will be based on the net salary increase.~~

~~If employees have already used their flex vacation for 2003, will the rates deducted from their paychecks be changed or left the same?~~

~~Due to system constraints, the rates will be reduced for all employees.~~

~~If you should have any questions, please contact me at 817-967-1447.~~

~~Sincerely,~~

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

ARTICLE 9 - PROBATIONARY PERIOD

(a) New employees will be considered on probation for one hundred and twenty (120) calendar days. ~~for Fleet Service employees and one hundred and eight (180) days for Ground Service employees.~~ In the event a probationary employee is granted a Leave of Absence, the probationary period will be extended by the number of calendar days equal to the period of the leave. Additionally, it is understood by the parties that the Company can release a probationary employee at any time without cause. An employee released under this section will have no right of appeal to an Area Board.

(b) An employee having qualified for promotion to a classification under this Agreement, who subsequently fails to successfully complete the required qualification test for that classification or fails to demonstrate the required ability will be returned to his previous classification and station, notwithstanding the provisions of Article 10 (h) of this Agreement.

(c) If any probationary employee is released and then reemployed within a period not exceeding his previous service, he will be credited with his prior service for purposes of Company, Occupational, and ~~Classification~~ **Pay** seniority as well as for purposes of completing his probationary period.

For example: An employee released on the sixty first (61st) calendar day of his probationary period and then reemployed ten (10) calendar days later will return to work with sixty one (61) calendar days of Company, Occupational and ~~Classification~~ **Pay** seniority and have fifty nine (59) calendar days remaining in his probationary period.

ARTICLE 10 - SENIORITY

(a) Company seniority will commence with the effective day of placement on the payroll.

(b) All references in this Agreement to "seniority" will mean Occupational Group Title Seniority, also referred to as Occupational seniority, except where specific reference is made to Company or ~~Classification~~ **Pay** seniority.

(c) Occupational Group Title seniority and Company seniority will begin to accrue from the date of first assignment (e.g. training, orientation, etc...) to a classification within any Title enumerated in Article 11 for a newly hired employee. ~~Classification~~ **Pay** seniority for a newly hired employee will begin to accrue when he is placed on payroll.

An incumbent employee who changes Title groups will begin to accrue Occupational and ~~Classification~~ **Pay** seniority beginning the Saturday prior to the date of first assignment in the new Title Group. If an employee begins work on a Saturday he will begin to accrue Occupational and ~~Classification~~ **Pay** seniority on that day.

(d) If an employee is transferred from one station to another, his seniority will not be broken.

(e) Occupational Group Title seniority will govern all employees in the case of promotion, demotion, transfer, retention in case of reduction in force, and reemployment after release due to reduction in force, provided that the employee's qualifications are sufficient for the conduct of the work in the classification to which he is to be assigned.

(f) An employee who, as of the date of this Agreement, accepts a position with the Company outside of the bargaining unit, and holds seniority, will retain, but not accrue his seniority for a period not to exceed one hundred and eighty (180) calendar days. An employee can only exercise this option once in a two (2) year period. This two (2) year period will begin the day the employee returns to the bargaining unit.

The employee must continue to pay union dues and may return to his former classification and station provided that he elects to return within one hundred and eighty (180) calendar days from the date he left the bargaining unit. In no event will the return of the employee directly result in the displacement of another employee in the classification to which he returns. If the employee is less senior than the most senior employee (in that classification and at that station) on layoff, he will be placed on layoff status.

An employee who exceeds one hundred and eighty (180) calendar days in a position outside of the bargaining unit will forfeit all Occupational seniority.

(g) An employee who accepts a temporary or acting assignment with the Company as a manager, supervisor or any special assignment outside the scope of this Agreement will not exceed a period of three hundred and twenty (320) hours for all time worked in any calendar year. No two three hundred and twenty (320) hour temporary assignments can be made successively i.e. within ninety (90) days. The total number of hours worked, including overtime, will be included for the purposes of this section.

An extension of hours may be granted by agreement between the Company and the Union.

(1) Time in a temporary or acting assignment in any calendar year will be counted toward the one hundred and eighty (180) calendar day retention period if a regular assignment is accepted in that calendar year. These applications will be subject to review by a panel composed of one AA and one TWU designated representative.

(2) An employee who exceeds three hundred and twenty (320) hours in any calendar year will forfeit all Occupational seniority.

The Company will provide to the Local TWU President a monthly report of those employees receiving MPR, or who have received MPR since the last reporting period, which will include accumulated hours.

(h) An employee having Occupational seniority who permanently accepts a position at his own request in a classification of work in another TWU Agreement within the Company will retain Occupational seniority in the classification and Title Group from which he transferred for a period of time not exceeding his service in the former Title Group. Retained Occupational seniority may be exercised only in the event of a reduction in force pursuant to the provisions of Article 15(b).

(i) When an employee, who is junior to another employee, is promoted over the other employee, the senior of the two employees will continue to retain his position on the seniority roster.

(j) The following procedure will outline the proper method for determining tie breakers for ~~of~~ for Occupational seniority **for initial** placement of TWU represented employees on the System Seniority list outlined in Article 13, in descending order:

- (1) Occupational seniority date
- (2) Earliest previous AA-TWU Occupational seniority date
- (3) Company seniority date
- (4) Birthday
- (5) Employee number (lowest to highest)

ARTICLE 11 - CLASSIFICATIONS AND QUALIFICATIONS

(a) Employees covered by this Agreement will be assigned to a classification within the following Title Groups:

- (1) Title III - Fleet Service
- ~~(2) Title IV - Ground Service~~

(b) The classifications included in Title III - Fleet Service will be as follows:

- (1) Crew Chief – Fleet Service Clerk
- (2) Fleet Service Clerk

~~(c) The classifications included in Title IV - Ground Service will be as follows:~~

- ~~(1) Crew Chief - Ground Serviceman~~
- ~~(2) Ground Serviceman~~

(d) The classification descriptions set forth below have been established by the Company and the Union for the purpose of determining to which particular classification specific work and duties will be assigned to an employee so classified. In establishing these classification descriptions, the parties recognize that the descriptions are not necessarily all-inclusive. When it is necessary to determine to which classification any undescribed work and duties will be assigned, the appropriate classification will be determined by where the majority of the normally assigned work and duties lie in the established classification descriptions.

Since the work of handling landing gear locks and fire extinguishing equipment when an aircraft is in a station, has not been incorporated in the classification description of Fleet Service Clerk, it will remain unclassified work which may be performed by employees under this and the Maintenance Agreement at stations to which they are assigned.

(1) CREW CHIEF – FLEET SERVICE CLERK and ~~GROUND SERVICEMAN~~

The Crew Chief will be responsible to management for the overall performance of the employees assigned to his crew, and the timely and satisfactory completion of work assignments by insuring that:

- A. Management instructions are promptly and correctly complied with.
- B. Employees assigned to his crew are properly utilized and instructed for the efficient performance of their daily work.

C. Work assignments are carried out in compliance with operational and safety procedures required by the policies of the Company and appropriate Governmental Regulations.

D. Required forms, records, reports and other paperwork are completed legibly and correctly.

E. Employees assigned to his crew use only those vehicles, tools and equipment on which the Company has determined them to be qualified.

F. Assigned equipment is in proper operating condition, scheduled for maximum utilization and operated properly for the purpose intended.

G. Hazardous conditions, unsafe practices, improperly functioning equipment and tools are immediately brought to the attention of management.

The Crew Chief will be responsible to management for insuring compliance with all Company policies, including those relating to personal conduct while on the job by those employees assigned to him.

In addition to the above, the Crew Chief will, upon request, assist management in areas such as, but not limited to:

- A. Periodic evaluation of operational requirements and performance.
- B. Operational planning and scheduling.
- C. Evaluation of training methods and techniques.
- D. Evaluation of equipment, vehicles and tools.
- E. Performance appraisal of employees by providing oral advice and comments.

The Crew Chief will be qualified in the duties of his classification and will be capable of performing these duties. He will assist his group in the performance of their duties, provided the assistance does not interfere with the performing of his primary responsibilities as described above. While he is performing the duties, his primary responsibilities will not be assumed by others. However, the above provisions do not preclude management from directing individual employees under non-routine circumstances or, in the absence of the Crew Chief, from the immediate work area. The Crew Chief may be required to demonstrate proper work methods, conduct on-the-job or classroom training, conduct meetings or indoctrinate employees in new or revised operational procedures and will communicate with other Company personnel as required in a manner designated by the Company.

Nothing in the above provisions is intended to amend or modify the provisions of Article 28(b) of this Agreement.

Any dispute arising out of the interpretation or application of this job description will be reviewed by a panel consisting of the Director Air Transport Division, Transport Workers Union, and the Vice President – Employee Relations, representing the Company, or their respective designees. The panel will issue a binding decision on such questions of interpretation or application. In the event the panel cannot agree, the issue will then be presented to and resolved by an arbitrator designated to hear such appeals.

(2) FLEET SERVICE CLERK

SUMMARY

The work of the Fleet Service Clerk classification, depending upon assignment, includes any or all of the following: Transporting cargo to and from aircraft including from the Company to other carriers, loads and unloads the cargo compartments of airplanes with cargo (such as mail, passenger baggage, air express, air freight, ballast, and Company material) according to a predetermined plan; warehouses, weighs air freight, stacks, picks up and delivers cargo; checks cargo handled against its accompanying forms to identify any mishandling or discrepancies, corrects routine errors and brings others to Crew Chief or supervisor's attention; safeguards cargo from weather. May receive, weigh and tag passenger baggage, including recording weight by flight. Checks Post Office forms for completeness and accuracy, corrects routine errors and follows through to correct other errors by requesting information from personnel who have handled the mail in question and by referring forms which do not balance to Crew Chief or supervisor. Equips airplane cabin for a flight according to check list specifications with equipment and supplies such as rugs, linen, blankets, literature, disposal and refuse containers and changes curtains, rugs, upholstery, etc., periodically, as required by their appearance; hand cleans the interior of airplanes by such operations as hand sweeping and dusting, emptying ash trays, using specialized cleaning fluids and materials to remove stains from upholstery, cleaning the inside of windows, cleaning and servicing lavatories and buffet disposal containers, and removing of refuse; follows check list and removes each item of equipment from airplanes by such operations as removing linen, blankets, literature and refuse; **may perform cabin searches and interior and exterior security checks**, loads and transports carts of equipment to and from ramp, dock or hangar or terminal areas; works inside terminal, hangar, ramp or dock area to complete such operations as checking the condition of, sorting, cleaning, counting, salvaging and/or storing equipment, and assembling kits, packets, etc., of cabin service equipment. May use vacuum cleaners and similar mechanized cleaning aids. Checks supply of cabin service items on board against checklist specifications and replenishes as required. Checks deliveries of supplies against requisition and brings discrepancies such as substitutions, shortages and damaged materials to supervisor's attention. Works according to Company regulations and procedures and instructions from Crew Chief or supervisor. Operates air-conditioning truck, drives or guides powered equipment on

ramp, warehouses, docks and in the hangar(s); has routine contacts with people outside the Company such as clerks in charge of AMF offices, personnel of other carriers; wears visual identification, uses powered equipment, such as cargoveyors, industrial tractors, forklifts, and motor scooters, etc.; uses manually operated equipment such as hand trucks, lavatory service carts, cargo and baggage carts, uses specialized cleaning fluids and equipment; uses hand tools such as pliers, fluids and equipment; uses hand tools such as pliers, screwdrivers for airfreight recouping; uses baggage or cargo scales. Completes forms connected with work assignments according to established procedures and will communicate with other Company personnel as required in a manner designated by the Company.

In addition to the above duties, performs the following duties as assigned: deicing of aircraft; cleaning of aircraft windshields; pushing out/towing of aircraft and related guideman functions; connecting/removing ground power and ground start units.

(3) — GROUND SERVICEMAN

~~The work of the Ground Serviceman classification, depending upon assignment, includes any or all of the following: Such operations as electrically grounding both aircraft and fuel truck, servicing aircraft with fuel, oil, and other fluids, draining aircraft fuel and oil tanks, taking stick readings, litmus and water tests of fuel tanks, checking fuel truck meter, filling fuel truck from storage tanks, driving fuel truck as required for aircraft and gasoline truck fueling operations, securing caps or valves after fueling operation; ordering deliveries of fuel and oil, operating tank storage farm, receiving and checking deliveries of fuel and oil; servicing ground and ramp equipment, including fuel pumps, hoses and assigned fuel truck to keep in operating condition, making a routine check of firefighting equipment on assigned truck at beginning of work shift; reporting need for repairs on equipment; assisting in loading, unloading and racking both filled and empty drums; hand trucking supplies. May climb on ladders, aero stands or wings in order to accomplish fueling operations. Works according to Company regulations and procedures and instructions from Crew Chief or supervisor. As may apply to work assignment, works with fuel and oil, uses equipment such as static lines, hoses, nozzles, measuring stick, pumping equipment, firefighting equipment; drives a fuel truck or industrial tractor trailer fuel truck; uses hand tools such as wrenches and pliers; has routine contacts with people outside the Company such as gas truck drivers and personnel of other carriers. Completes forms connected with work assignments according to established procedures.~~

~~In addition to the above duties, performs the following duties as assigned: de-icing of aircraft; cleaning of aircraft windshields; pushing out/towing of aircraft and related guideman functions; connecting/removing ground power and ground start units.~~

~~(e) — All Title IV Ground Serviceman vacancies not filled by 12(l) Title IV employees will be filled by Title III Fleet Service. Therefore, the description above will apply to Title III Fleet Service employees filling these vacancies, in addition to Title IV employees.~~

~~(f) All Title II Cabin Cleaner vacancies will be filled by Title III Fleet Service. Therefore, the description below will apply to Title III Fleet Service employees filling those vacancies in addition to the description in paragraph (c)(2) above:~~

~~(1) All International aircraft operations using dedicated cabin cleaner crews arriving from or departing to a city outside of the United States, Canada, Mexico and San Juan / U.S. Virgin Islands.~~

~~(2) All aircraft scheduled for dedicated overnight cleaning (e.g., Level 1 and fleet work such as periodic, upholstery exchange, carpet exchange, etc.)~~

~~(3) Depending upon assignment, may include any or all of the following: performs those functions required for the provisioning and cleaning associated with dedicated overnight (e.g., Level 1 and fleet work) and International cabin cleaning (e.g., BXT bill of work). (see attachment 11.1)~~

(g) In the interest of cleanliness and safety, employees working in jobs in each of the classifications set forth above will be required to perform, as they always have performed, those housekeeping functions incident to their job as to work area, wiping tools and equipment.

(h) The Company or the Union may propose in writing to the other a specific change in any established classification description. The proposed change will be discussed by the parties and if agreed upon the classification description will be changed in accordance with the arrived-at agreement. Any agreed to change made will be expressed in the form of a written amendment.

There may be times when as a result of new work or a change in work process the Company will reassign work and duties that have been performed under one classification to another classification, and so notify the Union, if the work and duties are consistent with the majority of the work and duties of the latter classification and not an action requiring a change in a classification description. If the Union considers otherwise, the Union may protest the action in writing, setting forth its reasons, and the matter will be discussed between the Company and the Union within thirty (30) calendar days from the date the written protest was received by the Company. If the protest is not resolved through the discussion, the Company may place such change in effect and the Union may then appeal to the System Board of Adjustment in accordance with the provisions of Article 29(e).

(i) Whenever and wherever qualifying tests are used to determine the competency of an employee for promotions, these tests will be prepared by the Company. ~~Written portions of qualifying tests will be of the multiple choice type. Copies of qualifying tests and of any revised or any new qualifying tests will be furnished to the Union in soft copy form, prior to their use. When the Union has objections to any portions of any revisions or of any new qualifying tests, the objections may be discussed by the Union with the Company upon thirty (30) days' notice from~~

~~the date the tests are received. If agreement concerning the objections cannot be reached,~~ the tests may be placed in effect and the Union may take up the disputed points as a grievance under Articles 31 and 32 of the Agreement.

It is agreed that the Qualifications Administration Manual will be revised to indicate the test items which would be included under Part III (Job Procedures-Performance) for Title III Crew Chief-Fleet Service Clerk vacancies would be selected from the duties performed by the work unit to which the employee is assigned, regardless of the duties of the work unit where the posted vacancy exists. This provision will apply to qualifications tests for vacancies in Title III Crew Chief-Fleet Service.

(j) The Company will ~~immediately~~ furnish the International Union with a ~~twenty-one (21)~~ **soft copies** of its Qualifications Administration Manual. Further, the Company will immediately furnish the International Union with a ~~twenty-one (21)~~ **soft copies** of any additions, deletions or changes subsequently made.

The International Union will have thirty (30) calendar days from the date of receipt of the manual and subsequent additions, deletions or changes which may be made, to notify the Company in writing of any objections as to the requirements and qualifications standards established in the manual.

In the event of objections, the Company will continue **with the implementation of their additions, deletions and/or changes** ~~its established requirements or qualifications standards in effect,~~ and the Union may appeal its objection to the System Board of Adjustment in accordance with the provisions of Article 29, (e).

(k) During the term of this Agreement, the Company will not continue for any period of more than two (2) months with fewer employees in ~~each of~~ the respective Crew Chief classifications in ratio to the number of employees in the appropriate non-bid classification(s) than one (1) Crew Chief for 9 Fleet Service Clerks ~~or Ground Servicemen~~ based on a system aggregate within each Title Group. The ratios will apply throughout the United States and not to a group of employees at any particular location. The Company will provide the Union with a listing of the total number of employees in each of the classifications under the Agreement as of the 15th day of each month.

Should it become necessary to increase the number of employees in a Crew Chief classification to meet the requirements of this paragraph, the additional Crew Chief jobs will be posted immediately. The Company will post the jobs for a station or stations among those with fewer employees in the Crew Chief classification in ratio to the number of employees in the appropriate non-bid classification(s) as compared to the 1:9 system ratio..

<u>Crew Chief Classification</u>	<u>Appropriate Non-Bid Classification</u>
Crew Chief – Fleet Service Clerk	Fleet Service Clerk

~~Crew Chief – Ground Serviceman~~ — ~~Ground Serviceman~~

(l) Notwithstanding any provision in this Agreement, the Maintenance Agreement or the Stores Agreement, the Company may assign or schedule any employee to perform work of any classification under this Agreement, the Maintenance Agreement or the Stores Agreement; provided, however, the Company will not assign Fleet Service Clerks to do that work now performed by Building Cleaners.

(1) An employee who performs two (2) or more hours of work during his daily tour of duty in a higher classification within his Occupational Title Group (i.e. Crew Chief – Fleet Service Clerk) having a higher top hourly chart rate than the classification in which he is regularly employed will be compensated at his regular hourly rate plus \$1.50 for Fleet Service Clerks and ~~\$1.75 for Ground Servicemen~~ per hour bid position differential as outlined in Article 4 for only the hours worked in the higher capacity.

(2) An employee who performs two (2) or more hours of work during his daily tour of duty in a classification in a different Occupational Title Group in the Maintenance Agreement or in the Stores Agreement having a higher top base hourly rate than the classification in which he is regularly employed will be compensated at his regular hourly rate provided that rate exists in the higher classification scale. If that rate does not exist, he will receive the nearest higher hourly chart rate in that classification for his entire tour of duty.

(3) An employee who works in a classification having the same or a lower hourly rate than his own classification will continue to receive his regularly hourly rate.

(4) Notwithstanding paragraph (k) above, in those cities where there are fewer than ~~2,555~~ **5475** annual scheduled departures, any Fleet Service employee may be assigned or scheduled to perform work in any classification under this Agreement, the Maintenance Agreement or the Stores Agreement. The determination of the scheduled departures will be made each January 1 and July 1 and will consider the prior twelve (12) month period.

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

**ATTACHMENT 11.1 – CONTRACTING OUT RON/ULTRACLEAN AIRCRAFT CABIN
CLEANING**

MOVED TO BECOME ATTACHMENT 1.XX

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Contracting Out RON / ULTRACLEAN Aircraft Cabin Cleaning

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed the Company's interest to contract out certain work currently performed by TWU represented employees in order to provide structural savings.

In these discussions RON and Ultraclean were two areas currently performed by TWU represented Fleet Service employees that we have agreed will be outsourced. We have also agreed that the initial implementation of this provision will occur within sixty (60) calendar days from date of ratification. Outsourcing of this work that is not accomplished within the sixty (60) calendar days mentioned above will not require an offset of the savings by the TWU.

The work identified in this understanding is that work assigned a Level 1 Bill of Work on overnight aircraft or designated an "Ultraclean". This work includes cleaning, stocking, shampooing of rugs, and conducting the required security checks.

Level 1 BOW or "Ultraclean" with scheduled arrivals after 0800 will be performed by day line Fleet Service except in OSO situations.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little _____
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

ARTICLE 12 - PROMOTIONS AND JOBS TO BE POSTED TRANSFERS

(a) A promotion to a classification, which is subject to bidding, will be made by the appointment of the most senior qualified employee who bids for the vacancy. Qualifications for promotion will be established by the Company and may include such reasonable measurable standards as are beneficial to the efficiency of the Company's operations and to the employees. Additionally, a successful candidate must demonstrate his ability to speak, read and write English fluently.

To be considered eligible for promotion to a Crew Chief vacancy in San Juan, Puerto Rico, an employee must demonstrate his ability to speak fluently both English and Spanish.

(b) After the provisions of Article ~~45~~ **46** (One-Station Agreement) have been exhausted, subsequent vacancies in the following classifications will be subject to bidding: Crew Chief Fleet Service Clerk, ~~and Crew Chief Ground Serviceman.~~ Notices of such vacancies will be **posted via the Automated Crew Chief System which is accessible on Jetnet on all bulletin boards in all shops and work units at stations within the United States and San Juan, Puerto Rico where employees covered by this Agreement are employed.** The notice of vacancy will state whether the vacancies or jobs are expected to be regular or temporary, the number of jobs to be filled, the station or location, and will specify a deadline date (bid closing date) for submission of bids. The closing date will be ten (10) calendar days after the posting date. Bids ~~will~~ **may** only be submitted via ~~United States Postal Service using Certified Mail, Registered Mail or Express mail and return receipt requested.~~ **the Automated Crew Chief System by the closing date.** ~~Bids postmarked after the closing date or sent via other means will not be considered.~~

(c) An employee bidding for more than one vacancy will indicate the order of his preference on each bid, and if he is the senior bidder for more than one vacancy he will have the opportunity to qualify only for the vacancy ranked highest in his preference. Bid preferences will only be considered for vacancies that have the same closing date. All bids are awarded in bid number order.

(d) ~~After ten (10) calendar~~ **One (1) days after** ~~from the closing date and no longer than fifteen (15) calendar days,~~ an employee will be awarded the posted job. The Company will **post the award via the Automated Crew Chief System,** ~~within fifteen (15) calendar days, of the award send each station a notice to be posted on the bulletin board at the station showing the name and seniority date of the employee selected to fill the job.~~ **The employee will have seventy two (72) hours to accept or decline the award.** Once an employee has accepted a bid award ~~in~~ **via the Automated Crew Chief System** ~~writing he may neither~~ **not** refuse the award and must report nor may the Company rescind the bid. The effective date of reclassification will be the date the employee accepts the bid award **for those employees awarded locally. For those employees outside the station accepting the bid award, the effective date of reclassification will be the report date.**

(e) If the selected employee is based in a station other than the station where the posted job is to be filled, the Company will furnish space-available transportation for the employee and for the members of his immediate family, to the extent permitted by law, from his current station to his new station. Other expenses incident to the transfer will be the responsibility of the employee.

(f) An employee who has successfully bid for a posted job and who successfully completes the qualifying test(s), and meets all other requirements and qualifications will not be held on a trial basis on his new assignment for a period longer than one hundred eighty (180) calendar days and may be demoted or returned to his former assignment in the event of his inability to perform his duties in a satisfactory manner. All employees successfully bidding a Crew Chief position will be required to have their performance evaluated by a review panel prior to the last day of their one hundred eighty (180) calendar day trial period. The Transport Workers Union is invited to participate on this panel in accordance with procedures to be decided upon. Employees who fail to meet performance expectations will be demoted as outlined below. The decision of the review panel will be final and binding, not subject to review under the grievance procedures. In the event that he is demoted, he may return at his own expense to his former classification and station. He may also, at his own expense, opt to be demoted to his former classification at his current station or take a vacancy that exists on the system in his former classification for which he is qualified provided he has the necessary seniority to obtain the vacancy. Additionally, he will not, for a period of twelve (12) months after the demotion, bid for a vacancy in the same classification.

(g) An employee has the right to bid in his own classification at any other station or work unit, but having filled a posted vacancy will not bid another vacancy in his classification for a period of twelve (12) months.

(h) During the interim required to post and fill a bid vacancy, the Company may select an employee to fill the vacancy on an acting basis. The Company will maintain pre-qualified lists in each of its work units at each station comprised of those employees regularly assigned to that work unit who successfully complete the qualifying test(s), meet all other requirements and qualifications and signifies their desire to be considered for the filling of acting Crew Chief vacancies under this paragraph. An employee on a pre-qualified list who is regularly assigned to that work unit / shift will be proffered an acting bid vacancy in order of his Occupational seniority. In the event there are insufficient volunteers, the most junior employee on the pre-qualified list will be assigned.

(1) The Company will periodically administer qualifying tests for the positions involved to the employees who have indicated a desire for pre-qualification, subject to operational needs. Additionally, an employee who has not been provided an opportunity to take the qualifications test will be considered to fill acting vacancies in accordance with his seniority, until he is provided an opportunity to test. An employee so situated who repeatedly refuses an acting

assignment will be removed from the pre-qualified list for a period of six (6) months.

(2) In the event there are no such employees, the most senior qualified employee regularly assigned to that work unit/shift will be selected to fill the vacancy on an acting basis.

(3) Employees selected to fill vacancies on an acting basis will be entitled during the period so assigned to compensation at a rate not less than that at which the job is rated. An employee assigned during the bidding procedure to an acting job in a lower classification than at which he is rated, will not have his compensation reduced to that of the lower classification.

(4) Qualifying tests may be conducted at any station where the necessary personnel and equipment are available. Testing will normally be accomplished during an employee's regular working hours. If an employee is required to take a test at any station other than his base station, or outside the employee's regular working hours his compensation and travel expenses will be authorized and paid in accordance with Article 23 and the appropriate Company regulations.

(i) When a bid vacancy is not expected to exceed sixty (60) calendar days, the Company may select an employee to fill the vacancy on an acting basis without posting the job. This bid vacancy will be filled in accordance with Article 12(h).

(1) When a bid vacancy is expected to exceed sixty (60) calendar days, or is filled continuously for sixty (60) calendar days under Article 12(h), the Company may select an employee to fill the vacancy by posting it for bid and only qualified full time and part time employees blended in occupational seniority order at the airport or work unit where the vacancy exists will be eligible to bid. No temporary bid vacancy filled by a local bid will be filled for longer than one year unless extended by mutual agreement between the Company and the Union.

(2) An employee selected to fill a vacancy temporarily will be entitled, during the period so assigned, to compensation at a rate not less than that at which the job is rated.

(3) If, at any time a bid vacancy filled on acting or temporary basis becomes regular the Company must post the vacancy on the system. Furthermore, at the end of a temporary bid the Company must either no longer fill the vacancy or post the vacancy on the system.

(4) Nothing in this Article will require the Company to call in an employee on an overtime basis to fill any bid vacancy, whether acting or temporary.

(5) The provisions of Article 12(f) will apply when an employee has successfully bid for a temporary vacancy under this paragraph.

(j) An employee who is assigned to a temporary or acting bid vacancy under the provisions of this Article will, upon discontinuance of the temporary or acting position, be returned to his former position.

(k) An employee who is transferred from one point **station** to another at the request of the Company will be transferred at Company expense, in accordance with Company regulations.

Transfers

Eligibility

(l) An employee may request a transfer ~~within his current classification from one station to another~~ to fill a regular full time or part time vacancy not subject to bidding, provided that the employee's qualifications are sufficient for the conduct of the work to which he is to be assigned. An employee will be permitted to transfer before a new employee is hired at that station, ~~in accordance with Attachment A, B and C of this Article, provided:~~

(1) He has successfully completed the probationary period.

(2) He has ~~submitted a written~~ **an active transfer request on file via the online transfer system on Jetnet** for transfer to his supervisor not less than ~~fifteen (15) calendar days prior to transfer date,~~

(3) He has not completed or ~~refused~~ a transfer within the six-month period preceding the transfer date **(See Attachment B)**.

~~(4) Each January 1 and July 1 a request for transfer not submitted within the preceding thirty (30) days will be voided and it will be necessary for a new request to be submitted, and~~

~~(4) (5) Once a~~ **An employee has accepted will be notified of his transfer award via the online transfer system and a transfer award in writing he may neither refuse and his Supervisor will arrange for his release and report date as outlined in Attachment A 12.4.** ~~must report to his new station nor may t~~ **The Company may not rescind the transfer once awarded.**

~~(5) (6)~~ The Company at its option may fill a vacancy created by the transfer of an employee.

(6) ~~(7)~~ The transfer restrictions outlined in paragraph ~~(2)~~ and (3) will be waived before hiring new employees in accordance with Attachment B of this Article.

The Company will, upon granting an employee's request for transfer, furnish space-available transportation for the employee and for the members of his immediate family, to the extent permitted by law, from his current station to his new station. Other expenses incident to the transfer will be the responsibility of the employee. A copy of each request for transfer from one station to another will be furnished the ranking local Union representative at the station to which a transfer is being requested. Crew Chiefs will be permitted under this provision to transfer to an appropriate non-bid classification in their Occupational Title Group in accordance with the Attachment A and C of this Article.

Order of Filling a Full Time Vacancy in Fleet Service

Full time vacancy(s) will be filled by the most senior qualified employee(s) requesting to fill such a vacancy(s) in accordance with the following order of preference:

(1) Apply One Station Agreement provisions under Article 46;

(2) System surplus employees (either full time or part time) in the same classification provided they are senior to the most senior employee holding recall rights to that full time classification;

System surplus part time employees electing a full time vacancy will also be subject to the following:

a. Any part time employee selecting a full time vacancy as an option on this bump sheet will be blended with the tentatively awarded 12(Ix) at that city.

b. The Company will match those tentative awards outlined above for those part time employees against those employees requesting a full time position in that city with a full time vacancy. The full time vacancy will be given to the senior employee(s) (either those part time employees affected by the reduction in force or the local part time employees with a valid 12(Ix) on file for a full time position at that city).

c. If the vacancy is awarded to the local employee, the employee out of the station that was affected by the reduction in force and elected that vacancy as an option on his bump sheet will be allowed to exercise his next option on their bump sheet.

(3) Employee with recall rights to the full time Fleet Service Clerk position;

(4) The following blended in seniority order:

a. Employees in a full time bid classification status in the same station requesting a voluntary demotion under the provisions of Article 12(n).

b. Transfer requests of full time employees currently on payroll in the same classification in other stations (Article 12(l)) blended in seniority order with part time employees' transfer requests (12(ix)) in the same classification within the station with the vacancy.

c. Active part time employee in the same classification outside the station and have a transfer on file to the station with the vacancy.

(5) Active employee who has a valid transfer from one classification to another at their own station (12m).

(6) Active employee who has a valid transfer from one classification to another at another station.

(7) Employee on layoff status in the same classification in which the vacancy exists and who submits a transfer request after being laid off adhering to all procedural and qualification requirements under Article 12(l).

(8) Employee on layoff status in a classification other than the classification in which the vacancy exists who submits a transfer request after being laid off and who meets all procedural and qualification requirements under Article 12(m).

(9) Transfer requests by an employee currently in the Simulator Technician or Instructor Agreements.

(10) New hire.

(m) Subject to the provisions of the Agreement to which an employee desires a transfer, and after the provisions of Article 12(l) of this Agreement have been exhausted an employee may request a transfer from a classification covered by this Agreement to fill a regular full time or part time non-bid vacancy in the Maintenance Agreement, Stores Agreement, **Simulator Technician Agreement, Instructor Agreement** or the **Maintenance Control Technician** ~~Technical Specialist Agreement~~, provided he first meets the following requirements **pursuant to the terms and conditions of that particular agreement.**

(1) He has successfully completed his probationary period;

~~(2) He has submitted a written request for transfer not less than fifteen (15) calendar days prior to the date of a transfer award;~~

(32) He has not completed or refused a transfer within the six-month period preceding the transfer date;

~~(4) Each January 1 and July 1 a request for transfer not submitted within the preceding thirty (30) calendar days will be voided and it will be necessary for a new request to be submitted;~~

(53) A vacancy created by the transfer of an employee may be filled or left unfilled by the Company at its option;

(64) Once an employee has accepted a transfer award in writing, he may neither **not** refuse and must report to his new station nor may the Company rescind the transfer, and;

(75) The transfer restrictions outlined in paragraph (2) will be waived before hiring new employees in accordance with Attachment B of this Article.

Selection for the vacancies described in Article 12(m) will initially be confined to employees in the title group in which the vacancy exists in the order of their relative seniority, but will be filled as follows:

(1) The first group to be considered for the transfer will be those employees within the same Occupational Title Group and located at the same station or stations covered under the one-station agreement as the vacancy;

(2) The second group to be considered for the transfer will be those employees within the same Occupational Title Group as the vacancy but located at a different station than the vacancy;

(3) The third group to be considered for the transfer will be those employees in a different Occupational Title Group as the vacancy, but located in the same station or stations covered under the one station agreement as the vacancy;

(4) The final group to be considered for the transfer will be those employees in a different Occupational Title Group and located at a different station than the vacancy.

In the event two or more employees have the same Occupational Title Group seniority, Company seniority will determine the selection.

Employees transferring into the Fleet Service Agreement will be considered for regular full time or part time non-bid vacancies in accordance with Attachments A, B and C provided:

(1) He has successfully completed his probationary period;

~~(2) He has submitted a written request for transfer not less than fifteen (15) calendar days prior to the date of a transfer award;~~

~~(3) He has not completed or refused a transfer within the six-month period preceding the transfer date;~~

~~(4) Each January 1 and July 1 a request for transfer not submitted within the preceding thirty (30) calendar days will be voided and it will be necessary for a new request to be submitted;~~

(5) A vacancy created by the transfer of an employee may be filled or left unfilled by the Company at its option;

(6) Once an employee has accepted a transfer award in writing, he may neither **not** refuse and must report to his new station nor may the Company rescind the transfer; and

(7) The transfer restrictions outlined in paragraph (2) and (3) will be waived before hiring new employees in accordance with Attachment B of this Article.

(n) An employee may request a demotion from the position of Crew Chief, in accordance with Attachments A, B and C in this Article. An employee successfully requesting this demotion will not be permitted to bid for another vacancy in that classification for a period of twelve (12) months following the effective date of the demotion.

(1) An employee demoted for cause, will not be permitted to bid for another vacancy in this classification or serve in an Acting Crew Chief position for a period of twelve (12) months following the effective date of such demotion and must successfully complete the qualifying test(s), meet all other requirements and qualifications to act or bid on future vacancies. When

demoted for cause an employee will be returned to his former classification at his current station.

(2) ~~Fleet Service~~— The Company will offer a fifteen (15) day open window in March every twelve (12) months for any Crew Chief to self-demote. Following this self-demotion window, the jobs to be vacated by the self-demotion process will be posted for bid and awarded on a local airport basis only. If more employees desire to self-demote, than those bidding for the jobs at that airport, self-demotions will be limited to the number requesting to backfill the positions from that airport. If insufficient local bidders are available, the self-demotions will be permitted in seniority order up to the number of bidders. The effective date of this reclassification will be the first day of work in the new job.

Crew Chiefs self-demoting through the special self-demotion process will be required to wait for a period of twelve (12) months to bid another regular or temporary vacancy or function as an Acting Crew Chief.

~~(3) Ground Service~~— ~~The Company will offer a fifteen (15) day open window in March every 3 years, beginning in March 2002, for any Crew Chief to self-demote. Following this self-demotion window, the jobs to be vacated by the self-demotion process will be posted for bid and awarded on a local city basis only. If more employees desire to self-demote, than those bidding for the jobs at that city, self-demotions will be limited to the number requesting to back fill the positions from that city. If insufficient local bidders are available, the self-demotions will be permitted in seniority order up to the number of bidders.~~

~~A Crew Chief who exercises the self-demotion process will be prohibited from bidding a Crew Chief position, and from serving as an acting Crew Chief for two (2) years from date of demotion.~~

(o) An employee who desires to promote to a higher classification under the provisions of Article 12(m) must pre-qualify by successfully completing the required pre-qualification test for that classification in accordance with the Qualification Administration Manual.

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

ATTACHMENT A

(April 2, 1996 revised)

Full time vacancy(s) will be filled by the most senior qualified employee(s) requesting to fill such a vacancy(s) in accordance with the following order of preference:

a. ~~System surplus employees (either full time or part time) in the same classification, provided they are senior to the most senior employee holding recall rights to that full time classification. System surplus part time employees electing a full time vacancy will also be subject to the following:~~

~~1. Any part time employee selecting a full time vacancy as an option on this bump sheet will be tentatively awarded the vacancy in order of seniority of those employees affected by the reduction in force. The options of all other employees will be awarded in order of seniority.~~

~~2. After the awards are completed, the Company will match those tentative awards outlined above for those part time employees successfully electing a full time position against those employees requesting a full time position in that city with a full time vacancy. The full time vacancy will be given to the senior employee(s) (either those part time employees affected by the reduction in force or the local part time employees with a valid 12(lx) on file for a full time position at that city).~~

~~3. If the vacancy is awarded to the local employee, the employee out of the station that was affected by the reduction in force and elected that vacancy as an option on his bump sheet, will be assigned a resulting part time vacancy at the receiving city. This employee must, at this time, agree to take the position or take layoff. If the employee awarded the position fails to relocate to the elected city, he will be terminated and will forfeit recall rights and relocation expenses.~~

b. ~~Employee with recall rights to a full time position.~~

~~c. The following blended in seniority order:~~

~~1. Employees in a full time bid classification status in the same city requesting a voluntary demotion under the provisions of Article 12(n) will be offered full time vacancies.~~

~~2. Transfer requests of employees currently on payroll in the same classification in other cities (Article 12(l)) blended in seniority order with part time employees' transfer requests in the same classification within the city with the vacancy.~~

~~3. Active part time employees in the same classification and city as the vacancy and have a 12(lx) transfer on file.~~

~~d.——Transfer requests under Article 12(m) have been processed (active or laid off employees who have a valid transfer from one classification to another at their own station).~~

~~e.——Transfer requests by employees on the payroll who desire to fill a vacancy in another classification at another station have been processed, this expands on the current terms of Article 12(m).~~

~~f.——Transfer request by an employee on layoff status in the same classification in which the vacancy exists and who submits a transfer request after being laid off adhering to all procedural and qualification requirements under Article 12(l).~~

~~g.——Transfer request by an employee on layoff status in a classification other than the classification in which the vacancy exists who submits a transfer request after being laid off and who meets all procedural and qualification requirements under Article 12(m).~~

~~h.——Transfer requests by an employee covered by an Agreement other than the Fleet Service, Stores, Technical Specialist or Maintenance Agreements.~~

~~i.——New hire.~~

ATTACHMENT A (Revised)

DOS

**Mr. Robert F. Gless
Deputy Director - ATD
American Airlines System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

**Re: PROCEDURES FOR TRANSFERS
TITLE III**

Dear Robert,

The Company and the TWU have agreed to implement the following procedures in order to clarify the transfer process. Due to the criticality of verifying employees background history, many employees have transferred to stations only to be informed by outside agencies that they have not been approved with credentials to work at their new station. This new procedure will ensure that an employee is aware of their status of clearance prior to the employee relocating to the new station.

- 1. The procedures only apply to transfers.**
- 2. The procedures apply to those employees covered under the agreement between American Airlines and the Transport Workers Union covering Fleet Service employees.**
- 3. The procedures will be handled between the stations (as they are today) i.e., report dates, report locations, etc.**
- 4. On the date the employee is notified of the transfer award the employee must report to his new station for the purpose of completing all necessary requirements to work at that station no later than his first days off following the notification. This includes, but is not limited to, fingerprinting for SIDA access and criminal history background checks for U.S. Customs and approved U.S. Customs seals. The employee may also be required to complete any AA administrative information during this visit.**
- 5. Upon completion of #4 as noted above, the employee will return to his/her station and await approval of all background checks, etc.**

6. Once approved, the employee will be given a report date by his/her Supervisor.
7. If not approved, the employee will remain in his/her station. Under the AA/TWU agreement, this will not be treated as a refusal of transfer by the employee or a rescission of transfer by the Company.
8. If the employee fails to complete the process in a timely manner, as outlined above and the employee does not complete the transfer, this will be considered as a voluntary resignation by the employee.
9. Employees will be provided a round trip A12 Company business pass for the purpose of completing the administrative requirements as outlined above.
10. All travel will be completed on the employee's own time. The employee may either complete the requirements on his days off or seek other unpaid opportunities, i.e., Change of Shift (CSO).
11. Since security offices are closed on weekends, for those employees who have Saturday/Sunday off, the Company may change the employee's days off for that specific week to Sunday/Monday unless other arrangements are made.
12. It is understood and agreed that this procedure will be in effect for six (6) months from the date of signing as indicated below. Additionally, the parties agree to meet and discuss the procedures within sixty (60) days of the end of the six (6) month period. At that time, the parties may mutually amend the policy or, in the event the parties are unable to agree, either party may elect to terminate the procedure in its entirety.

Agreed to:

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

James B. Weel
Managing Director
Employee Relations

cc: Tim Gillespie
TWU/ATD

ATTACHMENT B

(July 16, 1991 **DOS** revised)

A review of the applications of Articles 12(l), 12(m) and 12(ix) and the requirement to wait 6 months after completing one of these transfers prior to submitting and/or eligibility for another. The parties agreed that each of these paragraphs is a separate and distinct contractual right. The following is a simplified chart outlining our understandings:

1. An employee who desires a 12(ix) - Part Time to Full Time/Full Time to Part Time transfer at his station:

An employee who:	Six-month wait required:
Has not completed probation	No
Completed or refused a previous 12(ix) at the station	Yes
Completed or refused a 12(l) transfer into the station	No
Completed or refused a 12(m) transfer within or outside into another the station	No

2. An employee who desires a 12(l)-Station to Station transfer:

An employee who:	Six-month wait required:
Has not completed probation	Yes
Completed or refused a 12(ix) transfer at the station	No
Completed or refused a 12(l) transfer into the station	Yes
Completed or refused a 12(m) transfer within the station	No
Completed or refused a 12(m) transfer in from outside the station	Yes

3. An employee who desires a 12(m) Change of Classification at his station:

An employee who:	Six-month wait required:
Has not completed probation	Yes
Completed or refused a 12(ix) transfer at the station	No
Completed or refused a 12(l) transfer into the station	No
Completed or refused a 12(m) transfer from within or outside the station	Yes

4. We have agreed that employees affected by a reduction in force and located to a different city, may 12(m) back to their original city without any waiting period.

5. We have agreed that where a six month wait is required above, this requirement may be waived upon mutual agreement between Employee Relations, **the applicable operating management** and the International TWU prior to hiring new employees. The Union must receive a written request from an employee who desires this exception.

ATTACHMENT C

(March 24, 1999 revised)

Crew Chiefs may self-demote under 12(n), after they have successfully completed the 180 day trial period, by exercising their seniority under ~~Attachment A~~ of Article 12(I) and the provisions outlined in Article 43(c).

The following identifies the appropriate six month wait requirements for transfer following the corresponding 12(n) self-demotion:

1. You have self-demoted within classification and station:
Six-month wait not required to transfer under 12(l), 12(m) or Shop to Shop.
2. You have self-demoted within classification, out of station:
Six-month wait required to transfer under 12(l), 12(m) or Shop to Shop.
3. You have self-demoted out of classification, within station:
Six-month wait required to transfer under 12(l), 12(m) or Shop to Shop.
4. You have self-demoted out of classification and station:
Six-month wait required to transfer under 12(l), 12(m) or Shop to Shop.

Note: Eligibility for transfer with regard to changes in status [12(lx)] is covered in the Attachment B of Article 12.

Examples of self-demotions and transfer requests as outlined in Attachment C above:

1. Within classification and station:
 - a. Crew Chief -Fleet Service at DFW self-demotes 12(n) to Fleet Service Clerk at DFW. Self-demotion is within classification and station. Six-month wait not required to transfer 12(l) Fleet Service out of DFW or 12(m) to another classification within DFW or out of DFW.
 - b. Crew Chief- Stock Clerk at TULE self-demotes 12(s) to Stock Clerk at TULE. Self-demotion is within classification and Station. Six-month wait not required to transfer 12(l) Stock Clerk out of TULE, 12(m) to another classification within TULE or out of TULE or Shop to Shop at TULE.
 - c. Crew Chief-AMT at TULE self-demotes 12(n) to AMT at TULE. Self-demotion is within classification and station. Six month wait not required to transfer 12(l) AMT out of TULE or 12(m) to another classification within TULE or out of TULE or Shop to Shop at TULE.

2. Within classification, out of station:

- a. Crew Chief- Automotive at SJC self-demotes 12(n) to Automotive Mechanic at SF0. Self-demotion is within classification, but is out of station. Six-month wait required to transfer 12(l) Mechanic (Facilities or Automotive) out of SF0 or 12(m) to another classification within SF0 or out of SF0.
- b. Crew Chief- Fleet Service at DFW self-demotes 12(n) to Fleet Service Clerk at LAS. Self-demotion is within classification, but is out of station. Six-month wait required to transfer 12(l) Fleet Service Clerk out of LAS or 12(m) to another classification within LAS or out of LAS.
- c. Crew Chief- Cabin Cleaner at ORD self-demotes 12(n) to Cabin Cleaner at DFW. Self-demotion is within classification, but is out of station. Six-month wait required to transfer 12(l) Cabin Cleaner out of DFW or 12(m) to another classification at DFW or out of DFW.

3. Within station, out of classification:

- a. Crew Chief- Aircraft Cleaner at AFW self-demotes 12(n) to Parts Washer at AFW. Self-demotion is within station but out of classification. Six-month wait required to transfer 12(l) Parts Washer out of AFW, 12(m) to another classification at AFW or out of AFW or Shop to Shop at AFW.
- b. Crew Chief- Stock Clerk at TULE self-demotes 12(s) to SRP at TULE. Self-demotion is within station, but out of classification. Six-month wait required to transfer 12(l) SRP out of TULE, 12(m) to another classification at TULE or out of TULE or Shop to Shop at TULE.
- c. Crew Chief- Fleet Service Clerk SAN self-demotes 12(n) to Aircraft Cleaner SAN. Self-demotion is within station, but out of classification. Six-month wait required to transfer 12(l) Aircraft Cleaner out of SAN, 12(m) to another classification at SAN or out of SAN.

4. Out of classification and station:

- a. Crew Chief- Fleet Service at DFW self-demotes 12(n) to SRP at AFW. Self-demotion is out of classification and station. Six-month wait required to transfer 12(l) SRP out of AFW, 12(m) to another classification at AFW or out of AFW or Shop to Shop at AFW.
- b. Crew Chief- Stock Clerk at LAX self-demotes 12(s) to Automotive Mechanic at DFW. Self-demotion is out of classification and station. Six-month wait required to transfer 12(l) Mechanic (Automotive or Facilities) out of DFW, 12(m) to another classification at DFW or out of DFW.

c. Crew Chief- Fleet Service Clerk at MIA self-demotes 12(n) to Aircraft Cleaner at SJU. Self-demotion is out of classification and station. Six-month wait required to transfer 12(l) Aircraft Cleaner out of SJU, 12(m) to another classification at SJU or out of SJU.

ATTACHMENT 12.1

January 22, 1988

Mr. E. R. Koziatek
International Vice President
Transport Workers Union of America, AFL-CIO
Building "A" - Norwood Office Park
1501 No. Norwood Drive - Suite 125
Hurst, Texas 76053

Dear Mr. Koziatek:

This is to confirm our discussions specifically addressing the question of whether an employee who bids and is awarded a Crew Chief position at his own station may bid for and be awarded a Crew Chief position in another station before completing twelve (12) months of service as a Crew Chief at his own station.

We hereby agree that a Crew Chief who bids and is awarded a Crew Chief position in his own city, may bid and be awarded a Crew Chief job in another station within the regular twelve (12) month lock-in period, provided that such Crew Chief shall have successfully completed the 180 day probationary period as required by the Agreement.

This is not intended to modify in any way the past application of provisions of the Agreement or any arbitration decision heretofore issued clarifying the intent and practice with respect to filling of bid vacancies.

Sincerely,

James Enright
Managing Director

Employee Relations

Agreed:

E. R. Koziatek

ATTACHMENT 12.2 – BIDS & ELIGIBILITY

September 22, 1999

Mr. James C. Little
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Reference: Bids & Eligibility

Dear Jim,

As discussed at the July 28, 1999 President's Council meeting in San Francisco, this letter will serve as a means of clarification and understanding regarding eligibility for a bid job. Bid jobs include Technical Crew Chief, Crew Chief and Inspector vacancies.

Currently, basic eligibility requires that an employee be eligible for award on the date the bid opens.

Example 1: Employee awarded a bid 1/1/99 is not eligible for a future bid that opens on or before 1/1/00.

An exception is made when employees are bidding to change status "at their own station". For a change of status bid at their own station, there is no waiting period. Moreover, this award is made based on where the employee is located on the date of the award, not when the bid opens.

By way of this memorandum, eligibility for bid vacancies shall be determined based on whether or not the employee is eligible during the ten days the vacancy is posted.

Example 2: Employee awarded a bid 1/1/99 is eligible for a future bid that closes after 1/1/00.

An exception will continue to be made for change of status bids. However, the award date will no longer be used to determine eligibility. An employee must have reported to the station where the vacancy exists prior to a bid closing in order to be considered eligible.

Sincerely,

Agreed:

James. B. Weel
Managing Director
Employee Relations- Ground

James C. Little
AA System Coordinator
Transport Workers Union

~~ATTACHMENT 12.3 – CREW CHIEF SELF DEMOTION PROCESS~~

~~April 12, 2000~~

~~Mr. James C. Little
International Representative
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, TX 76092~~

~~Crew Chief Self Demotion Process~~

~~Dear Jim,~~

~~During the 1995 AATWU negotiations the order for filling “Full time vacancies” was modified. Prior to the 1995 agreement, Crew Chiefs, within the classification of the vacancy, who wanted to self-demote were higher on the pecking order than 12(l) and 12(lx) transfers. The 1995 agreement was modified to blend in seniority order, Crew Chiefs wanting to self demote with 12(l) and 12(lx) transfers.~~

~~As you know, 12(l), 12(lx) and 12(m) transfers are handled through the transfer process. Employees submit or enter into ATAB their request to transfer. Prior to 1995, Crew Chiefs who wanted to self-demote would submit an AOI (Avoid oral instruction). Since Crew Chiefs at that time were accommodated ahead of 12(l) and 12(lx) transfers, this process was handled independently from the transfers. With the change in 1995, it is now required that Crew Chiefs, who are requesting to self demote submit or enter a transfer into ATAB, so that the system can blend them in seniority order with the 12(l) and 12(lx) transfers. In addition, the Crew Chiefs will have to meet the eligibility criteria as outlined in Article 12(l) i.e. 15 days on file, etc. We have communicated this as part of the ATAB rollout and in most locations it is handled this way, however, we may have missed some of the stations. Therefore, I am writing this so that the Local Presidents can communicate this to the membership. In addition, this will be distributed to management as well, so that we are all on the same page.~~

~~If you should have any questions, please contact me.~~

~~Sincerely,~~

~~James B. Weel
Managing Director
Employee Relations—Ground~~

**~~ATTACHMENT 12.4 – TRANSFERS TO JOB VACANCIES AT TUL/AFW/MCI
MAINTENANCE BASES~~**

~~TRANSFERS TO JOB VACANCIES AT TUL/AFW/MCI MAINTENANCE BASES~~

~~(revised 4/15/2003)~~

~~When vacancies are approved which will result in an addition to a shop or job/skill area, an employee at the TUL/AFW/MCI Maintenance Bases will be provided an opportunity to fill the vacancy.~~

~~Each vacancy as defined above will be posted on all bulletin boards at TUL/AFW/MCI for a period of five (5) days (exclusive of Saturday and Sunday). Responses to the posting must be received by Bid and Qualifications, TUL/AFW/MCI, no later than the closing date indicated on the posting. All employees whose qualifications are sufficient for the conduct of the work or job to which the employees are to be assigned are eligible to bid on the vacancy provided:~~

- ~~1. The employee has a minimum of one (1) year with the Company.~~
- ~~2. The employee has not completed a transfer to another vacancy within the classification during a twelve (12) month period preceding the date the vacancy bid closes. If the previous transfer was a 12(l) into the base, the waiting period is six (6) months.~~
- ~~3. The Company will post the name of each individual who is selected to fill the vacancy under the posting procedures. The senior qualified bidder will be reassigned to the vacancy and may not refuse such assignment.~~
- ~~4. Qualifications for vacancies to be filled by intra-station transfers are deemed to be satisfied when an employee:
 - ~~(a) Passes or has previously passed the applicable qualifying test within the previous five (5) years, or~~
 - ~~(b) Has been previously assigned to the job test area for a continuous period of three (3) months within the past three (3) years.~~
 - ~~(c) Was hired into that type of work within the previous four (4) years with the required creditable experience.~~
 - ~~(d) The senior qualified bidder will be assigned to the vacancy and may not refuse such assignment.~~~~
- ~~5. After the selection has been made, it will be the Company's option to fill the resulting vacancy as follows:~~

~~(a) — The procedure outlined above will be utilized to fill the (secondary) resulting vacancy, then:~~

~~(b) — Filled at or by management option.~~

~~(c) — Filled by reassigning volunteers from job test areas where employees are available.~~

~~(d) — Filled by reassigning employees in reverse order of seniority from job test areas where employees are available.~~

~~(e) — Filled by employees with requests to transfer under Article 12 (l).~~

~~(f) — Filled by employees with requests to transfer under Article 12 (m).~~

~~(g) — Filled by new hires.~~

~~6. — At the Tulsa/ AFW/MCI Maintenance Bases, a Crew Chief or Inspector will be allowed to transfer in his non-bid classification, as outlined above, provided his seniority will allow. Upon passing the applicable qualifying test (if applicable) the Crew Chief or Inspector will then be ineligible to bid or serve in an acting capacity in that classification for a period of twelve (12) months (6 months for inspector). Additionally, he will be restricted from transferring to another vacancy within his non-bid classification for a period of 12 months. If the Crew Chief or Inspector fails the qualification test he will be returned to his prior Classification.~~

~~7. — In the event of a reduction in force, the reassignment of employees surplus to the work needs will be accomplished in accordance with the provisions of Article 15 (f) of this Agreement within thirty (30) calendar days following the crew change in which the reduction in force was effected.~~

~~8. — Within thirty (30) calendar days following the crew change in which a recall is affected, the Company may at its option make adjustments in its manning requirements to meet its needs.~~

~~9. — Temporary assignments (labor loans) will normally be made for a period of twenty-eight (28) calendar days and will not exceed ninety (90) calendar days. Temporary assignments for the period of more than twenty-eight (28) calendar days will be made on the basis of available qualified personnel as defined by the above qualifications criteria from within a shop or job/skill area where available qualified employees are assigned. In the event there are not sufficient qualified employees, the Company may accept volunteers or effect the labor loan of employees in the reverse order of seniority from that shop or job/skill area.~~

~~Temporary assignments of twenty-eight (28) calendar days or less will be effected in the reverse order of seniority from the shop or job/skill area. Requirements for periods exceeding ninety (90) calendar days will be filled through the applicable transfer procedures.~~

~~10. This memorandum will not apply when movement of unusual number of employees is required, such as, shutdown or opening of a shop/line or within thirty (30) calendar days following the crew change in which a recall is affected. Under these conditions the Company may, at its option, make adjustment in its manning requirements to meet its needs.~~

ATTACHMENT 12.4 – TRANSFER CHANGES

DOS

**Mr. Robert F. Gless
Deputy Director - ATD
American Airlines System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

Dear Robert,

During the 2008 AA/TWU Negotiations, the parties have agreed to implement changes to the transfer process under Articles 12 and 46 of the agreement that will provide greater flexibility on eligibility and notification. In addition the process provides a window of opportunity that will allow the employee to accept or refuse the vacancy through the ability to add or remove his name from the transfer list. The revised process eliminates the fifteen day waiting period and the ineligibility restriction for refusing. It also allows the employee the opportunity to set standing transfer requests with assigned preferences in real time via the web based application. The online transfer system will be available 24 hours a day from any Company or non-company location.

The process will be conducted on a weekly cycle as follows:

- On Saturday of each week at 0001 CST, the Company will post an online notification list of the stations/locations declaring vacancies for that week.**
- The transfer list for those listed vacancies will be closed on the following Friday at 2359 CST and a snapshot of the list will be taken at that time.**
- The employee may add or remove his standing transfer request or change his order of preference anytime up to the following Friday at 2359 CST.**
- Any employee whose name appears on the list after Friday at 2359 CST may refuse the transfer by removing his name from the list by Sunday at 2359 CST.**
- The employee will be notified via the online tool of the final award the following Monday.**

- Once an employee is awarded the vacancy, he will be notified of the report date which will be two (2) weeks from the date of the award.
- The employee must report to the station awarded on the specified date unless mutually agreed to by the Company and the local TWU.

The Company and TWU will jointly develop an implementation plan to include the effective date, communication (including a process for telephonic support), an appropriate grace period and training so that all TWU represented employees may benefit fully from the enhancement. Following implementation, the Company and TWU will meet quarterly [or as mutually agreed] to discuss and develop resolutions to issues pertaining to the new process.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

Robert F. Gless
Deputy Director - ATD
AA System Coordinator

Date:

ATTACHMENT 12.5 - GROUND SERVICE EMPLOYEES

March 1, 2001
Revised: DOS

Mr. James C. Little
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

RE: GROUND SERVICE EMPLOYEES

Dear Jim,

During the discussions leading to the agreement of ~~March 1, 2001~~ _____, the following was agreed to and revised as indicated below as a result of the outsourcing of all Title III and Title IV fueling work: ~~during the discussions leading to the agreement signed March 1, 2001:~~

A. ~~Effective date of ratification, a~~ All Title IV Ground Service Employees will continue accruing Title III seniority. They will be identified by an asterisk, and their placement on the Title III list will be based on their occupational seniority standing on the March 15, 1991, Title IV seniority list. Such employees will continue accruing concurrent Title III and Title IV seniority from the effective date of October 7, 1991. Title III Occupational Seniority accrued by a Title IV Ground Serviceman may only be exercised in the event of a Reduction of Force.

B. A Title IV Ground Serviceman, while on layoff with recall rights to Title IV, may exercise his/her Title IV occupational seniority to transfer, pursuant to Article 12 (I) (8), into Title III Fleet Service and once transferred into Fleet Service will be allowed to exercise his/her accrued Title III occupational seniority for the purposes of bidding shifts and days off.

C. The employees identified in accordance with Paragraph A may elect, at their option, to exercise their accrued Title III seniority rights in lieu of their Title IV seniority rights, in order to maintain employment at their station or within the American Airlines system.

D. An employee having Title IV seniority who permanently transfers at his own request to a classification of work in another Title group or under the Stores Agreement shall retain seniority in the classification and Title group from which he transferred for a period of time not exceeding his service in the former title group. Such retained seniority may be exercised only in the event of a reduction in force pursuant to the provisions of Article 15(B).

~~D. Title III employees will fill all future Title IV vacancies not filled by a 12L transfer. Employees hired into or transferring into Ground Service will be "locked" into that classification for a two (2) year period unless they are bumped out by a more senior employee. Employees assigned (involuntarily) into Ground Service are not restricted to the two (2) year lock-in period.~~

~~All Title III voluntary reassignments and successful bidders to fueling will have a two (2) year lock in. The exceptions to this two (2) year lock in period would be allowed if you transferred to another station, transferred to a different classification, or changed status (i.e. full time to part time).~~

~~The Company acknowledges that in the event a Title III employee is awarded a Title III – Fueler vacancy or displaces into Title III – Fueler as a result of a reduction in force, the employee would not be subject to the two (2) year lock in period. However, a Title III employee who is recalled to a Title III – Fueler vacancy will be subject to the two (2) year lock in period.~~

~~E. Title IV vacancies assigned to Title III employees will be bid by seniority. Title III employees working in the Ground Service classification will select/bid their shifts and days off in accordance with their Title III seniority after the Title IV Ground Service employees. No station protected Title III or Title IV employee will be displaced by the application of this Letter of Agreement. Current Title IV employees will be allowed to bump or fill vacancies within their title group.~~

~~Title III employees working in the Ground Service classification will be placed on the overtime standing list in accordance with station practice (highest overtime standing etc.), and will be offered overtime in accordance with their overtime standing.~~

~~F. Title IV Ground Service Crew Chief vacancies not bid on by Ground Service employees will be posted for bid to the Fleet Service Title III employees. Title III awardees will be required to pass qualifying test and successfully complete required training.~~

~~G. Vacation selection/bidding will be based on the station practice. If by Company Seniority blended in order with Ground Service employees. If by Occupational Seniority, selection will be of that remaining after the Ground Service employees.~~

~~H. A two-member panel consisting of the AA Vice President, Employee Relations, and the TWU Director, Air Transport Division, or their respective designees, will review any claims regarding the application of this Letter of Agreement. In the event the panel cannot reach a decision regarding such claim, the employee may appeal to the System General Board of Adjustment for final resolution.~~

EXAMPLE (1): ~~———— A Title IV Employee Being Displaced~~

- ~~———— *~~ ~~Can exercise either seniority in accordance with the Agreement.~~
- ~~———— *~~ ~~Cannot displace a station-protected employee.~~
- ~~———— *~~ ~~If laid off with no retention of employment option in either Title group~~
~~———— will retain recall rights in both title groups.~~

EXAMPLE (2): ~~———— Procedure for filling a Title IV vacancy~~

- ~~1. ——— IV ——— (the most senior of) RIF/Recall~~
- ~~2. ——— IV ——— (blended in seniority order) 12 (N) CC Demotion/
———— 12 (L) Transfer/
———— 12(Lx) Upgrade to FT~~

~~Once the Title IV incumbents have been exhausted, the vacancy will be re-designated as a Title III vacancy (which will be assigned to the fueling function) and will be filled as follows:~~

- ~~3. ——— III ——— (the most senior of) RIF/Recall~~
- ~~4. ——— III ——— (blended in seniority order)*12 (N) CC Demotion/
———— *12 (L) Transfer/
———— *12 (Lx) Upgrade to FT
———— *12 (LM) FSC Transfer~~
- ~~5. ——— III ——— (the most senior of) *12 (L) Transfer from Lay Off
———— a. ——— Title IV
———— b. ——— Title III
———— c. ——— Other Title groups~~
- ~~6. ——— New Hire~~

~~Additionally, it should be noted that an employee who declines an offer of recall to the Title III vacancy (at step 3) would forfeit recall rights to all Title III vacancies except as otherwise provided in Article 16 of the basic agreement.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:
James C. Little

ARTICLE 13 - SYSTEM SENIORITY LIST

(a) A System Seniority list of the employees covered by this Agreement listing name, personnel number, Occupational seniority date, Company seniority date, job classification, **job protection codes, and station and highlighted changes** will be furnished to the Union **posted and maintained on Jetnet and will be updated each evening to include any personnel transaction request (PTR) that has been processed by February 15th and August 15th of each year.** These lists will indicate the position held by each employee who is not a member of the bargaining unit and will also indicate whether he is retaining or retaining and accruing.

~~(b) The Company will post and maintain copies of the System Seniority list on its bulletin boards at all stations where employees are based.~~

~~(c) An employee or the Union may use a System Seniority Protest Form for any omission or incorrect posting affecting any employee's seniority within sixty (60) calendar days after posting of the seniority list, except that an employee on vacation, sick leave or a leave of absence in accordance with Articles 17 and 18 of this Agreement or employees affected by a Reduction in Force and recall in accordance with Articles 15 and 16 of this Agreement or on an assignment at a location where a roster is not posted, will have sixty (60) calendar days from the date of his return to duty at a station where the roster is posted in which to file a protest. An employee may file a protest with respect to his listing upon his presentation of new and pertinent evidence. Waivers to these time limits may only be granted by joint agreement of the Director of the Air Transport Division of the Union and the Vice President of Employee Relations of the Company.~~

~~(d)(b) The following will be the procedures for the Seniority Protest Form. An employee or the union may protest any omission or incorrect posting affecting an employee's seniority by use of a "System Seniority Protest Form," also referred to as "Protest Form." There will be no time limit to protest any omission, or incorrect posting affecting an employee's seniority.~~

(c) **Procedures for filing of a "Protest Form" are as follows:**

1. The employee will forward **submit a completed** the Protest Form to the Local Union office. The Local Union will forward a copy of the Protest Form to the appropriate Human Resources office. Protest Forms must be accompanied by supporting documentation, **or they will not be accepted.**

2. The Local Union and appropriate Human Resources office will investigate the protest.

3. The Local Union office will forward the protest and their recommendation to the TWU ATD office.

4. The TWU ATD will advise the Company if a change is required. The Company will forward a final resolution of the protest to the Local Union, the appropriate Human Resource office and the affected employee.

~~(e)(d) The attachments on the following pages are agreed to by the parties and are incorporated as part of this Agreement.~~ **In the event of an adjustment to Occupational Seniority, resulting from a transfer bypass, pay seniority will be adjusted simultaneously.**

Parties agree to form a subcommittee with equal number of representatives from the Company and the TWU to discuss and explore ways to improve the seniority protest process.

~~ATTACHMENT 13.1 – CLASSIFICATION SENIORITY~~

~~May 29, 1997~~

~~John Orlando
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054~~

~~Dear John:~~

~~This is to advise you of a change in the Company's policy regarding Classification Seniority.~~

~~As you are aware, we have recently experienced a number of situations in which we have agreed to adjust Occupational Seniority arising from transfer bypass grievances. In the past, it has been our practice to adjust only Occupational Seniority not inclusive of Classification Seniority.~~

~~A number of these adjustments have given rise to additional requests for like adjustments to pay seniority. After much discussion, we have concluded that we shall make such simultaneous adjustments henceforth.~~

~~Accordingly, I have directed Teresa Goff, P.A. Audits, to make the Appropriate classification adjustments (will be made) when adjusting occupation seniority in cases of transfer bypass. I have also attached a copy of my correspondence to her and a list of AFW employees whose pay seniority will also be adjusted. If you have any questions regarding this change, please contact me.~~

~~Sincerely,~~

~~Mary K. Tinsman
Senior Counsel~~

~~Employee Relations~~

ARTICLE 14 – LOSS OF SENIORITY

(a) An employee, once having established seniority, will not lose said seniority except as provided in this Agreement.

(b) An employee who is discharged for just cause will forfeit all seniority accrued to date of such discharge. An employee who resigns from the service of the Company will forfeit all seniority accrued to date of such resignation. ~~except that an employee, who, on the effective date of resignation, holds recall rights pursuant to Article 16 may continue to hold recall rights provided the employee submits a written request to hold recall rights prior to the effective date of his resignation.~~ **An employee who is directly affected by a reduction in force and exercises his seniority, either at the time of layoff or after accepting layoff, and later resigns, will retain recall rights by notifying the Company at the time of resignation. Such notification must be in writing, dated and specify all recall rights he wishes to retain. The written notice will be signed by an appropriate member of management who will then place a copy into the employee's personnel file and provide a duplicate copy to the employee and Talent Services.**

An employee who resigns and retains recall rights pursuant to Article 14(b) will continue to accrue seniority in accordance with Article 16(a) for the Title Group(s) for which the employee retains the recall rights.

Example:

**Emp. A.- Title III FSC – SAT – Occ. Date: 5/2/2002
Holds recall rights to Title I AMT – TULE (Occ. 9/6/2000) and
Title III FSC – TULE**

Emp. A. opts for Article 14(b) and provides a written notification to retain recall rights to Title I AMT – TULE and Title III FSC TULE;

Since the notification included retention of recall rights in both Title Groups, then upon effective date of his/her resignation, Emp. A will continue to accrue Title I and Title III Occupational seniority as outlined in Article 16 (a).

An employee who exercises his rights under Article 14(b) as outlined above, does not have rights to transfer, as if ~~they were~~ he was a laid off employee.

(c) If an employee who has been laid off is offered the opportunity to return to the service, in other than temporary work, and such offer of recall is to employment of the same classification and status as laid off from (full time to full time or part time to part time), and such employee elects not to return to the service, or who fails to comply with the provisions of Article 16 (a) or (e), his seniority right of preference in reemployment will at that time terminate, and his seniority with the Company will be forfeited.

~~(d) — The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.~~

~~ATTACHMENT 14.1— CLARIFICATIONS AND INTERPRETATIONS OF ARTICLE
14(b)~~

~~From: Stan Crosser
To: Edward Koziatek
Re: Clarifications and Interpretations of Article 14 (b)~~

~~October 8, 1991~~

~~This will confirm our discussions and understandings regarding the provisions of Article 14 (b) of the Maintenance and other similar articles in the other AA/TWU agreements. Since the interpretation of this provision in 1972, we have negotiated many changes to the Agreements including Reduction in Force, Transfer from Layoff, Part time and Recall.~~

~~It is our intent that any employee who is directly affected by a reduction in force and exercises their seniority, either at the time of layoff or after accepting layoff, and thereafter must resign for personal reasons (cannot accept the new area, job or location) will retain recall rights if at the time of resignation they so notify the Company in writing of their desire to retain their recall rights.~~

~~Example:~~

~~Employee is laid off at STL and elects to displace a junior employee in ORD. After a few weeks in Chicago the employee's family cannot join him and he elects to resign and retain his recall to STL. This would be permissible.~~

~~Same situation as above except the employee elects layoff at the time of the reduction in force and after being unemployed for some time, transfers to a vacancy at ORD. He elects to resign for whatever reason and would be eligible to retain his recall rights.~~

~~If you have any question regarding this interpretation, please give me a call.~~

~~cc: Managers Field Employee Relations~~

~~(Signed original on file)~~

ARTICLE 15 - REDUCTION IN FORCE

(a) All demotions and reductions in force of full time and part time employees for lack of work will be handled separately in accordance with seniority, as provided for in Article 10(e).

(b) An employee having Title Seniority (one who has completed his probationary period) and who is directly affected by a curtailment of work requiring a reduction in force, may, at his option ~~(except as provided in Article 42):~~

(1) Exercise his seniority to fill a vacancy or displace the junior employee at his station in his own or lower classification within his Title Group in either status (i.e. part time or full time), or

(2) If he has completed his probationary period, he may exercise his seniority to fill a vacancy at another station in his classification, in either a full time or part time position, not subject to bidding, in accordance with the provisions of Article 12, or

(3) If he has one (1) year or more of seniority, he may exercise his seniority to displace the employee or employees with the least system seniority in his own or lower classification, in either a full time or part time position, or

(4) If he is retaining seniority in another Title Group, he may exercise that retained seniority, but only at his own station. If that Title Group and appropriate classification does not exist at the station where the reduction in force occurs, the employee may request a transfer to any existing vacancy in the system in the appropriate classification, in either a full time or part time position, in which event he will have preference over employees who otherwise qualify under the provisions of Article 12. If no vacancy exists, he may exercise this retained seniority to displace the employee with the least system seniority in his former or lower classification within the appropriate Title Group, in either a full time or part time position.

In the application above, the employee will be advised of and, in the order of his occupational seniority, offered his choice of the stations where appropriate vacancies exist and the location or locations of the least senior employees in his classification in the system provided he has sufficient seniority. The number of least senior employees in the appropriate classification (both full time and part time) selected for displacement will correspond to the number of laid off employees who elect to exercise their seniority to a job in their own classification.

The number of least senior employees exposed to displacement under this procedure will not be changed because of failure of a laid off employee to move to a job previously allocated. An ~~unprotected~~ employee displaced as a result of an employee

exercising his seniority will have displacement rights provided he has the requisite occupational seniority.

In the event of a planned reduction in force where a substantial number of employees or a substantial number of stations will be involved, the Company will notify the International Vice President, Transport Workers Union **via e-mail** of the number of employees by classification and station to be affected by the reduction in force, a list of known vacancies in the same classifications by location and a list of the least senior employees by classification and location in the system who will be subject to the exercise of seniority of those employees notified of layoff.

(c) An employee who desires to exercise his seniority as outlined above must notify his immediate supervisor of his intention to exercise his seniority within five (5) days (exclusive of his regular days off) of receipt of notice of layoff and must within ten (10) days (exclusive of his regular days off) of receipt of notice of layoff prove that his qualifications are sufficient for the classification and type of work for which he desires to exercise his seniority.

(d) Unless the reduction in force is the result of any reason set forth in Article 37(c), an employee who changes base stations under Article 15(b), will be reimbursed by the Company for all moving and travel expenses in accordance with Company regulations. Space available transportation for the employee and for members of his immediate family to the extent permitted by law will be furnished by the Company to an employee changing his base station under the provisions of Article 15(b).

~~(e) A protected employee who is directly affected by a reduction in force at his station will be afforded the benefits of Article 44(a) except that a protected employee who has the seniority to remain at his location in a non-protected status, and who elects system displacement in a non-protected status will not be entitled to the special moving allowance under Article 44.~~

(fe) Upon request of the Local Union President, an employee may, within seven (7) calendar days, appeal to a review panel composed of the Director of the Air Transport Division and the Vice President, Employee Relations, any disputes regarding the Reduction in Force application or administration.

(gf) Transfer requests by employees on layoff status will be covered under the provisions of Article 12 of this Agreement.

(hg) A Fleet Service employee who has accepted layoff and who has been removed from payroll will accrue Classification Pay seniority for the duration of the period on layoff, not to exceed ten (10) years as outlined in Article 16.

~~(i) If a full time Crew Chief, protected as a full time employee, is affected by a reduction in force and does not have sufficient seniority to remain full time in a non-bid classification at his station, he will be eligible for the special moving expense as outlined~~

~~in Article 44 of the Agreement if he displaces the junior Crew Chief in the system. He is also eligible for the special moving expense if he elects to displace into a non-bid job in the system.~~

LETTER OF MEMORANDUM

LETTER OF MEMORANDUM – FT Crew Chief Filling a PT Crew Chief Vacancy during a Reduction-in-Force

**Robert F. Gless
Deputy Director – ATD
AA System Coordinator
Transport Workers Union of American, AFL – CIO
1791 Hurstview Drive
Hurst, TX 76054**

DOS

RE: FT Crew Chief filling a PT Crew Chief Vacancy

Dear Robert,

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

With the reinstatement of part-time Crew Chiefs we have agreed, on a one time basis and as part of the implementation of this agreement, to provide an option for full time Crew Chiefs affected by the reduction in force, the opportunity to select, based on seniority, a part time Crew Chief vacancy (if one exists on the option sheet) locally.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

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

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

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

ARTICLE 16 – RECALL

(a) An employee who has completed his probationary period and who is laid off by the Company due to a reduction in force will continue to accrue **occupational** seniority during such layoff. ~~for a period not exceeding his previous service to a maximum of three (3) years; the employee will continue to retain seniority thereafter.~~ All seniority will be cancelled and recall rights forfeited if the employee is not recalled by the Company within ten (10) years from the effective day of layoff. **Employees who remain on payroll will accrue seniority and retain recall rights indefinitely.** The Company and the respective TWU Local President will agree on the current recall list within ninety (90) calendar days of the date of ratification of this agreement.

(b) A laid off employee will only have recall rights for the period indicated in Article 16(a), to a job in the classification and station from which he was laid off, except that an employee **laid off released** from a bid job in connection with a reduction in force ~~in said bid~~ will not be subject to recall to ~~said~~ **the** bid job. An employee **laid off released** from a bid job will retain recall rights in accordance with Article 16 (a), to a job in the next lower non-bid classification in his Occupational Group Title at the station from which he was laid off. An employee laid off from a full time position will also have recall rights to a part time position in the classification and station from which he was laid off. An employee declining such recall to a part time position will not lose recall rights to a full time position at that station.

(c) An employee who in lieu of layoff exercises his seniority to displace the employee on the system in his own classification with the least Title seniority, or an employee who in lieu of layoff accepts a vacancy in his own classification at another station at the time of layoff, or before the expiration of his recall rights, or an employee who in lieu of layoff accepts a part time vacancy or displaces a part time employee will retain recall rights in accordance with Article 16(a) to the full time classification and station from which he was first laid off.

(d) An employee who, in lieu of layoff, exercises his seniority to displace an employee in a lower classification within his own Occupational Group Title will retain recall rights in accordance with Article 16 to the classification and station from which he was first **laid off released**.

An employee who, in lieu of layoff, exercises his seniority to displace an employee in another classification and Occupational Group Title in which he holds seniority, or accepts a vacancy in any other Occupational Group Title at time of layoff, or before expiration of his recall rights will accrue seniority in the Occupational Group Title to which he transferred in accordance **with** the applicable Agreement in addition to accruing and retaining seniority in accordance with Article 16 (a) and retaining recall rights in accordance with Article 16(b). Further, should an employee bump through one or more classifications and eventually be laid off, he will retain recall rights to each such classification and Title Group.

An employee having such multiple recall rights will have the option of accepting or waiving recall rights to each such classification and Title Group in which he holds seniority. If the employee waives recall rights to a classification, he will forfeit all recall and seniority rights to that classification.

(e) All employees laid off by the Company due to reduction in force will maintain a current address **and phone number** with the Company. Any change in address **and/or phone number** must be **updated on Jetnet or filed promptly, sending a Change of Personal Information Form to Employee Services; P.O. Box 619616, Mail Drop 5141, DFW Airport, Texas 75261** or by calling Employee Services@ 1-800-447-2000. All notices of recall **which include instructions and a required report date**, will be made **in writing** (telephonic notifications are okay if confirmed in writing) ~~in writing~~ via overnight mail/express (i.e. U.S. Post Office, Federal Express or equivalent) return receipt requested. All employees must ~~notify the person whose name is signed to the recall letter~~ **accept or refuse utilizing the online tool**, within ~~ten (10)~~ **seven (7)** calendar days of the date of mailing postmark of the recall letter, ~~the date he will report for duty.~~ **An employee who has accepted recall must initiate and complete the employee portion of the background and fingerprint process via the online tool within forty-eight (48) hours (exclusive of weekends and holidays) of acceptance of the recall. Any additional information requested by Talent Services must be provided within a reasonable specified time.**

Any employee who **has been laid off and is off payroll that fails to notify the Company of acceptance/refusal within seven (7) calendar days, fails to initiate their portion of the background and fingerprint application process within the forty-eight (48) hours (exclusive of weekends and holidays) of acceptance of recall, or who fails to provide any additional information requested within specified time** or who fails to return to duty **on the required report date** ~~within twenty-one (21) calendar days of the date of the mailing (or equivalent)~~ will be considered to have refused recall and will lose all rights to **any** recall and his seniority will be forfeited **in that Title group.** ¶

If the employee requires an extension to any of the above time limits due to extenuating circumstances, it must be requested through Talent Services and/or at the phone number provided in the instruction packet prior to the original deadline. ~~unless the period is extended by the Company for an additional period not exceeding fifteen (15) additional calendar days.~~ The Company will furnish the ranking Local Union Representative a copy of all recall letters.

(f) An employee who has been laid off, and who has been out of the service for a period of twelve (12) months or more, may be required to take the tests (excluding medical tests) as may be necessary to establish that he is qualified to perform the work to which he is to be assigned, provided that the tests are not given less than sixty (60) calendar days after his recall.

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

ATTACHMENT 16.1

March 25, 1994

Mr. Edward R. Koziatek
International Vice President - TWU
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Dear Ed.

There have recently been some questions regarding an employee's recall rights if he is laid off from more than one, non-bid, position and whether he maintains recall rights to only the classification and station from which he was first released (article 16, paragraph (c) and (d)).

In accordance with article 16, paragraph (b) of the agreement, an employee has recall rights to a job in the classification and station from which he was laid off, with the exception of bid jobs. It is our understanding that if the employee is subsequently laid off from another position, he shall retain recall rights to each job in the classification and station from which laid off with the exception of bid jobs.

Please sign below if this is your understanding of the agreement.

Sincerely,

Stanley L. Crosser
Managing Director
Employee Relations

Edward R. Koziatek
International Vice President
Transport Workers Union

ARTICLE 17 - LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA", for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employees will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing. The Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing, not less than fourteen (14) calendar days prior to the effective date of cancellation.

(4) An employee elected to a full-time governmental office (Federal, State) will be granted a Government Leave of Absence (GLOA) not to exceed the term of office, or subsequent re-election. The application for a GLOA must be made in writing to the Company, with a copy to the Union. An employee granted a GLOA will retain and accrue Occupational seniority for the period of the leave, however, no other Company benefits or privileges will be granted or accrued, nor will time on a GLOA constitute continuous service for pension plan benefits. Employees granted a GLOA must give thirty (30) calendar days' notice of intent to return.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits, but the Company will bill the Local Union or the International Union, as applicable, for the employee's salary plus a percentage override for tax and benefit related expenses. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as "UB", the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of absence (OL) available to TWU represented employees who have completed their probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the ~~Executive Vice President of Customer Service~~ **Senior Vice President, Airport Services** or the Senior Vice President of Maintenance and Engineering, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared, an employee who is on a leave of absence other than an Overage Leave, may request to have his leave converted to an Overage Leave. It is the employee's sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of occupational

seniority for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, by certified U.S. Mail, or equivalent carrier, return receipt requested, at the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

a. He fails to return to work on the specified date at the expiration of the leave; or

b. He declines, in writing, his intention to return to work; or

c. He does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence; or

d. He does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.

(10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and ~~Classification~~ **Pay** seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.

(11) An employee, returning to duty at the expiration of an Overage Leave, will return to the work unit/shop/shift where a vacancy exists and will, thereafter, be permitted to exercise his seniority on the next available shift

selection. Temporary Crew Chiefs will be utilized to fill Crew Chief vacancies of over thirty (30) calendar days which occur as a result of Overage Leaves.

(12) An employee on an OL will receive benefits under the conditions provided below:

a. While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact ~~the AMR Benefits Hotline~~ **Employee Services** for the appropriate forms to calculate his individual costs.

b. The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.

~~c. An employee must continue to prefund for retiree medical coverage in order to receive credit toward the ten (10) year requirement in accordance with Company policy. An employee should contact AMR Benefits Hotline for the appropriate forms to complete before the Overage Leave begins.~~

d. The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.

e. Holidays that occur during an OL will not be paid.

f. An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

g. Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

h. Benefit coverage and application not specifically provided in Article 17 will be applied in accordance with Company policy.

(e) When an **employee is placed on an unpaid leave of absence on account of sickness or injury, the continuation of the leave is contingent upon review and approval by AA Medical. Employee Services will send the employee a personal information package within ten (10) calendar days from the start of the**

~~leave including is granted to an employee on account of sickness, injury, or pregnancy, referred to as a Sick Leave of Absence or "SKLOA", a letter advising of his unpaid leave status, benefit information, and notice of the requirement for medical substantiation. The employee must provide medical substantiation for the leave to AA Medical within fifteen (15) calendar days of receipt of the package. Should AA Medical need further clarification, the employee and/or the treating physician/ provider may be asked to provide additional information. The approval of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/provider. Approvals will be granted in writing and will specify the expiration date of the leave. The employee he will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for duty; except that in no case will a leave for the same sickness or injury exceed a total continuous period of five (5) years. The Company will provide one hundred and eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified U.S. Mmail, return receipt requested, or equivalent carrier, to the employee's last known address. An employee must request a SKLOA in writing and attach medical documentation supporting the request. An approved SKLOA will be granted in writing and will specify the expiration date of the leave. The Company may place an employee on a SKLOA in accordance with the provisions of Article 39.~~

(1) Application of SKLOA is referenced in Company policy.

(2) To extend the LOA beyond the initially approved leave period, an employee must provide updated medical information from his treating physician/provider to AA Medical at least *ten (10) calendar days* prior to the expiration of the leave in order for AA Medical to make the determination that a continuation of a leave is substantiated. The approval of the continuation of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/
provider.

~~(2)~~(3) An employee who is returning from a leave granted for reasons of sickness or injury, or pregnancy will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLOA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled work day following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence

and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by Article 17, between the Company and an employee on a leave of absence will be via **U.S. Mail, Return Receipt Requested**, ~~US Postal Service~~, or equivalent carrier, Certified Mail ~~Return Receipt Requested~~ **to the employee's last known address.**

(i) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(j) **Any changes in address must be filed promptly by the employee through Employee Services. Employee Services may be contacted via e-mail to Employee.Services@aa.com, or by sending correspondence to Employee Services, P.O. Box 619616, Mail Drop 5141, DFW Airport, Texas 75261 or by calling Employee Services at 1-800-447-2000.**

~~(j)~~(k) The rights of an employee on a leave of absence under the provisions of Articles 17 and 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, ~~Classification~~ **Pay** seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows.

	Personal Leave	Union Leave	Government Leave	Overage Leave	Unpaid Sick Leave of Absence (including Maternity)	Unpaid Injury on Duty Leave	Military Leave	Family Leave
Duration of Leave	Up to a total of 12 months	Up to 12 months or term of office	Term of office	Minimum of 6 work days, up to 1 year	Up to 5 years	Up to 5 years	Up to 5 years or in accordance with Federal law	Up to 84 calendar days (12 weeks)
Accrual of Company Seniority	Up to 90 calendar days	Duration of the Leave	None	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave
Accrual of Occupational Seniority	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave, not to exceed 90 calendar days
Accrual of Classification Pay Seniority	None	Duration of the Leave	None	Duration of the Leave	Up to 30 calendar days	<i>Duration of the Leave</i>	Duration of the Leave	Up to 30 calendar days
Vacation Accrual	Up to 60 calendar days, then reduced	Duration of the Leave	None	Duration of the Leave	Up to 60 calendar days, then reduced	Duration of the Leave	Duration of Leave	Up to 60 days, then reduced
Sick Leave Accrual	None	Duration of the Leave	None	Duration of the Leave	Up to 60 cal. days, then reduced	Duration of the Leave	Duration of Leave	Up to 30 calendar days
Pension / Credited Service Accrual	None	Duration of the Leave None	None	Duration of the Leave None	None	None	Duration of the Leave None	Duration of the Leave None
Reinstatement Rights	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ARTICLE 18 - MILITARY LEAVE

(a) The reemployment and seniority status of any employee, who, while in the active service of the Company, entered the armed services or the Merchant Marine of the United States, will be governed by the provisions of the Selective Training and Service Act of 1948, as amended, now known as the Uniformed Services Employment and Reemployment Rights Act, or other applicable law.

(b) Time spent on military leave will count as time worked for purposes of seniority, wage rates within the employee's classification and vacation.

(c) An employee granted a leave of absence to go on a tour of duty with the National Guard or other reserve unit will accrue length of service for pay purposes for the period of such leave. An employee, if he so desires, will be able to use any accrued or unused vacation and available personal vacation (PV) days during this leave.

(d) An employee having sufficient seniority to exercise options at the time of layoff, although ~~The provisions of Article 42(a) will apply if the employee was subject to lay off while on military leave. Provided however, the employee must have seniority to exercise options either at his own station or on the system and subsequently exercises those options upon return to active payroll. Under such circumstances, will have no adjustments will be made to his seniority (Company, Occupational, and Pay). The Article 44 special moving/optional severance allowance will apply~~

Employees having sufficient seniority to exercise options at time of layoff (while on military leave), but who subsequently chooses the layoff option (upon return from military leave), will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.

An employee on Military Leave of Absence at time of lay off, lacking sufficient seniority to exercise options, will be placed on lay off status. The Military Leave will be terminated until the employee is recalled at which time the employee will be reinstated to Military Leave, if applicable. Appropriate adjustments will be made to Company, Occupational, and **Pay** seniority.

~~Employee having sufficient seniority to exercise options at time of lay off (while on military leave) but who subsequently chooses the lay off option (upon return from military leave) will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.~~

ARTICLE 19 - TERMINATION OF EMPLOYMENT

(a) An employee laid off through no fault of his own will be given two (2) weeks' notice in writing or, at the option of the Company, two (2) weeks' of pay at straight-time rates, including his hourly chart rate plus any applicable license and longevity premium, in lieu of the notice.

This requirement of notice will not apply to a layoff caused by an Act of God or by a strike of the employees of the Company without giving the notice required by the Railway Labor Act, as amended.

(b) An employee who resigns will give the Company two (2) weeks' notice of resignation in writing. The Company may, at its option, give the employee two (2) weeks of pay at straight-time rates, including his hourly chart rate plus any applicable license and longevity premium, in lieu of working the notice period.

(c) In the event an employee under this Agreement is laid off, the Company will provide the following continuation of benefits to the employee and his dependents on the same basis as if he were still an active employee:

(1) Current life insurance coverage for a period of thirty-one (31) calendar days.

ARTICLE 20 - BULLETIN BOARDS

The Company will provide secure and locked bulletin boards at each station where employees are employed, marked Transport Workers Union of America, AFL-CIO, and the appropriate Local number, for the posting of official notices of Union activities not inconsistent with the Railway Labor Act. These notices will bear the signature of an officer of the Union and will not contain anything of a defamatory or personal nature attacking the Company or its representatives.

The Company will provide bulletin boards as specified and agreed to by the Joint Safety Committee for safety related issues.

ARTICLE 21 - WORK SCHEDULES

(a) The Company will publish and post work schedules for selection, a minimum of three (3) times per calendar year. **The Company and the TWU may mutually agree to fewer than (3) bids per calendar year.**

(1) The duration of a work schedule will not exceed five (5) months except by mutual agreement between the Company and the Local Union.

(2) The frequency of work schedules may be increased subject to the requirements of the service or decreased by mutual agreement between the Company and the Local Union.

(3) All information and shifts relating to work schedules, work areas and days off selection will be posted at least seventy-two (72) hours prior to the commencement of the selection process unless currently or otherwise agreed to between the Company and the Local Union.

(4) Seniority will determine work schedule selection.

(b) Vacancies in Cargo and Ramp Services will be filled at the Company's option by first offering lateral reassignment between work units. This reassignment will be honored before transfer requests from other locations are considered and before new employees are hired. An employee who desires a lateral assignment must file a request with the appropriate administrative office.

(c) Work schedule selections between Cargo and Ramp Services will be combined once per calendar year at stations where combination (crossover) bids are currently administered or where these combination (crossover) bids are mutually agreed upon between the Company and the Local Union.

As a result of a crossover bid the maximum amount of employees that may crossover between departments will be limited to ten percent (10%) of the smaller workforce or three (3) employees, whichever is greater.

(d) Except as provided in this Agreement, when an employee works more than eight (8) hours in any twenty-four (24) hour period as a result of a change of shifts, the employee will receive only straight-time for the second eight (8) hours or portion thereof worked during this twenty-four (24) hour period.

(e) An employee who is required to report for a regular tour of duty less than seven and one-half (7-1/2) hours after the completion of the previous regularly scheduled tour of duty, including overtime, will be paid at the applicable overtime rate for all time worked during the second regular work period. Employees will not receive short turn pay as a result of a shift bid. For short turn purposes, vacation relief will not be considered a shift bid.

(f) Except in extreme emergencies, an employee will be given at least seven (7) days' notice of all shift changes. If the employee is not given seven (7) days' notice, the affected employee will be compensated at one and one-half times (1.5X) his regular hourly rate for the first day on the new shift.

(g) Subject to local operating conditions and the qualifications of employees affected, Union representatives will, upon request, be assigned to fixed shifts. Arrangements will be worked out at each station by the designated Union local representative and the local manager.

~~(h) For Ground Service only, subject to the requirements of the service, shifts may be rotated, fixed or bid in accordance with the preference of a majority of the employees at a particular station, shop, or work unit. When fixed or bid shifts are selected, seniority will determine shift work.~~

ARTICLE 22

(Intentionally Left Blank)

ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS OR TRAINING CLASSES

(a) When an employee is required by the Company to attend hearings or investigations, he will be paid for time spent at the hearing or investigation in the same manner as though the time was spent at his regular work.

For purposes of continuity during a hearing or investigation and at management's request, when a Union Representative, who is involved in a hearing or investigation, is required to remain involved beyond his scheduled shift he will be paid for time spent at the hearing or investigation in the same manner as though the time was spent at his regular work.

(b) Any employee who is required by the Company to attend training classes during regular working hours will be paid for time spent in attendance at these classes at his regular hourly rate and the time will be deemed as time spent at his regular work for all purposes. However, any time spent before or after regular work hours will not be classed as overtime and will be compensated for, when attendance is required by the Company, at the employee's regular hourly rate. An employee required to travel on any scheduled work day in conjunction with training away from his base station, before, during or after a regularly scheduled shift will be compensated at the employee's regular hourly rate.

(c) ~~Fleet Service~~— An employee required to attend training on any scheduled day off will be compensated for the time at one and one-half times (1.5x) his regular hourly rate for a minimum of eight (8) hours. An employee required to travel on any scheduled day off in connection with training away from his base station will be compensated for travel time at one and one-half times (1.5x) his regular hourly rate, but in no event less than eight (8) hours compensation at one and one-half times (1.5x) his regular hourly rate for travel during each twenty-four (24) hour period starting with the commencement of travel time.

Travel time in this Article will begin sixty (60) minutes before the scheduled departure of the flight actually taken by the employee (or any earlier flight for which he stood by) and will end with the actual **gate** arrival at the airport of destination.

~~(d) — Ground Service — An employee required to travel on any scheduled day off in connection with training away from his base station will be compensated for all travel time at one and one half times (1.5X) his base hourly rate, but in no event for less than four (4) hours. Travel time in this Article will begin thirty (30) minutes before the scheduled departure of the flight actually taken by the employee, or any earlier flight for which he stood by, and will end thirty (30) minutes after the actual gate arrival at the destination airport on the way to training. Travel time back to the employee's home base will end with the actual gate arrival at the destination airport.~~

~~(e)~~(d) An employee will, while away from his station, be paid actual expenses for meals, lodging and transportation. All expenses must be approved and paid for by the Company. Whenever receipts are not provided, the employee will be paid in accordance with ~~the Employee Policy Guide~~ **Company Policy**.

~~(f)~~(e) When the Company provides training at a station on a new type aircraft, equipment or component parts, employees at the station regularly performing the work involved will normally be assigned to the training in order of their seniority, to the extent of the number required, where the training is deemed necessary for their regular work assignment.

~~(g)~~(f) Training normally will be scheduled to provide at least seven (7) calendar days' notice to employees affected; except in the event of training required to meet unanticipated conditions such as airworthiness directives, fleet campaign directives and vendor instructions. This provision will not require such notice to employees exercising seniority under Article 15 of this Agreement.

To the extent that work requirements permit, training will be accomplished during the employee's regular working hours.

~~(h)~~(g) Where a training period results in less than seven and one half (7.5) hours rest prior to the employee's regular shift in the succeeding workday (short turn), an employee will be paid in accordance with the provisions of Article 6(g).

ARTICLE 24 - ABSENCE FROM DUTY

(a) An employee unable to report for duty will, unless prevented by reasons beyond his control, notify his immediate supervisor or other central point set up for reporting purposes by the Company as far in advance of the scheduled starting time of his shift as possible. Notwithstanding the above, an employee may flex the starting time (FRL), up to fifteen (15) minutes without pay or penalty to the attendance record, twice per calendar year.

(b) The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement, as set forth in Article 34. Accordingly, no employee will be disciplined for the use of his sick leave benefit for that purpose.

ARTICLE 25 - RECALL AND CALL-IN WORK

(a) RECALL

An employee who has been relieved from duty and has left the premises and who is recalled to duty to perform work not continuous with his next regular work period will be paid for not less than four (4) hours at the applicable overtime rate, but in no event will he receive less than four (4) hours' compensation at time and one-half his regular hourly rate. Time taken for meals will not terminate a continuous service period.

(b) CALL-IN

When an employee is called to work which commences prior to the beginning of his regular shift, he will be paid at the applicable overtime rate for all time up to the beginning of his regular shift, excluding a meal period. **The employee will be paid the applicable overtime rates (for early call in) in the event that the employee does not complete his regular scheduled shift (e.g. SK, CS off, TL, etc.).**

Example:

Call-in Work	0400-0800	4.0 hrs (1.5x times)
Regular Shift	0800-1630	8.5 hrs (1.0x times)
CS Off	1200-1630	4.5 hrs

Total time paid 10.0 hrs = (4 x 1.5x = 6 hrs) + (4 x 1.0x = 4 hrs)

~~(c) When a Ground Service employee is contacted outside of work for a technical support related question or problem not related to the employee's oversight, he will be paid not less than one (1) hour at his base hourly rate. This provision does not apply to general notice phone calls, offering overtime, or other administrative issues.~~

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

ATTACHMENT 25.1 – ARTICLE 25 (b) CALL-IN

(Revised 4/15/03)

9/22/99

~~“Article 25 (b) Call In”~~

Agreements: _____ Fleet Service and Ground Service
_____ Aircraft Maintenance Technician and Related
_____ Stock Clerk

~~Recently questions have arisen concerning the proper application of the overtime provision of Article 25 (b) of the Agreement (24 (b) for Stores), and its specific treatment in the event of an employee CS.~~

~~The Agreement provides that when an employee is “called in” to perform work that commences prior to the beginning of his/her regular shift, he/she shall be paid at the applicable overtime rate for all time up to the beginning of his/her regular shift, excluding a meal period.~~

~~The question at issue is the rate of pay for an employee who works four (4) hours of Early Call In in conjunction with his/her regular shift and then CS’s off during his/her regular shift having worked eight hours or less including the Early Call In time.~~

~~Example:~~

_____ Call In Work	_____ 0400-0800	_____ 4.0 hours
_____ Regular Shift	_____ 0800-1630	_____ 8.5 hours
_____ CS OFF	_____ 1200-1630	_____ 4.5 hours
_____ Total time worked	_____	_____ 8.0 hours

~~When the 1966 contract language in Article 25 (b) was changed in 1969 from “applicable rates” to “applicable overtime rate” there was a prospective understanding that when the Company needed to call an employee in early to perform work, such time would be at an overtime rate regardless of whether or not the employee subsequently CS’s off the remainder of his/her regular shift.~~

~~The overtime language in Article 6(a)(3) that entitles an employee to overtime rates only after he/she has worked eight (8) hours, would not apply.~~

~~Thus, in the example above the employee would be paid four (4) hours of Early Call In at 1 ½ times his/her regular rate of pay and the four (4) hours of his/her regular shift at straight time.~~

~~At the conclusion of the 1969 contract talks Employee Relations issued an interpretive guide to the field Operating Departments in the form of a letter dated July 22, 1969.~~

~~That letter is attached for your reference.~~

~~If you should have any questions regarding this bulletin, please contact me.~~

~~James B. Weel
Managing Director
Employee Relations HDQ~~

ARTICLE 26 - FIELD WORK

(a) When an employee is required to perform work away from his station on his regularly scheduled workdays, he will be paid at least eight (8) hours at his regular hourly rate for each regularly scheduled workday while away from his station, whether traveling, on call or working.

(b) When an employee is required to perform work away from his station on his scheduled day off, he will be paid at least eight (8) hours' compensation at overtime rates, whether traveling, on call or working.

(c) An employee required to travel in excess of eight (8) hours will be compensated for all travel time required in accordance with Article 6. Compensated travel will be considered as time worked.

(d) When an employee is required to perform work away from his station on a day during which he reported to work at his station, all continuous time, whether traveling or working, will be computed as working time for all purposes.

(e) A period of seven and one-half (7-1/2) hours or more during which an employee is not traveling or working will break the continuity of paid hours for overtime purposes.

(f) During such assignment, the employee will, while away from his station, be paid actual expenses for meals, lodging and transportation. All expenses must be approved and paid for by the Company. Whenever receipts are not provided, the employee will be paid in accordance with ~~Employee Policy Guide~~ **Company policy**.

(g) At those stations where there is no existing procedure governing the assignment of field work, such a procedure will be established.

ARTICLE 27 – GENERAL

(a) All orders to and requests from an employee involving transfers, promotions, demotions, layoff, ~~reemployment~~ **recall**, leaves of absence, or anything affecting his pay or status, will be in writing.

(b) An employee who permanently transfers at his own request to another classification of work as provided in this Fleet Service Agreement, the Maintenance Agreement, **Maintenance Control Technicians** ~~Technical Specialist~~ Agreement or in the Stores Agreement will continue to receive his same hourly rate but, in no event, will his hourly rate exceed the maximum rate for the classification to which he transferred.

(1) If his hourly rate at the time of the transfer is not the same as any regular rate per hour for the classification to which he transferred, he will immediately receive the nearest higher regular rate per hour for the classification. Thereafter, the employee will progress on the normal progression scale in the new classification. In the case of a transfer from a higher to a lower classification caused by a reduction in force under this Agreement, the above rules will apply.

(c) Employees will be required to wear work clothing that is reasonably suitable and safe for the type of work they are assigned.

(d) Where employees are required by the Company to wear standard Company uniforms, the uniforms including parkas and jackets will be furnished by the Company. In the case of jackets, the Company will reimburse the employee for any laundry or cleaning. Lettering of any description other than standard AA insignia as prescribed by the Company will not be permitted on any work clothing, except that employees may wear the standard TWU insignia on work clothing or hats. TWU pins may be worn on the Company uniform jacket. Standard uniforms will be exchanged for maternity uniforms upon request.

(e) The Company agrees to furnish first aid kits, good drinking water and sanitary fountains. The floors of the toilets and washrooms will be kept in good repair and in a clean, dry, sanitary condition. Employees will cooperate in maintaining the foregoing conditions. Work areas and washrooms will be lighted and heated in the best manner possible consistent with the source of heat and light available. At field stations, individual lockers will be provided for all employees where adequate space and facilities are reasonably available. Every effort will be made, as early as possible, to provide space and lockers for employees at the field stations. Additionally, the Union will have the right to confer with the designated Company official on transportation to and from fields and stations. No employee will be required to work under unsafe or unsanitary conditions.

(f) In order to eliminate, as much as possible, accidents and illness a Joint Safety Committee composed of an equal number of Union representatives, not more than five (5), and Company representatives, not more than five (5), will be established

at each location on the system where employees are stationed. It will be the duty of the Safety Committee to:

- (1) Receive and review Company accident, injury and job related illness reports pertinent to the Safety Committee investigation, and make recommendations to prevent recurrence Safety Committee members will receive copies of available monthly summaries of employee accidents and injuries and have access, upon request, to specific Company reports resulting from employee on the job accidents or injuries);
- (2) Receive and investigate complaints regarding unsafe and unsanitary working conditions and make recommendations to resolve the hazards and complaints;
- (3) See that all applicable sanitary and safety regulations are complied with;
- (4) Make recommendations for the maintenance of appropriate sanitary and safety standards.

Joint Safety Committee meetings will be scheduled by mutual agreement between the Company and the Union a minimum of once per month, **or by mutual agreement, combined with other monthly safety related meetings.**

In the event that the Joint Safety Committee is unable, within sixty (60) calendar days, to resolve an issue which has been brought to its attention, either the Company or the Union may submit the issue to the System Joint Safety Committee which will constitute a board to review the issue(s). In cities where an APC (Accident Prevention Council) exists, the issue will be first submitted to the APC for resolution, prior to sending to the System Joint Safety Committee. The APC will meet a minimum of once per month and may be combined with the Joint Safety Committee for this purpose. The Transport Workers Union is invited to participate on the APC.

The System Joint Safety Committee will consist of a representative of the Transport Workers Union-International and a representative of the Company's Safety Office. If the issue(s) is(are) not resolved by the System Joint Safety Committee, either representative may submit the issue(s) on appeal to the System Board of Adjustment in accordance with the provisions of Article 29(d) of this Agreement.

(g) The Company will furnish all necessary safety devices for employees working on hazardous or unsanitary work, and employees will be required to use or wear the devices in performing that work. The Company will promptly notify the employees and the Union of the use of any material, equipment or procedure known to be hazardous to employees exposed, and the known procedures to control the hazards. The Company will provide the Union with the results of any management or government health and safety survey concerning the employees represented by the Union.

(h) Three (3) personal emergency (PE) days with pay for death in the immediate family will be extended to the employees covered by this Agreement. Immediate family includes mother, father, spouse, eligible domestic partner, sister, step-sister, brother, step-brother, child (dependent and non-dependent) mother-in-law, domestic partner's mother, father-in-law, domestic partner's father, step-mother, step-father, employee's grandparents, employee's grandchildren, legal guardian or documented former legal guardian, or relative who is a resident of the household. To the extent that ~~the Employee Policy Guide~~ **Company Policy** provides more expansive personal emergency leave benefits, those benefits will be applied to all employees covered by this Agreement.

(1) Upon request, the option of ~~up to two (2) Personal Vacation (PV) days or~~ up to two (2) days of personal emergency (PEU) days without pay will be extended to an employee, in conjunction with PE days.

(i) Employees called for jury duty will be paid his regular hourly rate for all regularly scheduled hours less the fee received for jury services. The employee will promptly show his supervisor the jury summons and also show the court's validation of jury service when completed.

(1) An employee assigned to jury duty for five (5) or more consecutive days during day time hours will be assigned to the day shift with Saturday and Sunday as his scheduled days off, effective for the workweek in which jury duty starts.

Employees assigned to other types of jury duty, (e.g. telephone standby, single day jury duty, etc.) will have their work schedules adjusted only to the extent necessary to accommodate the actual jury service requirement.

(2) If there is a question regarding the application of this provision, the employee's supervisor will contact Employee Relations who will establish a telephone conference with the TWU International and the Local President to resolve the matter.

(j) Upon ratification and at local orientations of new employees, the Company will provide each employee with a pocketsize copy of this Agreement as expeditiously as possible. Spiral bound copies of this Agreement will be provided to the Local Union Officers, upon request of the Local Union President.

(k) The Company will forward to the Director of the Air Transport Division of the Union copies of Company regulations expressly referred to in the Agreement. Revisions to these regulations will also be forwarded.

(l) The Company will forward to the ranking Local Union Representative a copy of the shift bid / work schedule for the station. The shift bid / work schedule will include scheduled shift hours and scheduled days off.

(m) No employee will be required to participate in a definite bomb scare investigation, as declared by Company SOC, against his wishes.

(n) The Company will provide death and permanent disability insurance coverage for employees, as set out below, applicable if a bomb explosion or hazardous material incident in or about American Airlines facilities or aircraft on the ground is the proximate cause of death or disability:

Death	\$500,000
Total Permanent Disability	500,000
Total Loss of Two Members	500,000
Total Loss of One Member	250,000

Member, as used in this Article, is defined as hand, foot or eye.

Bomb explosion/hazardous material incident insurance will be handled by blanket coverage, and employees covered will not have to sign individual application forms, except for designation of a beneficiary.

(o) In the event free parking facilities for employees are not available at airport locations, the Company will assume the monthly parking charge assessed by the appropriate authority (airport, port, etc.) for parking in an area designated for employees. This provision will not apply to original or replacement charges to employees for parking decals, stickers, gate keys, or similar items. Also, where bus transportation to and from employee parking facilities is recognized by the Company as an integral part of the employee parking arrangements, that transportation will be at Company expense.

(p) No employee will incur any cost associated with the initial issue or renewal of Company or associated Airport / Base required ID badges. When possible, an employee who is required to obtain or renew airport badges will be afforded that opportunity during his scheduled shift.

**ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND
COMPLIANCE**

(a) The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees regardless of sex, color, race, creed, age, religious preferences, status as a veteran or military reservist, disability or national origin.

(b) The Union recognizes that the Company will have sole jurisdiction of the management and operation of its business, the direction of its working force, the right to maintain discipline and efficiency in its hangars, stations, shops or other places of employment, and the right of the Company to hire, discipline and discharge employees for just cause, subject to the provisions of this Agreement. It is agreed that the rights enumerated in this Article will not be deemed to exclude other preexisting rights of management not enumerated which do not conflict with other provisions of this Agreement.

(c) Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union will be binding on every individual employee claiming or entitled to the benefits of this Agreement.

(d) Except as otherwise provided in this Agreement, all letters of discipline whether warning or suspension will be removed after a period of two (2) years from date of issuance, unless the Company and the Union agree to a shorter period.

(e) Copies of the Peak Performance through Commitment (PPC) Program will be available to all employees upon request. Any changes to the PPC Program will be provided and explained to the Union prior to implementation.

(f) If the Company documents records of discussion or counseling held with an employee, the documentation will be on a form designed to ensure that the record accurately reflects the facts and the nature of the discussion or counseling held with the employee. The employee will indicate his acknowledgement of the discussion or counseling in the actual record or at his option he may place a rebuttal or statement in the actual record. The employee will be provided a copy of the final actual record.

(g) Each employee will have a right to meet with his supervisor at a mutually agreeable time to discuss his performance and to review his personnel file. At that time, the supervisor and the employee will review the personnel file to ensure that the provisions of this Article have been complied with. Should the supervisor and the employee agree to modifications or deletions to the counseling records, their request and recommendation will be forwarded to the supervisor's immediate manager, who will review the matter and respond to the supervisor and the employee.

(h) If there is an investigation of sexual harassment and the charged employee is exonerated of the charges, no entry regarding the charge or investigation will be made in the counseling records. Any entry previously made will be deleted from the counseling records. In other cases, a counseling record entry, if any, will reflect only the nature of the discussion with the employee. As always, the employee has the right to review the counseling record entry and provide any additional information desired.

ARTICLE 29 – REPRESENTATION

(a) The Union may select and designate such representatives in the respective fields, stations, shops, and other working units as may be necessary for the purpose of representing the employees under the terms of this Agreement, or in accordance with the Railway Labor Act, as amended. The number of Union Representatives that will confer with management at any one time on any issue, including meetings convened under the provisions of Article 29(f), will not exceed the number of management representatives present. Under the provisions of 29(f), when there is more than one management representative present, one of the Union Representatives present will act as a scribe. However, when there is only one management representative present, the Union will have the option to have one additional Union Representative present to act as a scribe.

(b) The Union may designate a System Coordinator for the employees covered by the Agreements between the Company and the Union.

(c) The Union will notify the Company in writing of the names of its Accredited Representatives designated in paragraph (a) and (b) above and of any subsequent changes to those Representatives. The Company will inform the Union, in writing, of the supervisors with whom these Accredited Representatives will deal and of any subsequent changes to those supervisors.

International Officers, Local Union Officers and Local Union Representatives will, at any time during regular working hours, have access to the premises of the Company where employees covered by this Agreement are located, for the purpose of investigating grievances or other matters directly connected with the operation of this Agreement and its procedures for the settlement of any dispute. Notice of an intended visit will be given the ranking Company official or his designated representative. A visit will be subject to such reasonable regulations as may be made from time to time by the Company, but the Company will not impose regulations that will render ineffective the intent of this provision nor impair the privacy of any conference necessary to accomplish the purpose of the visit.

(d) An International Representative of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, will have the right within ten (10) calendar days after the alleged misapplication or misinterpretation has been ascertained to protest the violation, in writing, to the other party, who will evaluate the protest and render a decision in writing within fifteen (15) calendar days. Disputes in respect to actual grievances will be handled exclusively according to the provisions of Article 31, Grievance Procedure.

This provision will also apply to a Local President with respect to improper application or interpretation of this Agreement affecting a group of employees within the

jurisdiction of his Local Union. The protest will be filed with the appropriate Chief Operating Officer of the Company.

When an actual grievance has been filed other than under this paragraph, the International or Local President may rescind the grievance and initiate a protest under this paragraph, within ten (10) calendar days after the decision to rescind.

(e) If no settlement is reached under Article 29(d), an appeal may be made, in writing, within thirty (30) calendar days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) The Union does not question the right of the Company supervisors to manage and supervise the work force and make reasonable inquiries of employees, individually or collectively, in the normal course of work. In meetings for the purpose of investigation of any matter which may eventuate in the application of discipline or dismissal; or when written statements may be required; or of sufficient importance for the Company to have witnesses present, or to necessitate the presence of more than one Company supervisor; or during reasonable cause or post-accident drug/alcohol testing as provided in Article 29(h), the Company will inform the employee of his right to have Union representation present. The supervisor's record will reflect if the employee does not desire Union representation.

(1) When the Company convenes a meeting under the provisions of Article 29(f), it will, except for rare or compelling reasons, indicate the purpose of the meeting and then provide the opportunity for the employee and Union representative to confer, for a reasonable period of time. Once the Article 29(f) meeting reconvenes it will continue until concluded by the supervisor.

(2) Before written notification of discipline or dismissal is given to the employee, he will be afforded the opportunity to discuss the matter with his supervisor. If he so desires, he will have a Union representative in this discussion. Nothing in this Article will be construed as preventing the Company from holding the employee out of service pending an investigation, provided the employee will be paid as if working for all regularly scheduled hours while held out of service, except when he is withheld for:

(a) Action constituting a criminal offense, on or off duty.

(b) Refusal or adulteration of an alcohol/drug test or verified positive drug or confirmed positive alcohol test from the date on the letter of verification/confirmation.

(c) Failure to cooperate with an investigation.

(g) An employee covered by this Agreement who is interviewed by a Company Security Department representative as part of a Security Department investigation may, upon request, have a TWU representative present during the interview. If a local TWU official is not readily available after a request, the Company's Security Department will not be required to wait for his availability before conducting the interview. However, the employee may request the presence of another TWU represented employee (peer witness) during the interview. The role of the TWU representative or peer witness will be that of a silent observer only. The representative or witness may in no way interfere nor impede the Security Department's investigation and/or interview.

(h) Employees who are required to take a reasonable cause or post-accident drug/alcohol test by the Company may, upon request, have a Union Representative present as a witness during those parts of the specimen collection process indicated below:

(1) In those stations where a Local Union Representative is not readily available, the Company will delay the test for up to one (1) hour from the time the employee requests or is notified of this right to Union representation, whichever occurs first, in order to allow the first available representative to be present at the medical facility.

(2) If normal travel time to the medical collection facility exceeds one (1) hour, then the one- (1) hour waiting period will be extended by the amount of travel time in excess of one (1) hour. This is in accordance with the FAA's directive of July 1990, which prohibits the presence or absence of a Union Representative from in any way hampering or delaying the collection process.

(3) Only one (1) Union Representative will be allowed to accompany an employee to the medical collection facility and into the area where the medical collector opens the drug testing kit, completes the relevant paperwork and secures the kit after completion of the collection process. The Union Representative will be allowed to witness the opening of the collection kit by the collector, the documentation of the chain of custody procedure by the collector and the employee, and the packaging and sealing of the kit for shipment following the collection. The Union Representative will not be allowed to accompany an employee or collector into a restroom.

(4) In accordance with the FAA's directive of July 1990, no Union Representative will engage in any activity, which disrupts the collection process. Should the Union Representative engage in disruptive activity, the Union Representative will be required by the Company's Supervisor to wait in the employee/patient waiting area until the collection process and paperwork has been completed. This is pursuant to the FAA's directive.

ARTICLE 30 – GRIEVANCE PROCEDURE FOR DISMISSAL/CORRECTIVE ACTION

(a) An employee who has passed his probationary period will not be dismissed from the service of the Company **or be issued corrective action** without written notification of that action. The notification will include the reason or reasons for his dismissal **or corrective action**. ~~An Appeal from dismissal will be made, in writing, by the employee within seven (7) calendar days after receiving the notification and will be addressed to the Chief Operating Officer, with a copy to the appropriate Human Resources Office.~~

An employee who believes that he has been unjustly dealt with as a result of dismissal or corrective action, may submit his written grievance in person or through his representative within seven (7) calendar days of receiving the notification. Such grievance must be submitted to the Chief Operating Officer, with a copy to the appropriate Human Resources Representative. The Chief Operating Officer will fully investigate the matter and render his written decision as soon as possible, but not later than twelve (12) calendar days following the receipt of the appeal, unless mutually agreed otherwise. A copy of the written decision will be provided to the Union.

The inability of the Chief ~~Operation~~**Operating** Officer to complete the investigation and render his decision within twelve (12) calendar days will permit the Union to file directly for arbitration, **within the time limits prescribed in Article 30(b) and will result in a monetary penalty of eight (8) hours additional pay, as if working, for grievances related to corrective action. For dismissal cases, and this will result in a monetary penalty equivalent to four (4) hours of pay as if working per day until the decision is issued.**

Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(b) If the decision of the Chief Operating Officer is not satisfactory to the employee, the dismissal and decision will be appealed in accordance with Article 30(c), provided, however, said appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(c) An appeal from the decision of the Chief Operating Officer will be submitted to the appropriate Area Board of Adjustment in accordance with Article 32. The System Board of Adjustment will docket the case and, if the procedural requirements for the appeal have been satisfied, promptly transmit the appeal papers to the appropriate Area Board of Adjustment in accordance with Article 32. Any dispute as to whether all of the procedural requirements for the appeal have been satisfied, or whether the case is within the jurisdiction of an Area Board, will be determined by the System Board of Adjustment, except as provided in Article 32(c)(5).

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the grievant authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of his grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(e) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected within the time limit prescribed for appeals, the decision of the Company will become final and binding.

(f) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related corrective action records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and he will be paid at regular rates for his regularly scheduled hours as if working.

(g) When it is mutually agreed that a stenographic report is to be taken of any hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record requested will be borne equally by both parties to the dispute.

ATTACHMENT 30.1 – AREA BOARDS OF ADJUSTMENT

May 1, 2008

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

Time Limits – Article 30 – Fleet Service Agreement

Dear Robert

As a result of the changes to Article 30 and in the interest of streamlining the grievance process, we agree to eliminate the Supervisor appeal step for all corrective action grievances. This letter will serve to interpret the time limits referenced in Article 30 of the above referenced AA/TWU agreement. Specifically, what constitutes the meaning of seven (7), twelve (12), and twenty (20) calendar days as they apply to their respective steps of the grievance process.

Pursuant to our discussions on this topic, we have agreed that the calendar day referenced in Article 30 commences immediately upon receipt of a grievance or appeal to the Company. The time frame for the employee to appeal commences immediately upon receipt of an answer if placed in his/her hands or the postmarked date, if the answer is mailed. The following examples of the grievance process will clarify our understanding:

- 1. 1st Step Answer – A grievance is filed on October 18, 2007 with the Chief Operating Officer (COO). The response from the COO must be in the employee's hands or postmarked, if placed in the mail, no later than October 29, 2007. (12 days to render a decision – October 18 counts as Day one) Note: If the COO does not answer the 1st step appeal in a timely manner, monetary penalties as outlined in Article 30 will be incurred.**
- 2. Area Board Appeal – The employee receives his 1st step answer on October 29, 2007. If the employee is not satisfied with the COO's answer, he must appeal his grievance to the Area Board no later than November 17, 2007. (20 days to appeal to the Area Board from the date of his receipt or the post marked date, if mailed – October 29 counts as Day one)**

Furthermore, we have agreed that the same methodology shall be used to trigger the seven (7) calendar days in which a TWU represented employee has to file a grievance. The seven (7) calendar days commence from the time

when he/she first has knowledge or should reasonably have had knowledge that they have been unjustly dealt with (discipline and/or discharge).

In addition, Article 30 does afford the Chief Operating Officer (COO), with agreement from the local TWU, an extension of time limits.

If the above accurately reflects our understanding, please indicate by signing below.

Sincerely,

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

Agreed to:

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

ARTICLE 31 - GRIEVANCE PROCEDURE FOR CONTRACTUAL DISPUTES

(a) An employee who believes that he has been unjustly dealt with or that any provision of this Agreement has not been properly applied or interpreted, ~~or against whom the Company has issued written disciplinary action,~~ may submit his grievance in person or through his representatives within seven (7) calendar days. The grievance will be presented to his immediate supervisor, who will evaluate the grievance or complaint and render his written decision as soon as possible, but not later than seven (7) calendar days following his receipt of the grievance. Inability of the immediate supervisor to complete the investigation and render his written decision within the respective time limits will permit the Union to move directly to the next step of the grievance process.

(b) If the written decision of the immediate supervisor is not satisfactory to the employee whose grievance is being considered, it may be appealed within ten (10) calendar days to the Chief Operating Officer, with a copy to the appropriate Human Resources Office ~~Office~~ **Representative**. The Chief Operating Officer will fully investigate the facts of the matter and will render a written decision as soon as possible, but not later than twelve (12) calendar days, unless mutually agreed otherwise, following his receipt of the appeal. A copy of the written decision will be provided to the Union.

The inability of the Chief Operating Officer to complete the investigation and render his decision within twelve (12) calendar days will permit the Union to file directly for arbitration, **within the time limits as prescribed in Article 31(c)** and result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. Any monetary penalty paid does not cancel or render any ~~judgement~~ **judgment** regarding the merits of the grievance.

(c) If the decision of the Chief Operating Officer is not satisfactory to the employee, the grievance and the decision may be appealed to the System Board of Adjustment, as provided for in Article 32. The appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement signed by the employee fully authorizing his representative to act for him in the disposition of his grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(e) An employee who has a grievance may present his grievance to his immediate supervisor during regular work hours. An Accredited Representative of the Union may investigate, discuss and present a grievance of an employee or employees during regular work hours without suffering loss of pay for time so spent.

(f) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected within the time limit prescribed for appeals, the decision of the Company will become final and binding.

~~(g) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related disciplinary records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and he will be paid at regular rates for his regularly scheduled hours as if working.~~

~~(h)~~(g) When it is mutually agreed that a stenographic report is to be taken of any hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record requested will be borne equally by both parties to the dispute.

~~(i)~~(h) Upon the request of an Accredited Union Representative, the Company will inform the Union of its decision on any grievance ~~regarding which~~ **involving** a formal hearing or investigation ~~has been held at which the aggrieved employee~~ **grievant** was not represented by his Accredited Union Representative.

ATTACHMENT 31.1 – SYSTEM BOARDS OF ADJUSTMENT

DOS

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

Time Limits – Article 31 – Fleet Service/~~Ground Service~~ Agreement

Dear Robert,

This letter will serve to interpret the time limits referenced in Article 31 of the above referenced AA/TWU agreement. Specifically, what constitutes the meaning of seven (7), ten (10), twelve (12), and twenty (20) calendar days as they apply to their respective steps of the grievance process.

Pursuant to our discussions on this topic, we have agreed that the calendar day referenced in Article 31 commences immediately upon receipt of a grievance or appeal to the Company. The time frame for the employee to appeal commences immediately upon receipt of an answer if placed in his/her hands or the postmarked date if the answer is mailed. The following examples of the grievance process will clarify our understanding:

- 1. 1st Step Answer – A grievance is filed on October 3, 2007.
The response from the supervisor must be in the employee's hands or postmarked, if placed in the mail, no later than October 9, 2007. (7 days to render a decision – October 3 counts as Day one)**
- 2. 2nd Step Appeal – The employee receives an answer on October 9, 2007.
If the employee is not satisfied with the supervisor's answer, he must appeal his grievance to the Chief Operating Officer (COO) no later than October 18, 2007. (10 days to appeal to 2nd step from the date of his receipt or the postmarked date, if mailed – October 9 counts as Day one)**
- 3. 2nd Step Answer – A grievance is appealed on October 18, 2007.
The response from the COO must be in the employee's hands or postmarked, if placed in the mail, no later than October 29, 2007. (12 days to render a decision – October 18 counts as day one) Note: If the COO does not answer the 2nd step appeal in a timely manner, monetary penalties as outlined in Article 31 will be incurred.**

4. System Board Appeal – The employee receives his 2nd step answer on October 29, 2007.

If the employee is not satisfied with the COO's answer, he must appeal his grievance to the System Board no later than November 17, 2007. (20 days to appeal to the System Board from the date of his receipt or the post marked date, if mailed – October 29 counts as Day one)

Furthermore, we have agreed that the same methodology shall be used to trigger the seven (7) calendar days in which a TWU represented employee has to file a grievance. The seven (7) calendar days commence from the time when he/she first has knowledge or should reasonably have had knowledge of the alleged contractual violation.

In addition, Article 31 does afford the Chief Operating Officer (COO), with agreement from the local TWU, an extension of time limits.

If the above accurately reflects our understanding, please indicate by signing below.

Sincerely,

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

Agreed to:

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

ARTICLE 32 - BOARDS OF ADJUSTMENT

(a) Boards of Adjustment

(1) Pursuant to the provisions of the Railway Labor Act, as amended, the parties established a System Board of Adjustment and Area Boards of Adjustment for employees covered by this Agreement.

(2) The Boards will have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving interpretation or application of this Agreement including disputes over the content of an employee's personnel file, whether hard copy or electronic, to the extent such information can be used for discipline. The Boards will have no jurisdiction, whatsoever, over proposals or disputes relating to general changes in hours of work, rates of pay, rules or working conditions. Proposals relating to general changes in hours of work, rates of pay, rules or working conditions will be handled in the manner provided for in Article 47 of this Agreement. Board Hearings may be postponed, in writing, by mutual agreement of the Director of the Air Transport Division and the Vice President – Employee Relations.

(b) System Board of Adjustment

(1) The System Board of Adjustment will be composed of a Company member, a Union member and a neutral referee, acting as Chairman. The neutral referee will serve for an indefinite term; however, either party may cause the services of the neutral referee to be terminated, except as to cases already submitted to him pending a decision, by giving written notice to the other party and to the neutral referee.

(2) If a neutral vacancy occurs and the Company and the Union cannot agree on a successor within fifteen (15) calendar days, unless extended by mutual agreement, the American Arbitration Association will be requested to select a neutral in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules, as amended.

(3) The System Board will hear and determine all disputes properly before it, which are not within the jurisdiction of the Area Boards.

(4) The System Board will meet in the city where the general offices of the Company are maintained, unless a different location is agreed upon by the Director of the Air Transport Division and the Vice President – Employee Relations, or their respective designees.

Any postponements must be submitted and approved in writing by both the Company and the Union board members at least seven (7) calendar days prior to the scheduled hearing, unless the Board members agree otherwise.

(c) Area Boards of Adjustment, Discipline and Dismissal Cases

(1) Area Boards of Adjustment will be maintained in the city where the office of the appropriate Local Union is maintained, unless a different place of meeting is agreed upon by the parties to the dispute. The jurisdiction of each Board will be limited to discipline and dismissal cases arising in the area in question, except as provided in Article 32(c)(5).

(2) Each Area Board will be composed of one member appointed by the Company, one member appointed by the Union, and a neutral referee acting as Chairman. However, by mutual agreement of the Local Union and the appropriate Human Resources Office, an additional neutral referee may be selected to hear Area Board cases scheduled in cities other than those designated in the above paragraph. Members of the Area Boards appointed by the parties will serve at the pleasure of the party making the appointment, except that a Board member will continue to serve until his successor has been appointed. Each neutral referee will serve for an indefinite term; however, either party may cause the services of the neutral referee to be terminated (except as to cases already submitted to him that are pending a decision, by giving written notice to the other party and to the neutral referee.

(3) If the position of neutral referee of an Area Board becomes vacant and the Company and the Union cannot agree on a successor within fifteen (15) calendar days, unless extended by mutual agreement one will be selected in the same manner as the filling of a vacancy under Article 32(b)(2).

(4) Each Area Board will hold hearings at a location in its city, mutually agreed upon by the Local Union and the appropriate Human Resources Office.

(5) In order to expedite Area Board hearings, the parties may agree to hear procedural issues, such as alleged 29(f) violations, timeliness issues, or jurisdictional issues, prior to the presentation of the merits of the case.

(d) Procedures Generally Applicable to the Boards

(1) All disputes referable to the Boards will be sent to the appropriate Board based on the primary issue in dispute for hearing and decision. Any disagreement as to which Board has jurisdiction will be resolved by the System Board.

(2) An appeal to a grievance decision arising out of Articles 29, 30, and/or 31 will be submitted in writing, as provided below, and includes the following information:

(a) The name, personnel number, job classification, and the number of the Local Union for the employee(s) involved;

(b) A statement that the provisions of Articles 29, 30, and/or 31 have been exhausted;

(c) A statement of the nature of the dispute, including the articles in question, and whether the dispute involves discipline/discharge or a contract interpretation or application;

(d) The position or contention of the party filing the submission;

(e) The remedy sought.

(3) The written appeal will be sent to the International TWU in the form of a petition. The International TWU will assign a case number and forward the appeal and two (2) copies, with the case number noted on each, to the Employee Relations Department. The scheduling of cases to be heard before the Boards is an administrative matter addressed by mutual agreement between the Union and the Company.

(4) Unless the parties agree otherwise, the case with the lowest docket number pending before a Board will be scheduled first. The aforementioned scheduling procedure will be followed until there are a sufficient number of cases scheduled to insure full days of hearing. Cases so scheduled, but not heard for lack of time will be rescheduled in accordance with the above scheduling procedure.

(5) If the Director of the Air Transport Division and the Vice President – Employee Relations, or their respective designees, designated Company representative and the designated Union representative for any Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing will be scheduled within fifteen (15) calendar days, unless shortened or extended by mutual agreement, of their decision to expedite the case.

(6) Employees and the Company may be represented at Board hearings by any person or persons as they may choose and designate. Evidence may be presented either orally or in writing or both. The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present

the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours' notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness has the option to postpone the hearing in light of the new document or witness.

(7) Upon the request of either party to the dispute, or of two (2) Board members, the neutral referee will summon witnesses to testify at Board hearings. The Company will cooperate to ensure that all witnesses summoned by the Board will appear in a timely fashion. Reasonable requests by the Union for employee witnesses will be honored. The requests for witnesses will normally not exceed those who can be spared without interference with the service of the Company. Disputes arising from this provision will be immediately referred to the Director of the Air Transport Division and the Vice President of Employee Relations, or their respective designees, for resolution.

(8) A majority vote of all members of a Board will be sufficient to make a finding or a decision with respect to any dispute properly before it, and the finding or decision will be final and binding upon the parties to such dispute. The Union and the Company will at all times have their respective Board members available at the convenience of the various neutral referees, and alternate members will be provided by the Union or the Company, as the case may be, whenever its regular Board member is not available. If an alternate member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without participation by the absent member. In that case, the decision of the neutral referee will constitute the decision of the Board.

(9) The failure of a Board to decide a dispute under the procedure established in this Article will not serve to foreclose any subsequent rights or procedures which the Railway Labor Act, as amended, may provide with respect to the settlement of those disputes, and nothing in this Agreement will be construed to limit, restrict or abridge the rights or privileges accorded to either the employees or to the employer, or to their duly Accredited Representatives, by said Act.

(10) Board findings and decisions will be stated in writing and will be rendered within thirty (30) calendar days from the close of hearing, unless the period is extended by agreement of the parties to the dispute. In each case a copy of the finding or decision will be furnished the Company, the Union and the employee or employees that are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then, upon request of the Company, the Union or the employee or employees that are parties to the dispute, the Board will interpret the finding or decision.

(11) The System Board and each Area Board will keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at all Boards will be taken if requested by either party to the dispute. In that case, the cost of the record will be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of that record will be borne equally by both parties to the dispute.

(12) Each party will assume the compensation, travel expense and other expenses of its Board members and the witnesses it summons.

(13) So far as space is available, witnesses who are employees of the Company will receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(14) Each Board, upon agreement of a majority of its members, will have the authority to incur expenses necessary for the proper conduct of the business of the Board. Those expenses, as well as the expense of each neutral referee, will be shared equally by the parties. Union Board members who are employees of the Company be granted necessary leaves of absence for the performance of their duties as Board members. So far as space is available, the Board members will be furnished free transportation over the lines of the Company for the purpose of attending Board meetings to the extent permitted by law.

(15) Every Board member will be free to discharge his duty in an independent manner, without fear that his individual relations with the Company, the Union, or with the employees covered by this Agreement may be affected in any manner by any action taken by him in good faith in his capacity as a Board member. Each party will specifically instruct each Board member selected that he will at all times, while serving in that capacity, act not as a partisan or advocate of a partisan group or cause but will act and serve solely to render impartial findings and just decisions.

(e) Procedures for Finalizing Awards

The following procedures are provided in order to standardize the arbitration process and avoid any controversy regarding the deliberations and discussion associated with the publication of System and Area Boards of Adjustment awards:

(1) Executive sessions for every case should take place at the conclusion of the hearing, or at such time as agreed upon by a majority of the Board at the conclusion of the hearing. This postponed executive session may be necessary

due to the submission of briefs or other post-hearing issues and should be the exception, not the rule.

(2) An arbitrator's draft decision, distributed to the Board unsigned, may be changed to any extent agreeable to a majority of the Board. A written decision, once executed and signed by the neutral arbitrator, may only be modified as to content by agreement of all Board members.

(3) The Board members are not to discuss the decision of the Board with anyone other than the Board members prior to the publication of the award by the Administrator of the System Board.

(4) No ex-parte communication concerning the case (that is, discussion held without the presence of the full Board) ~~are~~ **is** permitted at any time.

(5) The details of the Board's deliberations must be held confidential by virtue of the Board's intended neutrality. No Board member should divulge the nature or content of the discussions held between the Board members in reaching their decision.

ATTACHMENT 32.1 – SYSTEM BOARDS OF ADJUSTMENT

May 17, 2004

**Gary Yingst
AA System Coordinator
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054**

Re: Article 32d(6)

Dear Gary,

There have been several issues recently raised that require a clarification of Article 32d(6) for all of the AA/TWU agreements. The pertinent portion of the provision is cited below:

(6) The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours' notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness has the option to postpone the hearing in light of the new document or witness.

There are two scenarios that need clarification: a late presentation of documents or witnesses between the 10th day and 48 hours prior to the hearing and the late document or witness presentation from 48 hours till the commencement of the hearing. The clarifications will be presented in the form of an example for each.

Late Document/Witness list between 10 days and 48 hours:

Advocate A provides advocate B a document 7 days prior to the hearing that advocate A intends to enter into evidence as part of his/her direct case. Advocate B has two options at this point:

- 1. Accept the document and the case remains as scheduled; or**
- 2. Accept the document and opt to postpone the case**

The neutral referee and associated costs resulting from the postponement will be borne by both parties in accordance with Article 32d(14).

Late Document/Witness list 48 hours or less:

Advocate A provides advocate B a document the morning of the hearing day that advocate A intends to enter into evidence as part of his/her direct case. Advocate B has the following options at this point:

1. Advocate B. can accept the document and the case remains as scheduled; or
2. Advocate B. can reject the document and/or witness list and informs advocate A that the document or witness may not be presented at this scheduled hearing; Advocate A may then opt to postpone the case or continue without the document or witness; or
3. Advocate B. can accept the document and opt to postpone the case;

The neutral referee costs associated with the postponement will be borne by advocate A.

It is further understood that for System and Area boards the scheduled start time of the first hearing on such date will be the time that is used to measure the 48 hour window.

Example: Fleet Service board scheduled to start first case at 8:00 on May 18, 2004. 48-hour window starts at 8:00 on May 16, 2004 for all cases scheduled to be heard on May 18.

In addition to the above, it is important that both parties recognize and comply with the document and/or witness list exchange as intended, which is no later than ten (10) days prior to the hearing. By doing so, we can collectively avoid the application as stated above all together.

If the above accurately reflects your understanding of the clarification, please indicate by signing below.

Sincerely,

James B. Weel
Director
Employee Relations

Gary Yingst
AA System Coordinator
Transport Workers Union of America

ARTICLE 33 - NO STRIKE - NO LOCKOUT

It is the intent of the parties to this Agreement that the procedures in this Agreement will serve as a means of amicable settlement of all disputes that may arise between them, and, therefore:

(1) The Company will neither cause nor permit a lockout during the life of this Agreement, and

(2) Neither the Union nor the employees will engage in a strike, sit-down, walkout, stoppage, slowdown, or curtailment of work for any reason during the life of this Agreement.

ARTICLE 34 - SICK LEAVE

(a) A Fleet Service employee who completes six (6) months of service with the Company will be credited with two and one half (2 .5) days of sick leave for the calendar year in which the six (6) month period is completed.

~~A Ground Service employee who completes six (6) months of service with the Company will be credited with three point three (3.3) hours of sick leave for every one hundred and seventy three point three (173.3) hours paid during that six (6) month period, to a maximum of twenty (20) hours, for use during the calendar year in which the initial six (6) months period is completed.~~

(b) Upon being credited with the applicable two and one half (2.5) days of sick leave, an employee will thereafter accrue five twelfths (5/12) of one (1) day of sick leave for each calendar month of service with the Company, up to a maximum of five (5) days in any calendar year. Sick leave accrued during a calendar year will not be used prior to January 1 of the following year.

~~Upon being credited with the initial hours of sick leave, a Ground Service employee will thereafter accrue three point three (3.65) hours of sick leave for every one hundred and seventy three point three (173.3) hours paid of service with the Company, up to a maximum of forty (40) hours in any calendar year. Except for the initial six (6) months of credit, sick leave accrued during a calendar year will not be used prior to January 1 of the following year.~~

(c) Unused sick leave will be cumulative up to a maximum of one hundred and eighty (180) days for Fleet Service Employees.

~~For Ground Service employees: Unused sick leave will be cumulative up to a maximum of one thousand and two hundred (1,200) hours.~~

(d) Except as specified in this Article, only days absent due to illness or injury of the employee which are not compensable under the applicable Workers' Compensation Laws will be paid for from his allowed sick leave. Payment will be based on the employee's regular hourly rate.

(e) While it will not be the policy of the Company to require a slip from his doctor stating treatment for an illness or injury for all absences of one (1) to three (3) days in order for an employee to be eligible for sick leave pay, the Company reserves the right to require a doctor's slip whenever circumstances indicate suspected abuses of the sick leave policy.

(1) Any employee suspected of abusing sick leave may be required to furnish a doctor's slip stating that he was treated for an illness or injury will first have the circumstances leading to the suspicion fully discussed with him. He may, if he so desires, have a Union representative present during the discussion.

Subsequent to this discussion, if the Company decides that a doctor's slip is required, he will be given written notice of this requirement. Upon request of the employee, the specific reasons for the suspected abuse will be supplied to him, in writing. The requirement for this slip from the doctor will expire ninety (90) calendar days from the effective date of the written notice.

(2) Upon request of the Local Union President, any employee claiming harassment as a result of being required to furnish a doctor's slip will have the opportunity to present his written claim for relief to a panel composed of the Vice President – Employee Relations and the Director of the Air Transport Division or a designee.

(3) In the event the employee's claim is determined to be valid, the employee will have eight (8) hours of sick pay added to his sick leave account. In the event it is determined to not be valid, the employee will forfeit eight (8) hours of sick pay from his sick leave account.

(f) When employees, including probationary employees, are absent due to **personal** illness or injury, ~~Classification~~ **Pay** seniority will continue to accrue for a period not to exceed thirty (30) calendar days for any period of absence.

(g) During an employee's absence due to an occupational illness or injury compensable under the applicable Workers' Compensation Law, he will receive from the Company the following benefits:

(1) for the first ten (10) work days absent, the difference between his base pay (including shift differential) and Worker's Compensation payments;

(2) at the conclusion of the period referred to in (1) above, a disabled employee drawing Workers' Compensation may, at his option, draw upon his accrued sick leave up to the extent of his accrual at the rate of up to one-half regular pay (including shift differential). Provided, however, the sum of such Workers' Compensation weekly payments plus such sick pay benefits will not exceed the employee's regular base weekly pay (including shift differential). Corresponding deductions will be made from his available sick leave accrual. Deductions will be to the nearest 0.1 of a day up to a maximum of one-half day of sick leave.

These benefits will be in lieu of any other payment provided for in this Article for all absences due to the same illness or injury.

(h) In the event that the Company challenges the payment of benefits under paragraph (g) above, occurring during the statutory waiting period under the applicable state Workers' Compensation Laws, the employee will receive pay continuance (regular pay) from the Company up to the maximum days provided in the waiting period.

The challenged payment by the Company will be resolved in the following manner:

(1) The Company, or the employee, may within seven (7) calendar days, appeal through a review panel composed of a representative of the TWU International and the Vice President-Employee Relations, which will hear and resolve the case. The panel will be limited to determining whether the pay continuance, made to the employee under this provision, will be considered a benefit under Article 32(d) or 32(g), or whether the employee should return to the Company the benefit he received under this provision. In the event the panel is unable to resolve the issue, the case may be submitted to the System Board of Adjustment for final and binding resolution.

(2) If the Company or the employee fails to appeal the challenged payment, the pay continuance benefit will be considered payment under Article 32(d) and will be charged to the sick leave benefit.

(i) The employees and the Union recognize their obligations to prevent absence for reasons other than illness or injury, or other abuse of the sick leave privilege, and pledge their wholehearted cooperation to the Company to prevent abuse.

(j) Effective January 1, 1981, a lump sum payment for unused sick leave days, if any, will be made to each employee entitled thereto upon the employee's effective date of retirement as defined in American Airlines regulations. If an employee dies prior to retirement the employee's beneficiary or estate will receive a lump sum payment for all unused sick leave. A day or days of unused sick leave referred to in this paragraph will mean those days credited or accrued in each calendar year and not used by the employee up to the date of retirement or death.

(k) For each such day of unused sick leave, up to a maximum of one hundred and fifty (150) days, the Company will pay an employee covered by this Agreement, twenty-five dollars (\$25.00).

(l) A day or days of unused sick leave referred to in paragraphs (j) and (k) above will mean those days credited or accrued in each calendar year and limited to the cumulative maximum in the manner set forth under the provisions of Article 34 of this Agreement effective August 9, 1980 and not used by the employee up to the date of retirement.

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

ATTACHMENT 34.1 – COMPENSATION CLAIM (ID) PANEL

February 18, 1978

Mr. Ernest M. Mitchell
Director-Air Transport Division
Transport Workers Union, AFL-CIO
1980 Broadway
New York, New York 10023

Re: Compensation Claim (ID) Panel

Dear Mr. Mitchell:

Procedures for the Company and employees to follow on occasions when injury-on-duty payments during statutory waiting periods are challenged, as outlined in Article 34(h), are as follows:

1. The Company will notify the employee in writing that payment for alleged injury on duty is being challenged.
2. The employee may appeal by a written protest jointly addressed to his supervisor and the local union ranking official.
3. The appeal may be submitted to the Special Injury on Duty Panel provided under Article 34 within thirty (30) days of notice of protest to the supervisor. If the issue is not resolved by the Special Injury on Duty Panel, it will be submitted to a designated permanent referee who will render an immediate decision, without a written opinion within twenty-four (24) hours of the hearing.
4. Expenses for the hearing before the special designated referee will be borne in the same manner as for grievances under the Agreement.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

Agreed:
Ernest M. Mitchell
Dated: February 18, 1978

~~ATTACHMENT 34.2 – SICK LEAVE AND IOD APPLICATIONS~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054~~

Sick Leave and IOD Applications

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~During these negotiations, the parties agreed to modifications to the manner in which sick leave is accrued and paid. Additionally, the parties agreed to modifications to the manner in which IOD salary continuance is paid. The implementation plan of these items is detailed below and constitutes the required method to reach the targeted savings.~~

Sick Leave

~~On December 31, 2003, all employees in the TWU Title Groups will be credited with sick leave based upon our agreed to changes. Sick leave is awarded based on 5/12ths of a day (3.65 hours in the M&R Agreement) per each 173.3 paid hours period. The maximum credit is five (5) days (40 hours in the M&R Agreement) per calendar year.~~

~~There is no change to the maximum accrual of one hundred fifty (150) or one hundred eighty (180) days. Additionally, there is no change to the sick bank of each employee as of January 01, 2003.~~

~~Effective on May 01, 2003, in Title Group I and Title Group II only, payment for sick leave will be at 50% of the employee's base rate for the first sixteen (16) hours, of any single occurrence.~~

Injury On Duty – Salary Continuance

~~The parties agreed to modification of the IOD – Salary Continuance provision. In order to transition from the eighty (80) days of salary continuance to the new ten (10) days of salary continuance, employees, who are receiving salary continuance on the basis of the eighty (80) day application for an injury or illness that occurs prior to April 15, 2003, will continue to draw salary continuance on the basis of the eighty (80) day application~~

~~through April 30, 2003. For those employees, salary continuance will end as of May 01, 2003.~~

~~Example: Employee "A" has used 74 days of IOD as of 4/15/03. This employee would continue to receive IOD pay for six (6) more days up to the eighty (80) days. Emp. B has used 45 days of IOD as of 4/15/03, he/she will continue on IOD, if necessary, till 4/30/03.~~

~~For those employees who incur an illness or injury during the period of April 15, 2003, through April 30, 2003, the salary continuance payment will be for ten (10) work days. For those employees, salary continuance will end after payment of ten (10) work days.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:

James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO

ARTICLE 35 - TEMPORARY EMPLOYEES

(a) Temporary employees may be hired by the Company to accomplish and perform work of any temporary nature not to exceed forty-five (45) calendar days unless extended by mutual agreement between the Company and the Local Union, twice within a calendar year. If qualified employees laid off due to a reduction in force are available at the station or locality where the work is to be performed, they will be given the first opportunity of employment. A regular part time employee at the location will be proffered temporary full time opportunities prior to hiring a full time temporary employee.

Notwithstanding the above, temporary employees may be hired at each airport. No temporary employee will be hired at an hourly chart rate higher than a regular employee.

(b) Temporary employees will not accrue occupational or ~~classification~~ **pay** seniority except those employees who are on layoff status will accrue occupational and ~~classification~~ **pay** seniority during periods of temporary employment. When a temporary employee becomes a regular employee, without a break in service, occupational and ~~classification~~ **pay** seniority will be retroactive to the original date of temporary employment.

ARTICLE 36 - MEAL PERIODS

(a) Meal periods will be thirty (30) minutes, except when a longer period is agreed upon between the parties.

(b) Meal periods will be scheduled not earlier than three (3) hours after commencement of the regularly scheduled shift and not later than five and one-half (5-1/2) hours (so as to be completed at the end of five and one-half (5-1/2) hours) after commencement of the regularly scheduled shift.

In the event that a meal period has not been provided in accordance with the foregoing, the employee is then free, if he so desires, to take an uninterrupted meal period. However, the parties recognize that in the interest of customer service, an employee who is engaged in line flight operations will complete his assignment prior to beginning this meal period, provided the completion of his assignment does not result in this meal period beginning after the sixth hour.

ARTICLE 37 - SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those in paragraphs (b), (c) and (f) will receive severance allowance as provided in paragraph (e), subject to the limitations in this Article.

(b) Severance allowance will not be paid for layoffs of less than four (4) months' duration, which are due to seasonal schedule reductions.

(c) Severance allowance will not be paid if the layoff is the result of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(d) At the time of layoff, the Company will advise the employee in writing of the reasons for his release and whether it is for reasons outlined in Article 37 (a), (b) or (c). If the employee is released for reasons in Article 37(a), he will be eligible for the immediate payment of the severance allowance as provided in this Article. If the employee is released for reasons in Article 37(b), and if at the expiration of four (4) months from the date of layoff he is not offered reemployment in other than a temporary job in accordance with Article 16, his layoff will be presumed to have been caused by factors covered in Article 37(a), and he will become entitled at that time to severance allowance, as provided in this Article. Temporary work, which does not exceed a continuous period of forty-five (45) calendar days, will not be considered as breaking the four-month period of layoff.

(e) The amount of severance allowance payable under this Article to employees eligible is contained in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits in this Agreement.

(1) Severance for part-time employees will be based on the employee's Company seniority and the scheduled hours at the time of layoff. If the employee's scheduled hours have been reduced within sixty (60) calendar days of the layoff notice, an average of the previous six (6) months scheduled hours will be used to determine the "scheduled" hours for the purposes of pay.

(2) A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by forty (40) hours for full time but for part time hours as outlined above.

<u>If employee has completed:</u>	<u>Severance Allowance:</u>
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks
4 years of service	5 weeks
5 years of service	6 weeks
6 years of service	7 weeks
7 years of service	8 weeks
8 years of service	9 weeks
9 years of service	10 weeks
10 years of service	11 weeks
11 years of service	12 weeks
12 years of service	13 weeks

(f) If the employee is not reemployed by the Company within four (4) months from the effective date of his layoff, and he has at least one year's seniority as of the date of layoff, he will be entitled to an additional two- (2) weeks' severance allowance. **The additional two (2) weeks' severance allowance will be the same amount of hours per week that was paid to the same employee for his/her original regular severance under Article 37(e). This additional two (2) weeks' severance allowance is paid out only once in the employee's career.** In the event ~~the~~ an employee is recalled to work under Article 16 before the expiration of four (4) months from the date of his layoff and is again laid off, he will be entitled to the additional two (2) weeks' severance allowance if he is not reemployed by the Company within four (4) months from the effective date of the subsequent layoff.

(g) Severance allowance will not be granted when (1) the employee elects to exercise his seniority to remain with the Company in his own or a lower classification in accordance with Article 15; (2) he has, within four (4) months of layoff, been offered a job in accordance with Article 16, and has refused the job; or (3) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(h) An employee recalled to work under the terms of Article 16, who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with Article 37(e), less the dollar amount received on the occasion of the previous severance, provided that the dollar amount deduction will not be made if the employee completes at least one (1) additional year of compensated service with the Company from the date on which he reported for duty upon the occasion of the prior recall.

(i) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance (plus an additional two (2) weeks if he also received two (2) weeks' pay in lieu of notice) will have the amount of overpayment deducted from his subsequent earnings.

(j) An employee who has been reemployed under the conditions outlined in Article 37(h) and (i) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

ARTICLE 38 - UNION SECURITY

(a) All employees covered by this Agreement will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation fee and membership dues (not including fines and penalties), or agency fees in accordance with applicable law. An employee may have his membership dues deducted from his earnings by signing the form "Assignment and Authorization for Check-Off of Union Dues", also referred to as "Check-Off Form," or, if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(b) All new employees of the Company hired on or after the effective date of this Agreement will become members of the Union sixty (60) calendar days after the date of employment with the Company and will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues, or in lieu of maintenance of membership, agency fees in accordance with applicable law. The Company will supply each Local Union with the name, personnel number, and work location of any new employee or transferee covered under this Agreement within fifteen (15) calendar days of the actual report date of said employee. The Company will allow the Union an opportunity during local orientation to meet with new employees and transferees regarding Union matters.

(c) If any employee who has resigned from the Company or has been laid off is reemployed or recalled, he will be considered as a new employee for the purposes of this Article and will be governed by the provisions of Article 38(b).

(d) Employees who are or become members of the Union under Article 38(a) or (b) will pay membership dues as set forth in this Article, except that payment for membership dues will not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification or position not covered by this Agreement.

(e) "Member of the Union", for the purpose of this Article, will mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of the initiation fee and membership dues as specified herein or agency fee payer not more than sixty (60) calendar days in arrears in the payment of his fees.

(f) When an employee who is a member of the Union becomes delinquent within the meaning of Article 38(e), the following procedure will apply:

(1) The Director of the Air Transport Division of the Union will notify the employee in writing, certified mail, return receipt requested, that he is delinquent in the payment of the initiation fee and membership dues or agency fees, as specified herein, and accordingly, is subject to discharge as an employee of the Company. The letter will also notify the employee that he must remit the required

payment within fifteen (15) calendar days of the date of mailing of the notice, or be subject to discharge. This provision will be deemed to be complied with if the Union sends, but the employee refuses the above mailing.

(2) If, upon the expiration of the fifteen (15) calendar day period, the employee still remains delinquent, the Director of the Air Transport Division of the Union will certify, in writing, to the Vice President-Employee Relations of the Company, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Vice President-Employee Relations, after being presented with the appropriate documentation, will then take proper steps to discharge the employee from the services of the Company.

(3) An employee discharged by the Company under the provisions of this paragraph will be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(g) Any discharge under the terms of this Article will be based solely upon the failure of the employee to pay or tender payment of initiation fee and membership dues or agency fees, as specified in this Article, and not because of denial or termination of membership in the Union upon any other ground.

(h) Any grievance by an employee concerning the interpretation or application of the provisions of this Article will be subject exclusively to the following procedure:

(1) An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review, in writing, within five (5) calendar days from the date the grievance arises, except that a grievance arising under Article 38(f)(1) must be filed within the fifteen (15) calendar day period specified in that paragraph. The request will be submitted to his immediate supervisor who will review the grievance and render his decision, in writing, not later than five (5) calendar days following the receipt of the grievance.

(2) The immediate supervisor will forward his decision to the employee with a copy to the Local Union Accredited Representative. If the decision is not satisfactory to both the employee and the Union, then either may appeal the grievance directly to the System General Board of Adjustment, established under Article 32 of this Agreement, within ten (10) calendar days from the date of the decision. The terms and provisions of this Article will be applicable, except as otherwise specified in this Article.

(3) If the Union should appeal the decision to the System General Board of Adjustment, it will prepare a joint submission of the grievance setting forth the Union's and the employee's position and forward copies to the employee, the Vice President-Employee Relations of the Company and to the

members of the System Board of Adjustment. If the employee should appeal the decision, he may request the Vice President-Employee Relations to prepare the submission papers on his behalf for the System Board of Adjustment. In this event, the request will be made by the employee, in writing, to his immediate supervisor who will transmit through the Local City Manager all facts, data and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Vice President-Employee Relations will forward copies of the employee's separate submission to the employee, the local City Manager, the Director of the Air Transport Division of the Union and to the members of the System Board of Adjustment.

(4) During the period a grievance is filed under the provisions of this paragraph and until after final award by the System Board of Adjustment, the employee will not be discharged from the Company because of noncompliance with the terms and provisions of this Article. In the event the employee's grievance is denied because he has not tendered dues owed under this Article, he will be considered discharged for cause. In any proceeding under this Article, the employee, the Company, and the Union will be allowed to present any facts or arguments supporting their positions concerning proper application of this Article.

(i) The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims, which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(j) The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure of employment or any term or condition of employment, attempt to discourage membership in the Union.

(k) The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his right to work, the proper exercise, performance, or implementation of his duties and responsibilities with the Company or in respect to Union activity or membership. Further there will be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(l) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-laws of the Union and as prescribed by the Railway Labor Act, as amended, provided the member of the Union voluntarily executes the following agreed-upon Check-Off Form. This form will be prepared and furnished by the Union.

ASSIGNMENT AND AUTHORIZATION
FOR CHECK-OFF OF UNION DUES

To: ~~American Airlines, Inc.~~
Internal Mail Address:
~~Attention: Manager – Payroll Customer Service~~
~~M.D. #790 TUL~~
~~P. O. Box 582848~~
~~Tulsa, Oklahoma 74158 2848~~

U.S. Mail Address:
American Airlines, Inc.
Manager – Payroll Customer Service
7645 East 63rd Street **Suite 600**
Tulsa, OK 74133-125275

I, _____,
(Name: Initials and last name)

hereby assign to the Transport Workers Union of America, AFL-CIO, my Union dues from any wages earned or to be earned by me as your employee. I authorize and direct you to deduct the flat sum of _____, which is the bi-weekly equivalent of my monthly membership dues, or such bi-weekly equivalent as may hereafter be established by the Union as my membership dues, from each bi-weekly paycheck and to remit the same to the Union.

This assignment, authorization, and direction may be revoked by me, in writing, after the expiration of one year from the date hereof, or upon the termination date of the labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with the existing Agreement between the Union and the Company.

Employee Signature _____
Employee Address _____

Personnel Number _____
Cost Center _____/_____
Location _____
Department _____
Local Union Number _____
Date _____

(m) When a member of the Union properly executes such "Check-Off Form", the Director of the Air Transport Division of the Union will forward an original copy to: ~~the Manager Payroll Customer Service; American Airlines, Inc., M.D. #790, P.O. Box 582848, Tulsa, Oklahoma 74158-2848.~~ **Manager – Payroll Customer Service 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275.**

Any Check-Off Form, which is incomplete or improperly executed, will be returned to the Director. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and delivered by certified mail, addressed to their respective Local Union office. Each Local Union office will forward a copy to: ~~the Manager Payroll Customer Service; American Airlines, Inc.; M.D. 790; P.O. Box 582848; Tulsa Oklahoma 74158-2848~~ **Manager – Payroll Customer Service, 7645 East 63rd Street Suite 600, Tulsa, OK 74133-1275** for future Union dues withholding. Check-Off Forms and notices received by the Manager Payroll Customer Service will be stamp-dated on the date received and will constitute notice to the Company on the date received, and not when mailed.

(n) When a Check-Off Form, as specified in this Article, is received by the Manager-Payroll Customer Service on or before a given payday, deductions will commence with the first regular paycheck following said payday, and will continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, personnel numbers and station numbers of the employees for whom deductions have been made in that particular period, arranged in order of their personnel numbers. Additionally, the Company will supply in duplicate to the office of the Union a listing of those employees who are on leave of absence; have accepted a position outside the bargaining unit; or have terminated employment with the Company.

(o) No deductions of Union dues will be made from the wages of any employee who has executed a Check-Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions will be automatically resumed provided the employee has not revoked the assignment in accordance with this Article, and provided it is in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(p) An employee who has executed a Check-Off Form and who resigns or is terminated from the employ of the Company for reasons other than layoff will be deemed to have automatically revoked his assignment and if reemployed, further deductions of Union dues will be made only upon execution and receipt of a new Check-Off Form. Provided, however, that upon return from layoff, leave of absence, or reinstatement from disciplinary discharge to work within a classification covered by this Agreement, deductions will be automatically resumed. In cases where Check-Off is not

reinstated by the Company due to mechanical or software errors, the Company will collect the back dues at a maximum of fifty (50) dollars per month and remit to the Union, provided the employee has not revoked the assignment in accordance with this Article, and the deductions are in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(q) Collection of any back dues owed at the time of starting deductions for any employee, and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, will be the responsibility of the Union and will not be the subject of payroll deductions.

(r) Deductions of membership dues will be made in a flat sum from each paycheck provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to collect dues will not extend beyond the bi-weekly period in which his last day of work occurs.

ARTICLE 39 – PHYSICAL EXAMINATION FITNESS FOR DUTY

(a) If two or more members of management determine there is a serious question as to an employee's physical fitness to perform his assigned work, **one or more of the following may be required of the employee.** ~~he may be given a physical examination by the Company doctor. The employee will be notified of the examination in writing. The notification~~ **which** will include an explanation of the reason(s) for the **evaluation examination.** ~~An employee who fails to pass a Company physical examination may, within fifteen (15) calendar days of the date of written notification of his failure to pass the examination, be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform, or, at his option, have a review of his case in the following manner:~~

(1) **If he is currently under the care of a physician, he may be required to provide medical documentation regarding such treatment.** ~~He may employ a qualified medical examiner of his own choosing and at his own expense for a physical examination.~~

(2) **If he is not currently under the care of a physician or does not provide medical documentation to AA Medical from his own personal physician in timely manner, management may request a fitness for duty evaluation through the Company Medical department.**

~~Should the medical examiner chosen by the employee disagree with the findings of the medical examiner employed by the Company, the Company will, at the written request of the employee or his Union representative, ask that the two medical examiners agree upon and appoint a third qualified and neutral medical examiner, for the purpose of making a further physical examination of the employee.~~

(3) **As soon as the medical information is received either from the employee's treating physician or the company provided medical evaluation, it will be reviewed by an AA physician or the AA Medical Review Board (hereafter referred to as the MRB) at the next scheduled MRB (normally within two (2) weeks). The Company physician or MRB will consider the information provided by the treating physician or the medical evaluation as well as the employee's AA Medical file.**

~~The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral doctor (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.~~

Note: During any time the employee is absent from work due to these situations, he will be compensated from his existing sick bank unless he is on "withhold with pay" status.

As a result of the Company physician and/or MRB review, one of the following will apply:

- (a) The employee may be cleared to full duty;**
- (b) Temporary restrictions may be assigned: A temporary restriction is a restriction assigned by the employee's treating physician or AA Medical, until the employee's fitness for full duty can be established.**
- (c) Permanent restrictions may be assigned: A permanent medical restriction is a work restriction that is based on the presence of a medical condition which is unlikely to change substantially in the immediate or foreseeable future.**

~~(4) — The expense of the third medical examiner will be borne one-half by the employee and one-half by the Company. Copies of the Board's report will be furnished to the Company, the Union, and the employee.~~

~~(5) — If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job and be paid for time lost, at his regular rate of pay, less any amount he may have received as compensation during the interim period.~~

~~(b) — Should the medical examiner, chosen by the employee in Article 39(a)(1), agree with the findings of the Company doctor but disagree regarding the employee's ability to return to his job, the following will apply to all cases, including alcoholism and mental disorders, except when superceded by the DOT or FAA rules or the Company's Alcohol/Drug Policy:~~

~~—— (1) — The employee may appeal through the local Union President to a System Review Panel, composed of the Vice President — Employee Relations and the Director of the Air Transport Division, to resolve the dispute.~~

~~—— (2) — Should the System Review Panel be unable to satisfactorily resolve the case, it will be referred to a System Professional Medical Board composed of the American Airlines Corporate Medical Director, a physician appointed by the employee, and a third physician mutually agreed upon by the first two physicians. The third physician will possess the medical expertise necessary to resolve the dispute.~~

~~—— (3) — The case will be presented to the Professional Medical Board which will be empowered to return the employee to his former job. The decision of the Board will be final and binding, the majority vote deciding the case.~~

~~(4) The expense of the employment of the third physician will be shared equally by the parties.~~

(b) Temporary Restrictions

If temporary restrictions are assigned, AA Medical will notify the employee and local management, in writing, of the temporary restrictions. Local management will determine if the restrictions can be accommodated in the workplace, and may seek input from Medical and the Union. AA Medical will work with the employee and his treating physician to address the temporary restrictions. (In some cases, the temporary restrictions may become permanent restrictions.) In the event the employee's treating physician disagrees with the temporary restrictions that have been assigned by AA medical, the employee may initiate a second review by AA Medical; provided, the review process will not be initiated until the employee has provided his medical records to AA Medical, and AA Medical continues to recommend temporary restrictions with which the employee's physician disagrees. The second review must be accommodated by newly available or additional medical information relating to the established restrictions (e.g. physician to physician review, if appropriate). AA Medical commits to a timely review of the medical facts.

~~(c) If a dispute should arise from the application of Article 39(a) or 39(b), the Company will supply to the employee's personal physician, upon receipt of a signed release from the employee, a copy of the employee's medical records that pertain to the dispute. Provision and disclosure of the medical records will be in conformity with applicable government regulations.~~

(c) Permanent Restrictions

If the employee is assigned permanent restrictions, AA Medical will notify the employee in writing of the permanent restrictions. (A form will be included in the MRB letter.) An employee who has been assigned permanent restrictions by the MRB is encouraged to seek local accommodation in his existing job with local management. If local management is unable to accommodate the restrictions, the employee may file an appeal as stated below, or request a broader accommodation or job search assistance from the Accommodation Review Board (hereafter referred to as the ARB). In the event that the employee's treating physician disagrees with the permanent restrictions that have been assigned by the MRB, the employee and his treating physician may appeal the MRB's decision within fifteen (15) calendar days of the date of written notification. The employee will be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform or, at his option, have a review of his case in the following manner:

(1) Once AA Medical has been notified of the appeal the Company will, at the written request of the employee or his Union representative, ask that

the two medical examiners, the employee's treating physician, and the AA Medical physician agree upon and appoint a third qualified and neutral medical examiner for the purpose of conducting a further medical evaluation of the employee. AA Medical will research the qualifications and credentials of physicians qualified as medical examiners for the appropriate medical condition and/or restrictions to be reviewed. AA Medical will provide a written list of medical examiners to the employee's treating physician with a copy to the employee. AA Medical will also review a list of qualified medical examiners provided by the employee's treating physician if provided.

(2) The employee's treating physician should notify AA Medical of the choice of medical examiner within fifteen (15) calendar days of the date of the letter. The employee must provide a medical release to AA Medical prior to the scheduling of an appointment with the medical examiner. Provision and disclosure of the medical records will be in conformity with applicable government regulations. AA Medical will schedule the appointment, will notify the employee in writing and will provide all appropriate Company medical records to the medical examiner. Additionally, if the employee or the employee's treating physician has additional medical information, it must be submitted to AA Medical along with the medical release for forwarding to the medical examiner prior to the appointment.

(3) The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral medical examiner (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.

a. The expense of the third medical examiner will be borne by the Company including all expenses related to travel such as airfare and hotel. Copies of the medical examiner's report will be furnished to AA Medical and the employee's treating physician. If the employee fails to show for the scheduled appointment and has no justifiable reason, he will be responsible for any no-show fee.

b. If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job. Back pay will apply from the date the employee files his Article 39 appeal. The employee will be compensated at his regular rate of pay, less any amount he may have received as compensation during the interim period. If the employee used sick leave or vacation allowance, his sick leave or vacation allowance will be replenished.

c. Should the third party medical examiner agree with the permanent restrictions assigned by AA Medical, the employee may request accommodation through the ARB.

d. The decision of the third party medical examiner is final and binding on all parties.

Note: This process will not supersede the Company's Alcohol/Drug Policy, FAA, or DOT rules.

~~(d) In order to expedite the resolution of cases brought before the AA TWU System Review Panel under the provisions of Article 39(b), the provisions of this paragraph will be followed. In the event that the Panel, with the concurrence of the AA Corporate Medical Director or his designee, returns the employee to his job, or another job covered by the Agreement, the reinstatement will be effective no later than ten (10) calendar days from the date the decision is reached. The reinstated employee will return to work on the date, time, and place determined by the Manager of the work unit to which the employee will return.~~

~~(1) In the event of a deadlock by the Panel under the provisions of Article 39(b)(1), the employee will:~~

~~_____ (a) Complete and sign an American Airlines authorization form for the release of medical information; and~~

~~_____ (b) Write a letter to the AA Medical Director stating the name of the doctor specializing in the treatment of the medical disability which caused the employee to be disqualified from his job and/or upon whose opinion the Company may rely, if the System Review Panel determines the doctor has not been specified already; and~~

~~_____ (c) Furnish a detailed medical memorandum for the physician under Article 39(d)(1)(b). The memorandum will detail the diagnosis, prognosis, medication, current status, test results, etc., based on an examination performed not more than ninety (90) days before or after the date of the System Review Panel hearing.~~

~~_____ (2) The above documents are to be sent to:~~

~~_____ Corporate Medical Director
_____ P. O. Box 619616, MD 5187
_____ DFW Airport, TX 75261-9616~~

~~(3) Upon receipt of the above documents, the AA Medical Department will evaluate the employee's physician's report and will communicate with the employee's physician to choose a third physician to constitute the Professional~~

~~Medical Review Board specified under Article 39(b)(2). All questions concerning the submission of documents above will be handled by AA Medical.~~

~~(4) The entire process of appeal from the decision of the System Review Panel to the Professional Medical Review Board will be completed within forty-five (45) calendar days. However, when the employee's physician, the AA physician, or the third doctor are not available, test results are delayed, or other factors beyond the control of the parties exist, the process may be extended another fifteen (15) calendar days to a total period from deadlock of the System Review Panel through the process of the Professional Medical Review Board of not more than sixty (60) calendar days.~~

~~(5) Every employee participating in the process above will be made aware of his or her responsibility to share the cost of the third physician equally with the Company under the provisions of Article 39(b)(4).~~

(d) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

~~ATTACHMENT 39.1 — ADA ACCOMODATIONS COMMITTEE~~

~~From: Edward Koziatek
To: Managing Director Employee Relations
Re: ADA Accommodations Committee~~

~~October 14, 1992~~

~~You have requested information on how your field representatives should handle employee requests under the ADA (Americans with Disabilities Act) to start the process of the Accommodations Committee reviewing their medical restrictions.~~

~~Once an employee has exhausted the provisions of the contract, including Article 39, and is still restricted from performing a job s/he believes s/he can accomplish, the employee should forward to the local Personnel Manager, in writing, with a copy to the Local Union President a request for review by the ADA specified Accommodations Committee.~~

~~The Personnel Manager is the designated contact point for such accommodation review requests and other questions and/or issues relating to the ADA.~~

~~(Signed original on file)~~

ATTACHMENT 39.1 – ACCOMMODATION REVIEW BOARD

DOS

**Mr. Robert F. Gless
Deputy Director - ATD
American Airlines System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

Re: ACCOMMODATION REVIEW BOARD

Dear Robert,

In follow up to today's conversation I am providing information on how your field representatives should handle employee requests regarding the process of the Accommodations Review Board and how it relates to their permanent medical restrictions.

If permanent restrictions are assigned, AA Medical will notify the employee and the TWU ATD Designees in writing of the permanent restrictions. Once an employee has exhausted the provisions of the contract and is still restricted from performing his job, the employee should forward to HR, in writing, with a copy to the Local Union President, a request for review by the ADA System Accommodations Committee.

HR is the designated contact point for such accommodation review requests. Employees who have been assigned permanent restrictions by the MRB are encouraged to seek local accommodation in their existing job with their local management. If local management is unable to accommodate the restrictions, the employee may request a broader accommodation or job search assistance from the Accommodation Review Board.

The ARB will consist of:

- Human Resources (Chairperson)**
- Employee Relations**
- TWU ATD Designees**
- Legal**
- Medical**
- Local Management**
- Local Union Representative – Designated by the Local President**

The function of the ARB is to discuss all aspects of the employee's request, his restrictions and ability to perform his essential job functions, and whether the

Company can reasonably accommodate the restrictions without undue hardship, in an attempt to return the employee to his previously held position. The ARB works with management, union representatives and Human Resources prior to making a recommendation. If the employee is unable to return to his previous position, a job search within AMR is recommended.

If a job search is recommended, the ARB Chairperson will assist the employee in an attempt to identify other open positions within all of AMR in which the employee will be able to work, with or without a reasonable accommodation, and for which he may be qualified (may include non-TWU represented positions). This assistance may include coordinating access to internal Company postings; resume writing techniques and skill assessment.

The ARB will do all possible to work with local management to implement the recommendation of the board.

Sincerely,

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

ARTICLE 40 – PENSION RETIREMENT BENEFITS

(a) The Company has maintained a retirement plan for the employees for a number of years. The full text of the **“The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO” (successor to “The American Airlines, Inc. Retirement Benefit Plan for Fleet Service and Ground Service Employees”) (“Plan”)** plan is on file with the Company and is available to the employees in accordance with government regulations. **The Plan “The American Airlines, Inc. Retirement Benefit Plan for Stock Clerk Employees”** has been amended to enhance and clarify benefits over time. **The Plan is frozen effective 11:59 p.m. on [FREEZE DATE].**

(b) The following changes to the Plan were made by Letter dated 08/09/80.

(1) For an employee member who was first eligible to join the Plan prior to January 1, 1956, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service.

(2) For the employee member who was first eligible to join the Plan between January 1, 1956 and April 1, 1978, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service and the attainment of age twenty-five (25).

(3) For the employee member who was first eligible to join the Plan April 1, 1978 or later, credited service will be counted from the first of the month coincident with or next following his or her completion of one year of Company service.

(4) After December 31, 1976, credited service will not include periods of unpaid hours in excess of one hundred eighty (180) hours in a calendar year. A leave of absence for Union business for which the employee member has been paid by the Union will be counted as credited service for the Plan.

(c) The following changes to the Plan were made by Letter dated 08/01/85.

(1) Effective for employees who are on the active payroll on September 1, 1985, Credited Service under the Retirement Benefit Plan will include any periods of employment during which an employee would have accrued Credited Service if the age 25 eligibility restriction had not existed in prior years. Credited Service will be counted from the January 1st or July 1st following completion of one (1) year of Company service.

(2) For purposes of the preceding paragraph, "on the active payroll" means actually at work. It will also include employees who retire from the active payroll in the calendar month preceding September 01, 1985, those who are on a paid sick or vacation period, on an overage leave, or on a Union leave on September

01, 1985. It does not include employees who are on a personal leave of absence, unpaid sick leave, or other unpaid absence from work on September 01, 1985, unless they actually return to work.

(d) The following changes to the Plan were made by Letter(s) dated 05/05/89.

(1) A new vesting schedule will apply to employees who perform at least one hour of service for which they are paid on or after January 1, 1990.

(2) The new vesting schedule will provide that such employees will become 100% vested after completing five years of vesting service as defined in the plan. Prior to completing five years of vesting service, employees will have 0% vested benefits.

(3) Rules for counting vesting service and for applying breaks in service remain unchanged from the current plan.

(4) The Company agreed to retroactively credit all pensionable hours worked past age 65 for TWU represented employees who retire from the active payroll after January 1989.

(e) The amendments covered in Article 40(e) will be applicable only for those members classified as "Stock Clerk Employees", who are on active payroll or on an approved leave of absence with recall rights as of 03/01/01 and whose benefits commence on or after the first day of the month following 03/01/01.

(1) Final Average Compensation

The compensation used for calculating a member's retirement benefit will be the average of the highest forty eight (48) consecutive months of pay out of the one hundred and twenty (120) consecutive months of pay preceding the date of retirement. The definition of the compensation used to determine the forty-eight (48) and one hundred and twenty (120) month periods is unchanged. Various formulas exist for benefits, e.g., $1.667 \times \text{Final Average Earnings} \times \text{Years of credited service}$, which are also unchanged.

(2) Eligibility For Benefits – Early Retirement

A member will be eligible for early retirement on or after attaining the earlier of:

(a) age 55 and fifteen (15) years of credited service; or

(b) age 60 and ten (10) years of credited service.

(3) Early Retirement Benefits

Pension benefits determined as of early retirement will be reduced 3% for each year that the member is less than age 60.

(f) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

(g) After [FREEZE DATE], no further benefits will accrue under the Plan. Benefits for current employees who are participants in the Plan will be determined based on their pension accrual calculated as of [FREEZE DATE], and no new participants will be added to the Plan after [FREEZE DATE]. This pension freeze will not result in the loss of any pension benefits accrued through [FREEZE DATE]. Service performed after [FREEZE DATE] will not be counted for any purpose except as otherwise required by law. The benefits accrued as of [FREEZE DATE], will remain obligations of the Plan and its related trust on behalf of existing Plan participants and will be paid in accordance with the terms of the Plan.

(h) Subject to paragraph (g), the Company will continue to maintain the Plan and its related trust. The Company may amend the Plan, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the pension freeze described in paragraph (g) or to maintain the Plan's tax-qualified status or otherwise comply with applicable Federal law.

(i) On [FREEZE DATE+1], the Company will enroll all current employees, except those described in paragraph (i)(1) below, and all future new-hire and transfer employees in the Super Saver - A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries ("Super Saver Plan"), a defined contribution plan, or equivalent plan.

(1) Employees who already have a Super Saver Plan, (or equivalent plan), contribution election on file as of the date they would otherwise be automatically enrolled will not be automatically enrolled in the Super Saver Plan (or equivalent plan) and their previous contribution election will remain in place.

(2) Employees who are automatically enrolled into the Super Saver Plan, will be enrolled at an employee-deferral rate of 3% pre-tax contribution.

(3) The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will, for each employee who has at least one year of Eligibility Service, contribute to the Super Saver Plan on a pre-tax basis for each Plan Year as an Employer Matching Contribution 100% of the aggregated amount of the employee's Employee Before-tax

Contributions and employee's Employee Designated Roth Contributions, up to a total amount of 5.5% of an employee's Eligible Compensation (as defined in the Super Saver Plan).

(4) The Super Saver Plan shall remain in effect and the benefit levels shall not be reduced during the term of this Agreement. However, the provisions of the Super Saver Plan may be modified from time to time to maintain the plan's tax-qualified status or to otherwise comply with applicable Federal law and may also be amended at the Company's sole discretion, provided no such discretionary amendment shall reduce the benefit levels stated above in subsection (i)(3) during the term of this Agreement or be inconsistent with the terms of this paragraph (i) or its subparagraphs. The Company will provide the Union with a copy of any amendment.

(5) Capitalized terms in this paragraph (i) not otherwise defined in this Agreement, but defined in the Super Saver Plan, will have the same meaning as set forth in the Super Saver Plan.

ATTACHMENT 40.1 – CHARGE FOR PRE-RETIREMENT SURVIVOR BENEFIT

Revised March 1, 2001

October 19, 1995

James C. Little
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

RE: Charge for Pre-retirement Survivor Benefit

Dear Jim,

This letter follows up our conversation of today regarding the charge for the pre-retirement survivor benefit.

The Retirement Equity Act of 1984 mandated that pension plans provide a benefit for the surviving spouse of an employee who dies vested, but prior to retirement. This is known as the Qualified Pre-retirement Survivor Annuity (QPSA). Because this requirement adds to pension costs, employers are allowed to recover the cost by reducing the employee's pension at retirement. The AA reduction at retirement for QPSA coverage does not fully cover the cost of providing this benefit. QPSA coverage is still heavily subsidized by American.

QPSA coverage is mandatory and automatic unless the employee and spouse sign a waiver. The benefit and how the charge is calculated are explained in detail beginning on page R-17 of the Employee Handbook or equivalent. The calculation is based upon a percentage by age for the number of years coverage was in effect. There is no charge for providing the coverage past age 65, although the employee is charged for those years under age 65. Once an employee is at least age 55 with 15 years of credited service or age 62 with 10 years of credited service, the charge also stops accumulating. The charge is based only on the mandatory 50% survivor benefit. Employees who have elected a larger survivor benefit are not charged more.

Since the actual QPSA calculation is complex and can only be done accurately when an exit date has been established, for estimate purposes only we show a uniform \$20 monthly reduction. We use \$20 because we rarely see a QPSA reduction of \$20 or more. For simplicity in preparing estimates, \$20 is shown on all estimates, even for employees who never had the coverage, or will not be charged this exact amount.

At retirement those employees who never had coverage will, of course, have no reduction. For those who were covered, the reduction will be Individually calculated based on their age and years of coverage.

As we discussed, normally about 300 TWU members retire each year. However with the early out, we may be asking as many as 7,000 TWU members to take a close look at their pension plan. Although the QPSA explanation has been in the handbook for approximately 10 years, with this kind of scrutiny we are learning that we can improve how we communicate very important, but unfortunately often very technical pension information.

Thank you for bringing this issue to my attention and I hope this explanation is helpful.

Please let me know if you have any questions.

Sincerely,

Mark Johnson
Managing Director
Benefits Compliance

ARTICLE 41 – BENEFITS

(a) The parties recognize that controlling the spiraling costs of health care has become a national priority and a critical mutual objective for both the Company and the employees.

In order to provide maximum flexibility and choice for individual employees, while helping to assure the Company's continued financial strength, effective ~~January 1, 1990~~ **DATE**, the Company will implement a flexible benefits program **new plan design options**, which limits the impact of future health cost increases for both the Company and the employees as follows:

(1) The Company will provide ~~“benefit dollars” which will allow each employee, in 1990, to “purchase”, at no cost beyond those “benefit dollars”, the basic Group Life and Health Benefits Plan. The employee may also contribute a portion for other plans at his option.~~ **two medical plan options, a Standard medical plan option and a Core medical plan option. With the exception of the Standard medical 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 plan option (which are not incorporated into this agreement) may change at Company discretion and advance notice of any changes will be provided to the TWU prior to implementation.** ~~or~~

~~2) Employees may spend their “benefit dollars” to buy that combination of benefits that best meets their individual needs—for example, more life insurance, but less health coverage.~~

~~(3) An employee may select a more limited benefit plan—such as a plan with a higher deductible—and receive cash in exchange for unused “benefit dollars”. This cash payment will not increase other benefits—e.g., pension accruals or life insurance—and is subject to income and Social Security taxes.~~

~~(4) The number of “benefit dollars” provided by the Company to each employee will increase by the percentage increase in the Company's average annual cost per covered employee, for the period July 1, through June 30, immediately preceding the enrollment year over the previous period July 1, through June 30, up to a maximum of 5%. In this way, the Company pays for the first 5% of cost increases.~~

~~(2)(5) If American's average annual cost per covered employee for providing the benefit package rises by more than 5% during the measurement period, an employee who desires to maintain an identical level of coverage will share the additional costs by making monthly contributions to cover the increase in cost over the first 5% paid by the Company, up to an additional 5% increase in costs year-over-year.~~ **Aggregate employee contributions 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 plan options. Contributions for the Standard and Core medical plan options will increase annually with projected inflation for all expenses related to these two (2) medical plan options, provided during the life of the agreement, aggregate employee contributions will remain at 21% of the total projected cost.

(3) ~~(6) An employee who does not choose to contribute will be able to elect a less costly alternative package of benefits, such as a plan with a higher deductible.~~ **Coverage tiers for contribution rates will be as follows:**

New Coverage Tiers
Employee Only
Employee + Spouse/Domestic Partner
Employee + Child(ren)
Employee + Family

(4) **Part-time employees will be offered the same medical plan options as full-time employees. Contribution rates for medical plan options for Employee Only coverage will be the same as full-time employees. Part-time employees' contribution rates for dependent tiers in the Standard medical plan option will be two (2) times the full-time contribution rates for employees enrolled in the same medical option and coverage tier. Part-time employees' contribution rates for dependent tiers in the Core medical plan option will be the same as full-time contribution rates for employees enrolled in the same medical option and coverage tiers.**

(5) The TWU and the Company have agreed that a review committee will be established to review planned administrative changes to the ~~negotiated Standard Medical Plan plan option.~~ **Standard Medical Plan plan option.** ~~and for planned changes in the Point of Service Plan contribution rates, so long as Point of Service Plan continues to be offered.~~ This committee will have the right of appeal to the Sr. Vice President – Human Resources in the event of a dispute.

Notice of changes to the Value Plan will be provided to the TWU in advance of implementation.

(6) The TWU and the Company will participate on a joint committee to develop programs and procedures which will reduce the rate of increase in costs in order to minimize the impact on employees.

(b) The annual deductible under the **Standard medical plan option will be \$1,000 per individual with a maximum family deductible of \$3,000** ~~Major Medical Plan will be \$150 per individual per calendar year~~ **for in-network services.** ~~The family deductible will be satisfied in any calendar year after a total of \$400 in deductible~~

~~charges have been paid for any three (3) or more family members. No one family member may contribute more than \$150 toward the satisfaction of this family deductible.~~
Plan design features are listed below.

	Standard medical plan option	Core medical plan option
Plan Design Features	Contractual	Non-contractual
Spending Accounts	HRA	
Spending Account Funding (2012 only)	\$500 emp / \$500 spouse	
In Network Deductible (Single/Family)	\$1,000 / \$3,000	
Out of Network Deductible (Single/Family)	\$3,000 / \$9000	
Coinsurance (In/Out)	20% / 50%	
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	
Primary Care Physician Copay (In/Out)	\$30*	
Specialist Copay (In/Out)	20% / 50%	
Retail Clinics Copay (In/Out)	20% / 50%	
Preventive Care*	\$0	
Emergency Room	Deductible / Coinsurance \$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$20 min / \$40 max)	
Formulary Brand	30% (\$30 min / \$100 max)	
Non-Formulary Brand	50% (\$45 min / \$150 max)	
Pharmacy (Mail)		
Generic	20% (\$10 min / \$80 max)	
Formulary Brand	30% (\$60 min / \$200 max)	
Non-Formulary Brand	50% (\$90 min / \$300 max)	
2012 Full Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$202.78	\$174.17
EE + Child(ren)	\$121.67	\$104.50
EE + Family	\$270.37	\$232.23
2012 Part Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$337.97	\$174.17
EE + Child(ren)	\$175.74	\$104.50
EE + Family	\$473.15	\$232.23

***Not subject to deductible**

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

OOP amounts do not include the deductibles for Standard

(c) — The Major Medical Expense Benefits lifetime maximum for each active employee and eligible dependent(s) will be \$5,000,000. An employee and his eligible dependents, who retires early under Article 41(l) will remain under the \$300,000 lifetime maximum until the retired employee reaches the earlier of age 65 or Medicare eligibility.

~~(1) Inpatient hospitalization charges will be reimbursed at 80% of the first \$5,000 in covered expenses and 100% of the remaining covered expenses. The out of pocket maximum is \$1,000 per person.~~

~~(2) The Group Life and Health Benefits Plan for retirees provides that 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined, and 100% of the remaining combined charges in a calendar year will be reimbursed.~~

~~(3) When the Company's Group Life and Health Benefits Plan is providing secondary coverage for dependents, the total combined benefits paid by the primary plan and the Company will not exceed what the Company's Group Life and Health Benefits Plan would have paid had it been the primary plan.~~

(c) ~~(d)~~ Effective **DOS**, a newly hired employee will be subject to a one (1) calendar month service waiting period before the employee may be covered under the American Airlines Group Life and Health Benefits Plan as described in Article 41. The employee may not purchase coverage under the Group Life and Health Benefits Plan for the first month of employment with American Airlines, Inc. After one (1) month of service, the employee will automatically be placed in the American Airlines Group Life and Health Benefits Plan **in the Core medical plan option** with contributions in accordance with Article 41. Coverage will begin on the day that the employee has completed one (1) month of service with the Company, provided he is actively at work on that day, or on vacation, or on a scheduled day off. Otherwise, the employee will be covered on the date he returns to work.

(d) ~~(e)~~ Dental Plan

Expenses under the Dental Plan 1, excluding Orthodontic and Preventive Expenses will be covered at 80% of reasonable and customary charges, after the deductible is met. Preventive Dental Care will be covered at 100% with no deductible for a maximum of two (2) annual visits per calendar year, subject to reasonable and customary charges. The annual individual plan maximum will be \$1,500. In addition, adult orthodontia will be added with a lifetime maximum of \$1,500.

(e) ~~(f)~~ Life Insurance

The Company will provide several options regarding life insurance.

(1) For an employee whose base monthly salary is \$1,500 or over, his basic life insurance coverage will be two times his base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

(2) Coverage for an employee under Contributory Plan I will be 50% of his Basic Coverage.

(3) Coverage for an employee under Contributory Plan II will be an amount equal to his Basic Coverage, plus one times his base annual salary taken to the next higher multiple of \$100.

(4) In addition to the above Company provided plans, the TWU will offer an optional Whole Life Insurance Plan for its members. The Company will provide payroll deduction of premiums for employees electing this coverage.

(f) ~~(g)~~ Optional Short Term Disability

The Company provides an Optional Short Term Disability Plan (OSTD). The OSTD plan provides salary replacement of 50%, except where a statutory plan meets or exceeds 50% of salary replacement. The OSTD plan is 100% employee paid. If the employee does not elect to participate when first solicited during open enrollment, evidence of insurability may be required by the carrier providing the coverage.

(g) ~~(h)~~ Hearing Aid Coverage

Expenses incurred at the direction of a physician for hearing aids and examinations in connection therewith are covered under the ~~m~~Major ~~m~~Medical ~~e~~Expense ~~b~~Benefits portion of the Plan **in accordance with the network design outlined in (b) above.**

(h) Vision Plan

The Company **will continue to offer a voluntary vision plan at the same contributions as other workgroups.** ~~is reviewing a proposal submitted by the TWU for a vision insurance plan. The Company agrees that the TWU will make the selection upon review of their proposed vendor (Spectera) and one other competitor vendor with a comparable proposal. The Company will contribute the current vision discount card program cost per employee per year towards the new program.~~

(i) Donor Expenses

Expenses incurred for a donor and/or recipient in a transplant operation are covered under the Major Medical Expense Benefits portion of the Plan.

(j) Dependent Coverage

Dependent coverage is subject to the rules established by the Insurance Carrier and published in Company regulations.

~~(k) An employee who retires from the Company at Early Retirement Date or on the basis of disability, will receive the same medical expense coverage as active~~

~~employees, except as noted in Article 41(c), for themselves and eligible dependents until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Thereafter the retired employee and spouse only are each covered for \$50,000 under the Retired Employee Major Medical Expenses Benefits Plan. This post 65 benefit (\$50,000 lifetime maximum, \$150 deductible) for the retiree and spouse will also apply to employees who retire from the Company at their Normal or Late Retirement Date.~~

~~(2) — Upon the death of the retired employee, coverage for the surviving spouse only is continued for six months or until the spouse is eligible for Medicare, whichever is later. Coverage for dependent children, if any, ceases upon the retiree's death, and the spouse's lifetime maximum is reduced to the lesser of \$50,000 or the unused balance of the spouse's coverage at the time of retiree's death. Employees must meet the requirement of Article 41(m) regarding prefunding as well as plan eligibility requirements.~~

~~(m) — Prefunding Retiree Health Care~~

~~All employees, who are on the Company's active payroll, on a union leave of absence, on a family leave of absence, or on a military leave of absence and who are at least age 30 with a minimum of one year of service with the Company, will be offered the opportunity to begin prefunding his retiree health care plan at the contribution amount for the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5). Additionally, that amount is subject to the escalator described in Article 41(m)(5). Incumbent employees on active payroll on 12/31/89, who enrolled when first eligible, will pay the incumbent rates in accordance with the Table in Article 41(m)(5). No entry fee will be assessed to the employee, if he chooses to participate when first eligible. An eligible employee will be automatically enrolled in the Plan and payroll deductions will commence as of the first pay period following his date of eligibility, unless the employee completes and returns a form, prescribed by the Company and countersigned by his supervisor, to waive participation. Married employees must obtain spousal consent to waive participation.~~

~~(1) — Should the Company's cost per covered retiree during the immediately preceding period July 01, through June 30, increase above the Company's cost per covered retiree during the previous period July 01, through June 30, then, effective January 1, of the following year, the monthly contribution rate for employees described in Article 41(m) will increase in accordance with the formula specified in the April 02, 1992 Trust Agreement incorporated below in this Article.~~

~~(2) — Retiree health care coverage under Article 41 will commence after the employee retires from the Company after having met all the eligibility and prefunding requirements. Coverage will be the same level of coverage provided to active employees except that retiree health care coverage will reimburse 100%~~

~~of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined and 100% of the remaining combined charges in a calendar year and will be subject to a \$300,000 (remainder of active coverage maximum if less) major medical maximum if retirement is at or after age 55 and before the earlier of age 65 or Medicare eligibility.~~

~~(3) — Employees who were on the Company's active payroll, on a union leave of absence, or on an approved leave of absence for other reasons on May 5, 1989, but who were ineligible to participate on January 1, 1990 because they did not meet the minimum age and/or years of service requirement specified in Article 41(m), will be offered the opportunity to elect retiree medical coverage under the same terms and conditions applicable to employees described in Article 41(m) (no \$250.00 late enrollment fee and a monthly contribution rate equal to the rate then being paid by employees who opted for coverage before January 1, 1990). Payroll deductions will commence as of the first pay period following their date of eligibility unless the employees complete and returns a form prescribed by the Company to waive participation. A married employees must obtain spousal consent to waive participation.~~

~~(4) — An employee who elected not to participate when first eligible will be offered, during an annual enrollment period, the opportunity to begin prefunding his retiree health coverage. The employee will pay the applicable age based contributory rates set forth in Article 41(m) (5) and will be required to pay the \$250 non refundable late enrollment fee.~~

~~(5) — Age Based Rates Table~~

~~Monthly plan contribution rates for employees referred to in Article 41(m) will be in the table below. Also refer to the annual escalator formula in Article 41(n)(3). The contributions below were effective as of January 01, 2001, based on the Escalator formula in the April 02, 1992, Trust Agreement.~~

Age Employee Begins Prefunding	Monthly Employee/Employer Contribution
Incumbent employees on active payroll as of 12/31/89, who enrolled when first eligible	\$ 12.96
30	\$ 15.54
31	\$ 16.97
32	\$ 18.66
33	\$ 20.41

34	\$ 22.13
35	\$ 24.60
36	\$ 27.06
37	\$ 29.78
38	\$ 32.90
39	\$ 36.20
40	\$ 40.40
41	\$ 44.81
42	\$ 49.59
43	\$ 54.57
44	\$ 60.17
45	\$ 66.33
46	\$ 77.81
47	\$ 86.59
48	\$ 96.84
49 & older	\$ 110.56

~~(6) — An employee must continuously participate in this prefunded retiree health plan for at least the ten (10) years immediately preceding retirement to receive retiree medical coverage on date of retirement.~~

~~(7) — An employee contributions made to prefund retiree health care coverage will be held in trust exclusively for the purpose of providing retiree health care. If an employee dies or is terminated prior to retirement, the employee or his beneficiary will receive the value of his contributions plus a pro rata share of trust fund net earnings.~~

~~(8) — An employee making his contributions so as to prefund his retiree medical coverage will cease making contributions upon retirement from the Company.~~

~~(9) — Employees making contributions so as to prefund their retiree medical coverage must continue contributions during all leaves of absence except unpaid sick and unpaid IOD. Any employee who commences prefunding of his retiree health coverage, subsequently discontinues prefunding, and later decides to again prefund his retiree health coverage, will be required to pay the rates in the Age Based contributory Rates Table set forth in Article 41(m) (5)), based on the age prefunding is started. Additionally, he must prefund continuously for at least ten (10) years immediately preceding retirement and pay a \$250 late enrollment fee.~~

~~(n) — Prefunding Trust (Memorandum of Understanding Between American Airlines, Inc. and Transport Workers Union of America AFL CIO, April 02, 1992) Article 41(n) expresses the understanding of the parties regarding the amendments to the Trust Agreement and Plan effective January 01, 1993, governing the health benefits provided to active TWU represented employees of American Airlines, Inc. at retirement~~

~~and the health and other welfare benefits provided to retired employees of American Airlines, Inc. who were represented by the TWU at the time of retirement. Article 41(n) will not be construed to modify or alter an employee's eligibility for retiree welfare benefits under the collective bargaining agreement or the Plan.~~

~~(1) — The Trust Agreement and the Trust which holds Plan assets is established for the exclusive benefit of TWU represented active employees and retired employees who were represented by the TWU at the time of retirement.~~

~~(2) — The Trust will maintain a separate account to hold reserves equal to the Participants' prefunding contributions, Employer prefunding contributions, and investment earnings attributable thereto reserved for retiree welfare benefits due to Participants under the terms of the Plan and to pay administrative expenses associated with such Program. In the event of termination of the Plan and/or Trust, the balance of the reserves will be distributed as provided in Article 41(n)(8). In no event will these reserves be used for payment of any expenses associated with the active employees medical benefits program or for any other purpose except those identified with respect to retiree welfare benefits in Article 41(n), the Trust Agreement, and the Plan.~~

~~(3) — An employee participating in the Retiree Prefunded Benefits Program will make a monthly contributions to the Trust Fund. If an employee was an active employee of American Airlines on December 31, 1989, and elected to prefund when first eligible, his contribution was \$10.00 per month in 1992, and such contribution amount is subject to the Escalator, described in Article 41(n)(5), in all future years. If an employee was not an active employee of American Airlines on December 31, 1989, or was an active employee of American Airlines on December 31, 1989, and declined participation when first eligible, his contribution amount is determined based on the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5), and that amount is subject to the annual Escalator formula described in Article 41(n)(5).~~

~~(4) — American Airlines will make a monthly matching contribution on behalf of each employee contributing under the Retiree Prefunded Benefits Program. That contribution amount is identical to the amount required to be contributed by each participating employee in accordance with Article 41(n)(3).~~

~~(5) — Contributions made by participating employees and by American Airlines are subject to an annual Escalator formula. American Airlines will calculate the impact of the annual Escalator on contributions, subject to review by the TWU in accordance with the provisions of Article 41(n)(6) below, by comparing the percentage increase in the cost of medical benefits for covered retirees during the year ending June 30 immediately preceding the effective date of the Escalator to the cost of medical benefits for covered retirees in the year ending the previous June 30. Such percentage increase is divided equally~~

~~between the participating employee and American Airlines in order that each pays 50%. The resulting percentage increase will be applied to the amount of the then current Employee and Employer monthly contribution. However, in no event will the participating employee's or American Airlines' contributions increase from one year to the next by more than the amounts stipulated in the Escalator Cap Table below.~~

Employees affected.	Maximum Monthly Increase over Prior Year
Incumbent employees on active payroll 12/31/89 who enrolled when first eligible	\$1.00
Others—based on age when prefunding begins	
30-34	\$1.50
35-39	\$2.50
40-45	\$3.50
46-48	\$5.00
49 or older	\$5.50

~~(6) — The increase in contributions as calculated by American Airlines is subject to review by the TWU, provided the TWU's request for review is received within thirty (30) calendar days of notification. While no individual's claims history will be available for review, data in the aggregate, upon which the Escalator calculation was based, will be made available by American Airlines to the TWU on request. The TWU may contest the Escalator calculation within sixty (60) calendar days of receipt of the data. If the TWU contests this calculation, an independent accounting firm, as agreed to by both parties, will be retained to verify the amount. In the event that the independent accounting firm determines that contributions should change by a different amount, any increase or decrease will be retroactive to the first of the year to which the new Escalator calculation applies. Any decrease in the contribution will be credited to the Employees' future monthly contributions within sixty (60) calendar days, barring unforeseen circumstances. Any increase or decrease will be applied to the Participants' contributions and Employer's contributions in accordance with Article 41(n)(5).~~

~~(7) — At retirement, an eligible participating retiree's own contributions, the matching Employer contributions made on his behalf to the Retiree Prefunded Benefits Program, and investment earnings attributable thereto are drawn down in ten equal annual installments for the purpose of providing retiree medical coverage. However, exhaustion of the funds in a retiree's account under this provision does not waive or modify the retiree's entitlement to continued medical coverage under the Agreement or the terms and limitations of the Plan. Should an eligible retiree die during the ten year draw down period, any remaining contributions continue to draw down for the period of the surviving~~

~~spouse's medical coverage, if any. After the surviving spouse's coverage terminates, or if the spouse dies before the balance of the Account is drawn down, the balance of the employee's contribution is paid to the spouse's estate. If there is no surviving spouse, the balance of the employee's contribution is paid to the designated beneficiary.~~

~~(8) — In case of death or termination of employment by a participating active employee, employee contributions to the Retiree Prefunded Benefits Program plus investment earnings attributable thereto will be distributed as a severance or death benefit, as applicable, to the employee or the employee's designated beneficiary(ies).~~

~~(9) — In the event of Trust termination, retirees participating in the Retiree Prefunded Benefits Program will receive any balance of their own contributions to the Program and investment earnings attributable thereto which have not been drawn down during the ten year draw down period described in Article 41(n)(7). Conditioned on Internal Revenue Service approval, active employees' contributions to the Prefunded Retiree Benefits Program and investment earnings attributable thereto will be distributed to active employees. Should the Internal Revenue Service disallow the distribution of active employees' contributions, the parties agree to establish a mutually satisfactory alternative regarding the disposition of active employees' contributions in the event of Trust termination. Employer contributions and investment earnings attributable thereto in the Retiree Prefunded Benefits Program Account will be used for the exclusive benefit of participating employees and retirees in the event of Trust termination. That includes the use of the assets for the purpose of continuing retiree health coverage under an alternative program as may be agreed to by the parties.~~

~~(10) — In the event the Internal Revenue Service disapproves a particular provision or benefit expressed in the Trust Agreement, any provisions or benefits which are approved or unaffected by the disapproval will remain in force, and the TWU will not contest the obligation to prefund in court or under the collective bargaining agreement. However, the TWU reserves all legal and contractual rights in the event the Internal Revenue Service rules that the Trust may not hold funds in reserve for retiree welfare benefits, or that the earnings attributable to Participant contributions held in trust for this purpose or the Employer matching contributions (plus earnings) are currently taxable to the Participants.~~

~~(11) — Counsel for the parties will review the amended Trust Agreement to ensure that it expresses the principles of this Agreement. Neither the Plan nor the Trust Agreement may be amended or modified in a manner inconsistent with the principles set forth in this Agreement, except to conform to the requirements of Federal law and regulations, provided, however, that the TWU waives no rights stipulated in Article 41(n)(10).~~

~~(12) American Airlines will revise, in a timely fashion after the date of ratification, the Plan to fully reflect the amendments made to the Trust Agreement and the provisions of this Memorandum. The revised Plan will be subject to review by the person(s) designated by the TWU.~~

(i) Retiree Medical - effective for retirements on or after DOS:

(1) Early retirees age 55 – 64 will have access to a Company sponsored retiree medical plan option. Contribution rates 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.

(2) Retirees age 65 and over will be offered access to a guaranteed issue Medicare supplement plan through a third party administrator at the retirees' expense.

(3) The Retiree life insurance benefit will be discontinued.

(4) The Company shall not be required to maintain, fund, or provide for a Company sponsored retiree medical plan or retiree life insurance benefits.

~~(j)~~ Monitoring Insurance Plan

In connection with the administration and processing of claims under the group insurance plan, the Company will continue to monitor and to urge the insurance company to improve claims processing under the plan.

~~(p)~~ Notice of Changes

~~The Company will provide the Director of the Air Transport Division with advance notice of plan changes prior to releasing announcements to plan participants. The Company will not change the limits on employee cost increases described in Article 41(a)(4) and 41(a)(5), nor the prefunding contribution limits of Article 41(m), for the duration of this Agreement.~~

~~(k)~~ Company's Right to Modify Plan

Although it is the intention of American Airlines, Inc. to continue to make available to its employees a Group Insurance Plan of the type similar to that, which is now available, the Company will reserve the right to modify the Plan consistent with this Article.

DOS

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

“Employee and Company Prefunding Contributions”

Dear Robert,

During the restructuring agreement negotiations, the parties agreed that upon implementation of the changes to the Retiree medical plan program 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 employee prefunding refunds.

In addition, the parties agreed that 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 withholdings and/or excise tax), excluding employees who have already received refunds of their employee prefunding accounts. **The refund will be made to the employee no later than 120 days following DOS.**

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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

ARTICLE 42 -- JOB SECURITY

Intentionally Left Blank

~~SYSTEM PROTECTION:~~

~~(a) For Fleet Service -- Except as provided in Attachment 42.3, the Company will guarantee employment (full time/part time status based upon employee's status on September 24, 1998) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to September 24, 1998, and who was on the Company's active payroll on September 24, 1998, or on a Union leave of absence, or on an approved leave of absence for other reasons (provided the employee has an Occupational Seniority date more senior than the least senior protected employees in his classification at the station/base upon his return to active payroll) in accordance with the following provisions of this Article. In addition, an employee as defined above, will not be involuntarily reduced to a lower classification than that classification he occupied on September 24, 1998; however, the classification guarantee does not apply to any bid classification (Crew Chiefs). The classification guarantee for Crew Chiefs will be the next lower non-bid classification (e.g., Crew Chief to Fleet Service Clerk).~~

~~For Ground Service -- Except as provided in Attachment 42.3, the Company will guarantee employment (full time/part time status based upon employee's status on March 1, 2001) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to March 1, 2001, and who was on the Company's active payroll on March 1, 2001, or on a Union leave of absence, or on an approved leave of absence for other reasons (provided the employee has an Occupational Seniority date more senior than the least senior protected employees in his classification at the station/base upon his return to active payroll) in accordance with the following provisions of this Article. In addition, an employee as defined above, will not be involuntarily reduced to a lower classification than that classification he occupied on March 1, 2001; however, the classification guarantee does not apply to any bid classification (Crew Chiefs). The classification guarantee for Crew Chiefs will be the next lower non-bid classification (e.g., Crew Chief to Ground Serviceman).~~

~~STATION PROTECTION:~~

~~(b) All employees who on February 11, 1983 were on the Company's active payroll and who on September 1, 1985 are actively employed/based at the following station(s)/base (or who relocate to the station(s)/base and who are senior to the least senior station(s)/base protected employee in his classification at the station/base) and provided that they hold the same classification they held on February 11, 1983, will, in addition to the classification and status protections afforded in Article 42(a), be protected against layoff from their one station complex/base unless all flight operations cease at that one station complex or the Tulsa Maintenance Base is closed:~~

Tulsa Maintenance Base	St. Louis
and Station (TULE and TUL)	Salt Lake City
Dallas/Fort Worth (DFW,	Tucson
Flight Academy, Learning	El Paso
Center, SRO and HDQ)	Indianapolis
Chicago (ORD and MDW)	Baltimore
New York (JFK, LGA and EWR)	Cincinnati
Los Angeles (LAX and ONT)	Cleveland
Boston	Philadelphia
San Diego	San Juan
Phoenix	Las Vegas
Washington/Dulles	Oklahoma City
Houston	Memphis
San Francisco	San Antonio
Detroit	Nashville
Buffalo	Rochester
Little Rock	Albany
Columbus	Hartford
Pittsburgh	Syracuse

~~(c) Notwithstanding the above provisions, the Company may lay off, in accordance with Article 15, employees protected by paragraph (a) or by paragraphs (a) and (b) or by paragraphs (a) and (c) or by paragraphs (a) and (d) above when the layoff is necessitated by any one or more of the following conditions:~~

- ~~(1) An act of God,~~
- ~~(2) A strike, picketing, work stoppage, slowdown, or other labor dispute by Company or outside employees resulting in a reduction of work,~~
- ~~(3) A national war emergency,~~
- ~~(4) Revocation of the Company's operating certificate or certificates,~~
- ~~(5) Grounding of a substantial number of Company's aircraft for safety reasons,~~
- ~~(6) A reduction in the Company's operations resulting from a decrease in available fuel supply or other critical materials caused either by governmental action or commercial suppliers being unable to meet the Company's demands.~~

~~(d) This Article does not in any way limit the Company's right to terminate or discipline a protected employee for just cause or disqualify a protected employee under the provisions of Article 39.~~

~~———— (e) ——— An employee covered by Article 42(a) (protected employee) and who is affected by a reduction in force will be afforded the provisions of Article 15(b)(1), (2), (3) and (5-local city only). He will also be afforded the provisions of Article 15(b)(4) and (5-other than local city), provided the employee to be displaced is not a protected employees. No protected employee will be subject to displacement by employees not covered by Article 42(a) above (unprotected employee). A protected employee who is affected by a reduction in force and who fails to exercise his options under Article 15 will be laid off, and forfeit his protected status. The seniority restrictions appearing in Article 15(b)(3) and (b)(4) will not apply to protected employees.~~

~~———— (f) ——— An employee covered by this job security provision who accepts or transfers to a part time position will thereafter be guaranteed only a part time position.~~

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

~~ATTACHMENT 42.1 – DE-STAFFING “STATION-PROTECTED” CITIES~~

~~September 29, 1995~~

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

~~RE: De-Staffing “Station-Protected” Cities~~

~~Dear Ed,~~

~~During the course of negotiations, we negotiated a change in the level of flight activity below which American will no longer be required to maintain TWU staffing at a particular city.~~

~~We agreed that no city which continues to have Station Protected TWU employees as outlined in Article 42 would be subjected to de-staffing, until all employees with Station Protection have left the station or the Company through retirement or otherwise.~~

~~We also agreed to meet, discuss and attempt to resolve the situation at such cities where only a few station-protected employees result in the continued staffing of that city.~~

~~Very truly yours,~~

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

~~Agreed to:~~

~~Edward R. Koziatek~~

ATTACHMENT 42.2

January 19, 1996

Mr. John Orlando
AA System Coordinator
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, TX 76054

Dear John:

You have raised the question as to the reduction in force procedures in the current environment of increased job protection, and our other commitments during negotiations regarding discontinued and new classifications. I believe that the following interpretation is contractually correct, and mutually accepted:

1. A system protected employee can displace a non-protected (i.e. hired after 8/15/95) employee at another station. A system protected employee cannot displace another system protected employee at another location.
2. A protected employee can displace another employee in a lower classification at his/her station, even if the employee in the lower classification is also protected.

This means, for example, that a Plant Maintenance Mechanic in Nashville could displace a Building Cleaner in Nashville, even though the Building Cleaner is also protected.

3. In discussing and agreeing to the discontinuation of the Building Cleaner classification, and the placement of those incumbent employees in the Cabin Cleaner classification, we did commit that Building Cleaners would not be forced to relocate as a result of this action. That commitment does not extend to relocation as a result of displacement by a more senior employee, nor to schedule related reductions, which may be required.

Therefore, for example, a Plant Maintenance Mechanic displacing a junior Building Cleaner could cause the Building Cleaner to displace to a vacancy on the system, or to displace an unprotected junior Building Cleaner at another location.

Mark L. Burdette
Managing Director,
Employee Relations, Ground

ATTACHMENT 42.3

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, Texas 76054

One Time Relief from Job Security Provisions

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.

During these negotiations, the parties agreed to lift the system job protection provision of the various agreements to enable the Company to reduce the number of employees in each title group by the number required to reach the negotiated costs savings. The chart below illustrates the number of reductions by title group. Additionally, we have listed the newly established system job protection dates that will be in effect once the reductions associated with the changes have been completed.

<u>Title Group</u>	<u>Number of Reductions</u>	<u>Title Group</u>	<u>Number of Reductions</u>
Title I	1371	Technical Specialists	8
Title II	0	Flight Dispatchers	5
Title III	1856	Ground/Simulator Instructors	110
Title IV	Included in Title III	Meteorologists	0
Title V 57		Simulator Technicians	9

Following the reduction of the above number of employees, the parties agreed to modify the dates of system protection for the remaining employees to the dates indicated below. In addition, the date may be adjusted either backward or forward at the conclusion of the applicable reductions and must be agreed to by both parties.

<u>Title Groups</u>	<u>New System Protection Date</u>
Title I and Title III	September 24, 1998
Ground/Simulator Instructors	March 01, 1998
Simulator Technicians	August 23, 1999
All Others	March 01, 2001

Sincerely,

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

~~Agreed to this date:~~

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ARTICLE 43 - PART TIME EMPLOYEES

The Company may utilize part time employees in all classifications under this Agreement and at all stations/locations/bases where these classifications are assigned. The provisions of the Basic Agreement will apply except as follows:

(a) ~~No employee who is protected in a full time status by Article 42 (Job Security) will be involuntarily assigned to a part time status.~~ Any full time employee may volunteer in accordance with his Occupational Seniority to fill a part time vacancy. A part time employee may in accordance with his Occupational Seniority fill a full time vacancy at his station/location/base [12(ix)] or in accordance with his Occupational Seniority under the provisions of Article 12(l) fill a full time or part time vacancy at another station/location/base.

(b) Any vacancy(s) may be declared by the Company to be part time vacancy(s), without regard to pending transfer/upgrade request(s) to the station/location/base with the vacancy(s) and without regard to the existence of furloughed employee(s) with recall rights to the station/location/base with the vacancy(s). , but as limited by Article 43(b)(1).

(1) The number of part time jobs will be equal to the number of part time employees as of March 1, 2001 at each airport listed below, except as provided in Attachment 43.5:

DFW	ORD	MIA	LAX	SFO	JFK	EWR
BOS	SJU	DCA	SJC	SNA	LGA	

The Company may then add one part time Fleet Service Clerk for each full time Fleet Service Clerk hired or recalled after March 1, 2001.

(2) Except as provided in Attachment 43.5, for all stations other than those covered under Article 43(b) (1) the number of part time jobs will equal to the total number of part time employees as of March 1, 2001. The Company may then add one part time Fleet Service Clerk for each full time Fleet Service Clerk hired or recalled after March 1, 2001. This one for one (1:1) ratio will not apply to any particular station, location or base but will be on a total system-wide basis. The same one for one (1:1) ratio will apply for a reduction in force.

(c) Part time vacancies may be filled by the Company with the most senior qualified employee requesting to fill the vacancy in accordance with the staffing formula. These vacancies will be filled in accordance with the following order of preference

(1) System surplus employees (either full time or part time) in the same classification, provided they are senior to the most senior employee holding recall rights to that full time classification;

(2) By an employee with recall rights to the station/location/base;

(3) The following blended in seniority order:

(a) Employees in a full time or part time bid classification status in the same city requesting a voluntary demotion under the provisions of Article 12(n) will be offered part time vacancies;

(b) Transfer requests of employees currently on payroll in the same classification in other cities (Article 12(l)) blended in seniority order with full time employees' transfer requests in the same classification within the city with the vacancy;

(c) Active full time employees in the same classification and city as the vacancy and have a transfer on file;

(4) By employees with valid 12(m) requests on file;

(5) By employees on layoff status with valid transfer requests on file to the station/location/base;

(6) By new employee(s).

A full time employee's refusal of part time work will not affect that employee's seniority or recall rights under this Agreement.

(d) A part time employee will be scheduled in either of the following two (2) methods:

(1) No less than four (4) consecutive hours, but no more than six (6) consecutive hours in a work day and for a maximum of five (5) consecutive work days in a work week.

(2) For up to eight (8) consecutive hours in a work day, exclusive of a meal period, and up to a maximum of three (3) days in a work week.

(a) An employee may be scheduled to work up to a maximum of twenty-four (24) hours in a work week, and

(b) An employee may be scheduled to work up to a maximum of three (3) consecutive days, which will include some combination of Friday, Saturday, Sunday, or Monday.

Provided, however, employees will be scheduled for no less than twenty (20) hours per week.

(e) No two (2) part time shifts in a work unit will be scheduled back-to-back within a nine (9) hour period (e.g., no two (2) four (4) hour, no four (4) and five (5) hour, and no two (2) four (4) hour shifts with one (1) hour break). No two (2) part time shifts within a work unit will overlap for 30 minutes or less.

(f) For a part time employee scheduled to work in excess of five (5) hours, the Company will schedule a thirty (30) minute unpaid meal period (if a meal period is required) and no part time employee's meal period will encompass his first hour or his final thirty (30) minutes of work. The provisions of Article 36(b) will not apply.

(1) At times, due to operational problems, part time employees may not receive a scheduled thirty (30) minute unpaid meal period. Therefore, in those instances where a part time employee who is scheduled in excess of five (5) hours and, for operational reasons, is not granted a meal period during his tour of duty, will be eligible for a "no meal period" (NMP), in the form of thirty (30) minutes additional pay at the employee's regular hourly rate.

For example: An employee is scheduled for five (5) hours and forty five (45) minutes, but due to off schedule operations, is unable to get away for a scheduled meal period during his tour of duty. He will be paid five (5) hours and forty five (45) minutes for time worked, plus a thirty (30) minute penalty for not receiving his entitled meal period. The "no meal period" (NMP) code should equal one (1) hour, which pays the employee for the additional thirty (30) minutes of time worked and the thirty (30) minute penalty for a total of one (1) hour of additional pay.

(2) This agreed to "no meal period" (NMP) will not be applicable to any employee scheduled to work less than five (5) hours, but whose hours are extended beyond the five (5) hour period. This employee may be scheduled a meal period at management's option, if in management's view the operation permits. However, management will make every reasonable effort to provide this meal period. This meal period may be given during the employee's final thirty (30) minutes of work or waived by the employee. In any case, this employee will not be eligible for the "no meal period" (NMP) outlined in Article 43 (f)(1).

(g) A part time employee will be paid for a holiday in either of the following methods:

(1) A part time employee scheduled to work on a holiday will be paid one and one-half times (1.5x) his regular hourly rate for all hours worked and straight-time for the difference between the hours actually worked and the hours normally scheduled on that work day.

(2) Part time employees regularly scheduled to work five (5) or more days in a work week will receive holiday payment on the same basis as full time employees.

(3) Part time employees regularly scheduled to work less than five (5) days in a work week will be eligible for holiday pay for the day on which the holiday actually falls if scheduled to work on the actual holiday. ~~If not scheduled to work on the holiday, he will be paid one fifth (1/5th) of his regularly scheduled work hours for that work week at straight-time rates for the holiday.~~

(h) A monthly report of extended hours by shift for part timers will be maintained at each station and shared with the local TWU President monthly.

(i) For purposes of day to day assignments, part time Crew Chiefs may have full time employees on his crew, provided that the full time employees are not part of the basic bid or working a regular full time shift in a utility/support/"as assigned" group. (Vacation relief is not included in this restriction.)

(j) A part time employee will accrue Company, Occupational and ~~Classification~~ **Pay** seniority on the same basis as a full time employee.

(k) A part time employee will accrue Sick Leave, Vacation, Pension, and Group Life and Health Benefits in accordance with the provisions in the appropriate Article. Injury on Duty benefits will be in accordance with Article 34(g). Vacation, Sick Leave and Injury on Duty pay will be based on a part time employee's normal work schedule.

BENEFITS AND PRIVILEGES BASED ON EQUIVALENT FULL TIME SERVICE

(1) Equivalent full time service is determined by hours paid, not to exceed 80 hours in a bi-weekly period, not to exceed 2080 hours annually, whether paid at straight-time or overtime rates. For example, hours during which overtime is paid are counted in the same manner as straight-time hours without reflecting overtime pay.

(2) Sick Leave: For Fleet Service employees: Upon completion of 6 months equivalent full time service (1,040 part time hours paid), as defined in 1. above, the employee will be credited with 20 hours Sick Leave for use during the balance of that calendar year. Thereafter Sick Leave credit of five twelfths of an hour for each 173.3 hours paid is accrued. If, after dividing part time hours by 173.3 the remaining hours are more than 86.6, credit the employee with an additional five twelfths of an hour Sick Leave. Remaining hours less than 86.6 are disregarded. Sick Leave, other than the original 20 hours credited, is not usable until January 1 of the year following its accrual. ~~For Ground Service employees: Upon completion of six (6) months equivalent full time service (1,040 part time hours paid), as defined in (1) above, the employee will be credited with twenty (20) hours Sick Leave for use during the balance of that calendar year. Thereafter, Sick Leave credit of three point three (3.3) hours for each 173.3 hours paid is accrued. If, after dividing part time hours by 173.3 the remaining~~

~~hours are more than 86.6, credit the employee with an additional three and one half (3.5) hours Sick Leave. Remaining hours less than 86.6 are disregarded. The maximum credit in any calendar year is forty (40) hours. Sick Leave, other than the original twenty (20) hours credited, is not usable until January 1 of the year following its accrual.~~

(3) Vacations: Vacation accrual is on the basis of equivalent full time service.

(a) Number of Vacation Days

For Fleet Service employees: The number of vacation days accrued will be determined by length of service (as for full time employees) adjusted for leave of absence.

~~For Ground Service employees: The number of vacation hours accrued will be determined by length of service (as for full-time employees) adjusted for leave of absence.~~

(b) Number of Hours Per Day of Vacation

Compensation for a vacation period for part time employees or employees changing from full time status to part time status or vice-versa either in the vacation accrual year or the vacation usage year, will be based on the following.

1. For Fleet Service employees: Total hours worked in the accrual year (not to exceed eighty (80) hours bi-weekly) divided by 173.3 hours = equivalent months of service (rounded to nearest whole number - 5/10 or above round up, 4/10 or below round down).

~~For Ground Service employees: Total hours worked in the accrual year (not to exceed 2080 hours (eighty (80) hours bi-weekly) divided by 173.3 hours = equivalent months of service (rounded to nearest whole number - 5/10 or above round up, 4/10 or below round down).~~

2. Equivalent months of service x the following accrual schedule = the number of equivalent workdays for pay accrual.

For Fleet Service employees:

Monthly Accrual Rate As Outlined In	Accrual Rate/ Month During Year Ending	Maximum Days of Vacation
--	--	--------------------------------

<u>Article 8(a)</u>	<u>December 31</u>	<u>Pay Accrual</u>
½ day	5/12 workdays	5 workdays
1 day	5/6 workdays	10 workdays
1½ days	1¼ workdays	15 workdays
2 days	1-2/3 workdays	20 workdays
2½ days	2-1/12 workdays	25 workdays
3 days	2½ workdays	30 workdays

~~For Ground Service employees:~~

Length of Service as of December 31 or Any Year	Accrual Rate Per Month During The Year Ending Dec. 31	Maximum Vacation Accrual
Less than 5 years	0.5 work day	5 workdays
5 years but less than 10 years	1.0 work day	10 workdays
10 years but less than 15 years	1.5 work days	15 workdays
15 years but less than 20 years	2.0 work days	20 workdays
20 years but less than 25 years	2.5 work days	25 workdays
25 years but less than 30 years	3.0 work days	30 workdays
30 years and over	3.0 work days	30 workdays

3. Number of workdays from 2. above x 8 hours = total hours of vacation pay.

4. Total hours from 3 above divided by number of vacation days eligible based upon length of service will equal the hours per days of pay for a part time employee.

(4) ~~Pensionable Credited Service~~

~~Pensionable credited service for part time employees will be the same as for full time employees.~~

(5) Group Life and Health Benefits Plan:

(a) Part time employees will be covered by Article 41 ~~in the same manner as full time employees~~ with the following exceptions in coverage:

(1) Basic term life insurance coverage will be no less than equal to the basic term life insurance provided to any other part time employee within American Airlines.

(2) Accidental Death and Dismemberment Insurance coverage is \$10,000.

(3) Weekly Income for Accident and Sickness benefits are based on the average of straight-time earnings in the last 6 months with a maximum benefit of 50% of such average weekly earnings. Maximum benefit will be \$100 per week.

(b) Full time employees who convert to part time status will continue to be eligible for all Group Term Life Insurance and Health benefits coverage held as a full time employee. **Contribution rates will vary from full time employee's rates in accordance with Article 41.**

(l) Overtime (call in contiguous or within one (1) hour of the beginning of a full time employee's shift or holdover contiguous or within one (1) hour of the end of a full time employee's shift) will first be proffered to full time employees available at the time overtime is required. If those full time employees are not available for the needed overtime, then the Company may require part time employees to work beyond their scheduled hours at straight-time rates up to eight (8) hours in a workday. The Company will proffer day-off overtime when day-off overtime is required by the Company to be worked to full time employees before the proffer is made to part time employees. The Company will proffer day-off overtime when day-off overtime is required by the Company to be worked to full time employees before the proffer is made to part time employees. Part time employees will be assigned overtime before full time employees are assigned.

(1) Overtime rates will be paid to part time employees after eight (8) consecutive hours in a workday have been worked and at the rates provided in this Agreement.

(2) Day off overtime. Time worked on an employee's regularly scheduled day off will be paid as follows:

(a) If a Fleet Service employee has not worked forty (40) hours during the workweek, straight-time pay for all hours up to eight (8) hours

on an employee's day off. Any hours over eight (8) will be paid in accordance with Article 6(a) of this Agreement.

~~If a Ground Service employee has not worked forty (40) hours or five (5) workdays during the workweek, straight time pay for all hours up to eight (8) hours on an employee's day off. Any hours over eight (8) will be paid in accordance with Article 6(a) of this Agreement.~~

(b) If a Fleet Service employee has worked forty (40) hours during the workweek, one and one-half times (1.5x) his regular hourly rate for all hours worked on an employee's day off, in accordance with Article 6 (b).

~~If a Ground Service employee has worked forty (40) hours or five (5) workdays during the workweek, one and one-half times (1.5x) his regular hourly rate for all hours worked on an employee's day off, in accordance with Article 6 (b).~~

(c) If a part time Fleet Service employee works the second or subsequent day off and has worked forty (40) hours in the workweek in addition to time worked on the first day off, he will be paid one and one-half times (1.5x) for the hours worked on the second day off. If the employee has not worked forty (40) hours in the workweek, he will be paid regular time until he has completed forty (40) hours including time worked on his first day off. Once the employee attains forty (40) hours, he will be paid according to (b) above.

(d) The provisions of Article 6(b)(1) and Article 25(b) do not apply to part time employees.

~~(m) Employees who are protected by Article 42 and who accept a part time position will thereafter be guaranteed only part time employment.~~

~~(n) Full-time employees who transfer to part time status, and who are 57 years of age or over at the time of transfer, and who have at least five (5) years of credited service under the Retirement Benefit Plan will accrue credited service under said Plan on a prorated basis and final average salary for Retirement Benefit Plan purposes on a non-prorated basis, up to sixty (60) months following their transfer to part time.~~

(o-n) Part time Crew Chief positions shall be bid in accordance with Article 12 of this Agreement. ~~There will be no new system bids (in accordance with Article 12) for Part time Crew Chief positions as of date of ratification (October 26, 2001). All future Crew Chief system bids (in accordance with Article 12) will be full time. Present Part Time Crew Chiefs will be phased out through attrition. Part time employees and part time Crew Chiefs will be excluded from the ratio computation and ratio provisions of~~

Article 11. Furthermore, a part time Crew Chief will only have part time employees assigned to his crew except as provided for in Article 43(i).

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

**ATTACHMENT 43.1 – PART TIME UTILIZATION AND PART TIME REVIEW
COMMITTEE**

August 15, 1995

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

Re: Part Time Utilization and Part Time Review Committee

Dear Mr. Koziatek:

This letter will confirm the discussions during negotiations concerning Part time Utilization, and the Part time Review Committee.

In connection with part time utilization, the TWU and the Company have agreed that full time employees would not be arbitrarily replaced with part time employees. This same commitment would apply to the arbitrary replacing of Fleet Service Clerks with Junior Fleet Service Clerks. The intent of this agreement is to insure that flight schedules, volumes, and good business practice dictate the optimal split between full time and part time employees at a location.

Further, it was agreed to establish a joint AA-TWU Part time/Junior FSC Review Committee, composed of two (2) representatives from each party to review utilization of part time/Junior FSC staffing. This committee shall be a standing committee that meets on a predetermined periodic schedule, as well as an ad hoc basis. The committee will have access to the information necessary for making determinations as to whether the part time/full time mix is and continues to be in accordance with the principles outlined above as well as those specific scheduling and staffing provisions outlined in the Agreement. This committee will review part time issues brought to its attention, and will take the necessary and appropriate action to resolve those issues.

Agreed this date:

Jane G. Allen
Donald P. O'Hare
Edward R. Koziatek

ATTACHMENT 43.2 – M-962-97 OPINION

March 23, 1999

To: Field HR Managers

Reference: M-962-97 Opinion

The question concerning the application of Article 43(j) and the “one hour rule” remains unclear as a result of the arbitration of case M-962-97. In an effort to clarify how one determines whether or not a part time employee may be extended rather than offering overtime to a full time employee, I have modified the procedure and graph that are the topic of a memorandum from Mark Burdette to John Orlando dated June 9, 1997.

The following procedure demonstrates the correct interpretation and application of the 43(j) provision and of the M-962-97 Opinion:

First, identify the beginning and end of the overtime need. Then determine the method that will be used to fill the need (Holdover or Call in). If Holdover is chosen, begin at step one. If Call in is chosen, begin at step two.

1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
			1	Overtime Need					

1. Identify the FT shifts that end within the one-hour window before the overtime need. If no FT, go to step 2. If step 2 has already been completed, go to step 3.

1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
				Overtime Need		2			

2. Identify the FT shifts that begin within the one-hour window after the overtime need. If no FT, go to step 1. If step 1 has already been completed go to step 3.

1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
		3		Overtime Need			3		

3. If there are no FT employees in the window at either end, then look for the PT shift nearest the overtime need in either direction (Holdover or Call in, at management option). After identifying the PT shift nearest to the overtime need, the proposed

extension of that PT shift redefines the need. Therefore, the one-hour window expands proportionally. Repeat step one (Holdover) or step two (Call in) with the newly defined overtime need and window. Again, management has the option of which method to use to fill the overtime. Therefore, if there are no FT found in the new window, it is not necessary to move to the subsequent step.

1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
	PT 0800	to 1300	Overtime Need						

Step 3 Example: Steps one and two were completed and no FT shifts were found on either side of the overtime need. The holdover option is chosen. The chart above shows the end of the PT shift nearest the overtime need is 1300. The overtime need is now redefined to be 1300 to 1600. The one-hour window expands proportionally. Prior to proffering to PT we look for the end of a FT shift within the new one-hour window 1200 to 1300. If no FT shift ends within the window, you may proffer to PT. As a reminder, once you proffer an employee, whether it be hold over or call in, you are obligated to continue proffering that option until it has been exhausted.

In summary, in order to ensure you are in compliance with the provisions of Article 43(j), before you extend a PT employee, always look back one hour from the end of the PT shift you are extending. If a FT shift ends or begins within this window, you must proffer to FT first.

Sincerely,

James B. Weel
Managing Director
Employee Relations – Ground

ATTACHMENT 43.3 – MISCELLANEOUS PART TIME PROVISION APPLICATIONS

(revised 4/15/2003)

July 15, 2001

James C. Little
International Vice President/Air Transport Director
Transport Workers Union of American, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, TX 76054

Re: Miscellaneous Part Time Provision Applications

Dear Mr. Little:

In the course of the 2001 Maintenance and Related contract negotiations, the parties sought to reduce the number of letters associated with the agreement by incorporating into relevant articles, attaching to relevant articles, modifying, or in some cases, deleting letters that were no longer applicable. In the course of doing this, more than twenty (20) letters pertaining to Article 43 were addressed. Most letters were eliminated, incorporated into the body of the article, or attached to the article; however this letter represents various important aspects of the application of the part time provision that could not be captured elsewhere. The items listed below represent our mutual understanding of the proper application of the aspects represented in each bullet.

1. First Vacation Eligibility (from letter dated 2/3/84):
Q. Must a part time employee have completed six months with the Company before being eligible to take his first vacation?
A. No. An employee is immediately eligible to take any vacation that has been accrued in the previous calendar year, even if he has not yet completed six (6) months.

2. ~~Part time PV pay (from letter 4/5/84):~~
~~Q. If a part time employee takes a PV day, how are his hours calculated since the number of vacation hours are not known until the entire calendar year has been worked?~~
~~A. For purposes of PV days only, pay the employee the number of hours he was scheduled to work on the day for which the PV day was granted.~~

3. Eight (8) hour part timers/ Holidays (from letter 10/14/85):
This will confirm our discussions on the provisions of Article 43 (d) (2) of the Labor Agreement effective September 1, 1985 pertaining to part time employees who may be scheduled for up to eight (8) hours on specified days. If any of these days should fall on a holiday and a reduced workforce is needed on these

holidays, full time employees will have preference over such part time employees for eight (8) hour shifts on the actual holidays.

4. Part timer CS/ Holiday pay (from letter 12/16/96):
 - Q. If two part timers are scheduled to work the holiday and one part timer agrees to work for the other part timer (CS), how is each employee compensated?
 - A. All hours worked on a holiday, regardless if part of the employee's shift is the result of a CS, are paid at 1.5x his regular rate of pay. ~~The holiday moves for the other employee who CS'd off to his next scheduled workday.~~
5. ~~Part time Holidays and Vacations (from letter 11/17/83):
Holidays for the purposes of canvassing for volunteers, either full time or part time, and notification of those required to work on a holiday will be done on separate lists within the classifications and/or work units. At stations with less than 2,555 annual scheduled departures, the proffer for volunteers to work on a holiday may be combined full time and part time.~~

Vacations:

- A. Full time vacation selection and part time vacation selections will be administered as separate lists and vacation relief will be administered on separate schedules. ~~except for those stations with fewer than 2,555 annual scheduled departures. Such stations with fewer departures determined as of July 1 considering the prior 12 month period may combine vacation selection and vacation relief schedules. Such combination of vacation relief schedules shall not void the provisions of Article 43 (d).~~

The following is an alternative proposal that may be elected on a city-by-city basis:

- B. All vacation selections at a station/work unit/department will be posted for selections, full time and part time, as one common vacation list. Vacation relief selections will also be administered on one common vacation relief schedule. The Company will attempt to provide proper numbers of full time and part time vacation relief selections commensurate with scheduled vacations for the bidding period and whenever possible full time employees will relieve full time employees, and part time employees will only relieve part time employees. However, when necessary, due to vacation selections not balancing with vacation relief employees (part time to part time, full time to full time) part time employees bidding and being awarded vacation relief selections may be assigned to relieve full time employees.

6. Cross utilization (from letter 11/17/83):

Available work in a higher classification which is planned to continue in excess of a four (4) week period for the appropriate work unit shall be posted for bid and assigned to the most senior available employee bidding, subject to the classification qualifications including licenses.

7. Temporary upgrade (from letter 4/5/84):

Q. Can a part time employee fill a locally posted temporary upgrade?

A. If there are no full time volunteers, then the senior part time employee volunteering is entitled to fill the full time crew chief vacancy on a temporary basis. For that temporary period, he would be a full time crew chief eligible to supervise the work of full time and part time employees.

8. Distribution of part time hours (from letter 2/3/84):

Q. Does the Agreement require that extended hours for part timers be distributed as equitably a practicable in the same manner as overtime?

A. No, although the contract does not require equitable distribution of extended hours in the same manner as equitable distribution of overtime, the additional benefits that flow from extension of hours requires that we should rotate such extension of hours within shift/work units/groups. There may be times when due to operational requirements/skills such as rotation of extended hours is not possible. These instances, however, should be in the minority.

These excerpts have attempted to cover most of the areas of question that are not otherwise covered in the agreement.

Very truly yours,

James B. Weel
Managing Director,
Employee Relations

Agreed:

James C. Little
Director, Air Transport Division
AA System Coordinator

ATTACHMENT 43.4 – FULL TIME / PART TIME FLOORS

September 8, 2001

James C. Little
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, TX 76054

RE: Full Time / Part Time Floors

Dear Jim,

This will confirm our understandings reached during the negotiations and discussions of the Agreement reached effective March 1, 2001. During these discussions, we discussed the use of part time employees and modifications to Article 43 were made to provide for a 1:1 hiring ratio. The application of this same ratio for purposes of a reduction in force was also discussed.

The parties agreed to established, for purposes of the 1:1 hiring ratio, a “mix” of the full time and part time employees at each of the thirteen (13) stand-alone airports listed in Article 43(b)(1) and a new full time and part time floor for the remaining airports or “new system aggregate”.

The parties also agreed that during a reduction in force a 1:1 ratio would apply to the “new system aggregate” as described in Article 43(b)(2) and not to the stand-alone airports.

The mixes and floors will be determined based upon the total number of Fleet Service Clerks, Jr. Fleet Service Clerks, Cabin Cleaners, Utility Men, Ground Servicemen and Crew Chiefs in these classifications.

A monthly report will be provided to measure and track the movement of full time and part time employees as compared to the levels established as described above.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:
James C. Little

ATTACHMENT 43.5 – MODIFICATION OF FULL TIME / PART TIME FLOORS

March 31, 2003 ~~DOS~~

~~Mr. James C. Little
International Administrative Vice President
Deputy Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054~~

Modification of Full time / Part time Floors

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003 ~~DOS~~. During these negotiations, we discussed the Company's interest in modifying the full time/part time floor as described in Article 43 (b)(1) of the March 01, 2001 agreement.

The parties have agreed to modify the existing floors of the standalone cities and the aggregate cities as follows:

		Current Floor		New Floor	
		FT	PT	FT	PT
	BOS	326	116	313	116
	DFW	3,327	151	3,183	200
	ORD	2,159	418	2,083	418
	EWR	143	85	128	85
	LAX	738	205	729	205
	SFO	248	101	244	101
	SJC	162	86	161	86
Total		7,103	1,162	6,841	1,211
Aggregate cities		1,991	1,293	1,837	1,293

Sincerely,

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

Agreed to this date:

~~James C. Little
International Administrative Vice President
Deputy Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

ATTACHMENT 43.5 – MODIFICATION TO FULL TIME/PART TIME FLOORS

DOS

**Mr. Robert F. Gless
Deputy Director - ATD
American Airlines System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

Modification to Full time/Part Time Floors

Dear Robert,

This will confirm our understanding during the negotiations leading up to the agreement signed on _____. During these negotiations, we discussed the Company’s interest to modify the full time/part time floors as described in Article 43(b) of the April 30, 2003 AA/TWU Fleet Service agreement.

The parties have agreed that as of DOS, the full time/part time floors will be as follows:

Aggregate Stations

	Floor 3/1/2001	Full time Actual* 3/31/2012	Variance	Floor 3/2/2001	Part time Actual* 3/31/2012	Variance
Total Aggregate	1837	808	(1209)	1293	683	(610)

Stand Alone Stations

	Floor 3/1/2001	Full time Actual* 3/31/2012	Variance	Floor 3/2/2001	Part time Actual* 3/31/2012	Variance
BOS	313	122	(191)	116	81	(35)
DCA	111	46	(65)	79	32	(47)
DFW	3183	2419	(764)	400	163	(237)
JFK	815	479	(336)	385	340	(45)
LAX	729	507	(222)	205	141	(64)
LGA	261	141	(120)	93	67	(26)
MIA	1500	1716	216	767	490	(277)
ORD	2083	1048	(1035)	418	305	(113)
SFO	244	106	(138)	101	62	(39)
SJU	295	100	(195)	368	71	(297)
EWR	128	38	(90)	85	20	(65)
SJC	161	16	(145)	86	14	(72)
SNA	59	20	(39)	47	16	(31)

* Actual headcount will vary by month and will be provided in monthly report to the TWU

If you are in agreement, please indicate by signing below.

Sincerely,

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

Agreed to:

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

ARTICLE 44 - MOVING EXPENSES/OPTIONAL SEVERANCE FOR PROTECTED EMPLOYEES

Intentionally Left Blank

~~———— (a) ——— Except in the event a layoff is the result of any reason set forth in Article 42(c), a protected employee who is directly affected by a reduction in force will be afforded the opportunity to elect one, but only one, of the following options:~~

~~(1) ——— If he changes base stations under the provisions of Article 15 he will be afforded moving expenses in accordance with Article 15(d) plus a \$12,500 (minus appropriate taxes) special moving allowance, provided he establishes and the Company verifies permanent residency in his new work location and actually relocates his personal possessions and/or household goods as appropriate to that new location within one (1) year of notice of reduction in force; (except that an employee in a protected status (full or part time) and who as a result of a reduction in force, elects to change stations and status (full or part time) when that same status was available to him at his original city, will not be entitled to this \$12,500 special moving allowance) or~~

~~(2) ——— Accept a \$12,500 (minus appropriate taxes) special severance allowance plus severance as outlined in Article 37 thereby terminating entirely his employment relationship with the Company, forfeiting all his seniority and relinquishing any and all claim for re-employment and recall.~~

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

ATTACHMENT 44.1

~~May 16, 1991~~

~~Mr. Edward R. Koziatek
International Vice President
Transport Workers Union of America, AFL-CIO
1501 North Norwood Drive, Suite 125
Hurst, Texas 76054~~

~~Dear Ed:~~

~~This will confirm our understanding regarding the provisions of Articles 15, 42 and 44 of the Labor Agreements covering Mechanics, Fleet Services and related employees, and Articles 15, 40 and 42 of the Stock Clerk Agreement. It is agreed that in the event of a station closing only, employees holding a bid who are affected by the resulting reduction in force and who elect to displace the junior bid job holder in the system in the same classification will, if they are a protected employee as defined by Article 42 (Article 40 of the Stock Clerk Agreement), be eligible for the provisions of Article 44 (Article 42 of the Stock Clerk Agreement), \$12,500 special allowance.~~

~~If the above accurately reflects our understanding, please sign in the space below. As always, if circumstances should arise not addressed specifically by the Labor Agreement or this Letter of Understanding, we will promptly meet to review such issues.~~

~~Sincerely,~~

~~S.L. Crosser
Managing Director
Employee Relations~~

~~Agreed to this date:~~

~~Edward R. Koziatek~~

ARTICLE 45 - EFFECT ON PRIOR AGREEMENTS

This Agreement will supersede and take precedence over prior Agreements, Letters, and similarly related documents executed between the Company and the Union prior to the signing of this Agreement. However local or station work rules, which were previously negotiated and do not conflict with this Agreement will remain in effect. All rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, will be satisfied or discharged.

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

ATTACHMENT 45.1 – LOCAL AGREEMENTS

August 9, 1980

Mr. Ernest M. Mitchell
International Vice President
Director-Air Transport Division
Transport Workers Union of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: Local Agreements

Dear Mr. Mitchell:

During our negotiations on amendments to the current Basic Agreement, we have discussed problems regarding side agreements, practices and exceptions developed at local stations over the years.

This will confirm our agreement that, effective as of the date of ratification by TWU members of the amendments to the current Basic Agreement, all local side agreements, practices, and exceptions, whether written or unwritten, which conflict with the terms and conditions of the Basic Agreement (including the appendices, letters and memoranda attached thereto), or which are not expressly provided for in such Basic Agreement and limit the Company in the exercise of its management rights, shall be null and void unless such local agreement, practice, or exception has been approved in writing by the International Vice President, Air Transport Division, and the Vice President-Employee Relations of the Company, or their designees.

Any dispute as to the interpretation or application of this Agreement will be settled by following the grievance procedures specified in the Basic Agreement.

Very truly yours,

C.A. Pasciuto
Vice President
Employee Relations

Agreed to as of the date hereof:

E.M. Mitchell

ARTICLE 46 - ONE STATION COMPLEX AGREEMENTS

(a) BELOW ARE THE AIRPORTS THAT WILL BE INCLUDED IN THE ONE STATION AGREEMENT:

1. Houston Hobby Airport (HOU) and Houston Intercontinental Airport (IAH)
2. JFK Airport (JFK), LaGuardia Airport (LGA), **and** Newark Airport (EWR) ~~and Islip Airport (ISP)~~
3. O'Hare Airport (ORD) **and** Midway Airport (MDW) ~~and Milwaukee Airport (MKE)~~
4. Los Angeles Airport (LAX), ~~Burbank Airport (BUR)~~, Santa Ana Airport (SNA), **and** Ontario Airport (ONT) ~~and Long Beach (LGB)~~
5. San Francisco Airport (SFO), San Jose Airport (SJC) and Oakland Airport (OAK)
6. Washington Reagan Airport (DCA) and Dulles International Airport (IAD)
7. Miami Airport (MIA) and Fort Lauderdale Airport (FLL)
8. Dallas Fort Worth Airport (DFW) **and** Love Field Airport (DAL) ~~and GSW including the Corporate office complex buildings (Flight Academy, Learning Center, Headquarters, and SRO)~~
9. Tulsa Maintenance Base (TULE) and Tulsa Airport (TUL).

(b) AN EMPLOYEE WHO IS BASED WITHIN A ONE STATION COMPLEX WILL:

1. Be given preference over employees of other airports/stations **outside the one station complex** as to Bid Job Vacancies, Non-Bid Vacancies and Reclassifications.
2. Be deemed to be based at the one station **complex** in the event of:
 - a. A surplus of employees at one of these airports **within the one station complex** when vacancies exist at the other(s);
 - b. A reduction in force at either of these airports **stations within the one station complex** when there are no vacancies available at the other(s);
 - c. A reduction in force at any or all airports **stations within the one station complex**;
 - d. A recall of ~~laid-off employees~~ to any or all ~~airports-stations~~ **within the one station complex**;

- e. Temporary assignments between airports **stations within the one station complex.**

(c) BID JOB VACANCIES:

A bid job vacancy will be filled by honoring **transfer** requests of qualified ~~employees~~ **Crew Chiefs** for reassignment **within their current status (full time/part time)** from one airport to the other(s) within the one station **complex**. To be considered qualified, an employee must hold, as a result of having been selected as successful bidder, a job in the same classification **and status** as the vacancy and involving the same requirements, including qualifying tests. ~~The method for an employee to let his request be known is outlined in paragraph (d).~~ **An employee will only be deemed eligible if he:**

- (1) **Has completed his one hundred eighty (180) day trial period under Article 12, unless agreed to by local management;**
- (2) **Has completed ninety (90) days service at his current station immediately prior to the transfer;**
- (3) **Submits a transfer request via the online transfer system. Employees awarded and accepting transfers (pursuant to Attachment 12.x) within the one station complex must report to the station and/or position.**

Vacancies remaining after such requests have been honored are to be posted for bid in accordance with the requirements of ~~the Agreement~~ **Article 12.**

~~A Crew Chief affected by a reduction in force at one airport may exercise his seniority to displace a non-bid position or fill a vacancy at his current airport.~~

(d) NON-BID VACANCIES:

~~When a non-bid vacancy arises within the one station complex, requests for lateral reassignment between such airports will be honored before transfer requests from other stations on the system are considered, and before new employees are hired. An employee wishing to be reassigned must file a request for such reassignment with his supervisor not less than fifteen (15) calendar days prior to reassignment date. All requests will be valid until the following January 1st and July 1st. Each January 1st and July 1st, a request for reassignment not submitted within the preceding thirty (30) calendar days will be voided and it will be necessary for a new request to be submitted.~~

~~Under this procedure, the Company will not require, as a condition of being eligible to request reassignment, that an employee has completed six (6) months of service at his current airport. However, an employee will normally be required to have~~

~~completed his probationary period before being eligible to request such reassignment from one airport to another.~~

~~_____ Selection to fill a vacancy will be made on the basis of the most senior employee in the same status requesting the reassignment (unless medically restricted).~~

~~_____ If there are no requests, or an insufficient number of requests to fill all such vacancies, requests for transfer on file from other stations on the system will be honored.~~

Non-bid vacancies in a one station complex will be filled in the following order based on seniority:

- 1) Employees holding recall rights to the station with the vacancy;**
- 2) Eligible employees within the one station complex and within the same status (FT/PT) as the vacancy;**
- 3) Eligible employees in accordance with Article 12.**

ELIGIBILITY

An employee will only be deemed eligible if he:

- (a) Has completed his probationary period, unless agreed to by local management;**
- (b) Has completed ninety (90) days of service at his current station;**
- (c) Submits a transfer request via the online transfer system;**
- (d) Is not medically restricted from performing all duties of the vacancy.**

Employees awarded and accepting transfers (pursuant to Attachment 12.4x) or who have accepted recall within the one station complex must report to the station and/or position.

- (e) RECLASSIFICATION:**

If an employee is eligible for upgrading from one classification to another, this will be done on a one station basis, subject to the requirements of Article 12(m) of the Fleet Service Agreement, 12 (m) of the Maintenance and Related Agreement, and 12(r) of the Stores Agreement.

Filling a vacancy within a one station complex with a 12(m) transfer request will be done in the following order:

- 1) 12(m) transfers within Title Group within the one station complex;**
- 2) 12(m) transfers within the Title Group outside the one station complex;**
- 3) 12(m) transfers outside the Title Group within the one station complex;**
- 4) 12(m) transfers outside the Title Group outside the one station complex.**

(f) SURPLUS EMPLOYEES AT ONE AIRPORT, SHORTAGE AT THE OTHER AIRPORT:

Where there is a surplus of employees at one airport within a one station complex, and a corresponding shortage of employees at another airport, within the same one-station complex, the number of employees involved at the airport with the surplus will be equalized through reassignment of volunteers, if any. ~~Selection of~~ **Volunteers will be made on the basis of the most senior volunteers selected from valid existing transfer requests on file.** If no employee volunteers or an insufficient number volunteer, then the selection will be made on the basis of the most junior employee from the surplus at the one airport to the shortage at the other airport.

It is understood that if a Crew Chief is being reassigned to another station within the one station complex, he may exercise his seniority to remain at his current station as a Full Time or Part Time employee if a vacancy exists at his current station.

It is understood that if a Full Time employee is being reassigned to another station within the one station complex, he may exercise his seniority to remain at his current station as a Part Time employee if a vacancy exists at his current station.

An employee who is the most junior of those who are surplus, who refuses reassignment to the airport where there is a shortage, may accept layoff with recall rights to the original airport of surplus, blended in seniority order with ~~transfers~~ **recalls** from other airports within the one station complex. An employee who accepts layoff as described above will not be afforded the provisions outlined in paragraph (g) or the provisions of Article 15 of this Agreement.

The equalization of any employee surplus and/or shortage between the airports of the one station will precede the honoring of any requests for transfer to or reassignment between such airports as provided in paragraphs (c) and (d) above.

Any employee who has station protection will not be involuntarily assigned to another airport unless such employee has voluntarily left the protected station thereby forfeiting his station protection.

(g) REDUCTION IN FORCE:

If there is a surplus of employees ~~at one airport but no corresponding vacancy at the other airport(s), there is a surplus~~ at the one station complex and a reduction in force becomes necessary, ~~and is made~~ **it will be conducted** as follows:

~~Lay off the most junior employee who is surplus at the one station complex.~~

~~Such employee may accept layoff or exercise his seniority within the one station or on the system and in accordance with the provisions of Article 15 of the Agreement.~~

- 1) **Identify the most junior affected employees in the one station complex;**
- 2) **Process the standing transfer list within the one station complex, if necessary, to avoid the reassignment of junior employees; under these circumstances the ninety (90) day restriction will be waived;**
- 3) **If there are insufficient transfers on file, reassign junior employees from the station with the surplus of employees. An employee who refuses reassignment will be considered to have resigned from the Company;**
- 4) **Lay off the most junior employee at the one station complex. Such employee may accept layoff or exercise his seniority on the system in accordance with the provisions of Article 15 of the Agreement.**

(h) RECALL:

An employee involuntarily moved from one airport to another within a one station complex, as a result of a reassignment, surplus or a reduction in force will maintain recall back to the original airport. ~~This recall will not be applicable to any bid job that was affected by a reduction in force. Vacancies existing after the preceding recalls have been processed at any airport are considered a vacancy within the one-~~

~~station and the recall of a laid-off employee (one who left the one station complex or separated from the payroll) will be to such vacancy and in accordance with Article 16.~~

Recall to the one station complex will be conducted in seniority order by blending together:

- **Employees who stay within the one station complex;**
- **Employees who leave the one station complex;**
- **Employees affected by de-staffing;**
- **Employees who leave payroll**

(i) EXPENSES:

Where an employee is reassigned from one airport to another within a one station complex, whether by employee request or by direction of the Company, no expenses incurred, as a result of such move will be paid by the Company.

(j) TEMPORARY ASSIGNMENTS BETWEEN AIRPORTS:

Employees **who** regularly **work at a station** ~~stationed at one airport~~ **station** within a one station complex will not be assigned to work at another ~~airport~~ **station** within the ~~station~~ **one station complex**, except in the event of an emergency or alternate field operation.

When such assignments are made, employees will be regarded as working and will be paid their regular hourly rate while traveling from one ~~airport~~ **station** to another within the one station complex.

When an employee, regularly assigned to one ~~airport~~ **station** is assigned to duty at another ~~airport~~ **station**, the provisions of Article 26 (f) will apply.

ARTICLE 47 - DURATION OF AGREEMENT

THIS AGREEMENT will become effective as of XXXXX Y, 2012 and will continue in full force and effect until and including XXXXX Y, 2018, and will renew itself until each succeeding XXXXX Y thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than (30) calendar days prior to the 1Y day of XXXXX in any year, beginning with XXXX Y, 2018. **However, either the Company or the TWU may elect to reopen this Agreement by the service of written notices in accordance with section six (6), Title I of Railway Labor Act as amended pursuant to Section 6, on or after November XX, 2017 (6 months prior to amendable date).**

~~The job security provided for in Article 42 was agreed to in exchange for work rule changes. Those work rule changes involved the right to hire part time employees as provided in Article 43, the right to cross utilize employees as provided in Article 11, the elimination of paid lunches, and the right to hire employees after February 11, 1983 at pay rates lower and with a longer step progression than for employees hired on or before February 11, 1983. So long as the Union does not seek to change any of these work rules as described above, Article 42 (Job Security) will remain in full force and effect forever.~~

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. It is agreed by the parties that the other will not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though these subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement, without serving written notice as provided for in the above paragraph.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day of,
and have signed this Agreement on this the DOS.

FOR TRANSPORT WORKERS
UNION OF AMERICA

FOR AMERICAN
AIRLINES, INC.

James C. Little
International President
Transport Workers Union

Denise Lynn
Vice President
Employee Relations

Garry L. Drummond
International Vice President
Director- ATD
Transport Workers Union

James B. Weel
Managing Director
Employee Relations

Robert F. Gless
Deputy Director - ATD
AA System Coordinator
Transport Workers Union

Dianne E. Taber
Senior Principal
Employee Relations

Timothy J. Gillespie
International Representative
Transport Workers Union

WITNESS:

WITNESS:

David Virella
Donny Tyndall
Mike Mayes
Timothy Hughes
Pete Hogan
Sean Doyle
Darrin Pierce
Sam Cirri
Adam Ferrara
John Mizwa
Charlie Meyer
Art Risley
John Ruiz
Sidney Jimenez
Glenn Jeanes
Howard W. Blaydes

Mark E. DuPont
Patricia M. Hollinrake

~~The attachments on the following pages are agreed to by the parties and are
incorporated as part of this agreement.~~

ATTACHMENT 47.1 – INCENTIVE LETTER

~~Mr. James C. Little
Director Air Transport Division
International Administrative Vice President
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054~~

~~Dear Jim,~~

~~Whereas, American Airlines, Inc. ("American" or "Company") and the Transport Workers Union of America, AFL-CIO ("TWU") have agreed to resolve all disputes which exist or could exist between them related to the negotiation, ratification, and final effectiveness of the Restructuring Agreement, dated April 15, 2003 ("Restructuring Agreement"), and~~

~~Whereas, American and the TWU (the "Parties") have each agreed that it is in their mutual interest to permit the Restructuring Agreement to become binding and effective.~~

~~Now therefore, it is this 24th day of April 2003, hereby agreed that the following shall supplement, and, to the extent inconsistent, modify the Restructuring Agreement~~

~~A. Duration of the Agreement. Contingent on approval of this Letter of Agreement by the AMR Board of Directors and the TWU and without further ratification, the Restructuring Agreement will be effective beginning April 15, 2003, and shall remain in effect for a period of five (5) years and become amendable April 30, 2008.~~

~~B. Early Reopener. Either the American or the TWU may elect to reopen the Restructuring Agreement by the service of notices pursuant to 45 USC Sec. 156, on or after April 30, 2006.~~

~~C. Special Procedure for Change.~~

- ~~1. For a period not to exceed thirty (30) days beginning on written notice by the TWU no later than May 15, 2003, the Parties will meet and discuss the deletion or modification of a single item in the Restructuring Agreements, (the "Original Provision"), such as, the change to Article 34(d) of the Mechanic and related agreement regarding payment of Sick Leave for the first 16 hours at 50% and the substitution of one or more alternative items (the "Offset Modification(s)") such that the net economic result of the deletion or modification and substitution provides cost savings to the Company equal to the cost savings originally projected by the Company for the Original Provision (i.e. \$7.0 million per year).~~

- ~~2. If the parties cannot reach agreement during the thirty (30) day period on the Offset Modification(s) having the appropriate aggregate value described in C.1., above, they will select a neutral arbitrator in accordance with the System Board procedure in the Restructuring Agreement. Said arbitrator must be available to hear the matter with seven (7) days of selection and shall issue a decision within 21 days of selection.~~
- ~~3. The arbitrator shall conduct a hearing of no more than one day in duration. American and the TWU will each have a maximum of one half day for its presentation, with appropriate procedural rules to be set by the arbitrator.~~
- ~~4. At the hearing, the TWU will identify one or more Offset Modification(s), the aggregate value of which must achieve the result described in C.1., above. For example, if the proposed modification to the Original Provision has a cost of \$7 million and the arbitrator values the Offset Modification(s) at \$6 million, the Union must identify some additional Offset Modification(s) with a value of \$1 million.~~
- ~~5. The Parties' original valuation of the Restructuring Agreement will determine the value of the Original Provision. The arbitrator will determine the value of the all changes to less than all of the Original Provision, as well as the value of all Offset Modification(s). If the arbitrator determines that the value of the Offset Modification(s) is less in aggregate value to the Company than the cost of the modifications or deletions to the Original Provision, unless the TWU selects some additional Offset Modification(s) which achieves the result described in C.1., above, the arbitrator will further modify the Original Provision so that the changes to the Original Provision compared to the aggregate value of the Offset Modifications(s) achieves the result described in C.1., above.~~
- ~~6. The decision of the arbitrator will be final and binding on the TWU and the Company.~~

~~D. Annual Incentive Program.~~

~~The Company will establish an Annual Incentive Program ("Program"), as set forth in Attachment A, that shall substitute for and replace the Variable Wage Adjustment Program included in the Restructuring Agreement.~~

~~E. Authority and Effective Date.~~

~~Execution of this Letter of Agreement shall constitute a representation by each party that the terms of this Letter of Agreement and of the Restructuring Agreement have been approved. This Letter of Agreement will become final upon execution on this 24th day of April 2003.~~

~~For the Transport Workers Union of America, AFL-CIO:~~

~~James C. Little
Director Air Transport Division
International Administrative Vice President~~

~~For American Airlines, Inc.:~~

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

**LETTERS AND MEMORANDA
CONCURRENT WITH THE FLEET SERVICE AGREEMENT**

<u>Subject</u>	<u>Date</u>
Contacting out work	3/09/50
Memo regarding OT assignments	9/15/56
Memo understanding Art 34	5/11/71
Illegal job actions	8/9/80
Transfer baggage handling	8/29/91
Automated bid transfer	8/15/95
Crew Chief in Phased out Class	8/15/95
Job Security on Recall	8/15/95
AFW TULE MCI DWH Base Closing	3/01/01
Ground Service Letter	3/01/01
Contract Modifications Review Panel	3/31/03
Summary of 2003 Changes	3/31/03
Letters Disposition	3/01/01

LETTER OF MEMORANDA — 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 operations, which principally affect the continuity of employment; the volume of the business, the schedules to be operated and the work load 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~~

LETTER OF MEMORANDA – 2 – OVERTIME ASSIGNMENTS

MEMORANDUM

Re: Overtime Assignments

During the negotiations which led to the signing of the Agreements between the parties effective September 16, 1956, considerable discussion took place regarding administrative and procedural application of the rules governing overtime assignments under Articles 6(d) of said Agreements.

It is recognized that in selecting and assigning employees to overtime, strict equity cannot be maintained on a daily or individual assignment basis. Therefore, in the assignment of overtime, the Company will initially go to the employees relatively lowest on overtime, i.e., and the lowest within a sixteen-hour spread. The Company may offer the overtime to employees actually on duty, on day off, or by recall, at its option.

The parties will make an effort to apply these procedures in the application of Articles 6(d). The parties further agree that upon the request of either party they shall review the overtime distribution practices about six (6) months from the date hereof. If changes are suggested or desired, the parties will discuss same and incorporate any changes as an amendment to this Memorandum, if by mutual agreement.

Dated: September 15, 1956

James F. Horst
Int'l. Vice President
Transport Workers Union of America,
International-AFL-CIO

A. Di Pasquale
Director-Labor Relations
American Airlines, Inc.

LETTER OF MEMORANDA – 3 – UNDERSTANDING ARTICLE 34

MEMORANDUM OF UNDERSTANDING BETWEEN
AMERICAN AIRLINES, INC.
AND
TRANSPORT WORKERS UNION OF AMERICA,
AFL-CIO

This Memorandum expresses the understanding of the parties as to the application of a provision in the Maintenance and Stores Agreements, Article 24(c) and the Communications Agreement, Article 27(b), all effective May 11, 1971, as follows:

“The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement as set forth in Article 34 (Article 11 Stores Agreement, Article 31 Communications Agreement). Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose.”

By this provision, the Company pledged that no employee under the Maintenance, Stores and Communications Agreements will be disciplined for the use of his sick leave for the intended purpose.

The intended purpose of the sick leave benefit is to protect the earnings of the employee during necessary absence from work due to illness or injury; to aid the employee in meeting bills when sickness or injury have temporarily taken away the ability to work.

In August, 1969, the Company published and distributed a booklet entitled, “Attendance Control Guidelines and the Sick Leave Benefit”. Company supervisors and Union officials received a copy. The Union acknowledges that the statements in this booklet do not conflict with the rights of employees under the Maintenance, Stores, and Communications Agreements.

Accordingly, it is agreed that:

1. The Company will take the following actions before issuing a disciplinary notice for unsatisfactory attendance to an employee with a sick leave balance when such disciplinary notice considers occasions of absence involving sick leave:
 - a) Full discussion with the employee concerning his attendance record.
 - b) If abuse of the sick leave policy referred to in the Sick Leave Article is suspected, the employee will be so advised of the reasons for suspected abuse; in writing if he so requests.
 - c) Requiring the employee to provide a doctor’s slip stating he was treated for an illness or injury for sick leave eligibility subject to the provisions of the Sick Leave Article.

2. A disciplinary notice issued subject to the conditions and actions herein shall include the charge of suspected abuse of sick leave in connection with absence.

This Memorandum shall not apply to any incident where an employee is charged with the fraudulent abuse of the sick leave benefit.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Understanding this 11th day of May 1971.

FOR TRANSPORT
WORKERS UNION OF AMERICA, AFL-CIO

FOR AMERICAN
AIRLINES, INC.

James F. Horst
International Executive
Vice President

C. A. Pasciuto
Vice President
Employee Relations

LETTER OF MEMORANDA – 4 – ILLEGAL JOB ACTIONS

August 9, 1980

Mr. C. A. Pasciuto
Vice President
Employee Relations
P.O. Box 61616
Dallas/Fort Worth Airport, TX 75261

Re: Illegal Job Actions

Dear Mr. Pasciuto:

During our negotiation on amendments to the current basic agreements, we have discussed problems regarding the unfortunate trend of increased illegal work stoppages and slowdowns occurring during the course of our agreements. Both parties have expressed their desire to correct this situation.

The Union recognizes its obligation to prevent any sit-down, walkout or stoppage, strike, slowdown or curtailment of work for any reason during the life of these agreements and pledge their wholehearted cooperation to the Company to prevent any of the above from occurring.

In addition, it is agreed that, in the future, for any letters of discipline which are properly assessed in the event of an occurrence of any of the above, the provisions of Article 28(d), or related articles, will not apply.

Very truly yours,

E. M. Mitchell
Intl. Vice President
Director - ATD

H. J. Leonard
Intl. Vice President
Assistant Director-ATD

Patrick J. McGahan,
Local 501

James F. Jackson,
Local 513

Howard W. Blaydes,
Local 502

Ed Wilson,
Local 514

William Rossi,
Local 505

Frank Palumbo,
Local 519

John D. Fortune,
Local 507

William Casper,
Local 521

Richard Dawson,
Local 510

Celeste P. Conroy,
Local 527

Patrick Collins,
Local 512

E. F. Downey,
Local 540

AGREED TO: C. A. Pasciuto

LETTER OF MEMORANDA – 5 – TRANSFER BAGGAGE HANDLING

August 29, 1991

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

RE: ~~Transfer Baggage Handling~~

Dear Ed,

~~During the discussions leading to the agreement of August 29, 1991, we held detailed discussions on methods to improve the transfer of baggage between AA and American Eagle carriers. The TWU has participated in the past in improving that baggage handling. You have assured the Company that the TWU will continue such cooperation to insure ongoing improvements in this very important Quality area.~~

~~If issues arise that cannot be resolved locally, the parties agree that the Senior Vice President Field Services and the International Vice President of the TWU will become involved in the discussions with the Local representatives in order to resolve the issues.~~

Very truly yours,

Ralph P. Craviso

Vice President

Employee Relations

Agreed this date:

Edward R. Koziatek

~~LETTER OF MEMORANDA – 6 – AUTOMATED BID/TRANSFER~~

~~August 15, 1995~~

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

~~Re: Automated Bid/Transfer~~

~~Dear Mr. Koziatek:~~

~~During the discussions, which led to the agreement of August 15, 1995, the Company and the TWU agreed to establish an Automated Bid/Transfer System. A joint committee will be established to design the functionality of the system so that it complies with the contractual rules and procedures, while improving the process and timeliness of awards and notification to the employee, the TWU, and the locations involved.~~

~~Very truly yours,~~

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

**LETTER OF MEMORANDA – 7 – CREW CHIEF IN PHASED OUT
CLASSIFICATIONS**

August 15, 1995

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

Re: ~~Crew Chief in Phased Out Classifications~~

Dear Ed:

~~This will confirm our understandings reached during the negotiations leading up to the agreement signed on August 15, 1995. During these discussions, we agreed to several changes involving the way we will do our work in the future. Some of these changes will result in consolidation and or elimination of some classifications and the creation of other new classifications. In this process, some Crew Chiefs in the current functions of Utility Men/Building cleaner and Blasting Machine/Parts Washer may not, due the consolidation noted above, be able to maintain a bid position.~~

~~We have agreed, therefore, that if persons currently holding Crew Chief positions as outlined above, and after the consolidations/movement of functions, are unable to hold a bid Crew Chief position, will be pay protected at their current rate of pay until such time as their seniority would or does enable them to secure a bid position at their station or they reach the maximum rate of pay in the new classification. They will be pay slotted into their new classification based upon their current Crew Chief pay rate and progress thereafter on the new scale.~~

Very truly yours,

Jane G. Allen
Vice President
Employee Relations

~~Agreed to:~~
Edward A. Koziatek

LETTER OF MEMORANDA – 8 – JOB SECURITY ON RECALL

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: Job Security on Recall

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 job protection for your members. The Company has agreed that, in addition to the job security outlined in Article 42, the Company will give job protection to those aircraft mechanics that are recalled to start up the new 727 line/s in TULE and also to those mechanics that recalled to fill those jobs vacated by the recall to TULE. Any recall of aircraft mechanics on or after May 1, 1996 will not be included in this letter of agreement.~~

~~In addition, we have agreed that those Fleet Service Clerks that are currently part time and have recall back to a full time position, will, upon recall to a full time Fleet Service Clerk position, be guaranteed full time status.~~

Very truly yours,

Jane G. Allen
Vice President
Employee Relations

Agreed to:
Edward R. Koziatek

**LETTER OF MEMORANDA – 9– ~~AFW, TUL~~ TULE MCI AND DWH CHRISTMAS
BASE CLOSING**

From: James B. Weel
To: James C. Little

(revised ~~4/15/2003-DOS~~)

March 1, 2001

~~Mr. James C. Little~~
~~Vice President~~
~~Director, Air Transport Division~~
~~Transport Workers Union of America, AFL-CIO~~
~~1848 Norwood Plaza, Suite 112~~
~~Hurst, Texas 76054~~

Re: ~~AFW, TULE~~, and **DWH MCI** Christmas Base Closing

Dear Mr. Little,

This will confirm our agreement that the ~~AFW, TUL~~, and **DWH MCI** 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:~~

~~2001 12/24/01 to 12/31/01 (includes Christmas Holiday off)~~
~~2002 12/24/02 to 12/31/02 (includes Christmas Holiday off)~~
~~2003 12/24/03 to 12/31/03 (includes Christmas Holiday off)~~
~~2004 12/24/04 to 12/31/04 (includes Christmas Holiday off)~~

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.
 - 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 P.V. or P.O.H. may also volunteer to work. ~~; however, an employee who had selected P.V. and voluntarily working will not be charged with a P.V. 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 of insufficient volunteers:

Employees with scheduled vacation, FLEX vacation, ~~P.V.~~, or P.O.H. 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, P.V., or P.O.H. 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)

**LETTER OF MEMORANDA — 10 — GROUND SERVICE EMPLOYEES
MODIFIED AND MOVED TO ARTICLE 12 AS ATTACHMENT 12.5**

March 1, 2001

Mr. James C. Little
International Vice President
Transport Workers Union of America, AFL-CIO
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

RE: ~~GROUND SERVICE EMPLOYEES~~

Dear Jim,

During the discussions leading to the agreement of March 1, 2001, the following was agreed to and revised as indicated below during the discussions leading to the agreement signed March 1, 2001:

A. — ~~Effective date of ratification, all Title IV Ground Service Employees will continue accruing Title III seniority. They will be identified by an asterisk, and their placement on the Title III list will be based on their occupational seniority standing on the March 15, 1991, Title IV seniority list. Such employees will continue accruing concurrent Title III and Title IV seniority from the effective date of October 7, 1991. Title III Occupational Seniority accrued by a Title IV Ground Serviceman may only be exercised in the event of a Reduction of Force. A Title IV Ground Serviceman may exercise his/her Title IV occupational seniority to transfer into Title III Fleet Service and once transferred into Fleet Service will be allowed to exercise their accrued Title III occupational seniority for the purposes of bidding shifts and days off.~~

B. — ~~The employees identified in accordance with Paragraph A may elect, at their option, to exercise their accrued Title III seniority rights in lieu of their Title IV seniority rights, in order to maintain employment at their station or within the American Airlines system.~~

C. — ~~An employee having Title IV seniority who permanently transfers at his own request to a classification of work in another Title group or under the Stores Agreement shall retain seniority in the classification and Title group from which he transferred for a period of time not exceeding his service in the former title group. Such retained seniority may be exercised only in the event of a reduction in force pursuant to the provisions of Article 15(B).~~

D. — ~~Title III employees will fill all future Title IV vacancies not filled by a 12L transfer. Employees hired into or transferring into Ground Service will be "locked" into that classification for a two (2) year period unless they are bumped out by a more~~

~~senior employee. Employees assigned (involuntarily) into Ground Service are not restricted to the two (2) year lock-in period.~~

~~All Title III voluntary reassignments and successful bidders to fueling will have a two (2) year lock in. The exceptions to this two (2) year lock in period would be allowed if you transferred to another station, transferred to a different classification, or changed status (i.e. full time to part time).~~

~~The Company acknowledges that in the event a Title III employee is awarded a Title III Fueler vacancy or displaces into Title III Fueler as a result of a reduction in force, the employee would not be subject to the two (2) year lock in period. However, a Title III employee who is recalled to a Title III Fueler vacancy will be subject to the two (2) year lock in period.~~

~~E. Title IV vacancies assigned to Title III employees will be bid by seniority. Title III employees working in the Ground Service classification will select/bid their shifts and days off in accordance with their Title III seniority after the Title IV Ground Service employees. No station protected Title III or Title IV employee will be displaced by the application of this Letter of Agreement. Current Title IV employees will be allowed to bump or fill vacancies within their title group.~~

~~Title III employees working in the Ground Service classification will be placed on the overtime standing list in accordance with station practice (highest overtime standing etc.), and will be offered overtime in accordance with their overtime standing.~~

~~F. Title IV Ground Service Crew Chief vacancies not bid on by Ground Service employees will be posted for bid to the Fleet Service Title III employees. Title III awardees will be required to pass qualifying test and successfully complete required training.~~

~~G. Vacation selection/bidding will be based on the station practice. If by Company Seniority blended in order with Ground Service employees. If by Occupational Seniority, selection will be of that remaining after the Ground Service employees.~~

~~H. A two member panel consisting of the AA Vice President, Employee Relations, and the TWU Director, Air Transport Division, or their respective designees, will review any claims regarding the application of this Letter of Agreement. In the event the panel cannot reach a decision regarding such claim, the employee may appeal to the System General Board of Adjustment for final resolution.~~

~~EXAMPLE (1): A Title IV Employee Being Displaced~~

- ~~*~~ ~~Can exercise either seniority in accordance with the Agreement.~~
- ~~*~~ ~~Cannot displace a station protected employee.~~

* ~~If laid off with no retention of employment option in either Title group will retain recall rights in both title groups.~~

~~EXAMPLE (2): Procedure for filling a Title IV vacancy~~

- ~~1. IV (the most senior of) RIF/Recall~~
- ~~2. IV (blended in seniority order) 12 (N) CC Demotion/
12 (L) Transfer/
12(Lx) Upgrade to FT~~

~~Once the Title IV incumbents have been exhausted, the vacancy will be re-designated as a Title III vacancy (which will be assigned to the fueling function) and will be filled as follows:~~

- ~~3. III (the most senior of) RIF/Recall~~
- ~~4. III (blended in seniority order) *12 (N) CC Demotion/
*12 (L) Transfer/
*12 (Lx) Upgrade to FT
*12 (LM) FSC Transfer~~
- ~~5. III (the most senior of) *12 (L) Transfer from Lay Off
a. Title IV
b. Title III
3. Other Title groups~~
- ~~6. New Hire~~

~~Additionally, it should be noted that an employee who declines an offer of recall to the Title III vacancy (at step 3) would forfeit recall rights to all Title III vacancies except as otherwise provided in Article 16 of the basic agreement.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to this date:
James C. Little

~~LETTERS OF MEMORANDA 11 – CONTRACT MODIFICATIONS REVIEW PANEL~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054~~

~~Contract Modifications Review Panel~~

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003.~~

~~Due to the unusual nature of the numerous modifications the parties have agreed to establish a Contract Modifications Review Panel to discuss and resolve issues pertaining to these changes in an expeditious manner.~~

~~The TWU International or a Local Union President may, within seven (7) calendar days of the date on which he became aware of the disputed matter, appeal to a review panel composed of the Director of the Air Transport Division and the Vice President, Employee Relations, or their designees, any dispute regarding the proper application or interpretation of the contractual modifications resulting in the agreement dated April 15, 2003.~~

~~The committee will review issues brought to its attention, and will take the necessary and appropriate action to resolve those issues. Decisions from the review panel will be final and binding on both parties.~~

~~The panel is not intended to replace nor circumvent the current grievance procedures as outlined in Article 31 & 32 of the AA/TWU agreements.~~

~~Sincerely,~~

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

~~Agreed to this date:
James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

~~LETTER OF MEMORANDA 12 – SUMMARY OF THE 2003 CONTRACT CHANGES~~

~~March 31, 2003~~

~~Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054~~

Summary of the 2003 Contract Changes

~~Dear Jim,~~

~~This will confirm our understanding reached during the negotiations leading up to the agreement signed on April 15, 2003. During these negotiations, we discussed many changes intended to achieve sustained long-term financial relief from the current provisions of the TWU labor agreements. This letter is intended to recap the majority of the agreed upon changes. Changes are listed by Title groups: I (Mechanics and Related), II (Facilities, Automotive, Cabin Cleaners, Utility and Building Cleaners), III (Fleet Service), IV (Fuelers), V (Stock Clerks), T/S (Technical Specials), Disp (Dispatch), Metro (Meteorologists), Sim Techs (Simulator Technicians) and Instrs (Ground School and Pilot Instructors).~~

Pay Related:

Effective May 1, 2003:

- ~~▪ Base wage pay reduction, varying percentages (all groups)~~
- ~~▪ Elimination of all longevity pay (I & II)~~
- ~~▪ Modified longevity pay, start after 17 years, current rates (III, IV, V, T/S)~~
- ~~▪ Reduced Sim Tech Coordinator premium by \$.75/hour~~
- ~~▪ Reduced Sim Tech Skill pay to \$.10/hour~~
- ~~▪ Reduced Pilot Simulator Instructors premium to \$10.00/month~~
- ~~▪ Reduced Ground School/Pilot Simulator Instructors standardization coordinator pay to \$150.00/month~~
- ~~▪ Reduced Pilot/Simulator Instructors work unit experience premium~~
- ~~▪ Modified shift differential to \$.01, \$.02, \$.03 (I, II, III, IV, V, T/S, Sim Techs)~~
- ~~▪ Elimination of weekend differential (I, II, V, at AFW, TUL, MCI)~~
- ~~▪ Elimination of midnight skill retention premium (Sim Techs)~~
- ~~▪ Training pay at straight time for off shift and day off (I, II)~~
- ~~▪ Elimination of penalty lunch payment (I, II, III, IV, V)~~
- ~~▪ Elimination of OT meal allowance (I, II, III, IV, V, T/S)~~
- ~~▪ Penalty hours pay for actual time worked @ 1.5x (I, II, III, IV, V, T/S)~~
- ~~▪ Reduce OT rate from 2x to 1.5x (I, II, III, IV, V)~~
- ~~▪ Work 40 hrs to reach OT rate for day off overtime (III, V)~~
- ~~▪ Elimination of debrief pay (T/S)~~

- ~~Elimination of Stock Clerk driver premium~~
- ~~Elimination of AMT premiums when displacing OSM employee~~
- ~~Elimination of Early Call-In guarantees (I, II, III, IV)~~
- ~~Elimination of short turn penalty due to shift bids (Art 21 d) (III, IV)~~
- ~~Elimination of CC premium when not working as CC (III, V)~~

Work Rules/ Other changes and effective dates:

Effective April 15, 2003:

- ~~Combine Systems/Structures into Generals (Title I)~~
- ~~Added 7 day labor loan provision (Bases only)~~
- ~~Increased AMT productivity through multiple work assignments/training~~
- ~~Holidays reduced from 10 to 5. The five (5) observed holidays will be: New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day (all groups)~~
- ~~Holidays 5 days with roll @ 1.5x (I, II, III, IV, V, T/S, Sim Techs)~~
- ~~Holidays 5 days (no roll) @ 1.5x (Disp, Metro, Instrs)~~

Effective May 1, 2003

- ~~Reduce annual SK accrual to 5 days @ 100% (all except I & II)~~
- ~~Reduce annual SK accrual to 5 days, 1st two at 50% (I & II)~~

Effective May 3, 2003

- ~~4/10s at Overhaul docks/TUL, duration of agreement~~

Effective within sixty (60) days of ratification:

- ~~Outsource RON/Ultraclean (II/III)~~
- ~~One time System protection credit for headcount reductions realized from work rule changes (all groups except Metro)~~

Effective thirty (30) days from ratification:

- ~~Reduce uniform provisioning and eliminate laundering (I, II, III, IV, V)~~
- ~~Outsource stores function at HDQ (6 Stock Clerks)~~
- ~~Relocate 4 Stock Clerks at ORD/GEM to ORD/M & E hanger~~

Effective as soon as practicable after April 15, 2003:

- ~~Change work schedule to 5 on, 2 off (T/S)~~
- ~~Reduced VC accrual one week (all groups)~~
- ~~Modify Crew Chief ratios:
AMT 1:11.5
FSC 1:9
Fuelers eliminated ratio
Stores 1:12~~

Benefits:

- ~~Medical & Dental plan modifications (all groups) **Effective 1/1/04**~~
- ~~SLOA Benefit Coverage reduced from 24 to 12 months (all groups)
Effective 5/01/03~~
- ~~Eliminate STD Plan (all groups) **Effective 1/1/04**~~
- ~~Discontinue subsidized medical benefits RIF'd employees (all groups)
Effective 4/15/03~~
- ~~Modify IOD to 10 days (all groups) **Effective 5/01/03 with the following transition:**~~
 - ~~If the injury was incurred prior to 4/15/03, remaining applicable salary continuation through the end of the month up to the current 80 days~~
 - ~~If the injury is incurred on 4/15/03 or before 4/30/03, salary continuation for 10 days up to the current 80 days~~
 - ~~If the injury is incurred after 5/01/03, salary continuation for 10 days~~

Sincerely,

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

~~Agreed to this date:~~

~~James C Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

LETTER OF MEMORANDA – 13 – LETTERS DISPOSTION

March 1, 2001

Mr. James C. Little
Air Transport Director
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Dear Jim,

During the recent negotiations for Fleet Service agreement, the Company and the TWU established a mutual objective to review all letters of agreements, letters of memorandum or interpretative letters, whether included in the current agreement or were part of the side letters retained by either party for purposes of administration and application of the agreement. The objective was to mutually agree on a disposition for each and every letter. The disposition included, either inclusion into the agreement via an Article or attachment, removal, or retention outside the agreement for purposes of future reference.

The parties have developed a Letter of Agreement Master Index, which will be retained outside the agreement, yet understood as the final disposition on all the letters contained within. The disposition on the letter is exclusively for the Fleet Service Agreement. The terminology used for the disposition will be defined as follows:

1. **Remove:** The letter is no longer in force and effect and will not be used as precedent for purposes of future contract application.
2. **Remove/Incorporate into Article:** The letter has been removed and the portions of substantive value, as agreed upon by the parties, have been included into language of a specific Article. By inclusion of the letter, in whole or in part, into the Article it has the same force and effect as all other contract language.
3. **Retain in the Contract:** The letter retains its force and effect and is retained as an Attachment to a specific Article or in the Letter of Memorandum section, depending on its applicability e.g. attached for historical value.
4. **Retained outside the Contract:** The letter will serve as a reference for the purpose of future application for either party; however, they are not binding and maybe modified or removed at a future date e.g. explanation on Company policy or plans.

In the event of a dispute regarding the application of the above, the issue will be resolved by the Vice President – Employee Relations and the TWU Air Transport Director, or designee.

If the above accurately reflects your understanding, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:
James C. Little
Air Transport Director
Transport Workers Union of America, AFL-CIO

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 6 & 10

DOS

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

Early Out Incentive Allowance

Dear Robert,

During the 2012 restructuring negotiations, the TWU expressed an interest in reaching an agreement on an Early Out program that would provide a means to mitigate involuntary furloughs for TWU represented employees.

In the interest of reaching a consensual agreement for those TWU employee groups that will experience furloughs as a result of the terms and conditions agreed to within the respective AA/TWU restructuring agreements, the Company agrees to provide the following incentives on a one time basis:

- 1. Eligibility: Any TWU represented employee covered by the Mechanic and Related, Fleet Service, Stock Clerk, Dispatch or Maintenance Control Technician agreement who is on active payroll or an approved Leave of Absence as of DOS.**
- 2. For employees who were system or station protected prior to DOS and who are subject to a reduction in force in accordance with Article 15 of the AA/TWU agreements in connection with implementation of the restructuring agreement:**
 - a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).**
 - b. Provide the \$12,500 special severance payment under Article 44**
 - c. In order to receive a. and b. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.**

3. For all employees, whether affected by a reduction or force or not, who are willing to voluntarily separate from the Company to reduce the involuntary reductions at that station or on the system and who are 45 years of age or older and have 15 years or more of Company seniority, the Company will:
 - a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
 - b. Provide the \$12,500 special severance payment under Article 44 (if the employee was system or station protected prior to DOS)
 - c. Provide a \$10,000 separation allowance for full time employees/\$5000 for part time employees
 - d. In order to receive a., b. and c. above, the employee will be required forfeit all seniority, and relinquish any and all claim for re-employment and recall.
 - e. The Company maintains discretion as to the number of employees provided this Early Out incentive allowance and as to the separation dates for such employees. When the number of employees willing to accept this incentive exceeds the number the Company is willing to provide, occupational seniority will determine the employees awarded.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15 and Occupational seniority, therefore this agreement requires the International TWU's agreement. If you agree with the above, please indicate by signing below.

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

Examples of estimated pre-tax payout amounts by TWU classification

	<u>Regular Severance</u> ¹	Sys. Protection Special <u>Severance</u>	Special <u>Incentive</u>	<u>Total</u>
AMT - Line	\$17,030	\$12,500	\$10,000	\$39,530
AMT - Base	\$16,744	\$12,500	\$10,000	\$39,244
OSM	\$11,450	\$12,500	\$10,000	\$33,950
PM Mech - Line	\$15,314	\$12,500	\$10,000	\$37,814
PM Mech - Base	\$15,028	\$12,500	\$10,000	\$37,528
PMM	\$9,989	\$12,500	\$10,000	\$32,489
A/C Cleaner	\$9,672	\$12,500	\$10,000	\$32,172
Parts Washer	\$9,937	\$12,500	\$10,000	\$32,437
Utility Person	\$9,209	\$12,500	\$10,000	\$31,709
Cabin Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
Bldg Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
FSC - FT	\$11,159	\$12,500	\$10,000	\$33,659
FSC - PT	\$7,811	\$12,500	\$5,000	\$25,311
Ground Svc.	\$11,159	\$12,500	\$10,000	\$33,659
Stock Clerk	\$11,159	\$12,500	\$10,000	\$33,659
MCT	\$21,788	\$12,500	\$10,000	\$44,288
Dispatch	\$25,548	\$12,500	\$10,000	\$48,048

¹Assumes 13 weeks severance at max. rate including applicable premiums

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 8 & 11

DOS

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

RE: Employee Gain Sharing Plan – Fleet Service

Dear Robert,

During the recent negotiations, the parties committed to jointly develop a variable compensation plan (“Plan”) that will be applicable to TWU represented Fleet Service employees in the Domestic Airport Services (DAS) and Cargo departments, including SJU. The parties agree that capitalizing on the value of our people’s knowledge and experience, serves to improve American Airlines Overall Customer Service performance. An appropriate recognition system is a meaningful way to keep our people engaged.

The variable compensation plan covering DAS and Cargo employees will incorporate the following principles:

- Simple and easily understood by employees
- Fiscally responsible (self-funded)
- Performance-based
- Connected to employee action: “line of sight”
- Tied to corporate and DAS/Cargo business results
- Structured to motivate continuous improvement

The Plan will be designed to promote and reward exceptional performance across the areas of:

- Safety
- Compliance
- Quality
- Efficiency
- Performance
- Cost

Performance in each of these areas will be tracked and reported utilizing Metrics which are:

- Objectively Quantifiable
- Results Oriented
- Independently Measured
- Auditable

The parties agree to create a Gain Share Committee consisting of leadership from the following departments, plus one Committee Chairperson:

- Domestic Airport Services
- Cargo
- Finance
- Employee Relations
- TWU Leadership

Management and TWU will be represented on the Gain Share committee.

The Gain Share Committee will work to develop and implement the Plan as expeditiously as practical, including details such as:

- Metrics
- Target-setting
- Award calculation and distribution
- Eligibility
- Program valuation

Any such plan(s) will be implemented only by mutual agreement of the parties and will be subject to the approval of the Company's Chief Operating Officer and the TWU International prior to implementation.

The above agreed upon terms and conditions will replace the Customer Service component of the AIP plan as of DOS.

The Committee will also be responsible for monitoring and modifying the program as becomes necessary.

Sincerely,

{Original Signed on file}

COMPANY PROPOSED LANGUAGE TO TWU GLOBAL 2

DOS

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

“Me, too, provision”

Dear Robert,

During the negotiations that led to the signing of the Agreement between American Airlines, Inc. (“AA” or “the Company”) and the Transport Workers Union of America, AFL-CIO (“TWU”) covering Fleet Service Employees and Ground Service Employees, the Company and the TWU agreed to the following, effective upon ratification of all seven (7) of the TWU Agreements by the TWU membership:

1) Notwithstanding any provision to the contrary in this Restructuring Agreement (“Agreement”), the terms of the Agreement shall not become effective until the Company has received approval to implement, through binding agreement, and/or implemented by legal unilateral authority, revisions to (i) the labor contracts of the Company’s other non-TWU unionized employees and (ii) the wages, benefits and working conditions of the Company’s non-union hourly employees and (iii) the wages, benefits and working conditions of the non-union salaried and management employees so that the aggregate revisions in (i),(ii) and (iii) for each individual non-TWU union and non-union employee group are reasonably projected by the Company to produce the targets for labor cost savings specified in the Company’s Section 1113(c) motion.

2) The Company agrees that if the Company fails to implement the changes described in paragraph 1 for any other non-TWU union or non-union employee group, without implementing other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, the Company will meet with TWU to discuss and agree upon a proportionate reduction in projected labor cost savings under the Agreement. This paragraph shall expire upon the earlier of 1) six (6) months after the date the Company emerges from the bankruptcy process; or 2) when the changes described in paragraph 1, or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, are implemented for all non-TWU union or non-union employee groups.

3) The Company further agrees that if it obtains modifications to agreements with other non-TWU union groups that result in labor cost savings to the Company from reduction in TWU represented employees working under TWU agreements, it will meet with TWU to discuss and agree upon an appropriate credit to the TWU based on the level of labor cost savings realized by the Company from that reduction.

4) The Company will provide TWU with sufficient relevant information reasonably necessary for TWU to determine compliance with the terms of this agreement.

5) Any alleged violation of these provisions will be resolved pursuant to the grievance and arbitration procedures of the applicable TWU Agreement.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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**

LETTER OF MEMORANDUM

LETTER OF MEMORANDUM - Profit Sharing Plan

**Robert F. Gless
Deputy Director – ATD
AA System Coordinator
Transport Workers Union of American, AFL – CIO
1791 Hurstview Drive
Hurst, TX 76054**

DOS

RE: Profit Sharing Plan

Dear Robert,

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

American Airlines will establish a profit sharing arrangement (the “Profit Sharing Plan”) that will allow eligible employees, including TWU represented employees, the opportunity, as described below, to share in the financial success of American.

The effective date of the Profit Sharing Plan, as to TWU represented employees covered by this agreement, will be when it has been ratified by the membership, approved by the bankruptcy court, and signed by the parties. Performance will be measured by American’s Pre-Tax Earnings (as defined in the Profit Sharing Plan) with respect to the plan year covered by the Profit Sharing Plan and the fund from which all Profit Sharing awards for all eligible employees, including TWU represented employees, are distributed (“Fund”) will accumulate based on that performance and will be established as follows:

- Fifteen percent (15%) of the dollar amount of American’s Pre-Tax Earnings.**
- For eligible participants, including TWU represented employees, individual awards under the Profit Sharing Plan will be distributed based on a predetermined formula for allocating on a pro-rata basis the contributions made to the Fund as determined by American and the participant’s Eligible Earnings (as defined in the Profit Sharing Plan).**

- Any payout under the Profit Sharing Plan will be made no later than ____ of the year following the year's profits on which the payout is based.
- All other terms and conditions are covered under the Profit Sharing Plan document.

This Letter of Agreement shall supersede all prior LOAs establishing a profit sharing plan for TWU employees.

Sincerely,
{Original Signed on File}

Agreed to:
{Original Signed on File}

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

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

Exhibit F



AGREEMENT

between

AMERICAN AIRLINES

and

TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

Covering

MAINTENANCE CONTROL TECHNICIAN
EMPLOYEES
OF AMERICAN AIRLINES, INC.

Effective Date: ~~May 5, 2010~~ **DOS**



PREAMBLE

THIS AGREEMENT, entered into this ~~5th day of May, 2010~~ **DOS** by and between AMERICAN AIRLINES, INC (hereinafter sometimes referred to as the "Company") and TRANSPORT WORKERS UNION OF AMERICA AFL-CIO (hereinafter sometimes referred to as the "Union"), as representative of the employees within the United States in the classifications listed herein, pursuant to the terms of the Railway Labor Act, as amended, in the mutual interests of the employees and of the Company to promote the safety and continuity of air transportation, to further the efficiency and economy of operations, and to provide orderly collective bargaining relations between the Company and its employees, a method for the prompt and equitable disposition of grievances, and for the establishment of fair wages, hours and working conditions for the employees covered hereunder. In making this Agreement, both the Company and the employees hereunder recognize their duty to comply with the terms hereof and to cooperate fully, both individually and collectively, for the accomplishment of the intent and purpose of this Agreement.

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NOTICE OF INTENT

This Agreement between the parties was modeled upon the 1995 Aviation Maintenance Technician, Plant Maintenance and Ground Service Employees Agreement. The intent, in 1998, when the first Technical Specialist agreement was entered into, was to mirror the spirit and application of the Basic Maintenance Agreement as much as possible. Some Articles and Letters of Memorandum were adopted verbatim from the Basic Maintenance Agreement. In other circumstances, where provisions of the Basic Maintenance Agreement were determined to be not applicable to the Technical Specialist classification, an "N/A" designates such; in other cases items deemed to be not applicable have been deleted in their entirety. In subsequent versions of Technical Specialist agreements, most articles, as well as most articles in the Aviation Maintenance Technician, and Plant Maintenance Agreements, were rewritten. Furthermore, the application of this agreement has diverged from the 1995 Aviation Maintenance Technician, Plant Maintenance and Ground Service Employees Agreement. Additionally, sufficient time has passed and sufficient interpretation of this agreement has occurred so this agreement has developed its own application and intent.

This revised notice of intent is incorporated into this agreement in order to preserve the historical perspective in which the original agreement was negotiated while making notice that the intent has changed to reflect the Technical Specialist spirit and application that has been evolving since the original agreement was entered into on December 9, 1998.

ARTICLE 1 - RECOGNITION AND SCOPE

(a) Pursuant to the Agreement between the Company and the Union, dated November 7, 1997, 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 classification set forth in this Agreement, and who performs work as described below:

Provides technical direction to Aircraft Maintenance Organization. Analyzes aircraft structural, mechanical, electrical, electronic, avionics, and power plant system problems, and makes recommendations for corrective actions by providing oral and written instructions through Action To Be Taken (ATBT) entered into Field Maintenance Reliability (FMR). Debriefs flight crews and maintenance on in-flight and post-flight discrepancies. Coordinates technical information to flight crews during in-flight operations utilizing ARINC, SATCOM, ACARS, Company Frequency, or other approved means. Reviews aircraft log records, and analyzes all available information for the performance/condition of an aircraft system component, or the On Wing management programs or Engines and Auxiliary Power Plant Units (APU). Recommends that functional tests are conducted for indications and causes of equipment malfunctions. Coordinates findings with appropriate personnel to resolve maintenance problems. Coordinates parts movement and the manpower required for field trips to facilitate the timely repair of out-of-service aircraft. When necessary, travels to the aircraft or station to provide on-site assistance and guidance in the detection and recommended repair action to be taken to return the aircraft to service. Interprets, issues, closes, and assists in controlling the use of the Minimum Equipment List (MEL), Configuration Deviation List (CDL), Nonessential Equipment Furnishings (NEF). Monitors to ensure compliance with procedures prior to the dispatch of an aircraft. Monitors fleet reliability through Field Maintenance Reliability (FMR) and any automatic (or manual) aircraft fault monitoring system such as the AHM (Aircraft Health Management) system or any such similar system designed and implemented by American Airlines or any third party provider. Monitors aircraft engine performance through any automatic (or manual) engine performance or fault monitoring system such as the GE (General Electric) SAGE system or the RR (Rolls Royce) EHM (Engine Health Monitoring) system any such similar system designed and implemented by American Airlines or any third party provider. Detects and eliminates repeat aircraft discrepancies through Repeat Control and issues oral instructions and written instructions as defined in the appropriate manuals. Receives assignments from management. Works according to FAA and Company Regulations and complies with procedures in all applicable manuals. Communicates with other Company personnel as required in a manner designated by the Company. Only Maintenance Control Technicians will write and update all ATBTs for all MEL, CDL, TAC, TFIs, TILs, and NEF items. Maintenance Control Technicians will serve as a liaison between field maintenance and engineering.

Field placarding will only be allowed for flight crew placardable items. Additionally, field placardable MELs will be audited twice annually by management and a TWU representative.

It is recognized that in the conversion from management/specialist work to this bargaining unit work numerous related job functions (those being performed as of December 9, 1998) have been and may continue to be performed by other work groups such as, but not limited to, Supervisors, Engineers and Aviation Maintenance Technicians.

(b) 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 work basis, this situation will not be deemed to be an emergency within the meaning of this paragraph.

(c) It is further agreed that as other stations are established during the term of this Agreement, the Union will be notified prior to the opening and conferences will be held between the parties regarding the staffing of these stations. The Company retains the right to staff such stations at its discretion.

(d) It is agreed that the Company will not contract out work of the type which is currently being performed by the Maintenance Control Technician classification as described in this article and it is understood that nothing in this Article requires the maintenance of the present volume of work.

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

(e) Merger, Purchase or Acquisition of Another Company:

In the event of a merger, purchase or acquisition of another company involving the entire company or a substantial portion of the 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 and 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 changed in any way absent agreement of the TWU and will not be open for collective bargaining in the event of a merger, purchase or acquisition of another company 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(e)(1), (e)(2), and (e)(3) will not apply to the Company's purchase of assets of another airline which does not result in the integration of employees.

(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.

(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 and 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.

(h) Successorship:

In the event of any merger, purchase acquisition of the Company, or of substantially all of the equity securities and/or assets, of the Company by another company, person or entity or subsidiary or corporate affiliate of the Company (Successorship Transactions), the following will apply.

(1) This Agreement will be final and binding upon any company, person or entity that acquires control of, purchases or acquires the Company or substantially all the equity securities and/or assets of the Company ("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.

Other Labor Protective Provisions In Substantial Asset Sale

(i) In the event that, within any 12 month period, the Company transfers (by sale, lease, or other transaction) or otherwise disposes of facilities operated by the Company for the maintenance of its aircraft ("Aircraft Maintenance Facilities") which, net of Aircraft Maintenance Facilities purchased or otherwise added by the Company during the same 12 month period, constitute 20% or more of the value of the Aircraft Maintenance Facilities of the Company, to an entity or a group of entities acting in concert that is either (i) an air carrier or that will operate as an air carrier, or (ii) is a repair station under 14 CFR Part 145 ("Repair Station") or that will operate as a Repair Station, following its acquisition of the transferred Aircraft Maintenance Facilities (any such entity or group the "Aircraft Maintenance Transferee; any such transaction, a "Substantial Aircraft Maintenance Transaction"):

(1) the Company shall require the Transferee to proffer employment to that number of Employees on the master seniority list in strict seniority order (the "Transferring Employees") equivalent to the reduction by the Company in the number of Employees resulting from the Substantial Aircraft Maintenance Transaction. [The number of Transferring Employees shall be no fewer than the average monthly staffing over the

prior 12 months for the Aircraft Maintenance Facilities transferred to the Transferee in connection with the Substantial Aircraft Maintenance Transaction]; and

(2) the Company shall not finally conclude a transaction under this subsection unless the Transferee agrees to integrate the Transferring Employees into the Transferee's seniority list pursuant to Sections 3. and 13. of the Allegheny-Mohawk LPPs.

(j) If the TWU believes that a violation of the provisions of sections (e) through (i) has occurred, an expedited arbitration may be invoked.

(k) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement:

Attachment 1.1- Seat Miles Scheduled by Commuter Air Carriers

DOS

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

RE: Seat Miles Scheduled by Commuter Air Carriers

Dear Robert,

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

It is agreed that as of DOS, and measured each the twelve (12) month period from July 31 to August 1st of the following year, 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 ten (10) 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. In addition, the following markets are excluded from the ASM cap:

- BNA, RDU, SJC, STL Eagle routing
- Eagle pre 1993 ASM's
- Markets in which AA & AE both fly

The above listed markets excluded from the ASM cap total, based on historical data, represented an additional 2.4% increase to the cap.

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.

If you are in agreement, please indicate by signing below.

Sincerely, _____ Agreed to:
{Original Signed on file} _____ {Original Signed on file}

_____	_____
James B. Weel	Robert F. Gless
Managing Director	International Representative
Employee Relations	AA System Coordinator
American Airlines Inc.	Transport Workers Union of America, AFL-CIO

ARTICLE 2 - DEFINITIONS

(a) The word "employee" will mean an employee in the classification covered by this Agreement.

(b) "He" or any other masculine pronoun will be understood to designate any employee whether male or female.

(c) The term "qualifications" will mean all requirements which may be deemed necessary by the Company for the classification of Maintenance Control Technician as stated in Article 11 of this Agreement.

(d) The term "work unit" will mean a group of employees covered by this classification assigned to any particular operational desk or other location. The Company and the Union will have meetings to discuss the establishment of any new work unit prior to implementation of that work unit.

(e) (N/A)

(f) The term "department head", "chief operating officer", or any other management title referred to in the Agreement will mean the person or any other person properly designated and appointed by him to act in his stead. References to the titles of Union officials will mean that person or any other person properly designated and appointed by him to act in his stead.

(g) The term "on call" will mean an employee's status who has been instructed to remain or stand by at a station, shop, hangar, or other location, in order to begin work, immediately upon the work becoming available.

(h) The term "protected employee" will mean all employees **formerly** covered by the job security provision of Article 42. The term "unprotected employee" as used in this Agreement will mean all employees not **formerly** covered by the job security provisions of Article 42.

(i) The term "chart rate" will mean those regular hourly rates of pay appearing in Article 4.

(j) "Base hourly rate", "regular hourly rate", "regular pay", or "pay as if working" will mean the employee's hourly rate as shown in Article 4 plus any applicable longevity pay, differentials, license premium, skill premium, and other premiums. When "base hourly rate", "regular hourly rate", "regular pay", or "pay as if working" is compounded, it will include license and all other premiums.

(k) "Pay seniority" (pay seniority) will govern pay raises and/or placement on the appropriate pay scales in Article 4. This seniority is governed by the applicable Articles of this Agreement.

(l) "Company seniority" will be the time based on the employee's hire date with the Company. This seniority is governed by Company policy.

(m) "Occupational seniority" will be the Occupational Group Title seniority referred to in Article 10 of this Agreement.

(n) "Emergency" will mean a sudden, unexpected occurrence or situation urgently requiring prompt action.

(o) The term "Company" as used in this Agreement will mean American Airlines, Inc.

(p) The term "Successor" as used in this Agreement will include, without limitation, any assignee, purchaser, transferee, administrator, receiver, executor and/or trustee of the Company or of all or substantially all of the equity securities and/or assets of the Company.

(q) The term "Successorship Transaction" as used in this Agreement will mean any transaction, whether single step or multi-step, that provides for, results in, or creates a successor.

(r) The term "Affiliate" as used in this Agreement will mean (a) any entity that controls the Company or any entity that the Company controls, and/or (b) any other corporate subsidiary, parent, or entity controlled by or that controls any entity referred to in (a) of this paragraph.

(s) Maintenance Control Technician and Technical Specialist refer to the same position in this agreement and in any other document or manual in use by the company or the Union.

(t) The Term "Specialized Tech Service Training" will include any training conducted at any manufacturers location.

ARTICLE 3 - HOURS OF WORK

(a) The workday will consist of a twenty-four (24) hour period beginning at 12 o'clock midnight and work schedules will be drawn up on the basis of eight (8) hours consecutive on-duty hours (inclusive of meal periods). The work week and the pay week will consist of seven (7) consecutive days beginning on Saturday at 12:01 AM and the regular weekly work schedule will consist of five (5) workdays of eight (8) hours each within the work week.

After 1/1/2013

(a) The workday will consist of a twenty-four (24) hour period beginning at 12 o'clock midnight.

(b) The regular work schedule will consist of five (5) days on followed by two (2) days off.

After 1/1/2013

(b) The regular work schedule may consist of:

1) A five (5) days on two (2) days off, five (5) days on three (3) days off 8.5 hour day schedule or

2) A six (6) days on three (3) days off 8.5 hour day schedule or

3) A combined (6) days on three (3) days off 8.5 hour day, four (4) days on four (4) days off 11.5 hour day schedule. Effective 1/1/2014 the option 3 schedule will be unavailable unless mutually agreed to by the company and the union.

Employees within a work unit will select the schedule based on majority vote within the work unit. The company and the union will evaluate new work schedules to determine operational effectiveness after schedule implementation on January 1, 2013. The company and the union may mutually agree to modify or change the work schedule based on operational requirements; such schedules will be based on 2080 total hours worked per year.

(c) Each employee will be scheduled for two (2) days off during each work week. The Company will make every reasonable effort to arrange work schedules so that, whenever practicable, those days will be Saturday and Sunday. When an employee's days off are other than Saturday and Sunday, they will be two (2) consecutive days. Nothing will prohibit the Company from scheduling Friday and Saturday as the two (2) consecutive days off (except per the provisions of Article 21(b)).

After 1/1/2013

(c) Days off will be consecutive.

(d) At each work unit where employees are required to maintain continuous operation of departments or assignments, shift assignments may either be fixed, bid, or rotated in accordance with the preference of a majority of the employees involved, consistent with the requirements of the service in accordance with Article 21. Shift rotations will occur on a twenty eight (28) calendar day basis. An employee assigned to training will be paid as if working for no

less than all regularly scheduled hours per pay period. An employee's days off may only be changed to accommodate jury duty per Article 27, Military Leave per Article 18, or training of five (5) or more consecutive days. Relief employees will be assigned to a regular shift when not being utilized in a relief capacity.

(e) All time worked in any continuous tour of duty, including overtime, will be considered as work performed on the workday within which the tour of duty is started.

~~(f) (N/A)~~

~~(g) (N/A)~~

~~(h)~~ (f) Except in emergencies, employees will be given at least seven (7) days notice of all scheduled shift changes. If such notice is not given, the employee will receive no less than one and one-half (1.5X) his regular rate of pay for the first day worked after the schedule change.

~~(i)~~ (g) **Attachment 3.1 will be considered null and void on 1/1/2013. The attachment on the following page is agreed to by the parties and is incorporated as part of the agreement.**

Attachment 3.1 - Optional Hours of Work

American Airlines
October 28, 2004

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

Dear Gary,

Recently the Technical specialists and operating management have requested that we amend Article 3 of the Agreement between American Airlines and the Transport workers Union of America, AFL-CIO covering Technical Specialists Employees to include a "4/10" work schedule. We have agreed that the additional work schedule will be added to Article 3 as described below:

(b) The regular work schedule will consist of five (5) days on followed by two (2) days off. Where the Company maintains a seven (7) day operation, individual work units may be scheduled in whole or in part on schedules of four (4) days of ten (10) hours each, when mutually agreed between the Company and the Union. This agreement must be approved by the Director of the Air Transport Division and the Vice President overseeing the work unit or their designees. When a 4/10's schedule is adopted it will be subject to the provisions outlined below.

(1) It is understood there are few locations where a 4/10s schedule will meet the needs of the service, and that this alternative schedule will be approved only when it involves no anticipated increased expense for the Company and no anticipated loss of productivity or any other recognizable degradation of performance.

(2) It is understood and agreed that either party will have the right to cancel a 4/10s schedule with thirty (30) calendar days of written notice to the other party.

If a 4/10 work schedule is approved for any Technical Specialist work unit, the rules pertaining the application of the applicable Article of the Agreement will be those mutually agreed upon the by the Company and the Union as embodied in the guidelines approved by the TWU (locals 514 and 567) dated October 2004.

Disputes arising out of this new application will be reviewed by a panel consisting of the International Transport Workers Union Director and the Vice President Line Maintenance representing the Company, or their respective designees. The panel will issue a binding decision on such question of interpretation or application. In the event the panel is unable to resolve the issue, the case may be submitted to the system Board of Adjustment for final and binding resolution.

If the above accurately reflects our understanding, please indicate by signing below. In addition your signature will validate that the Local Guidelines as referenced above are not in conflict with the basic Agreement and can only be changed by mutual agreement between the Locals and operating management, approved by the TWU International and Employee Relations.

Sincerely

(original signature on file)

James B. Weel
Managing Director
Employee Relations

Agreed to:

(original signature on file)

Gary Yingst
International Vice President
AA System Coordinator
Transport Workers Union

ARTICLE 4 - COMPENSATION

(a) During the period of this Agreement, the rates of pay for the classifications of work covered in this Agreement will be in accordance with the Wage Schedules shown in this Article.

The Hourly Rate for the Technical Specialists will be as follows:

MAINTENANCE CONTROL TECHNICIAN

	5/5/2010	5/5/2011	5/5/2012
1st 12 Mos	\$26.66	\$27.06	\$27.46
2nd 12 Mos	\$27.09	\$27.50	\$27.91
3rd 12 Mos	\$27.49	\$27.90	\$28.32
4th 12 Mos	\$28.05	\$28.47	\$28.89
Thereafter	\$32.02	\$32.50	\$32.99

	DOS +12	DOS + 24	DOS + 36	DOS +48	DOS +60
1st 12 Mos	27.87	28.29	28.71	29.14	29.58
2nd 12 Mos	28.33	28.75	29.18	29.62	30.06
3rd 12 Mos	28.74	29.17	29.61	30.05	30.50
4th 12 Mos	29.32	29.76	30.21	30.66	31.12
Thereafter	33.48	33.98	34.49	35.01	35.54

(b) For employees hired into the Maintenance Control Technician classification progression from one step to the next will be based on twelve (12) months of service in the classification in each step. These rates of pay and the progression are subject to the provision of paragraph (c) below.

(c) Flexible Starting Rates

(1) In the event that the Company, in its sole discretion, finds that any or all of its starting pay rates (Step 1) as specified in paragraph (a) above, are non-competitive with local market starting rates for similarly situated jobs, the Company may hire applicants in the classification at any station/base/location at rates of pay higher (Step 2 through the maximum hourly rate in the applicable pay scale) than those starting rates specified in paragraph (a) above. As market conditions change, the Company may, in its sole discretion, change its designated starting rate. The designated starting rate may be higher or lower than previous designated starting rates. The starting rate may not be lower than Step 1 nor higher than the maximum hourly rate in the applicable pay scale.

(2) In those stations/base/locations where higher starting rates of pay are designated in accordance with paragraph (c)(1) above, all employees in that classification at that station/base/location who are receiving less than the new designated starting rate of pay will have their rate of pay concurrently increased to the new designated higher starting rate for that classification in that station/base/location.

(3) An employee who transfers to or from a station/base/location which has an adjusted starting rate of pay for his classification will have his rate of pay adjusted upward or downward to conform to the rate of pay received by an employee with the same classification seniority as his at his new station/base/location. The adjusted rate may not be less than Step 1 nor higher than the maximum hourly rate in the applicable pay scale.

(4) It is understood and agreed that the effective dates of step increases and other changes in pay rates are determined by the employee's classification seniority as defined by Company policy.

(d) LONGEVITY PREMIUM

Each employee in a job classification under this Agreement will have longevity premium added to his regular rate per hour following completion of the years of accredited service as indicated below:

17 years	.21 cents
18 years	.24 cents
19 years	.27 cents
20 years	.30 cents

Longevity premiums will be effective the date the employee completes the required amount of accredited service. Longevity premiums will be compounded in the calculation of overtime rates and will be part of the employee's base pay calculations for pension purposes.

Accredited service with the Company, for determining longevity premiums will be defined as: active service on the Company's payroll in any capacity, except the service prior to resignation, discharge, or layoff when recall rights have expired; the entire duration of Military or Union Business Leave of Absence; and Injury-on-Duty Leave of Absence, up to a maximum of five (5) years; for those employees with over six (6) months of service with the Company, a Sick Leave of Absence up to a maximum of five (5) years, and Family, Personal, or Maternity Leave of Absence up to a maximum of ninety (90) calendar days.

(e) LICENSE PREMIUM

(1) Employees in the Maintenance Control Technician classification will receive the following license premium for holding both FAA Airframe and FAA Power Plant Licenses:

(a) Effective March 01, 2003, the employee will receive \$5.00 per hour.

(2) Effective March 01, 2001 License premium pay will be compounded in the computation of overtime rates and for those employees retiring, license premium pay will be included in the pensionable earnings of those employees.

(f) LINE PREMIUM

Effective May 5, 2010 all Maintenance Control Technicians will receive a line premium of \$2.55 per hour, which will be compounded in the computation of overtime rates. The Line premium will also be included in the pensionable earnings of retiring Maintenance Control Technicians.

(g) MAINTENANCE CONTROL TECHNICIAN (MCT) PREMIUM

Effective May 05, 2010 all Maintenance Control Technicians will receive a premium of \$1.55 per hour, which will be compounded in the computation of overtime rates.

DOS

**Donald M. Videtich
International Representative
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

Level Pay

Dear Don,

During the restructuring agreement negotiations, the parties discussed a number of different work schedules that would result in a varying amount of days worked during the work week, four on four off for example. Because of the bi-weekly pay structure this could result in a Maintenance Control Technician (MCT) having more than an 80 hour pay check on one pay period, and less than 80 hours on subsequent pay periods.

In an effort to build the necessary work schedules that would be beneficial to the operation, and to not cause any hardship on the MCT's the Company has agreed to level pay all MCT's. Each MCT will receive a base (not including any additional pay/hours) bi-weekly check of 80 hours, based on 2080 hours for the year, excluding unpaid leave hours as applicable.

The level pay will be implemented as soon as practical, but no later than January 2013.

If at any time the discussed work schedules are reviewed and deemed not to be beneficial for the operation and are discontinued, the level pay will be reviewed as well and may be discontinued at that time.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

Sincerely,

**Mark Nelson
Principal,
Employee Relations**

**Donald M. Videtich
International Representative
Transport Workers Union of America, AFL-CIO**

ARTICLE 5 - SHIFT DIFFERENTIAL AND TEST HOP BONUS

(a) An employee assigned to a shift, which begins at or after 12:00 noon and before 5:00 p.m. will receive a shift differential of one (1) cent per hour.

An employee assigned to a shift, which begins at or after 5:00 p.m. and before 6:00 a.m. will receive a shift differential of two (2) cents per hour.

No shift differential will be received by an employee assigned to a shift which begins at or after 6:00 a.m. and before 12:00 Noon.

Example:

(1)	12:00	noon	4:59 p.m.	1¢
(2)	5:00	p.m.	5:59 a.m.	2¢
(3)	6:00	a.m.	11:59 a.m.	None

(b) An employee will receive the shift differential applicable to the shift to which he is regularly assigned. The applicable shift differential will be included with the employee's hourly rate in the calculation of pay for overtime, vacation, holiday, sick leave benefit and benefits paid for absence due to an occupational illness or injury compensable under the applicable Workmen's Compensation law.

(c) An employee may be required to rotate on shifts during a work week in which event he will receive two (2) cents per hour shift differential, if he rotates through a shift to which a one (1) cent per hour shift differential would otherwise be applicable and a shift for which no shift differential is applicable; or three (3) cents per hour shift differential if he rotates through a shift to which a two (2) cents per hour shift differential is applicable and any other shift or shifts. Rotating shifts will be filled first by seniority among qualified employees who volunteer for the shifts. In the event that an insufficient number of employees volunteer to fill the necessary rotating shifts, the unselected shifts will be filled by assignment of the most junior qualified employees.

(d) An employee who is required by the Company to fly on a test hop will receive one (1) hour's pay at his base hourly rate in addition to the regular pay for each hour or fraction thereof spent on the test hop. The Company will provide a maximum of \$200,000 Test Flight and Observer Aviation Accident Insurance under the conditions outlined in the American Airlines liability policy for employees covered by this agreement.

ARTICLE 6 - OVERTIME

(a) Daily Overtime: Overtime rates will be paid on a daily basis as follows:

(1) One and one-half times (1.5X) the regular hourly rate for each hour or fraction thereof worked in excess of **an employee's normally scheduled shift.** ~~eight (8) and less than twelve (12) hours.~~

(2) Two times (2X) the regular hourly rate for each hour worked in excess of twelve (12) hours.

(3) An employee will not be required to suspend work during his regular shift to avoid the payment of overtime nor will he be entitled to overtime rates until he has worked eight (8) hours in the work day.

(4) When an employee works overtime, he will be compensated for actual time worked.

(b) Weekly Overtime: Time worked on an employee's regularly scheduled days off will be considered overtime and will be paid as follows:

(1) First day off at one and one half times (1.5X) the regular hourly rate of pay for the first eight (8) hours worked and ~~two one and one half times (2X 1.5X)~~ the regular hourly rate thereafter. ~~Two one and one half times (2X 1.5X)~~ the regular hourly rate for time worked on an employee's second day off, provided he has worked his first day off.

(2) When an employee works on his second scheduled day off without having worked his first scheduled day off, he will be compensated for the day as though it were the first scheduled day off in accordance with subparagraph (1) of this paragraph (b).

(3) When an employee is required to work on his scheduled day or days off, he will be entitled to at least eight (8) hours of work unless he consents to less time.

(c) Shift differentials will be compounded in the calculation of overtime rates.

(d) Overtime work will be distributed among the employees eligible to perform the work necessitating overtime within the appropriate work unit as equitably as practicable.

(1) An employee, when available, who is lowest on overtime and does not work the overtime, will be charged with the overtime missed for equalization purposes, as though it had been worked.

(2) In the event of an emergency and when there are insufficient available employees, the Company may then assign employees who are lowest on overtime to perform the work.

(3) The supervisor's record of overtime worked, or charged to employees for equalization purposes, will be made available to the employees affected by posting or other appropriate methods.

(4) Except in emergencies, employees who are to work overtime will be given two (2) hours notice of the overtime.

(5) (N/A)

(e) (N/A)

(f) An employee whose overtime working period continues into the following day will continue to receive overtime rates for all overtime worked.

(g) If any work period continues so that its termination is less than seven and one-half (7.5) hours prior to the commencement of the employee's regular shift in the succeeding workday, he will receive pay for all time worked during his regular shift and up to twelve (12) hours at the rate of one and one-half times (1.5X) his regular hourly rate.

(h) No overtime will be worked except by direction of the proper supervisory personnel of the Company, except in cases of emergency and when prior authority cannot be obtained.

(i) Overtime compensation will be computed on the basis of the nearest six-minute unit of work.

(j) If overtime on any workday or any workweek is due to an authorized exchange of days off or shifts by employees, (which must be approved in advance by the appropriate supervisor), that time will be compensated for at straight-time rates; provided, however, any continuous work, in excess of eight (8) hours on any shift or tour of duty, will be paid for at the overtime rates provided in paragraphs (a) and (b) of this Article.

(k) In no event will any employee receive more than ~~two~~ **one and one half** times (~~2X~~ **1.5X**) the regular hourly rate under this Agreement.

(l) (N/A)

(m) The existing Overtime Guidelines currently in use at TUL/AFW on March 1st, 2001 (or as revised) will be used unless the Union and the Company agree otherwise. A copy of the Guidelines will be distributed to each employee for his personal reference.

(o) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement:

Attachment 6.1 - Overtime Assignments

MEMORANDUM

Re: Overtime Assignments

During the negotiations, which led to the signing of the Agreements between the parties effective September 16, 1956, considerable discussion took place regarding administrative and procedural application of the rules governing overtime assignments under Articles 6(d) of said Agreements.

It is recognized that in selecting and assigning employees to overtime, strict equity cannot be maintained on a daily or individual assignment basis. Therefore, in the assignment of overtime, the Company will initially go to the employees relatively lowest on overtime, i.e., the lowest within a sixteen-hour spread. The Company may offer the overtime to employees actually on duty, on day off, or by recall, at its option.

The parties will make an effort to apply these procedures in the application of Articles 6(d). The parties further agree that upon the request of either party they shall review the overtime distribution practices about six (6) months from the date hereof. If changes are suggested or desired, the parties will discuss same and incorporate any changes as an amendment to this Memorandum, if by mutual agreement.

Dated: September 15, 1956

James F. Horst
Int'l. Vice President
Transport Workers Union
of America,
International-AFL-CIO

A. Di Pasquale
Director-Labor Relations
American Airlines, Inc.

ARTICLE 7 - HOLIDAYS

(a) The following holidays with pay will be granted:

Holiday	Observance
New Year's Day	January 1st
Good Friday	Friday Preceding Easter
Memorial Day	Last Monday in May
Independence Day	July 4th
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Friday following Thanksgiving
Christmas Day	December 25th

(b) An employee required to work on any of the above holidays will receive ~~two one~~ **and one half (2.0X 1.5X)** his regular hourly rate for at least eight (8) hours, except when an employee requests and is granted fewer hours in which event he will receive ~~two one and one half (2.0X1.5X)~~ times his regular hourly rate for all hours actually worked and straight time for the difference between the hours actually worked and eight (8) hours. If the employee works more than 8 hours on the holiday he will receive ~~two one and one half times (2X 1.5X)~~ his base hourly rate for all hours in excess of eight (8) hours.

(c) If any of the above holidays fall on an employee's day off, his next workday will be observed as the holiday. The Company may designate the employee's last workday before the holiday to be observed as the holiday with his consent.

(d) If any of the above holidays fall within an employee's vacation period, his next workday following the vacation period will be observed as the holiday. An employee required to work on that day will be paid in accordance with paragraph (b) above.

(e) Payment for a holiday will not be made to an employee on a leave of absence in excess of thirty (30) calendar days or to an employee scheduled to work on the holiday who is not excused from work and who fails to report to work as scheduled.

(f) All employees will be required to report for duty on a paid holiday unless on scheduled days off or on vacation. In the interest of providing employees the opportunity to have the holiday off, the Company may provide a volunteer process whereby employees can identify their interest in having the holiday off. If the Company chooses to provide a volunteer process, it will do so at least seven (7) calendar days in advance of the holiday. Holiday off will be awarded in seniority order according to shift/start time and will be based on operational requirements. Employees will receive three (3) calendar days notice of their holiday off award, except in cases of emergency. An employee awarded holiday off will receive eight (8) hours pay at straight-time rates.

(g) (N/A)

ARTICLE 8 - VACATIONS

(a) Employees covered by this Agreement will become entitled to and receive vacation allowance in accordance with the following:

- (1) As used in this Article the term "year" means a calendar year.
- (2) The following vacation allowance will apply:

Length of Service As of Dec 31 of any Year	Accrual Rate Per Month During the Year Ending Dec. 31	Maximum Vacation Accrual
Less than 10 years	1 work day	10 work days
10 years but less than 17 years	1 ½ work days	15 work days
17 years but less than 25 years	2 work days	20 work days
25 years but less than 30 years	2 ½ work days	25 work days
30 years and over	3 work days	30 work days

- (3) In computing vacation eligibility under this Article:

In any calendar month, an employee on active payroll for fifteen (15) calendar days or more with the Company, will be credited with a full month, and less than fifteen (15) calendar days will not be considered.

Fractions of one-half a day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) Vacation pay will be at the employee's regular rate of pay at the time the vacation is taken.

(c) Preference for the period in which an employee will be permitted to take his vacations will be granted within the work unit in the order of Company seniority, provided, that vacation schedules may be so arranged within each work unit to not interfere with the requirements of the service. The Company will post requests for vacation preference for the following year on Company bulletin boards not later than October 15th of each year, and an eligible employee will list his preference not later than November 15th. The vacation awards will be posted on Company bulletin boards by December 1st, whenever possible. Any employee not expressing a preference will be assigned a vacation, if eligible.

(d) Vacation allowances will not be cumulative. Vacation time to which an employee becomes entitled on December 31 of any year will be forfeited unless taken during the following year. However, if an employee is requested by the Company in writing to forego his vacation during the year in which it is to be taken and has not received it by the end of that year, the employee will be entitled to pay in lieu of his deferred vacation. Subject to the requirements of the service, the employee may be allowed to take his deferred vacation during the succeeding calendar year.

(e) An employee who takes a leave or leaves of absence, the total of which exceeds sixty (60) calendar days during any calendar year, will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of leave or the total of such leaves which exceeds sixty (60) days. However, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty.

(f) In the event of termination of employment with the Company, an employee who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

Months of Svc in year of Term.	Accrual Rate	1/2 Day	1 Day	1 ½ Days	2 Days	2 ½ Days	3 Days
	Rate = X of Days Pay	X= 5/12ths	X 5/6ths	X=1 1/4ths	X=1 2/3rds	X=2 1/12ths	X=2 1/2
1		.5	1	1	2	2	3
2		1	2	3	3	4	5
3		1.5	3	4	5	6	8
4		1.5	3	5	7	8	10
5		2	4	6	8	10	13
6		2.5	5	8	10	13	15
7		3	6	9	12	15	18
8		3.5	7	10	13	17	20
9		4	8	11	15	19	23
10		4	8	13	17	21	25
11		4.5	9	14	18	23	28
12		5	10	15	20	25	30

An employee who fails to give two (2) weeks' notice of resignation in writing, and such notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation not yet taken.

(g) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a)(2).

(h) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to the layoff. In no case will the vacation to which the employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(i) An employee who has been awarded a vacation period will not have his vacation dates changed without his consent, unless he is notified of the change in writing thirty (30) calendar days in advance of the starting date of his vacation. This will not apply in case of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet.

~~(j) An employee may request a paid personal vacation day(s) of up to five (5) days per year. The Company will grant the days if manning permits. Days used for personal vacation days will be deducted from the vacation day accrual to be awarded in the subsequent year's vacation. Requests for personal vacation will be granted in order of seniority within the work unit/group, however, requests for a personal vacation day will not be granted on a scheduled holiday. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law.~~

~~(k)~~ (j) The Vacation Selection Guidelines currently in use by TUL/AFW Maintenance Control Technicians on March 1st, 2001 (or as revised) will be used unless the Company and the Union agree otherwise. These Guidelines will be distributed to each employee for his personal reference.

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

Attachment 8.1 - Injury on duty when a vacation period is scheduled

March 29, 1982

Mr. H. J. Leonard
International Vice President
Transport Workers Union of America, AFL-CIO
5128 E. Lancaster Avenue
Suite 18
Ft. Worth, TX 76112

Dear Mr. Leonard:

This will confirm our agreement concerning employees off work on disability due to an injury on duty when a vacation period is scheduled.

The Company will, if an employee requests in writing prior to the scheduled vacation period, attempt to reassign vacations scheduled during an uncontested lengthy IOD to the extent the operation permits; that is, the employee should be allowed to choose from open vacation periods if any exist or, if none exist, assigned with at least 7 days notice, a rescheduled vacation slot unless the operation cannot afford his absence. Such vacation deferral will be permitted only if the vacation can be rescheduled during the calendar year in which it was originally scheduled. Pay in lieu of vacation is not available to an employee in these circumstances.

Whenever such a vacation reschedule has been denied, the employee may request the Local Union President/Station Chairman to meet and review the vacation reschedule request with the General Manager/Chief Operating Officer at that location. If his vacation reschedule is not resolved at that level, he may utilize the procedures of Article 31 of the Labor Agreement.

H. J. Leonard S. L. Crosser

ARTICLE 9 - PROBATIONARY PERIOD

(a) New employees hired into the Maintenance Control Technician classification as of this date of signing will be considered on probation for the first three hundred and sixty five (365) calendar days. An employee hired into this classification will be required to demonstrate proficiency within the first three hundred and sixty five (365) calendar days or will be subject to dismissal. An employee released during his probationary period will have no right of appeal to the Area Board of Adjustment.

(b) An employee selected for promotion into the Maintenance Control Technician classification under applicable provisions of all other AA/ TWU Agreements, who fails to demonstrate the required technical proficiency prior to the end of the first three hundred and sixty five (365) calendar days will be returned to his previous classification and station, notwithstanding the provisions of Article 10(i) of this Agreement. During this period, the employee may elect to return to his previous classification and station provided he retains seniority in his previous classification. The start of the three hundred and sixty five (365) calendar days will begin on the date the employee is awarded the Maintenance Control Technician position.

An employee who is demoted or voluntarily returns to his previous classification under this provision will be prohibited from bidding on another Maintenance Control Technician vacancy for a period of twelve (12) months from the date of return to the former classification.

(c) An employee entering the Maintenance Control Technicians Classification will be evaluated by his immediate supervisor at least twice, prior to the completion of his three hundred and sixty five (365) calendar days in the Maintenance Control Technician Classification.

(d) Upon initial assignment into the Maintenance Control Technician Classification, the employee will be considered on an initial training assignment, for the purposes of overtime distribution, for a period not to exceed sixty (60) calendar days.

(e) If any probationary employee is terminated during his probationary period and then reemployed within a period not exceeding his previous service, he will be credited with such prior service for purposes of Company, Occupational, and Classification seniority as well as for the purpose of completing his probationary period.

ARTICLE 10 - SENIORITY

(a) Company Seniority will commence with the effective day of placement on the payroll and accrue in accordance with Company policy.

(b) Pay seniority will accrue in accordance with the terms of this agreement.

(c) All references in this Agreement to seniority will mean Occupational Title Group Seniority, also referred to as Occupational seniority, except where specific reference is made to Company or Pay Seniority.

(d) Employees entering this classification, from other Title groups, will begin to accrue Occupational seniority and Pay seniority from the date the employee accepts the Maintenance Control Technician position. Laid off employees, who are retaining recall and transfer rights, will begin to accrue Occupational seniority and Pay seniority from the date the employee accepts the Maintenance Control Technician position. For newly hired employees Occupational seniority and Pay seniority will commence with the effective day of placement on the payroll and accrue in accordance with the applicable provisions of this Agreement. For employees from outside TWU bargaining units Occupational seniority and Pay seniority will commence with the effective day of placement on the payroll and accrue in accordance with the applicable provisions of this Agreement.

(e) If an employee is transferred from one station to another, his seniority will not be broken.

(f) Occupational Seniority will govern all employees hereunder in the case of transfer, retention in case of reduction in force, and reemployment after release due to reduction in force, provided that the employee's qualifications are sufficient for the conduct of the work in the classification to which he is to be assigned.

(g) An employee who accepts a regular position with the Company outside the bargaining unit, and holds seniority, will retain, but not accrue, his seniority for a period not to exceed one hundred and eighty (180) calendar days. No employee can exercise this option more than once in a two (2) year period. The two (2) year period will begin with the day the employee returns to the bargaining unit.

The employee must continue to pay union dues and may return to his former classification and station provided that he elects to return within one hundred and eighty (180) calendar days from the date he left the bargaining unit. In no event will the return of an employee directly result in the displacement of another employee in the classification to which he returns. If the employee is less senior than the most senior employee (in that classification, at that station) on layoff, he will be placed on layoff status.

An employee who exceeds one hundred and eighty (180) calendar days in a regular position outside of the bargaining unit will forfeit all Occupational seniority.

(h) An employee who accepts an acting assignment as a manager, supervisor, planner, or any special assignment outside the scope of this Agreement with the Company (MPR) will not exceed a period of three hundred and twenty (320) actual hours for all time worked in any calendar year in such assignment, either successive or cumulative. No two acting assignments of three hundred and twenty (320) hours can be made successively, i.e., within ninety (90) calendar days. The total number of hours worked, including overtime, will be included for the purposes of this section.

Any extension will be made only by agreement between the Company and the Union.

(1) Time in a temporary or acting assignment in any calendar year will be counted toward the one hundred and eighty (180) calendar days retention period if a regular assignment is accepted in that calendar year. These applications will be subject to review by a panel composed of one AA and one TWU designated representative.

(2) An employee who exceeds three hundred and twenty (320) hours in any calendar year will forfeit all Occupational seniority.

(3) The Company will provide to the Local TWU President a monthly report of those receiving MPR, or who have received MPR since the last reporting period, which will include accumulated hours.

(i) A Maintenance Control Technician having Occupational seniority who permanently transfers at his own request to another classification of work in another AA /TWU Agreement will retain seniority in the classification from which he transferred for a period of time not exceeding his service in the former classification. Such retained seniority may be exercised only in the event of a reduction-in-force pursuant to the provisions of Article 15 (b).

(j) In the event that two or more employees have the same Occupational seniority date, placement on the seniority list will be determined by the following tie breakers:

- (1) Earliest previous AA/TWU Occupational seniority date.
- (2) Earliest current Company seniority date.
- (3) Birthday.

ARTICLE 11 - CLASSIFICATIONS AND QUALIFICATIONS

(a) Employees covered by this Agreement will be assigned to the classification of Technical Specialist (Maintenance Control Technician).

Qualifications: An applicant for the position of the "Maintenance Control Technician" will possess the F.A.A. Airframe and Powerplant Licenses, and will have worked for the Company as an Aviation Maintenance Technician, Overhaul or Line, a minimum of five (5) years or have equivalent experience as defined below:

Selection Criteria: Applicants will be interviewed based on seniority. Selections will be made based on the applicant's skills and knowledge of the following:

(1) Aircraft technical experience commensurate with the job description as described in Article 1.

(2) Knowledge of, and ability to use, all applicable maintenance publications.

(3) Knowledge of Minimum Equipment List (MEL) and its application; Extended Twin Operations (ETOPS); Field Maintenance Reliability (FMR); log book procedures; Lower Minimum Program (LMP); General Procedures Manual (GPM).

(4) Ability to exercise sound judgment in stressful situations, independently problem-solve, and effectively communicate with a wide variety of personnel.

(5) Flexibility to work shifts and weekends, and work overtime and participate in field trips with short notice.

An employee selected to fill a Maintenance Control Technician position, who has not previously been considered qualified as an Aviation Maintenance Technician or who has been previously qualified as an Aviation Maintenance Technician, will be considered qualified as an Aviation Maintenance Technician for the purposes of transferring under the provisions of Article 12 (m) of the Maintenance and Related Agreement and will be subject to the applicable qualifying test according to the QAM.

(b) (1) The classification description contained in Article 1 has been established by the Company and the Union for the purpose of determining which specific work and duties will be assigned to an employee so classified. In establishing this classification description, the parties recognize that the description is not necessarily all inclusive.

(2) In the interest of cleanliness and safety, employees working in this classification will be expected to perform, as they always have performed, those housekeeping functions as they pertain to the job, work area and equipment.

(3) (a) The Company or the Union may propose in writing to the other a specific change in the established classification description. A proposed change will be discussed by the parties and if agreed upon the classification description will be changed in accordance with the arrived at agreement. Any agreement made will be expressed in the form of an amendment.

(b) There may be times when, as a result of new work or a change in work process, the Company will reassign work and duties that have been performed by this classification to another classification, contained in other AA/TWU Agreements and so notify the Union, if the work and duties are

consistent with the majority of the work and duties of the latter classification and not an action requiring a change in a classification description. If the Union considers otherwise, the Union may protest the action in writing, setting forth its reasons, and the matter will be discussed between the Company and the Union within thirty (30) calendar days from the date the written protest was received by the Company. If the protest is not resolved through such discussion, the Company may place the change in effect and the Union may then appeal to the System Board of Adjustment in accordance with the provisions of Article 29(e).

ARTICLE 12 - FILLING OF VACANCIES

(a) ELIGIBILITY

Vacancies in the Maintenance Control Technician classification will be filled in the following order by Occupational Seniority provided:

- (1) the employee has to have completed probation,
- (2) the employee has submitted a request for transfer as specified in this Article,
- (3) the employee has not completed a voluntary transfer within the twelve (12) month period preceding the transfer date.

(b) TRANSPORTATION

When existing employees transfer, the Company will furnish positive space transportation for initial badging requirements for the affected employee and space available transportation for the employee and members of his immediate family, to the extent permitted by law, from the station from which he is transferring, to the location/station to which he is transferring. Other expenses incidental to the transfer will be borne by the employee.

(c) ORDER OF FILLING VACANCIES

When vacancies are approved, Maintenance Control Technician positions will be filled in the following order:

(1) SURPLUS/SHORTAGE WITHIN THE SAME STATION

In the event there is a surplus of Maintenance Control Technicians within a desk/work unit and there are vacancies within the station at other desks/work units, the following will apply:

- (a) The Company will solicit volunteer(s) from the desk/work unit in which the overage exists.
- (b) Vacancies will be posted at the station for a minimum of seven (7) calendar days.
- (c) Volunteers will be selected based on Occupational Seniority.
- (d) In the event there are insufficient volunteers, the shortage will be filled by inverse seniority from within the desk/work unit in which the surplus exists.

(2) SYSTEM SURPLUS

An employee who is subject to layoff, provided the employee is senior to any Maintenance Control Technician retaining recall rights to that location.

(3) RECALL

An employee who retains recall rights to that location.

(4) STATION-TO-STATION / DESK-TO-DESK TRANSFER

- (a) An employee may file a standing request for transfer to another Maintenance Control Technician station/desk/work unit by submitting a transfer request on-line via JetNet. A standing request for transfer from one

station/desk/work unit to another station/desk/work unit will be valid until January 1 or July 1 of each year. An employee may request to renew his standing transfer within the thirty (30) calendar days preceding January 1 or July 1. A request for renewal received after the first of either month (January or July) will require a fifteen (15) calendar day waiting period in order to become valid.

(b) Management is not obligated to fill, by local transfer, any vacancy resulting from a "desk-to-desk" transfer.

(5) TRANSFERS FROM LAYOFF

An employee on layoff status in the Maintenance Control Technician classification who has a valid transfer request on file (subject to the filing procedures outlined in paragraph 4 of this Article).

(6) INTERNAL TRANSFERS (FROM OTHER AA/TWU CONTRACTS)

A qualified employee in any other AA/TWU labor agreement subject to the provisions of Article 11.

(7) INTERNAL TRANSFERS (FROM OTHER AA/TWU CONTRACTS) ON LAYOFF STATUS

A qualified laid off employee in another AA/TWU represented labor group classification with a valid transfer request on file (subject to the provisions of Article 11).

An employee on layoff status who refuses a vacancy for which he has submitted a transfer request under these procedures will not be eligible to transfer to another vacancy during the remaining period of the layoff and will retain his recall rights to his station.

(8) NEW HIRES

(d) TEMPORARY VACANCIES

In the case of a vacancy not expected to exceed six (6) calendar months the Company may select a qualified Aviation Maintenance Technician, Inspector, Crew Chief, or Technical Crew Chief to fill the vacancy. An employee filling a temporary vacancy will be returned to his original job at the end of the assignment. If the vacancy is expected to exceed six (6) calendar months, the vacancy will be filled through the application of this Article.

(e) TRANSFER TO OTHER AA/TWU AGREEMENTS

Qualified Maintenance Control Technicians will be given consideration for vacancies in all other AA/TWU agreements prior to filling those vacancies with new hires.

(f) CONSIDERATION FOR OPERATIONAL STABILITY

In the event that the filling of vacancies at new stations or new desks (work units) within a station would result in more than three (3) Maintenance Control Technicians from leaving any one (1) existing desk (work unit), the Company and the union will mutually agree as to when additional affected Maintenance Control Technician(s) will be allowed to assume the new assignment. The twelve (12) month waiting period, in Article 12(a)(3), will not apply for Maintenance Control Technicians who bid for the new positions.

(g) LABOR LOAN PROVISIONS

In the event of a temporary manpower shortage not to exceed 90 consecutive calendar days per year within one desk/work unit a Maintenance Control Technician from another desk/work unit may be used to cover such shortage. Volunteers will be selected based on occupational seniority, where available within the station. A qualified Maintenance Control Technician from another desk/work unit may volunteer to cover the shortage. In the event there are insufficient volunteers, the shortage will be filled in inverse seniority by a Maintenance Control Technician from another desk/work unit, within the station. At no time will a Maintenance Control

Technician being labor loaned be asked to perform recon work. The Maintenance Control Technician being labor loaned will issue MEL, CDL, and NEF items. If, during the labor loan period, there is a need for an SMMR or ARINC to be handled, such work will be deferred to a Maintenance Control Technician regularly assigned to the desk/work unit, if available. It is further understood that this labor loan provision will not be used to reduce desk manning levels.

(h) All applicants that meet the basic qualifications under Article 11 will be interviewed prior to being awarded the position of Maintenance Control Technician. The Transport Workers Union is invited to participate on each interview panel in accordance with procedures to be decided upon by the parties.

(i) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement:

Attachment 12.1 – Transfer Process

DOS

Robert F. Gless
Assistant ATD Director
AA System Coordinator
1791 Hurstview
Hurst, Texas 76054

Dear Robert,

During the 2008/2009 AA/TWU Negotiations, the parties have agreed to implement changes to the transfer process under Articles 12 and 46 of the agreement that will provide greater flexibility on eligibility and notification. In addition the process provides a window of opportunity that will allow the employee to accept or refuse the vacancy through the ability to add or remove his name from the transfer list. The revised process eliminates the fifteen day waiting period and the ineligibility restriction for refusing. It also allows the employee the opportunity to set standing transfer requests with assigned preferences in real time via the web based application. The online transfer system will be available 24 hours a day from any Company or non-company location.

The process will be conducted on a weekly cycle as follows:

- On Saturday of each week at 0001 CST, the Company will post an online notification list of the stations/locations declaring vacancies for that week.
- The transfer list for those listed vacancies will be closed on the following Friday at 2359 CST and a snapshot of the list will be taken at that time.
- The employee may add or remove his standing transfer request or change his order of preference anytime up to that Friday at 2359 CST.
- Any employee whose name appears on the list after that Friday at 2359 CST may refuse the transfer by removing his name from the list by Sunday at 2359 CST.
- The employee will be notified via the online tool of the final award the following Monday.
- Once an employee is awarded the vacancy, he will be notified of the report date which will be two (2) weeks from the date of the award.
- The employee must report to the station awarded on the specified date unless mutually agreed to by the Company and the local TWU.

The Company and TWU will jointly develop an implementation plan to include the effective date, communication (including a process for telephonic support), an appropriate grace period and training so that all TWU represented employees may benefit fully from the enhancement. Following implementation, the Company and TWU will meet quarterly [or as mutually agreed] to discuss and develop resolutions to issues pertaining to the new process.

Sincerely,

Agreed to:

James B. Weel
Managing Director
Employee Relations

Robert F. Gless
Assistant ATD Director
AA System Coordinator

ARTICLE 13 - SYSTEM SENIORITY LIST

(a) A System Seniority list of the employees covered by this Agreement listing name, personnel number, Occupational seniority date, Company seniority date, job classification and station will be posted and maintained on the Company Website and will be updated daily to include any personnel transaction request (PTR) that has been processed.

(b) An employee or the Union may protest any omission or incorrect posting affecting an employees seniority by use of a "system Seniority Protest Form," also referred to as "Protest Form." There will be no time limit to protest any omission or incorrect posting affecting an employee's seniority.

(c) Procedures for filing of a protest form are as follows:

(1) The employee will forward the Protest Form to the Local Union office. The Local Union will forward a copy of the Protest Form to the appropriate Human Resource office. Protest Forms must be accompanied by supporting documentation.

(2) The Local Union and appropriate Human Resources office will investigate the protest.

(3) The Local Union office will forward the protest and their recommendation to the TWU ATD office.

(4) The TWU ATD will advise the Company if a change is required. The Company will forward a final resolution to the protest to the Local Union, the appropriate Human Resource office and the affected employee.

(d) In the event of an adjustment to occupational seniority from a transfer bypass Occupational Seniority and Pay Seniority will be simultaneously adjusted.

(e) Parties agree to form a subcommittee with equal number of representatives from the company and the TWU to discuss and explore ways to improve the seniority protest process.

ARTICLE 14 - LOSS OF SENIORITY

(a) An employee, once having established seniority, will not lose seniority except as provided in this Agreement.

(b) An employee who is discharged for just cause will forfeit all seniority accrued to the date of such discharge. An employee who resigns from the service of the Company will forfeit all seniority accrued to the date of such resignation. An employee who is directly affected by a reduction in force and exercises his seniority, either at the time of layoff or after accepting layoff, and later resigns will retain recall rights pursuant to Article 16 by notifying the Company at the time of resignation. Such notification must be in writing, dated and specify all recall rights he wishes to retain. The written notice will be signed by an appropriate member of management who will then place a copy into the employee's personnel file and provide a duplicate copy to the employee and Talent Services.

An employee who resigns and retains recall rights pursuant to Article 14(b) will continue to accrue seniority in accordance with Article 16(a) for the Title Group(s) for which the employee retains the recall rights.

Example:

Emp. A. Title III FSC – SAT – Occ. Date: 5/2/2002
Holds recall rights to Title I AMT – TULE (Occ. 9/6/2000) and Title III FSC – TULE

Emp. A. opts for Article 14(b) and provides a written notification to retain recall rights to Title I AMT – TULE and Title III FSC TULE;

Since the notification included retention of recall rights in both Title Groups, then upon effective date of his resignation, Emp. A will continue to accrue Title I and Title III Occupational seniority for up to three (3) years and will retain thereafter up to ten (10) years or until forfeiture (i.e. refuse recall or expiration of ten (10) years).

An employee who exercises his rights under Article 14(b) as outlined above, does not have rights to transfer.

(c) If an employee who has been laid off is offered the opportunity to return to service, in other than temporary work, and such offer of recall is to employment of the same status as when laid off, and such employee elects not to return to service, or who fails to comply with the provisions of Article 16 (a) or (e), his seniority right of preference in reemployment will at that time terminate, and his seniority with the Company will be forfeited.

ARTICLE 15 - REDUCTION IN FORCE

(a) All reductions in force due to lack of work will be handled in accordance with seniority, as provided for in Article 10(f).

(b) An employee having Occupational Seniority (one who has completed his probationary period per Article 9(a)) and who is directly affected by a curtailment of work requiring a reduction in force, may, at his option:

(1) exercise his seniority to displace another employee at his station in his own classification, or

(2) he may exercise his seniority to fill a vacancy at another station in his classification, in which event he will have preference over employees who otherwise might qualify under the provisions of Article 12(c) (4), or

(3) if he has two (2) or more years of seniority, he may exercise his seniority to displace the employee or employees with the least system seniority in his own classification, or

(4) if he is retaining seniority in another Title Group, he may exercise such retained seniority, but only at his own station. If the Title Group and appropriate classification does not exist at the station where the reduction in force occurs, the employee may request a transfer to any existing vacancy in the system in the appropriate classification, in either a full time or part time position, in which event he will have preference over employees who otherwise qualify under the provisions of Article 12(c) (4). If no such vacancy exists, he may exercise this retained seniority to displace the employee with the least system seniority in his former or lower classification within the appropriate Title Group, in either a full time or part time position.

In the application of (2) and (4) above, the employee will be advised of and, in order of his Occupational seniority, offered his choice of the stations where the appropriate vacancies exist.

In the application of (3) and (4) above, the employee will be advised of and, in the order of his Occupational seniority, offered his choice of the stations where appropriate vacancies exist and the location or locations of the least senior employees in his classification in the system. The number of least senior employees in the appropriate classification selected for displacement will correspond to the number of laid off employees who elect to exercise their seniority to a job in their own classification.

The number of least senior employees exposed to displacement under this procedure will not be changed because of failure of a laid off employee to move to a job previously allocated. An unprotected employee displaced as a result of an employee exercising option (3) or (4) above will have displacement rights provided he has the requisite Occupational seniority.

In the event of a planned reduction in force where a substantial number of employees or a substantial number of stations will be involved, the Company will notify the International Vice President, Transport Workers Union of the number of employees by classification and station to be affected by the reduction in force, a list of known vacancies in the same classifications by location and a list of the least senior employees by classification and location in the system who will be subject to the exercise of seniority of those employees notified of layoff.

(c) An employee who desires to exercise his seniority as outlined above must notify his immediate supervisor of his intention to exercise his seniority within five (5) days (exclusive of his regular days off) of receipt of notice of layoff and must within ten (10) calendar days (exclusive of his regular days off) of receipt of notice of layoff prove that his qualifications are sufficient for the classification and type of work for which he desires to exercise his seniority.

(d) Unless the reduction in force is the result of any reason set forth in Article 37(c), an employee who changes base stations under Article 15(b), will be reimbursed by the Company for all moving and travel expenses in accordance with Company regulations. Space available transportation for the employee and for members of his immediate family to the extent permitted by law will be furnished by the Company to an employee changing his base station under the provisions of this Article.

(e) A protected employee who is directly affected by a reduction in force at his station will be afforded the benefits of Article 44(a).

(f) Any disputes regarding the Reduction In Force application or administration must be appealed, within seven (7) calendar days, to the Reduction In Force (RIF) review panel composed of a representative of the TWU International and the Vice President, Employee Relations, or their respective designees. All decisions of the panel will be final and binding. In the event of a deadlock the Union may petition the grievance to the System Board of Adjustment.

(g) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement:

Mark Nelson
Manager, Employee Relations
American Airlines

Re: Article 15 – One Time Move TUL MCTs to SOC

During the past year, the Company and Union have had several discussions on moving the AFW and TUL MCT's to the SOC location. The Company has requested the ability to move the desk units as whole, in tact unit. In the interest of operational stability and as a good faith gesture to the Company, we agree to the following.

1. Allow a partial or complete move of a desk unit with the current personnel on those units, provided the desk unit will be moved in it's entirety.
2. This agreement will waive the rights afforded under Article 15 (a) until the move has been completed or December 31st of 2013, whichever is the earliest date.
3. Nothing herein shall prevent an employee, who retains seniority in another title group, from exercising his seniority.
4. Nothing herein shall prevent an employee from filing a vacancy in another title group at his or any other station.

Sincerely,

Agreed To:

Don Videtich
International Representative
Transport Workers Union

Mark Nelson
Manager, Employee Relations
American Airlines

cc: **Mark Burdette**
Kimball Stone
Bob DuBreuil
Jason Best
Gary Moffitt

ARTICLE 16 - RECALL

(a) An employee who has completed his probationary period and who is laid off by the Company due to a reduction in force will continue to accrue occupational seniority during his layoff and retain recall rights ~~indefinitely.~~ **for ten (10) years.**

(b) A laid off employee will only have recall rights for the period indicated in paragraph (a) above to a job in the classification and stations from which he was laid off.

(c) An employee who, in lieu of layoff, exercises his seniority to displace the employee on the system in his own classification with the least Title seniority, or an employee who in lieu of layoff accepts a vacancy in his own classification at another station at the time of layoff or before the expiration of his recall rights, or an employee who in lieu of layoff accepts a part time vacancy or displaces a part time employee will retain recall rights in accordance with paragraph (a) to the full time classification and station from which he was first laid off.

(d) An employee who, in lieu of layoff, exercises his seniority to displace an employee in another classification and Occupational Title Group in which he holds seniority, or accepts a vacancy in any other Occupational Title Group at time of layoff or before the expiration of his recall rights, will accrue seniority in the Occupational Title Group to which he transferred in accordance with Article 10 of all other AA/TWU Agreements, in addition to accruing and retaining seniority in accordance with paragraph (a) of this Article and retaining recall rights in accordance with paragraph (b) of this Article. Further, should an employee bump through one or more classifications and eventually be laid off, he will retain recall rights to each classification and Title Group.

An employee having multiple recall rights will have the option of accepting or waiving recall rights to each classification and Title Group in which he holds seniority. If the employee waives recall rights to a classification, he will forfeit all recall and seniority rights to that classification.

(e) All employees laid off by the Company due to a reduction in force will maintain a current address with the Company. Any change in address must be filed promptly, in writing with Employee Services and sent to the following address: Employee Services, P. O. Box 619616; Mail Drop 5141; DFW Airport, Texas 75261. For change of address inquiries contact Employee Services at 1-800-447-2000.

All notices of recall will be made (telephonic notifications are okay if confirmed in writing) in writing via overnight mail/express (for example: U.S. Post Office, Federal Express, or equivalent) return receipt requested. All employees must notify the person whose name is signed on the recall letter, within ten (10) calendar days of the date of the mailing postmark of the recall letter, the date he will report for duty. Any employee who fails to notify the Company or who fails to return to duty within twenty-one (21) calendar days of the date of the mailing (or equivalent) will be considered to have refused recall and will lose all rights to recall and his seniority will be forfeited, unless the period is extended by the Company for an additional period not exceeding fifteen (15) additional calendar days. The Company will furnish the ranking Local Union Representative a copy of all the recall letters.

(f) An employee recalled to the position of Maintenance Control Technician will be required to complete required training, as outlined by the Company, upon return to active payroll. The Manager of the desk to which employee will be assigned, will meet with the local Union President or his designee to discuss the amount and type of training which will be required of the employee. The length of time the employee has been on layoff as well as the type of work he has

performed during this period will be considered when determining the type of training which will be required.

ARTICLE 17 - LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA", for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employee will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing. The Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing, not less than fourteen (14) calendar days prior to the effective date of the cancellation.

(4) An employee elected to a full-time governmental office (Federal, State) will be granted a Government Leave of Absence (GLOA) not to exceed the term of office, or subsequent re-election. The application for a GLOA must be made in writing to the Company, with a copy to the Union. An employee granted a GLOA will retain and accrue occupational seniority for the period of the leave, however, no other Company benefits or privileges will be granted or accrued, nor will time on a GLOA constitute continuous service for pension plan benefits. Employees granted a GLOA must give thirty (30) days notice of intent to return.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits, but the Company will bill the Local Union or the International Union, as applicable, for the employee's salary plus a percentage override for tax and benefit related expenses. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if a written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as “UB”, the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of Absence (OL) available to a TWU represented employee who has completed his probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the Senior Vice President, Airport Services or the Senior Vice President of Maintenance and Engineering, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared an employee, who is on a leave of absence other than an Overage Leave, may request to have his leave converted to an Overage Leave. It is the employee's sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of Occupational seniority, for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, by certified U.S. Mail, or equivalent carrier, return receipt requested, at the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

(a) he fails to return to work on the specified date at the expiration of the leave or

(b) he declines, in writing, his intention to return to work or

(c) he does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence or

(d) he does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.

(10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and Pay seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.

(11) An employee, returning to duty at the expiration of an Overage Leave, will return to the work unit where a vacancy exists and will, thereafter, be permitted to exercise his seniority on the next available shift selection.

(12) An employee on an OL will receive benefits under the conditions provided below:

(a) While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact the Employee Services for the appropriate forms to calculate his individual costs.

(b) The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.

~~(c) An employee must continue to prefund for retiree medical coverage in order to receive credit toward the ten (10) year requirement in accordance with Company policy. An employee should contact the Employee Services for the appropriate forms to complete before the Overage Leave begins.~~

~~(d c)~~ The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.

~~(e d)~~ Holidays that occur during an OL will not be paid.

~~(f e)~~ An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

~~(g f)~~ Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

~~(h g)~~ Benefit coverage and application not specifically provided in this Article will be applied in accordance with Company policy.

(e) When an employee is placed on an unpaid leaves of absence on account of sickness or injury, the continuation of the leave is contingent upon review and approval by AA Medical. Employee Services will send the employee a personal information package within ten (10) calendar days from the start of the leave including a letter advising of his unpaid leave status, benefit information, and notice of the requirement for medical substantiation. The employee must provide medical substantiation for the leave to AA Medical within fifteen (15) calendar days of receipt of the package. Should AA Medical need further clarification, the employee and/or the treating physician/provider may be asked to provide additional information. The Approval of the leave is contingent upon receipt of sufficient medical documentation from the employees treating physician/provider. Approvals will be granted in writing and will specify the expiration date of the leave. The employee will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for duty; except that in no case will a leave for the same sickness or injury exceed a total continuous period of five (5) years. The Company will provide one hundred and eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified U.S. Mail, return receipt requested, or equivalent carrier, to the employee's last known address.

(1) Application of SKLOA is referenced in Company policy.

(2) To extend the LOA beyond the initially approved leave period, an employee must provide updated medical information from his treating physician/provider to AA Medical at least ten (10) calendar days prior to the expiration of the leave in order for AA Medical to make the determination that a continuation of a leave is substantiated. The approval of the continuation of the leave is contingent upon receipt of sufficient medical documentation from the employees treating physician/provider.

(3) An employee, who is returning from a leave granted for reasons of sickness or injury will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLLOA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled work day following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by this Article, between the Company and an employee on a leave of absence will be via US mail, return receipt requested, or equivalent carrier, Certified Mail, to the employees last known address.

(i) Any change in address must be filed promptly by the employee through Employee Services. Employee Services may be contacted via e-mail to Employee.Services@aa.com, or by sending correspondence to Employee Services; P.O. Box 619616; Mail Drop, 5141; DFW Airport, Texas 75261, or by calling Employee Services at 1-800-447-2000.

(j) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(k) The rights of an employee on a leave of absence under the provisions of this Article and Article 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, Pay seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows:

Duration of Leave	Personal Leave	Union Leave	Government Leave	Overtime Leave	Unpaid Sick Leave of Absence (Including Maternity)	Unpaid Injury on Duty Leave	Military Leave	Family Leave
Up to a total of 12 months	Up to 12 months or term of office	Term of office	Minimum of 6 work days, up to 1 year	Up to 5 years	Up to 5 years	Up to 5 years	Up to five years or in accordance with Federal	Up to 84 calendar days (12 weeks)
Up to 90 calendar days	Duration of the Leave	None	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave
Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave	Duration of the Leave not to exceed 90 calendar days
None	Duration of the Leave	None	Duration of the Leave	Up to 30 calendar days	Up to 30 calendar days	Duration of the Leave	Duration of the Leave	Up to 30 calendar days
Up to 60 calendar days then reduced	Duration of the Leave	None	Duration of the Leave	Up to 60 calendar days then reduced	Up to 60 calendar days then reduced	Duration of the Leave	Duration of the Leave	Up to 60 days then reduced
None	Duration of the Leave	None	Duration of the Leave	Up to 60 calendar days then reduced	Up to 60 calendar days then reduced	Duration of the Leave	Duration of the Leave	Up to 30 calendar days
Pension/ Credited Service Accrual	Reinstatement Rights	None	None	None	None	None	None	Only while on paid leave
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ARTICLE 18 - MILITARY LEAVE

(a) The reemployment and seniority status of any employee, who, while in the active service of the Company, entered the armed services or the Merchant Marine of the United States, will be governed by the provisions of the Selective Training and Service Act of 1948, as amended, now known as the Uniformed Services Employment and Reemployment Rights Act or other applicable law.

(b) Time spent on military leave will count as time worked for purposes of seniority, wage rates within the employee's classification, and vacation.

(c) An employee granted a leave of absence to go on a tour of duty with the National Guard or other reserve unit will accrue length of service for pay purposes for the period of the leave. The employee, if he so desires will be able to use any accrued or unused vacation and available personal vacation days (PV) during this leave.

(d) The provisions of Article 42(a) will apply if the employee was subject to lay off while on military leave. Provided however, the employee must have seniority to exercise options either at his own station or the system and subsequently exercises those options upon return to active payroll. Under this circumstance, no adjustments will be made to his seniority (i.e. Company, Occupational and Classification). The Article 44 special moving/optional severance allowance will apply.

An employee on military leave at time of lay off, lacking sufficient seniority to exercise options, will be placed on lay off status. The military leave will be terminated until the employee is recalled at which time the employee will be reinstated to military leave, if applicable. Appropriate adjustments will be made to Company, Occupational and Classification seniority.

Employees having sufficient seniority to exercise options at time of lay off (while on military leave), but who subsequently choose the lay off option (upon return from military leave), will be placed on the recall list with any adjustments to Occupational and Company seniority as applicable.

ARTICLE 19 - TERMINATION OF EMPLOYMENT

(a) An employee laid off through no fault of this own will be given two (2) weeks notice in writing, or, at the option of the Company, two (2) weeks of pay at straight-time rates, including his base hourly rate plus any applicable license and longevity premium, in lieu of the notice.

This requirement of notice will not apply to a layoff caused by an Act of God or by a strike of the employees of the Company without giving the notice required by the Railway Labor Act, as amended.

(b) An employee who resigns will give the Company two (2) weeks notice of resignation in writing. The Company may, at its option, give the employee two (2) weeks of pay at straight time rates, including his base hourly rate plus any applicable license and longevity premium, in lieu of working the notice period.

(c) In the event an employee under this Agreement is laid off, the Company will provide the following continuation of benefits to the employee and his dependents on the same basis as if he were still an active employee:

- (1) Current life insurance coverage for a period of thirty-one (31) calendar days.

ARTICLE 20 - BULLETIN BOARDS

The Company will provide secure and locked bulletin boards at each station where employees are employed, marked Transport Workers Union of America, AFL-CIO, and the appropriate Local number, for the posting of official notices of Union activities not inconsistent with the Railway Labor Act. Such notices will bear the signature of an officer of the Union and will not contain anything of a defamatory or personal nature attacking the Company or its representatives.

The Company will provide bulletin boards as specified and agreed to by the Joint Safety Committee for safety related issues.

ARTICLE 21 - ROTATION OF SHIFTS

(a) Whenever and wherever shifts are necessary, the shifts will be selected on a one (1) year basis. ~~Employees required for shift work will be rotated on the various shifts at regular intervals in a manner as to provide substantially equal time on all shifts for the employees except as otherwise provided in paragraph (b) of this Article. It is understood that this provision will not require the rotation of employees assigned to specialized work not subject to shift work, nor will it bar employees from voluntarily accepting steady work on afternoon or midnight shifts.~~

(b) ~~Subject to the requirements of the service, Shifts shifts will be rotated (hours and days off through the entire work schedule), fixed (hours and days off of a particular shift line) or bid (hours and days off subject to periodic rebid) in accordance with the preference of a majority of the employees at a particular station or work unit. Days off will rotate in accordance with the preference of a majority of the employees at a particular station or work unit. Bid shifts will be selected~~ **An employee will select his shift within his work unit** on an annual basis in the month of September **based on his occupational seniority**. The schedule will become effective at the start of the first Saturday in January. ~~When rotating or fixed shifts are selected, seniority will determine shift work.~~

(c) ~~Except as provided in this Article, when an employee works more than eight (8) hours in any twenty four (24) hour period as a result of rotation of shifts, the employee will receive only straight time for the second eight (8) hours or portion thereof worked during the twenty four (24) hour period.~~

(d) **If, as a result of annual shift change, An an employee who is required to report for a regular tour of duty shift less than seven and one-half (7-1/2) hours after the completion of the previous regularly scheduled tour of duty shift, including overtime, he will be paid at the applicable overtime rate for all time worked during the second regular work period. The company may adjust his start/stop times to ensure the employee receives more than seven and one-half (7-1/2) hours rest after the completion of the previous regularly scheduled shift.**

(e) Except in emergencies, employees will be given at least seven (7) days notice of all shift schedule changes. If notice is not given, the employee will receive one and one-half times (1.5x) his regular rate of pay (excluding CS hours) for up to twelve (12) hours on the first day following the short turn described in this paragraph.

(f) Upon request, and subject to local operating conditions, one Maintenance Control Technician Union representative, per location, will, upon request, be assigned to a fixed shift and days off. The arrangements will be worked out at each station by the designated Union local representative and the local manager.

(g) Relief shift assignments will be permitted, provided no more than one third (1/3) of the work unit is on a relief assignment.

(h) The existing Shift Selection Bidding Guidelines currently in use at TUL/AFW on March 1st, 2001 (or as revised) will be used unless the Union and the Company agree otherwise. The Guidelines will be distributed to each employee for his personal reference.

ARTICLE 22 - REGULAR AND RELIEF ASSIGNMENTS

(Intentionally Left Blank)

**ARTICLE 23 - ATTENDANCE AT HEARINGS, INVESTIGATIONS OR
TRAINING CLASSES**

(a) When an employee is required by the Company to attend hearings or investigations, he will be paid for the time required to be spent at the hearing or investigation in the same manner as though the time was spent at his regular work at the applicable rate of pay.

(b) ATTENDANCE AT TRAINING

(1) Any employee who is required by the Company to attend training classes during regular working hours will be paid for time spent in attendance at the classes at his regular hourly rate and the time will be deemed as time spent at his regular work for all purposes; provided, however, any time spent after regular work hours will be classed as overtime and will be compensated for, when attendance is required by the Company, at the employee's appropriate overtime rate.

(2) An employee required to attend training on any scheduled day off will be compensated for the training at the rates provided in Article 6(b), Weekly Overtime.

(3) An employee who is regularly assigned to a shift, which entitled him to shift differential, will continue to receive shift differential for time spent in training, as long as he remains assigned to his regular shift. Where a training period results in less than seven and one half (7 1/2) hours rest prior to the employee's regular shift in the succeeding work day, the employee will be paid in accordance with the provisions of Article 6(g).

(c) TRAVEL TO TRAINING

(1) An employee required to travel on any scheduled work day in conjunction with training away from his station, before, during, or after his regularly scheduled shift will be compensated in accordance with Article 6(a).

(2) An employee required to travel on any scheduled day off in connection with training away from his base station will be compensated for the travel time at the rates provided in Article 6 (b), Weekly Overtime, but in no event less than four (4) hours nor more than eight hours. Travel time referred to in this Article will begin sixty (60) minutes before the scheduled departure of the flight actually taken by the employee (or any earlier flight for which he stood by) and will end thirty (30) minutes after gate arrival at the destination airport, on the way to training, and at actual gate arrival at the destination airport, for the return trip.

(d) When the Company provides training within the work unit, training priority will be determined by seniority, to the extent of the number required, where the training is deemed necessary for a regular work assignment unless otherwise agreed to by the Company and the Union.

(e) In the event a senior employee is not assigned to training because it was deemed unnecessary to his regular work assignment, or as provided in (d) above, his rights under the Agreement will not be affected.

(f) Training normally will be scheduled to provide at least seven (7) calendar days of notice to the employees affected; except in the event of training required to meet unanticipated conditions such as airworthiness directives, fleet campaign directives and vendor instructions.

This provision will not require notice to employees exercising seniority under Article 15 of this Agreement.

To the extent that work requirements permit, training will be accomplished during the employee's regular working hours.

(g) During a training assignment, the employee will, while away from his base, be paid actual expenses for meals, lodging, and transportation not to exceed, without the approval of the Company, the maximums established by the Company for such expenses in its regulations.

ARTICLE 24 - ABSENCE FROM DUTY

(a) An employee unable to report for duty will, unless prevented by reasons beyond his control, notify his immediate supervisor or other central point set up for reporting purposes by the Company as far in advance of the scheduled starting time of his shift as possible. Notwithstanding the above, an employee may flex the starting time (FRL), up to fifteen (15) minutes without pay or penalty to his attendance record, twice per calendar year.

(b) The Company acknowledges the right of an employee to use his sick leave benefit for the purpose intended in this Agreement, as set forth in Article 34. Accordingly, no employee will be disciplined for the use of his sick leave benefit for such purpose.

ARTICLE 25 - RECALL AND CALL-IN WORK

(a) RECALL

An employee who has been relieved from duty who is recalled to duty to perform work not continuous with his next regular work period will be paid for not less than four (4) hours at the applicable overtime rate, but in no event will he receive less than four (4) hours compensation at one and one-half times (1.5X) his regular hourly rate.

(b) CALL-IN

When an employee is called to duty to perform work which is continuous with his next regular work period, he will be paid at the applicable overtime rate for all time from his actual report time up to the beginning of his regular shift.

(1) Provided the employee reports at the designated time, he will receive a minimum of two (2) hours at the applicable overtime rate.

(2) In the event an employee is on premises in advance of his scheduled shift and the supervisor needs the employee to start early, the employee is entitled to the two (2) hours minimum referred to in (1) above.

(3) The employee will be paid the applicable overtime rates (for early call in) in the event that the employee does not complete his regular scheduled shift (e.g. SK, CS off, TL, etc).

ARTICLE 26 - FIELD WORK

(a) When an employee is required to perform work away from his base station on his regularly scheduled workdays, he will be paid at least eight (8) hours at his regular hourly rate for each regularly scheduled workday while away from his base station, whether traveling, on call or working.

(b) When an employee is required to perform work away from his base station on his scheduled day off, he will be paid at least eight (8) hours and compensation at applicable rates of pay, whether traveling, on call or working.

(c) An employee will be compensated for all hours incurred while traveling for a field trip starting sixty (60) minutes prior to the normal departure time of the first trip the employee is scheduled to take. An employee so compensated must be available for trips as designated by management. This provision will include International trips and will be considered as time worked.

(d) When an employee performs work away from his base, all continuous time, whether traveling or working, will be computed as time worked for all purposes.

(e) A period of seven and one-half (7 1/2) hours or more during which an employee is not traveling or working will break the continuity of paid hours for overtime purposes.

(f) During an assignment, the employee will, while away from his base, be paid actual expenses for meals, and actual expenses for lodging, and transportation not to exceed, without the approval of the Company, the maximums established by the Company for such the expenses in its regulations.

(g) The existing Field Trip Guidelines currently in use at TUL/AFW on March 1st, 2001 (or as revised) will be used unless the Union and the Company agree otherwise. The Guidelines will be distributed to each employee for his personal reference.

(h) An employee while on a 40 hour or greater training assignment either at or away from his home base will be considered ineligible for field trips. He will not be asked to go on a field trip during his training assignment or the Saturday and Sunday prior to the training assignment when the days off are changed per Article 3(d).

(i) When an employee is on a field trip he may perform work on multiple aircraft within a station.

(j) After a MCT has gone on a field trip to fix a specific problem and the same problem repeats on the same aircraft the company may ask for a volunteer who is not lowest in hours on the field trip list to perform field trip work on that aircraft. If the selected volunteer does not accomplish a positive fix, the company will revert to the field trip list for selecting the next MCT on the next field trip. Any employee proffered a field trip under this paragraph will be so notified at the time of the proffer. The Company will maintain a list of field trips proffered under this paragraph and provide that list to the Union upon request.

ARTICLE 27 - GENERAL

(a) All orders to and requests from an employee involving transfers, promotions, demotions, layoff, reemployment, leaves of absence, or anything affecting his pay or status, will be in writing.

(b) An employee who permanently transfers at his own request to another classification of work as provided in any other AA/TWU Agreement that has similar reciprocating language will continue to receive his same hourly rate but, in no event, will his hourly rate exceed the maximum rate for the classification to which he transferred.

If his hourly rate at the time of the transfer is not the same as any regular rate per hour for the classification to which he transferred, he will immediately receive the nearest higher regular rate per hour for such classification. Thereafter, the employee will progress on the normal progression scale in the new classification. In the case of a transfer from a higher to a lower classification caused by a reduction in force under this Agreement, the above rules will apply.

(c) An employee in the Maintenance Control Technician classification will be required to wear First Class dress attire, as described in the Trip Book dated January 1, 2001, during normal business hours, day shift only, and reasonably suitable and safe clothing for the type of work he is assigned on all other shifts. An employee may wear the standard TWU insignia on any work clothing or hat.

(d) (N/A)

(e) The Company agrees to furnish first aid kits, good drinking water and sanitary fountains. The floors of the toilets and washrooms will be kept in good repair and in a clean, dry, sanitary condition. Employees will cooperate in maintaining the foregoing conditions. Shops and washrooms will be lighted and heated in the best manner possible consistent with the source of heat and light available. The Company will provide supplies necessary for employees to maintain telephone and keyboard equipment. Well maintained, suitable office chairs will be provided. The Company will provide a lockable file cabinet at each Maintenance Control Technician location for use by the union. Individual lockers will be provided for all employees where adequate space and facilities are reasonably available. Every effort will be made, as early as possible, to provide space and lockers for employees at the field stations. Additionally, the Union will have the right to confer with the designated Company official on transportation to and from field stations. No employee will be required to work under unsafe or unsanitary conditions.

(f) In order to eliminate, as much as possible, accidents and illness a Joint Safety Committee composed of an equal number of Union representatives, not more than five (5), and Company representatives, not more than five (5), will be established at each location in the system where employees are stationed. It will be the duty of the Joint Safety Committee to:

(1) Receive and review Company accident, injury and job related illness reports pertinent to the Safety Committee investigation, and make recommendations to prevent recurrence (Safety Committee members will receive copies of available monthly summaries of employee accidents and injuries and have access, upon request, to specific Company reports resulting from employee on the job accidents or injuries);

(2) Receive and investigate complaints regarding unsafe and unsanitary working conditions and make recommendations to resolve the hazards and complaints;. The Employee/Union Representative should first notify and discuss any safety complaint with his immediate supervisor/manager. Management will address the safety concern in a reasonable time frame and will advise the Employee or Union Representative of the

action taken. If the action taken is not satisfactory to the Employee or Union Representative, it will be forwarded to the Joint Safety Committee (JSC) for further review.

(3) See that all applicable sanitary and safety regulations are complied with;

(4) Make recommendations for the maintenance of appropriate sanitary and safety standards.

Joint Safety Committee meetings will be scheduled a minimum of once per month by mutual agreement between the Company and the Union.

In the event that the Joint Safety Committee is unable, within sixty (60) calendar days, to resolve an issue which has been brought to its attention, either the Company or the Union may submit the issue to the System Joint Safety Committee which will constitute a board to review the issue(s). In cities where an APC (Accident Prevention Council) exists, the TWU Local President will appoint a representative(s) to participate on the APC. Prior to sending an issue to the System Joint Safety Committee, all safety issues will be first submitted to the APC for resolution.

The System Joint Safety Committee will consist of a representative of the Transport Workers Union-International and a representative of the Company's Safety office. If the issue(s) is (are) not resolved by the System Joint Safety Committee, either representative may submit the issue(s) on appeal to the System Board of Adjustment in accordance with the provisions of Article 29(d) of this Agreement.

(g) Each employee is responsible for performing his job safely, including but not limited to, the use of all Personal Protective Equipment (PPE) as required. In order for employees to comply the Company will furnish all necessary PPE. The Company will promptly notify the employees and the Union of the use of any material, equipment or procedure known to be hazardous to employees exposed, and the known procedures to control the hazards. The Company will promptly provide the Union with the results of any management or government health and safety survey concerning the employees represented by the Union. When the Company is made aware by the manufacturer or distributor of a product recall or equipment recall, the Company will take appropriate action to ensure the safety of its employees. The Company will also notify the Union of the issue as soon as possible and of any subsequent action that is taken.

(h) Three (3) personal emergency (PE) days with pay for death in the immediate family will be extended to the employees covered by this Agreement. Immediate family includes mother, father, spouse, eligible domestic partner, sister, step-sister, brother, step-brother, child (dependent and non dependent) mother-in-law, domestic partner's mother, father-in-law, domestic partner's father, step-mother, step-father, employee's grandparents, employee's grandchildren, legal guardian or documented former legal guardian, or relative who is a resident of the household. To the extent that Company policy provides more expansive personal emergency leave benefits, those benefits will be applied to all employees covered by this Agreement.

Upon request, the option of up to two (2) Personal Vacation (PV) days or up to two (2) days of personal emergency (PEU) days without pay will be extended to an employee, in conjunction with PE days. If an employee does not have PV days available, up to two (2) days of PEU will be extended to an employee in conjunction with PE days.

(i) Employees called for jury duty will be paid as if working for all scheduled hours less the fee received for jury services for actual days served. The employee will promptly show his supervisor the jury summons and also show the court's validation of jury service when completed.

(1) An employee assigned to jury duty for five (5) or more consecutive days during day time hours will be assigned to the day shift with Saturday and Sunday as his scheduled days off, effective for the workweek in which jury duty starts. An employees assigned to other types of jury duty, (e.g. telephone standby, single day jury duty, etc.) will have his work schedules adjusted only to the extent necessary to accommodate the actual jury service requirement. If it is necessary to adjust days off, it should always be adjusted prior to the scheduled jury duty.

(2) If there is a question regarding the application of this provision, the employee's supervisor will contact Employee Relations who will establish a telephone conference with the TWU International and the Local President to resolve the matter.

(j) The Company will provide each employee with a pocket-size copy of this Agreement.

(k) The Company will forward to the Director of the Air Transport Division of the Union copies of Company regulations, manuals, publications, and all subsequent revisions expressly referred to in this Agreement.

(l) The Company will forward to the ranking Local Union Representative a copy of the regular crew list schedule for the station. The crew list schedule will include scheduled shift hours and scheduled days off.

(m) No employee will be required to participate in a definite bomb scare investigation, as declared by Company SOC, against his wishes.

(n) The Company will provide death and permanent disability insurance coverage for an employee, as set out below, applicable if a bomb explosion or hazardous material incident in or about American Airlines facilities or aircraft on the ground is the proximate cause of death or disability:

Death	\$500,000
Total Permanent Disability	\$500,000
Total Loss of Two Members	\$500,000
Total Loss of One Member	\$250,000

Member, as used in this Article, is defined as arm, leg, or eye.

Bomb explosion/hazardous material incident insurance will be handled by blanket coverage, and employees covered will not have to sign individual application forms, except for designation of a beneficiary.

(o) In the event free parking facilities for employees are not available at airport locations, the Company will assume the monthly parking charge assessed by the appropriate authority (airport, port, etc.) for parking in an area designated for employees. This provision will not apply to original or replacement charges to employees for parking decals, stickers, gate keys, or similar items. Also, where bus transportation to and from employee parking facilities is recognized by the Company as an integral part of the employee parking arrangements, that transportation will be at Company expense.

(p) Maintenance Control Technicians will be eligible to participate in the ASAP Program or any similar future program.

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

Attachment 27.1- Personal Days Off

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

Re: Personal Days Off

Dear Robert,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on ~~May 5, 2010~~ **DOS**. During these discussions, the Company agreed to provide two (2) PDOs (Personal Days Off) to be effective immediately following ratification. These days are provided as a means to address the interest of TWU represented employees to increase paid time off, while granting greater flexibility.

The paid time off will be granted in such a way that minimizes any disruption to the operation and/or has an adverse impact to staffing for any particular day. Therefore the following application will apply:

- PDOs must be requested in writing a minimum of seven (7) days in advance, a maximum of thirty (30) day(s) in advance of the day(s) desired. Emergency requests will be handled on a local basis.
- PDOs will be requested by AOI, company email, or other locally agreed upon method.
- PDOs cannot be taken on the employee's scheduled holiday or after December 16th each year.
- PDOs will be granted based on Occupational seniority
- Employee must have one year of company service as of December ~~3rd~~ **31st** for use in the following year.
- Unused days will be paid out as **at a rate equivalent to the employees normally schedule day of work, eight (8) hours, or ten (10) as applicable, for full time and four (4) hours for part time** as determined by the employee's status as of 12/31 of each year. Payment for unused PDOs will be made the first pay period after January 31st of the following year.

Additional procedures may be jointly developed within ninety (90) days from date of signing.

Sincerely,

Agreed To:

Mark Burdette
Vice President
Employee Relations

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

ARTICLE 28 - NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND COMPLIANCE

(a) The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees regardless of sex, color, race, creed, age, religious preference, status as a veteran or military reservist, disability or national origin.

(b) The Union recognizes that the Company will have sole jurisdiction of the management and operation of its business, the direction of its working force, the right to maintain discipline and efficiency in its hangars, stations, shops or other places of employment, and the right of the Company to hire, discipline and discharge employees for just cause, subject to the provisions of this Agreement. It is agreed that the rights enumerated above in this Agreement will not be deemed to exclude other preexisting rights of management not enumerated which do not conflict with other provisions of this Agreement.

(c) Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union will be binding on every individual employee claiming or entitled to the benefits of this Agreement.

(d) Except as otherwise provided in this Agreement, all letters of discipline, whether warning or suspension will be removed after a period of two (2) years from date of issuance, unless the Company and the Union agree to a shorter period.

However, it is agreed that any letters of discipline properly assessed in the event of a sitdown, walkout, or stoppage, strike, slowdown or curtailment of work will not be subject to the two (2) year provision.

(e) Copies of the Peak Performance Through Commitment (PPC) Program will be available to all employees upon request. Any changes to the PPC Program will be provided and explained to the Union prior to implementation.

(f) If the Company documents records of discussion or counseling held with an employee, the documentation will be on a form designed to ensure that the record accurately reflects the facts and nature of the discussion or counseling held with the employee. The employee will indicate his acknowledgement of the discussion or counseling in the actual record, or, at his option, he may place a rebuttal or statement in the actual record. The employee will be provided a copy of the final actual record.

(g) Each employee will have a right to meet with his Supervisor at a mutually agreeable time to discuss his performance and to review his personnel file. At that time, the Supervisor and the employee will review the personnel file to ensure that the provisions of this Article have been complied with. Should the Supervisor and employee agree to modifications or deletions to the counseling records, their request and recommendation will be forwarded to the Supervisor's immediate manager, who will review the matter and respond to the Supervisor and the employee.

(h) If there is an investigation of sexual harassment and the charged employee is exonerated of the charges, no entry regarding the charge or investigation will be made in the counseling records. Any entry previously made will be deleted from the counseling records. In other cases, a counseling record entry, if any, will reflect only the nature of the discussion with the employee. As always, the employee has the right to review the counseling record entry and provide any additional information desired.

ARTICLE 29 - REPRESENTATION

(a) The Union may select and designate such representatives in the respective fields, stations, shops, and other working units as may be necessary for the purpose of representing the employees under the terms of this Agreement, or in accordance with the Railway Labor Act, as amended. The number of representatives that confer with management at any one time on any issue, including meetings convened under the provisions of Article 29(f), will not exceed the number of management employees present plus one (1) additional representative to act in the capacity of a scribe.

(b) The Union may designate a System Coordinator for the employees covered by the Agreements between the Company and the Union.

(c) The Union will notify the Company in writing of the names of its Accredited Representatives designated in paragraph (a) and (b) above and of any subsequent changes in to those Representatives. The Company will inform the Union, in writing, of the supervisors with whom these Accredited Representatives will deal and of any subsequent changes to those supervisors.

International Officers, Local Union Officers and Local Union Representatives will, at any time during regular working hours, have access to the premises of the Company where employees covered by this Agreement are located, for the purpose of investigating grievances or other matters directly connected with the operation of this Agreement and its procedures for the settlement of any dispute. Notice of an intended visit will be given the ranking Company official or his designated representative. A visit will be subject to such reasonable regulations as may be made from time to time by the Company, but the Company will not impose regulations that will render ineffective the intent of this provision nor impair the privacy of any conference necessary to accomplish the purpose of the visit.

(d) An International Representative of the Union or designated Company official who believes that any provision of this Agreement has not been or is not being properly applied or interpreted and which has not yet become the subject of an actual grievance, will have the right within ten (10) calendar days after the alleged misapplication or misinterpretation has been ascertained to protest such violation, in writing, to the other party, who will evaluate such protest and render a decision in writing within fifteen (15) calendar days. Disputes in respect to actual grievances will be handled exclusively according to the provisions of Article 31, Grievance Procedure.

This provision will also apply to a Local President with respect to improper application or interpretation of this Agreement affecting a group of employees within the jurisdiction of his Local Union. The protest will be filed with the appropriate Chief Operating Officer of the Company.

When an actual grievance has been filed other than under this paragraph, the International or Local President may rescind the grievance and initiate a protest under this paragraph within ten (10) calendar days after the decision to rescind.

(e) If no settlement is reached under Article 29(d) an appeal may be made, in writing, within thirty (30) calendar days to the System Board of Adjustment established under Article 32 of this Agreement.

(f) The Union does not question the right of the Company supervisors to manage and supervise the work force and make reasonable inquiries of employees, individually or collectively, in the normal course of work. In meetings for the purpose of investigation of any matter which may eventuate in the application of discipline or dismissal; or when written

statements may be required; or of sufficient importance for the Company to have witnesses present; or to necessitate the presence of more than one Company supervisor; or during reasonable cause or post accident drug/alcohol testing as provided in Article 29(h), the Company will inform the employee of his right to have Union representation present. The supervisor's record will reflect if the employee does not desire Union representation.

(1) When the Company convenes a meeting under the provisions of Article 29(f), it will, except for rare or compelling reasons, indicate the purpose of the meeting and then provide the opportunity for an employee and Union representative to confer, for a reasonable period of time. Once the Article 29(f) meeting reconvenes it will continue until concluded by the supervisor.

(2) Before written notification of discipline or dismissal is given an employee, he will be afforded the opportunity to discuss the matter with his supervisor. If he so desires, he will have a Union representative in this discussion. Nothing in this Article will be construed as preventing the Company from holding an employee out of service pending an investigation, provided the employee will be paid as if working for all regularly scheduled hours while held out of service, except when he is withheld for:

(a) Action constituting a criminal offense, on or off duty.

(b) Refusal or adulteration of an alcohol/drug test or verified positive drug or confirmed positive alcohol test from the date on the letter of verification/confirmation.

(c) Failure to cooperate with an investigation.

(g) An employee covered by this Agreement who is interviewed by a Company Security Department representative as part of a Security Department investigation may, upon request, have a TWU representative present during the interview. If a local TWU official is not readily available after a request, the Company's Security Department will not be required to wait for his availability before conducting the interview. However, the employee may request the presence of another TWU represented employee (peer witness) during the interview. The role of the TWU representative or peer witness will be that of a silent observer only. The representative or witness may in no way interfere nor impede the Security Department's investigation and/or interview.

(h) Employees who are required to take a reasonable cause or post accident drug/alcohol test by the Company may, upon request, have a Union Representative present as a witness during those parts of the specimen collection process indicated below:

(1) In those stations where a Local Union Representative is not readily available, the Company will delay the test for up to one (1) hour from the time the employee requests or is notified of this right to Union representation, whichever occurs first, in order to allow the first available representative to be present at the medical facility.

(2) If normal travel time to the medical collection facility exceeds one (1) hour, then the one (1) hour waiting period will be extended by the amount of travel time in excess of one (1) hour. This is in accordance with the FAA's directive of July 1990, which prohibits the presence or absence of a Union Representative from in any way hampering or delaying the collection process.

(3) Only one (1) Union Representative will be allowed to accompany an employee to the medical collection facility and into the area where the medical collector opens the drug testing kit, completes the relevant paperwork and secures the kit after completion of the collection process. The Union Representative will be allowed to witness

the opening of the collection kit by the collector, the documentation of the chain of custody procedure by the collector and the employee, and the packaging and sealing of the kit for shipment following the collection. The Union Representative will not be allowed to accompany an employee or collector into a restroom.

(4) In accordance with the FAA's directive of July 1990, no Union Representative will engage in any activity, which disrupts the collection process. Should the Union Representative engage in disruptive activity, the Union Representative will be required by the Company's Supervisor to wait in the employee/patient waiting area until the collection process and paperwork has been completed. This is pursuant to the FAA's directive.

**ARTICLE 30 - GRIEVANCE PROCEDURE FOR DISMISSAL/CORRECTIVE
ACTION**

(a) An employee who has passed his probationary period will not be dismissed from the service of the Company or be issued corrective action without written notification of that action. The notification will include the reason or reasons for his dismissal or corrective action.

An employee who believes that he has been unjustly dealt with as a result of dismissal or corrective action, may submit his written grievance in person or through his representative within seven (7) calendar days of receiving the notification. Such grievance must be submitted to the Chief Operating Officer or his designee, with a copy to the appropriate Human Resources Office or representative. The Chief Operating Officer will fully investigate the matter and render his written decision as soon as possible, but not later than twelve (12) calendar days following the receipt of the appeal, unless mutually agreed otherwise. A copy of the written decision will be provided to the Union.

The inability of the Chief Operating Officer to complete the investigation and render his decision within twelve (12) calendar days will permit the Union to file directly for arbitration, within the time limits prescribed in 30(b). For grievances related to corrective action, this will result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. For dismissal cases, this will result in a monetary penalty equivalent to four (4) hours of pay as if working per day until the decision is issued. Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(b) If the decision of the Chief Operating Officer is not satisfactory to the employee, the dismissal/corrective action and decision will be appealed in accordance with (c) below, provided, however, the appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(c) An appeal from the decision of the Chief Operating Officer will be submitted to the appropriate Board of Adjustment in accordance with Article 32. The System Board of Adjustment will docket the case and, if the procedural requirements for the appeal have been satisfied, promptly transmit the appeal papers to the appropriate Area Board of Adjustment in accordance with Article 32. Any dispute as to whether all of the procedural requirements for the appeal have been satisfied, or whether the case is within the jurisdiction of an Area Board, will be determined by the System Board of Adjustment, except as provided in Article 32(c)(5).

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the grievant authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by the statement signed by the employee fully authorizing his representative to act for him in the disposition of his grievance.

(e) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected within the time limit prescribed for appeals, the decision of the Company will become final and binding.

(f) If, as a result of a decision in any of the steps of the grievance procedure, an employee is exonerated, all related corrective action records will be removed from the employee's personnel file. In addition, if he has been held out of service, he will be reinstated without loss of seniority and he will be paid at regular rates for his regularly scheduled hours as if working.

(g) When it is mutually agreed that a stenographic report is to be taken of any hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it

is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record requested will be borne equally by both parties to the dispute.

**Attachment 30.1 - Time Limits - Article 30 - Grievance Procedure for
Dismissal/Corrective Action**

DOS

Mr. Robert Gless
International Vice President
AA System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Time Limits – Article 30

Dear Dennis,

This letter will serve to interpret the time limits referenced in Article 30 of this Agreement. Specifically, what constitutes the meaning of seven (7), twelve (12), and twenty (20) calendar days as they apply to their respective steps of the grievance process.

Pursuant to our discussions on this topic, we have agreed that the calendar day referenced in Article 30 commences immediately upon receipt of a grievance or appeal to the Company. The time frame for the employee to appeal commences immediately upon receipt of an answer if placed in his hands or the postmarked date if the answer is mailed. The following examples of the grievance process will clarify our understanding:

1. 1st Step Answer – A grievance is filed on October 18, 2007 with the Chief Operating Officer (COO). The response from the COO must be in the employee's hands or postmarked, if placed in the mail, no later than October 29, 2007. (12 days to render a decision – October 18 counts as Day one) Note: If the COO does not answer the 1st step appeal in a timely manner, monetary penalties as outlined in Article 30 will be incurred.
2. System Board Appeal – The employee receives his 2nd step answer on October 29, 2007. If the employee is not satisfied with the COO's answer, he must appeal his grievance to the System Board no later than November 17, 2007. (20 days to appeal to the System Board from the date of his receipt or the post marked date, if mailed – October 29 counts as Day one)

Furthermore, we have agreed that the same methodology shall be used to trigger the seven (7) calendar days in which a TWU represented employee has to file a grievance. The seven (7) calendar days commence from the time when he first has knowledge or should reasonably have had knowledge that they have been unjustly dealt with (discipline and/or discharge).

In addition, Article 30 does afford the Chief Operating Officer (COO), with agreement from the local TWU, an extension of time limits.

If the above accurately reflects our understanding, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

Robert Gless
International Vice President, AA System Coordinator
Transport Workers Union, AFL-CIO

ARTICLE 31 - GRIEVANCE PROCEDURE

(a) An employee who believes that he has been unjustly dealt with, or that any provision of this Agreement has not been properly applied or interpreted, may submit his grievance in person or through his representative within seven (7) calendar days. The grievance will be presented to his immediate supervisor, who will evaluate the grievance or complaint and render a written decision as soon as possible, but not later than seven (7) calendar days following his receipt of the grievance. Inability of the immediate supervisor to complete the investigation and render his written decision within the respective time limits will permit the Union to move directly to the next step of the grievance process.

(b) If the written decision of the immediate supervisor is not satisfactory to the employee whose grievance is being considered, it may be appealed within twelve (12) calendar days to the Chief Operating Officer, with a copy to the appropriate Human Resources Office or Representative. The Chief Operating Officer will fully investigate the matter and will render a written decision as soon as possible, but not later than twelve (12) calendar days, following his receipt of the appeal. An extension may be granted by the local TWU official if requested by the Chief Operating Officer. A copy of the written decision will be provided to the Union.

Inability of the Chief Operating Officer to complete the investigation and render his decision within twelve (12) calendar days will permit the Union to file directly for arbitration within the time limits as prescribed in Article 31(c) and result in a monetary penalty of eight (8) hours additional pay, as if working, to the grievant. Any monetary penalty paid does not cancel or render any judgment regarding the merits of the grievance.

(c) If the decision of the Chief Operating Officer is not satisfactory to the employee, the grievance and the decision may be appealed to the System Board of Adjustment, as provided for in Article 32. The appeal must be submitted within twenty (20) calendar days of receipt of the decision rendered by the Chief Operating Officer.

(d) All grievances handled under the procedure provided above will be in writing and will be signed by the employee whose grievance is being handled. In cases in which the aggrieved employee authorizes his representative to handle his grievance for him, the submission of the grievance or appeal will be accompanied by a statement, signed by the employee, fully authorizing his representative to act for him in the disposition of his grievance. Two (2) copies of all grievance answers will be given to the Local Union.

(e) An employee who has a grievance may present his grievance to his immediate supervisor during regular work hours. An Accredited Representative of the Union may investigate, discuss, and present a grievance of an employee or employees during regular work hours without suffering loss of pay for time so spent.

(f) If any decision made by the Company under the provisions of this Article is not appealed by the employee affected within the time limit prescribed for appeals, the decision of the Company will become final and binding.

(g) When it is mutually agreed that a stenographic report is to be taken of any hearing, in whole or in part, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings is to be taken, any written record available of the hearing made by either of the parties to the dispute will be furnished to the other party to the dispute upon request, provided that the cost of the written record requested will be borne equally by both parties to the dispute.

(h) Upon the request of an Accredited Union Representative, the Company will inform the Union of its decision on any grievance involving a formal hearing or investigation at which the aggrieved employee was not represented by his Accredited Union Representative.

Attachment 31.1- Time Limits Article 31-Grievance Procedure

Date of Signing, 2008

Mr. Robert Gless
International Vice President
AA System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Time Limits – Article 31

Dear Robert,

This letter will serve to interpret the time limits referenced in Article 31 of this Agreement. Specifically, what constitutes the meaning of seven (7), twelve (12), twelve (12), and twenty (20) calendar days as they apply to their respective steps of the grievance process.

Pursuant to our discussions on this topic, we have agreed that the calendar day referenced in Article 31 commences immediately upon receipt of a grievance or appeal to the Company. The time frame for the employee to appeal commences immediately upon receipt of an answer if placed in his hands or the postmarked date if the answer is mailed. The following examples of the grievance process will clarify our understanding:

1. 1st Step Answer – A grievance is filed on October 3, 2007.
The response from the supervisor must be in the employee's hands or postmarked, if placed in the mail, no later than October 9, 2007. (7 days to render a decision – October 3rd counts as Day one)
2. 2nd Step Appeal – The employee receives an answer on October 9, 2007. If the employee is not satisfied with the supervisor's answer, he must appeal his grievance to the Chief Operating Officer (COO) no later than October 20, 2007. (12 days to appeal to 2nd step from the date of his receipt or the postmarked date, if mailed – October 9th counts as Day one)
3. 2nd Step Answer – A grievance is appealed on October 20, 2007.
The response from the COO must be in the employee's hands or postmarked, if placed in the mail, no later than October 31, 2007. (12 days to render a decision – October 20 counts as day one) Note: If the COO does not answer the 2nd step appeal in a timely manner, monetary penalties as outlined in Article 31 will be incurred.
4. System Board Appeal – The employee receives his 2nd step answer on October 31, 2007. If the employee is not satisfied with the COO's answer, he must appeal his grievance to the System Board no later than November 19, 2007. (20 days to appeal to the System Board from the date of his receipt or the post marked date, if mailed – October 31st counts as Day one)

Furthermore, we have agreed that the same methodology shall be used to trigger the seven (7) calendar days in which a TWU represented employee has to file a grievance. The seven (7) calendar days commence from the time when he first has knowledge or should reasonably have had knowledge of the alleged contractual violation.

In addition, Article 31 does afford the Chief Operating Officer (COO), with agreement from the local TWU, an extension of time limits.

If the above accurately reflects our understanding, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:

Robert Gless
International Vice President
AA System Coordinator
Transport Workers Union, AFL-CIO

ARTICLE 32 - BOARDS OF ADJUSTMENT

(a) Boards of Adjustment

(1) Pursuant to the provisions of the Railway Labor Act, as amended, the parties establish a System Board of Adjustment, and Area Boards of Adjustment for employees covered by this Agreement.

(2) The Boards will have jurisdiction only over disputes between the Company and the Union or any employee or employees governed by this Agreement growing out of grievances involving interpretation or application of this Agreement including disputes over the content of an employees personnel file, whether hard copy or electronic, to the extent such information can be used for discipline. The Boards will have no jurisdiction, whatsoever, over proposals or disputes relating to general changes in hours of work, rates of pay, rules, or working conditions. Proposals relating to general changes in hours of work, rates of pay, rules, or working conditions will be handled in the manner provided for in Article 47 of this Agreement. Board Hearings may be postponed, in writing, by mutual agreement of the Director of the Air Transport Division and the Vice President – Employee Relations, or their respective designees.

(b) System Board of Adjustment

(1) The System Board of Adjustment will be composed of a Company member, a Union member, and a neutral referee, the latter to serve for an indefinite term; however, either party may cause the services of the neutral referee to be terminated, except as to cases already submitted to him pending a decision, by giving written notice to the other party and to the neutral referee.

(2) If a neutral vacancy occurs and the Company and the Union cannot agree on a successor within fifteen (15) calendar days unless extended by mutual agreement, the American Arbitration Association will be requested to select a neutral in the manner described in Rule 12 of its Voluntary Labor Arbitration Rules, as amended.

(3) The System Board will meet in the city where the general offices of the Company are maintained, unless a different location is agreed upon by the Union and the Company.

(4) The System Board will hear and determine all disputes properly before it, which are not within the jurisdiction of the Area Boards.

(5) Postponements must be submitted and approved in writing by both the Company and Union board members at least seven (7) calendar days prior to the scheduled hearing, unless the board members agree otherwise. Failure to appear for a case when a postponement request has not been approved, will result in forfeiture of the case by the party who failed to appear.

(c) Area Boards of Adjustment – Discipline and Dismissal Cases

(1) Area Boards of Adjustment will be maintained in other locations where Local Unions are based or as mutually agreed by the Company and the Union. The jurisdiction of each Board will be limited to discipline and dismissal cases arising in the area in question.

(2) Each Area Board will be composed of one member appointed by the Company, one member appointed by the Union, and a neutral referee as Chairman. However, by mutual agreement of the parties, an additional neutral referee may be selected to hear Area Board cases scheduled in cities other than those designated in the above paragraph. Members of the Area Boards appointed by the parties will serve at the pleasure of the party making the appointment, except that a board member will continue to serve until his successor has been appointed. Each neutral referee will serve for an indefinite term; either party may cause the services of the neutral referee to be terminated (except as to cases already submitted to him pending a decision) by giving written notice to the other party and to the neutral referee.

(3) If the position of neutral referee of an Area Board becomes vacant, and the Company and the Union cannot agree on a successor within fifteen (15) calendar days, unless extended by mutual agreement one will be selected in the same manner as the filling of a vacancy under Article 32(b)(2).

(4) Each Area Board will hold hearings at a location in its city, mutually agreed upon by the Local Union and the appropriate Human Resources Office.

(5) In order to expedite Area Board hearings, the parties may agree to hear procedural issues, such as alleged 29(f) violations, timeliness issues, or jurisdictional issues, prior to the presentation of the merits of the case.

(d) Procedures Generally Applicable to the Boards

(1) All disputes referable to the Boards will be sent to the appropriate Board based on the primary issue in dispute for hearing and decision. Any disagreement as to which Board is the appropriate Board will be determined by the System Board.

(2) If the designated Company representative and the designated Union representative for any Board jointly consider a case of sufficient urgency and importance to warrant an expedited hearing, a hearing will be scheduled within fifteen (15) calendar days, unless shortened or extended by mutual agreement, of their decision to expedite the case.

(3) An appeal to a grievance decision arising out of Articles 29, 30, and/or 31 will be submitted in writing, as provided below, and includes the following information:

(a) the name, personnel number, job classification, and the number of the Local Union for the employee(s) involved;

(b) a statement that the provisions of Articles 29, 30, and/or 31 have been exhausted;

(c) a statement of the nature of the dispute, including the articles in question, and whether the dispute involves discipline/discharge or a contract interpretation or application;

(d) the position or contention of the party filing the submission;

(e) the remedy sought.

(4) The written appeal will be sent to the International TWU in the form of a petition. The International TWU will assign a case number and forward the appeal and two (2) copies, with the case number noted on each, to the Employee Relations

Department. The scheduling of cases to be heard before the Boards is an administrative matter addressed by mutual agreement between the Union and the Company.

(5) A petition will be served upon the other party, who will have the right, within fifteen (15) days after receipt to file a written answer.

(6) Employees and the Company may be represented at Board hearings by any person or persons as they may choose and designate. Evidence may be presented either orally or in writing or both.

The advocates will exchange all documents they may enter and the names of witnesses they may call in their direct case no later than ten (10) calendar days prior to the date set for the hearing. Nothing in this paragraph will require either advocate to present the documents or the witnesses provided above during the course of the hearing. The advocates will not be restricted from entering documents or calling witnesses that become known subsequent to the ten (10) calendar day exchange, provided a minimum of forty-eight (48) hours notice is provided to the other advocate and copies are submitted to the other advocate prior to the presentation of the direct case. The advocate receiving the late document or witness name has the option to postpone the hearing in light of the new document or witness.

(7) Upon the request of either party to the dispute, or of two (2) Board members, a Board will summon witnesses to testify at Board hearings. The Company will cooperate to ensure that all witnesses summoned by the Board will appear in a timely fashion. Reasonable requests by the Union for employee witnesses will be honored. The requests for witnesses will normally not exceed those who can be spared without interference with the service of the Company. Disputes arising from this provision will be immediately referred to the Director of the Air Transport Division and the Vice President of Employee Relations, or their respective designees, for resolution.

(8) A majority vote of all members of a Board will be sufficient to make a finding or a decision with respect to any dispute properly before it, and the finding or decision will be final and binding upon the parties to the dispute. The Union and the Company will at all times have their respective Board members available at the convenience of the various neutral referees, and alternate members will be provided by the Union or the Company, as the case may be, whenever its regular Board member is not available. If an alternate member is not provided within a reasonable period of time, the neutral referee will proceed with the hearing and decision of the matters before the Board without participation by the absent member. In that case, the decision of the neutral referee will constitute the decision of the Board.

(9) The failure of a Board to decide a dispute under the procedure established in this Article will not serve to foreclose any subsequent rights or procedures which the Railway Labor Act, as amended, may provide with respect to the settlement of those disputes, and nothing in this Agreement will be construed to limit, restrict, or abridge the rights or privileges accorded to either the employees, or to the employer, or to their duly Accredited Representatives, by said Act.

(10) Board findings and decisions will be stated in writing and will be rendered within thirty (30) calendar days from the close of hearing, unless the period is extended by agreement of the parties to the dispute. In each case a copy of the finding or decision will be furnished the Company, the Union, and the employee or employees that are parties to the dispute. If a dispute arises as to the interpretation of the finding or decision, then, upon request of the Company, the Union, or the employee or employees that are parties to the dispute, the Board will interpret the finding or decision.

(11) The System Board and each Area Board will keep complete and accurate records of all matters submitted to it and of all findings and decisions made. A stenographic record at all Boards will be taken if requested by either party to the dispute. In that case, the cost of the record will be borne by the requesting party. The other party, upon request, will be furnished a copy of the record, in which case the cost of that record will be borne equally by both parties to the dispute.

(12) Each party will assume the compensation, travel expense, and other expenses of its Board members and the witnesses it summons.

(13) So far as space is available, witnesses who are employees of the Company will receive free transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(14) Each Board, upon agreement of a majority of its members, will have the authority to incur expenses necessary for the proper conduct of the business of the Board. Those expenses, as well as the expense of each neutral referee, will be shared equally by the parties. Union Board members who are employees of the Company will be granted necessary leaves of absence for the performance of their duties as Board members. So far as space is available, the Board members will be furnished free transportation over the lines of the Company for the purpose of attending Board meetings to the extent permitted by law.

(15) Every Board member will be free to discharge his duty in an independent manner, without fear that his individual relations with the Company, the Union, or with the employees covered by this Agreement may be affected in any manner by any action taken by him in good faith in his capacity as a Board member. Each party will specifically instruct each Board member selected that he will at all times, while serving in that capacity, act not as a partisan or advocate of a partisan group or cause but will act and serve solely to render impartial findings and just decisions.

(e) Procedures for Finalizing Awards

The following procedures are provided in order to standardize the arbitration process and avoid any controversy regarding the deliberations and discussion associated with the publication of System and Area Boards of Adjustment awards:

(1) Executive sessions for every case should take place at the conclusion of the hearing, or at such time as agreed upon by a majority of the Board at the conclusion of the hearing. This postponed executive session may be necessary due to the submission of briefs or other post-hearing issues and should be the exception, not the rule.

(2) An arbitrator's draft decision, distributed to the Board unsigned, may be changed to any extent agreeable to a majority of the Board. A written decision, once executed and signed by the neutral arbitrator, may only be modified as to content by agreement of all Board members.

(3) The Board members are not to discuss the decision of the Board with anyone other than the Board members prior to the publication of the award by the Administrator of the System Board.

(4) No ex-parte communication concerning the case (that is, discussion held without the presence of the full Board) is permitted at any time.

(5) The details of the Board's deliberations must be held confidential by virtue of the Boards intended neutrality. No Board member should divulge the nature or content of the discussions held between the Board members in reaching their decision.

(f) Automated Grievance Tracking System.

In the interest of simplifying and streamlining the grievance tracking process, the parties agree to discuss and explore an automated grievance tracking system.

ARTICLE 33 - NO STRIKE - NO LOCKOUT

It is the intent of the parties to this Agreement that the procedures in this Agreement will serve as a means of amicable settlement of all disputes that may arise between them, and, therefore:

(1) The Company will neither cause nor permit a lockout during the life of this Agreement, and

(2) Neither the Union nor the employees will engage in a strike, sitdown, walkout, stoppage, slowdown, or curtailment of work for any reason during the life of this Agreement.

ARTICLE 34 - SICK LEAVE

(a) An employee who completes six (6) months of service with the Company will be credited with four (4) days of sick leave for the calendar year in which the six (6) months' period is completed.

(b) Upon being credited with the applicable four (4) days of sick leave, an employee will thereafter accrue two thirds (2/3) day of sick leave for each calendar month of service with the Company, up to a maximum of ~~five (5)~~ eight (8) days in any calendar year. Sick leave accrued during a calendar year will not be used prior to January 1 of the following year.

(c) Unused sick leave will be cumulative up to a maximum of two hundred and fifty (250) days.

(d) Except as specified in this Article, only days absent due to illness or injury of the employee which are not compensable under the applicable Workmen's Compensation Laws will be paid for from his allowed sick leave. Payment will be based on the employee's regular hourly rate.

(e) The intended purpose of the sick leave benefit is to protect the earnings of the employee during necessary absence from work due to illness or injury, and to aid the employee in meeting bills when sickness or injury have temporarily taken away his ability to work. The parties acknowledge that the statements in the booklet entitled, "Attendance Control Guidelines and the Sick Leave Benefit", originally distributed in August of 1969, do not conflict with the rights of employees under this Agreement. Accordingly, the Company will take the following actions before issuing a disciplinary notice for unsatisfactory attendance to an employee with a sick leave balance when such disciplinary notice considers occasions of absence involving sick leave.

(1) The supervisor will conduct a full discussion with the employee concerning his attendance record.

(2) If abuse of the sick leave policy referred to in Article 34 is suspected, the employee will be so advised of the reasons for suspected abuse. The employee may request those reasons in writing.

(3) Requiring the employee to provide a doctor's slip stating he was treated for an illness or injury for sick leave eligibility in accordance with Article 34.

(4) A disciplinary notice issued subject to these conditions and actions will include the charge of suspected abuse of sick leave in connection with the involved absence(s).

(5) These procedures will not apply to any incident where an employee is charged with the fraudulent abuse of the sick leave benefit.

(f) When the employee has a sick leave balance, it will not be the policy of the Company to require a slip from his doctor stating treatment for an illness or injury for all absences of one (1) to three (3) days in order for an employee to be eligible for sick leave pay, however, the Company reserves the right to require such doctor's slip whenever circumstances indicate suspected abuses of the sick leave policy.

(1) Any employee suspected of abusing sick leave and therefore may be required to furnish a doctor's slip stating that he was treated for an illness or injury will first have the circumstances leading to the suspicion fully discussed with him. He may, if

he so desires, have a Union representative present during such discussion. Subsequent to this discussion, if the Company decides that a doctor's slip is required, he will be given written notice of this requirement. Upon request of the employee, the specific reasons for the suspected abuse will be supplied to him, in writing. The requirement for this slip from the doctor will expire ninety (90) calendar days from the effective date of the written notice.

(2) Upon request of the Local Union President, any employee claiming harassment as a result of being required to furnish a doctor's slip will have the opportunity to present his written claim for relief to a panel composed of the Vice President – Employee Relations and the Director of the Air Transport Division or their respective designees.

(3) In the event the employee's claim is determined to be valid, the employee will have eight (8) hours of sick pay added to his sick leave account. In the event it is determined to not be valid, the employee will forfeit eight (8) hours of sick pay from his sick leave account.

(g) When employees, including probationary employees, are absent due to illness or injury, pay seniority will continue to accrue for a period not to exceed thirty (30) calendar days for any period of absence.

(h) During an employee's absence due to an occupational illness or injury compensable under the applicable Workmen's Compensation Law, he will receive from the Company the following benefits:

(1) for the first ten (10) workdays absent, the difference between his base pay (including shift differential) and Worker's Compensation payments;

(2) at the conclusion of the period referred to in (1) above, a disabled employee drawing Workmen's Compensation may, at his option, draw upon his accrued sick leave up to the extent of his accrual at the rate of up to one-half regular pay (including shift differential). Provided, however, the sum of such Workmen's Compensation weekly payments plus such sick pay benefits will not exceed the employee's regular base weekly pay (including shift differential). Corresponding deductions will be made from his available sick leave accrual. Deductions will be to the nearest 0.1 of a day up to a maximum of one-half day of sick leave.

(3) These benefits will be in lieu of any other payment provided for in this Article for all absences due to the same illness or injury.

(i) In the event that the Company challenges the payment of benefits under paragraph (g) above, occurring during the statutory waiting period under the applicable state Workmen's Compensation Laws, the employee will receive pay continuance (base pay, including shift differential) from the Company up to the maximum days provided in the waiting period. The challenged payment by the Company will be resolved in the following manner:

(1) The Company, or the employee, may within seven (7) calendar days, appeal through a review panel composed of a representative of the TWU International and the Vice President-Employee Relations or their respective designees which will hear and resolve the case. The panel will be limited to determining whether the pay continuance, made to the employee under this provision, will be considered a benefit under Article 32(d) or 32(g), or whether the employee should return to the Company the benefit he received under this provision. In the event the panel is unable to resolve the issue, the case may be submitted to the System Board of Adjustment for final and binding resolution.

(2) If the Company or the employee fails to appeal the challenged payment, the pay continuance benefit will be considered payment under Article 32(d) and will be charged to the sick leave benefit.

(j) The employees and the Union recognize their obligations to prevent absence for reasons other than illness or injury, or other abuse of the sick leave privilege, and pledge their wholehearted cooperation to the Company to prevent abuse.

(k) For current employees age fifty (50) or older as of December 31, 2010 a lump sum payment for unused sick leave days, if any, will be made to each employee entitled thereto upon the employee's effective date of retirement as defined in American Airlines regulations. If an employee dies prior to retirement the employee's beneficiary or estate will receive a lump sum payment for all unused sick leave. A day or days of unused sick leave referred to in this paragraph will mean those days credited or accrued in each calendar year and not used by the employee up to the date of retirement or death.

(1) For each day of unused sick leave up to a maximum of two hundred fifty (250) days, the Company will pay an employee covered by this Agreement, twenty-five dollars (\$25.00). For example: An employee retires on January 1, 2003. He has a total accumulation of two hundred fifty (250) days of unused sick leave. On that date, said employee will receive a lump sum payment of six thousand two hundred fifty dollars (\$6,250).

(2) A day or days of unused sick leave referred to in paragraphs (a) and (b) above will mean those days credited or accrued in each calendar year and limited to the cumulative maximum in the manner set forth under the provisions of Article 34 of this Agreement effective December 9, 1998 and not used by the employee up to the date of retirement.

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

Attachment 34.1 - Compensation Claim (ID) Panel

AMERICAN AIRLINES, INC.
633 Third Avenue
New York, New York 10017

February 18, 1978

Mr. Ernest M. Mitchell
Director-Air Transport Division
Transport Workers Union, AFL-CIO
1980 Broadway
New York, New York 10023

Re: Compensation Claim (ID) Panel

Dear Mr. Mitchell:

Procedures for the Company and employees to follow on occasions when injury-on-duty payments during statutory waiting periods are challenged, as outlined in Article 34(h), are as follows:

1. The Company will notify the employee in writing that payment for alleged injury on duty is being challenged.
2. The employee may appeal by a written protest jointly addressed to his supervisor and the local union ranking official.
3. The appeal may be submitted to the Special Injury On Duty Panel provided under Article 34 within thirty (30) days of notice of protest to the supervisor. If the issue is not resolved by the Special Injury On Duty Panel, it will be submitted to a designated permanent referee who will render an immediate decision, without a written opinion within twenty-four (24) hours of the hearing
4. Expenses for the hearing before the special designated referee will be borne in the same manner as for grievances under the Agreement.

Very truly yours,
Charles A. Pasciuto
Vice President
Employee Relations

Agreed:
Ernest M. Mitchell
Dated: February 18, 1978

ARTICLE 35 - TEMPORARY EMPLOYEES

(Intentionally Left Blank)

ARTICLE 36 – MEAL PERIODS

(Intentionally Left Blank)

ARTICLE 37 - SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those in paragraphs (b), (c) and (f) will receive severance allowance as provided in paragraph (e), subject to the limitations in this Article.

(b) Severance allowance will not be paid for layoffs of less than four (4) months duration which are due to seasonal schedule reductions.

(c) Severance allowance will not be paid if the layoff is the result of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(d) At the time of layoff, the Company will advise the employee in writing of the reasons for his release and whether it is for reasons outlined in paragraphs (a), (b) or (c) above. If the employee is released for reasons in (a) above, he will be eligible for the immediate payment of the severance allowance as provided in this Article. If the employee is released for reasons set forth in paragraph (b), and if at the expiration of four (4) months from the date of layoff he is not offered reemployment in other than a temporary job in accordance with Article 16, his layoff will be presumed to have been caused by factors covered in paragraph (a) above, and he will become entitled at that time to severance allowance, as provided in this Article. Temporary work which does not exceed a continuous period of forty-five (45) days will not be considered as breaking the four-month period of layoff.

(e) The amount of severance allowance payable under this Article to employees eligible is contained in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits in this Agreement.

(1) (NA)

(2) A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by forty (40) hours.

If employee has completed:	Severance Allowance:
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks
4 years of service	5 weeks
5 years of service	6 weeks
6 years of service	7 weeks
7 years of service	8 weeks
8 years of service	9 weeks
9 years of service	10 weeks
10 years of service	11 weeks
11 years of service	12 weeks
12 years of service	13 weeks

(f) If the employee is not reemployed by the Company within four (4) months from the effective date of his layoff, and he has at least one year of seniority as of the date of layoff, he will be entitled to an additional two (2) weeks severance allowance. In the event the employee is

recalled to work under Article 16 before the expiration of four (4) months from the date of his layoff and is again laid off, he will be entitled to the additional two (2) weeks severance allowance if he is not reemployed by the Company within four (4) months from the effective date of such subsequent layoff.

(g) Severance allowance will not be granted when (1) the employee elects to exercise his seniority to remain with the Company in his own or a lower classification in accordance with Article 15; (2) he has, within four (4) months of layoff, been offered a job in accordance with Article 16, and has refused such job; or (3) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(h) An employee recalled to work under the terms of Article 16, who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with paragraph (e) of this Article, less the dollar amount received on the occasion of the previous severances, provided that the dollar amount deduction will not be made if the employee completes at least one (1) additional year of compensated service with the Company from the date on which he reported for duty upon the occasion of the prior recall.

(i) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance (plus an additional two (2) weeks if he also received two (2) weeks pay in lieu of notice) will have the amount of overpayment deducted from his subsequent earnings.

(j) An employee who has been reemployed under the conditions outlined in Article 37(h) and (i) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

ARTICLE 38 - UNION SECURITY

(a) All employees covered by this Agreement will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation fee and membership dues (not including fines and penalties), or agency fees in accordance with applicable law. An employee may have his membership dues deducted from his earnings by signing the form "Assignment and Authorization for Check-Off of Union Dues", also referred to as "Check-Off Form," or, if no such authorization is in effect, he must pay his initiation fee and membership dues directly to the Union.

(b) All new employees of the Company hired on or after the effective date of this Agreement will become members of the Union sixty (60) calendar days after the date of employment with the Company and will, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect, to the extent of paying initiation fees and membership dues, or in lieu of maintenance of membership, agency fees in accordance with applicable law. The Company will supply each Local Union with the name, personnel number, and work location of any new employee or transferee covered under this Agreement within fifteen (15) calendar days of the actual report date of said employee. The Company will allow the Union an opportunity during local orientation to meet with new employees and transferees regarding Union matters.

(c) If any employee who has resigned from the Company or has been laid off is reemployed or recalled, he will be considered as a new employee for the purposes of this Article and will be governed by the provisions of paragraph (b).

(d) Employees who are or become members of the Union under paragraphs (a) or (b) above will pay membership dues as set forth in this Article, except that payment for membership dues will not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification or position not covered by this Agreement.

(e) "Member of the Union", for the purpose of this Article will mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of the initiation fee and membership dues as specified herein or agency fee payer not more than sixty (60) calendar days in arrears in the payment of his fees.

(f) When an employee who is a member of the Union becomes delinquent within the meaning of paragraph (e) above, the following procedure will apply:

(1) The Director of the Air Transport Division of the Union will notify the employee in writing, certified mail, return receipt requested, that he is delinquent in the payment of the initiation fee and membership dues or agency fees, as specified herein, and accordingly, is subject to discharge as an employee of the Company. The letter will also notify the employee that he must remit the required payment within fifteen (15) calendar days of the date of mailing of the notice, or be subject to discharge. This provision will be deemed to be complied with if the Union sends, but the employee refuses the above mailing.

(2) If, upon the expiration of the fifteen (15) calendar day period, the employee still remains delinquent, the Director of the Air Transport Division of the Union will certify, in writing, to the Vice President-Employee Relations of the Company, copy to the employee, that the employee has failed to remit payment within the grace period allowed and is therefore to be discharged. The Vice President-Employee Relations, after

being presented with the appropriate documentation, will then take proper steps to discharge such employee from the services of the Company.

(3) An employee discharged by the Company under the provisions of this paragraph will be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.

(g) Any discharge under the terms of this Article will be based solely upon the failure of the employee to pay or tender payment of initiation fee and membership dues or agency fees, as specified in this Article, and not because of denial or termination of membership in the Union upon any other ground.

(h) Any grievance by an employee concerning the interpretation or application of the provisions of this Article will be subject exclusively to the following procedure:

(1) An employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied may submit his request for review, in writing, within five (5) calendar days from the date the grievance arises, except that a grievance arising under paragraph (f)(1) must be filed within the fifteen (15) calendar day period specified in that paragraph. The request will be submitted to his immediate supervisor who will review the grievance and render his decision, in writing, not later than five (5) calendar days following the receipt of the grievance.

(2) The immediate supervisor will forward his decision to the employee with a copy to the Local Union Accredited Representative. If the decision is not satisfactory to both the employee and the Union, then either may appeal the grievance directly to the System General Board of Adjustment, established under Article 32 of this Agreement, within ten (10) calendar days from the date of the decision. The terms and provisions of such Article will be applicable, except as otherwise specified in this Article.

(3) If the Union should appeal the decision to the System General Board of Adjustment, it will prepare a joint submission of the grievance setting forth the Union's and the employee's position and forward copies to the employee, the Vice President-Employee Relations of the Company and to the members of the System Board of Adjustment. If the employee should appeal the decision, he may request the Vice President-Employee Relations to prepare the submission papers on his behalf for the System Board of Adjustment. In this event, the request will be made by the employee, in writing, to his immediate supervisor who will transmit, through the local City Manager all facts, data and information concerning the grievance, together with a copy of the decision from which appeal is taken. The Vice President-Employee Relations will forward copies of the employee's separate submission to the employee, the local City Manager, the Director of the Air Transport Division of the Union and to the members of the System Board of Adjustment.

(4) During the period a grievance is filed under the provisions of this paragraph and until after final award by the System Board of Adjustment, the employee will not be discharged from the Company because of noncompliance with the terms and provisions of this Article. In the event the employee's grievance is denied because he has not tendered dues owed under this Article, he will be considered discharged for cause. In any proceeding under this Article, the employee, the Company, and the Union will be allowed to present any facts or arguments supporting their positions concerning proper application of this Article.

(i) The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.

(j) The Company will not interfere with, restrain or coerce employees because of membership or lawful activity in the Union, nor will it, by discrimination in respect to hire, tenure of employment or any term or condition of employment, attempt to discourage membership in the Union.

(k) The Union agrees that neither the Union nor its members will intimidate or coerce any employee in respect to his right to work, the proper exercise, performance, or implementation of his duties and responsibilities with the Company or in respect to Union activity or membership. Further there will be no solicitation of employees for Union membership on Company time. The Union further agrees that the Company may take disciplinary action for any violation of this provision.

(l) During the life of this Agreement, the Company agrees to deduct from the pay of each member of the Union and remit to the Union membership dues uniformly levied in accordance with the Constitution and By-laws of the Union and as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes the following agreed-upon Check-Off Form. This form will be prepared and furnished by the Union.

ASSIGNMENT AND AUTHORIZATION
FOR CHECK-OFF OF UNION DUES

To: Internal Mail Address:
Manager – Payroll Customer Service
M.D. 790 TUL

U.S. Mail Address:
American Airlines, Inc.
Manager – Payroll Customer Service
7645 East 63rd Street Suite 600
Tulsa, OK 74133-1275

I, _____,
(Name: Initials and last name)

hereby assign to the Transport Workers Union of America, AFL-CIO, my Union dues from any wages earned or to be earned by me as your employee. I authorize and direct you to deduct the flat sum of _____, which is the bi-weekly equivalent of my monthly membership dues, or such bi-weekly equivalent as may hereafter be established by the Union as my membership dues, from each bi-weekly paycheck and to remit the same to the Union.

This assignment, authorization, and direction may be revoked by me, in writing, after the expiration of one year from the date hereof, or upon the termination date of the labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with the existing Agreement between the Union and the Company.

Employee Signature	_____
Employee Address	_____

Personnel Number	_____
Cost Center	_____/____
Location	_____
Department	_____
Local Union Number	_____
Date	_____

(m) When a member of the Union properly executes such "Check-Off Form", the Director of the Air Transport Division of the Union will forward an original copy to: American Airlines, Inc., Manager – Payroll Customer Service: 7645 E. 63RD ST, Suite 600, Tulsa, Oklahoma 74133-1275. Any Check-Off Form which is incomplete or improperly executed will be returned to the Director. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and delivered by certified mail, addressed to their respective Local Union office. Each Local Union office will forward a copy to: American Airlines, Inc.: Manager – Payroll Customer Service: 7645 E. 63RD ST, Suite 600; Tulsa Oklahoma 74133-1275 for future Union dues withholding. Check-Off Forms and notices received by the Manager- Payroll Customer Service will be stamp-dated on the date received and will constitute notice to the Company on the date received, and not when mailed.

(n) When a Check-Off Form, as specified in this Article, is received by the Manager-Payroll Customer Service on or before a given payday, deductions will commence with the first regular paycheck following said payday, and will continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, personnel numbers and station numbers of the employees for whom deductions have been made in that particular period, arranged in order of their personnel numbers. Additionally, the Company will supply in duplicate to the office of the Union a listing of those employees who are on leave of absence; have accepted a position outside the bargaining unit; or have terminated employment with the Company.

(o) No deductions of Union dues will be made from the wages of any employee who has executed a Check-Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions will be automatically resumed provided the employee has not revoked the assignment in accordance with this Article, and provided it is in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(p) An employee who has executed a Check-Off Form and who resigns or is terminated from the employ of the Company for reasons other than layoff will be deemed to have automatically revoked his assignment and if reemployed, further deductions of Union dues will be made only upon execution and receipt of a new Check-Off Form. Provided, however, that upon return from layoff, leave of absence, or reinstatement from disciplinary discharge to work within a classification covered by this Agreement, deductions will be automatically resumed. In cases where Check-Off is not reinstated by the Company due to mechanical or software errors, the Company will collect the back dues at a maximum of fifty (50) dollars per month and remit to the Union, provided the employee has not revoked the assignment in accordance with this Article, and such deductions are in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.

(q) Collection of any back dues owed at the time of starting deductions for any employee, and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, will be the responsibility of the Union and will not be the subject of payroll deductions.

(r) Deductions of membership dues will be made in a flat sum from each paycheck provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to collect dues will not extend beyond the bi-weekly period in which his last day of work occurs.

ARTICLE 39 - FITNESS FOR DUTY

(a) If two or more members of management determine there is a serious question as to an employee's physical fitness to perform his assigned work, one or more of the following may be required of the employee. The employee will be notified in writing which will include an explanation of the reason(s) for the evaluation.

(1) If he is currently under the care of a physician, he may be required to provide medical documentation regarding such treatment.

(2) If he is not currently under the care of a physician or does not provide medical documentation to AA Medical from his own personal physician in timely manner, management may request a fitness for duty evaluation through the Company Medical department.

(3) As soon as the medical information is received either from the employee's treating physician or the company provided medical evaluation, it will be reviewed by an AA physician or the AA Medical Review Board (hereafter referred to as the MRB) at the next scheduled MRB (normally within two (2) weeks). The Company physician or MRB will consider the information provided by the treating physician or the medical evaluation as well as the employee's AA Medical file.

Note: During any time the employee is absent from work due to these situations, he will be compensated from his existing sick bank unless he is on "withhold with pay" status.

As a result of the Company physician and/or MRB review, one of the following will apply:

- (a) The employee may be cleared to full duty;
- (b) Temporary restrictions may be assigned;
- (c) Permanent restrictions may be assigned.

(b) Temporary Restrictions

A temporary restriction is a restriction assigned by the employee's treating physician or AA Medical, until the employee's fitness for full duty can be established. If temporary restrictions are assigned, AA Medical will notify local management of the temporary restrictions, who will determine if the restrictions can be accommodated in the workplace. AA Medical will work with the employee and his treating physician to address the temporary restrictions. (In some cases, the temporary restrictions may become permanent restrictions.)

(c) Permanent Restrictions

A permanent medical restriction is a work restriction that is based on the presence of a medical condition which is unlikely to change substantially in the immediate or foreseeable future. If the employee is assigned permanent restrictions, AA Medical will notify the employee in writing of the permanent restrictions. (A form will be included in the MRB letter.) An employee who has been assigned permanent restrictions by the MRB is encouraged to seek local accommodation in his existing job with local management. If local management is unable to accommodate the restrictions, the employee may file an appeal as stated below, or request a broader accommodation or job search assistance from the Accommodation Review Board (hereafter referred to as the ARB). In the event that the employee's treating physician disagrees with the permanent restrictions that have been assigned by the MRB, the employee and his treating

physician may appeal the MRB's decision within fifteen (15) calendar days of the date of written notification. The employee will be permitted to exercise his seniority in resuming his classification or any lower classification in work which he is qualified to perform or, at his option, have a review of his case in the following manner:

(1) Once AA Medical has been notified of the appeal the Company will, at the written request of the employee or his Union representative, ask that the two medical examiners, the employee's treating physician, and the AA Medical physician agree upon and appoint a third qualified and neutral medical examiner for the purpose of conducting a further medical evaluation of the employee. AA Medical will research the qualifications and credentials of physicians qualified as medical examiners for the appropriate medical condition and/or restrictions to be reviewed. AA Medical will provide a written list of medical examiners to the employee's treating physician with a copy to the employee. AA Medical will also review a list of qualified medical examiners provided by the employee's treating physician if provided.

(2) The employee's treating physician should notify AA Medical of the choice of medical examiner within fifteen (15) calendar days of the date of the letter. The employee must provide a medical release to AA Medical prior to the scheduling of an appointment with the medical examiner. Provision and disclosure of the medical records will be in conformity with applicable government regulations. AA Medical will schedule the appointment, will notify the employee in writing and will provide all appropriate Company medical records to the medical examiner. Additionally, if the employee or the employee's treating physician has additional medical information, it must be submitted to AA Medical along with the medical release for forwarding to the medical examiner prior to the appointment.

(3) The three (3) doctors, one representing the Company, one representing the employee affected, and one as the neutral medical examiner (approved by the Company doctor and the employee's doctor), will constitute a board of three (3), the majority vote of which will decide the case.

(a) The expense of the third medical examiner will be borne by the Company including all expenses related to travel such as airfare and hotel. Copies of the medical examiner's report will be furnished to AA Medical and the employee's treating physician. If the employee fails to show for the scheduled appointment and has no justifiable reason, he will be responsible for any no-show fee.

(b) If the majority opinion of the Board of three (3) medical examiners upholds the employee's case, he will be restored to his former job. Back pay will apply from the date the employee files his Article 39 appeal. The employee will be compensated at his regular rate of pay, less any amount he may have received as compensation during the interim period. If the employee used sick leave or vacation allowance, his sick leave or vacation allowance will be replenished.

(c) Should the third party medical examiner agree with the permanent restrictions assigned by AA Medical, the employee may request accommodation through the ARB.

(d) The decision of the third party medical examiner is final and binding on all parties.

Note: This process will not supersede the Company's Alcohol/Drug Policy, FAA, or DOT rules.

(d) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

Attachment 39.1 - Accommodation Review Board

DOS

Robert Gless
AA System Coordinator
Air Transport Division
Transport Workers Union of America, AFL-CIO

Re: ACCOMMODATION REVIEW BOARD

Robert,

In follow up to today's conversation I am providing information on how your field representatives should handle employee requests regarding the process of the Accommodations Review Board and how it relates to their permanent medical restrictions.

If permanent restrictions are assigned, AA Medical will notify the employee and the TWU ATD Designees in writing of the permanent restrictions. Once an employee has exhausted the provisions of the contract and is still restricted from performing his job, the employee should forward to HR, in writing, with a copy to the Local Union President, a request for review by the ADA System Accommodations Committee.

HR is the designated contact point for such accommodation review requests. Employees who have been assigned permanent restrictions by the MRB are encouraged to seek local accommodation in their existing job with their local management. If local management is unable to accommodate the restrictions, the employee may request a broader accommodation or job search assistance from the Accommodation Review Board.

The ARB will consist of:

- Human Resources (Chairperson)
- Employee Relations
- TWU ATD Designees
- Legal
- Medical
- Local Management
- Local Union Representative – Designated by the Local President

The function of the ARB is to discuss all aspects of the employee's request, his restrictions and ability to perform his essential job functions, and whether the Company can reasonably accommodate the restrictions without undue hardship, in an attempt to return the employee to his previously held position. The ARB works with management, union representatives and Human Resources prior to making a recommendation. If the employee is unable to return to his previous position, a job search within AMR is recommended.

If a job search is recommended, the ARB Chairperson will assist the employee in an attempt to identify other open positions within all of AMR in which the employee will be able to work, with or without a reasonable accommodations, and for which he may be qualified (may include non-TWU represented positions). This assistance may include coordinating access to internal Company postings; resume writing techniques and skill assessment.

The ARB will do all possible to work with local management to implement the recommendation of the board.

Sincerely,

James B. Weel
Managing Director
Employee Relations

ARTICLE 40 – PENSION-RETIREMENT BENEFIT

(a) The Company has maintained a retirement plan for the employees for a number of years. The full text of the **“The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO”** (successor to **“The American Airlines, Inc. Retirement Benefit Plan for Maintenance Control Technician Employees”**) (**“Plan”**) plan is on file with the Company and is available to the employees in accordance with government regulations. **The Plan** ~~“The American Airlines, Inc. Retirement Benefit Plan for Stock Clerk Employees”~~ has been amended to enhance and clarify benefits over time. **The Plan is frozen effective 11:59 p.m. on [FREEZE DATE].**

(b) The following changes to the Plan were made by Letter dated 08/09/80.

(1) For an employee member who was first eligible to join the Plan prior to January 1, 1956, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service.

(2) For the employee member who was first eligible to join the Plan between January 1, 1956 and April 1, 1978, credited service will be counted from the January 1st or July 1st following his or her completion of one year of Company service and the attainment of age twenty-five (25).

(3) For the employee member who was first eligible to join the Plan April 1, 1978 or later, credited service will be counted from the first of the month coincident with or next following his or her completion of one year of Company service.

(4) After December 31, 1976, credited service will not include periods of unpaid hours in excess of one hundred eighty (180) hours in a calendar year. A leave of absence for Union business for which the employee member has been paid by the Union will be counted as credited service for the Plan.

(c) The following changes to the Plan were made by Letter dated 08/01/85.

(1) Effective for employees who are on the active payroll on September 1, 1985, Credited Service under the Retirement Benefit Plan will include any periods of employment during which an employee would have accrued Credited Service if the age 25 eligibility restriction had not existed in prior years. Credited Service will be counted from the January 1st or July 1st following completion of one (1) year of Company service.

(2) For purposes of the preceding paragraph, "on the active payroll" means actually at work. It will also include employees who retire from the active payroll in the calendar month preceding September 01, 1985, those who are on a paid sick or vacation period, on an overage leave, or on a Union leave on September 01, 1985. It does not include employees who are on a personal leave of absence, unpaid sick leave, or other unpaid absence from work on September 01, 1985, unless they actually return to work.

(d) The following changes to the Plan were made by Letter(s) dated 05/05/89.

(1) A new vesting schedule will apply to employees who perform at least one hour of service for which they are paid on or after January 1, 1990.

(2) The new vesting schedule will provide that such employees will become 100% vested after completing five years of vesting service as defined in the plan. Prior to completing five years of vesting service, employees will have 0% vested benefits.

(3) Rules for counting vesting service and for applying breaks in service remain unchanged from the current plan.

(4) The Company agreed to retroactively credit all pensionable hours worked past age 65 for TWU represented employees who retire from the active payroll after January 1989.

(e) The amendments covered in Article 40(e) will be applicable only for those members classified as "Stock Clerk Employees", who are on active payroll or on an approved leave of absence with recall rights as of 03/01/01 and whose benefits commence on or after the first day of the month following 03/01/01.

(1) Final Average Compensation

The compensation used for calculating a member's retirement benefit will be the average of the highest forty eight (48) consecutive months of pay out of the one hundred and twenty (120) consecutive months of pay preceding the date of retirement. The definition of the compensation used to determine the forty-eight (48) and one hundred and twenty (120) month periods is unchanged. Various formulas exist for benefits, e.g., $1.667 \times \text{Final Average Earnings} \times \text{Years of credited service}$, which are also unchanged.

(2) Eligibility For Benefits – Early Retirement

A member will be eligible for early retirement on or after attaining the earlier of:

- (a) age 55 and fifteen (15) years of credited service; or
- (b) age 60 and ten (10) years of credited service.

(3) Early Retirement Benefits

Pension benefits determined as of early retirement will be reduced 3% for each year that the member is less than age 60.

(f) The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

(g) After [FREEZE DATE], no further benefits will accrue under the Plan. Benefits for current employees who are participants in the Plan will be determined based on their pension accrual calculated as of [FREEZE DATE], and no new participants will be added to the Plan after [FREEZE DATE]. This pension freeze will not result in the loss of any pension benefits accrued through [FREEZE DATE]. Service performed after [FREEZE DATE] will not be counted for any purpose except as otherwise required by law. The benefits accrued as of [FREEZE DATE], will remain obligations of the Plan and its related trust on behalf of existing Plan participants and will be paid in accordance with the terms of the Plan.

(h) Subject to paragraph (g), the Company will continue to maintain the Plan and its related trust. The Company may amend the Plan, from time to time, as it determines in its sole discretion to be necessary or appropriate to implement the pension freeze described in paragraph (g) or to maintain the Plan's tax-qualified status or otherwise comply with applicable Federal law.

(i) On [FREEZE DATE+1], the Company will enroll all current employees, except those described in paragraph (i)(1) below, and all future new-hire and transfer employees in the Super Saver - A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries ("Super Saver Plan"), a defined contribution plan, or equivalent plan.

(1) Employees who already have a Super Saver Plan, (or equivalent plan), contribution election on file as of the date they would otherwise be automatically enrolled will not be automatically enrolled in the Super Saver Plan (or equivalent plan) and their previous contribution election will remain in place.

(2) Employees who are automatically enrolled into the Super Saver Plan, will be enrolled at an employee-deferral rate of 3% pre-tax contribution.

(3) The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will, for each employee who has at least one year of Eligibility Service, contribute to the Super Saver Plan on a pre-tax basis for each Plan Year as an Employer Matching Contribution 100% of the aggregated amount of the employee's Employee Before-tax Contributions and employee's Employee Designated Roth Contributions, up to a total amount of 5.5% of an employee's Eligible Compensation (as defined in the Super Saver Plan).

(4) The Super Saver Plan shall remain in effect and the benefit levels shall not be reduced during the term of this Agreement. However, the provisions of the Super Saver Plan may be modified from time to time to maintain the plan's tax-qualified status or to otherwise comply with applicable Federal law and may also be amended at the Company's sole discretion, provided no such discretionary amendment shall reduce the benefit levels stated above in subsection (i)(3) during the term of this Agreement or be inconsistent with the terms of this paragraph (i) or its subparagraphs. The Company will provide the Union with a copy of any amendment.

(5) Capitalized terms in this paragraph (i) not otherwise defined in this Agreement, but defined in the Super Saver Plan, will have the same meaning as set forth in the Super Saver Plan.

Attachment 40.1 - Pre-Retirement Survivor Benefit Charge

From: Mark Johnson
To: John Orlando
Re: Pre-retirement Survivor Benefit Charge

Revised March 1, 2001
October 19, 1995

This letter follows up our conversation of today regarding the charge for the pre-retirement survivor benefit.

The Retirement Equity Act of 1984 mandated that pension plans provide a benefit for the surviving spouse of an employee who dies vested, but prior to retirement. This is known as the Qualified Pre-retirement Survivor Annuity (QPSA). Because this requirement adds to pension costs, employers are allowed to recover the cost by reducing the employee's pension at retirement. The AA reduction at retirement for QPSA coverage does not fully cover the cost of providing this benefit. QPSA coverage is still heavily subsidized by American.

QPSA coverage is mandatory and automatic unless the employee and spouse sign a waiver. The benefit and how the charge is calculated are explained in detail in the Summary Plan Description. The calculation is based upon a percentage by age for the number of years coverage was in effect. There is no charge for providing the coverage past age 65, although the employee is charged for those years under age 65. Once an employee is at least age 55 with 15 years of credited service or age 62 with 10 years of credited service, the charge also stops accumulating. The charge is based only on the mandatory 50% survivor benefit. Employees who have elected a larger survivor benefit are not charged more.

Since the actual QPSA calculation is complex and can only be done accurately when a exit date has been established, for estimate purposes only we show a uniform \$20 monthly reduction. We use \$20 because we rarely see a QPSA reduction of \$20 or more, for simplicity in preparing estimates, \$20 is shown on all estimates, even for employees who never had the coverage, or will not be charged this exact amount.

At retirement those employees who never had coverage will, of course, have no reduction. For those who were covered, the reduction will be individually calculated based on their age and years of coverage.

As we discussed, normally about 300 TWU members retire each year. However with the early out, we may be asking as many as 7,000 TWU members to take a close look at their pension plan. Although the QPSA explanation has been in the

Summary Plan Description, with this kind of scrutiny we are learning that we can improve how we communicate very important, but unfortunately often very technical pension information.

Thank you for bringing this issue to my attention and I hope this explanation is helpful. Please let me know if you have any questions.

(Signed original on file)

ARTICLE 41 – BENEFITS

(a) The parties recognize that controlling the spiraling costs of health care has become a national priority and a critical mutual objective for both the Company and the employees.

In order to provide maximum flexibility and choice for individual employees, while helping to assure the Company's continued financial strength, effective ~~January 1, 1990~~ **DATE**, the Company will implement a flexible benefits program **new plan design options**, which limits the impact of future health cost increases for both the Company and the employees as follows:

(1) The Company will provide ~~“benefit dollars” which will allow each employee, in 1990, to “purchase”, at no cost beyond those “benefit dollars”, the basic Group Life and Health Benefits Plan. The employee may also contribute a portion for other plans at his option.~~ **two medical plan options, a Standard medical plan option and a Core medical plan option. With the exception of the Standard medical 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 plan option (which are not incorporated into this agreement) may change at Company discretion and advance notice of any changes will be provided to the TWU prior to implementation.** ~~or~~

2) ~~Employees may spend their “benefit dollars” to buy that combination of benefits that best meets their individual needs—for example, more life insurance, but less health coverage.~~

(3) ~~An employee may select a more limited benefit plan—such as a plan with a higher deductible—and receive cash in exchange for unused “benefit dollars”. This cash payment will not increase other benefits—e.g., pension accruals or life insurance—and is subject to income and Social Security taxes.~~

(4) ~~The number of “benefit dollars” provided by the Company to each employee will increase by the percentage increase in the Company's average annual cost per covered employee, for the period July 1, through June 30, immediately preceding the enrollment year over the previous period July 1, through June 30, up to a maximum of 5%. In this way, the Company pays for the first 5% of cost increases.~~

(2)(5) ~~If American's average annual cost per covered employee for providing the benefit package rises by more than 5% during the measurement period, an employee who desires to maintain an identical level of coverage will share the additional costs by making monthly~~

~~contributions to cover the increase in cost over the first 5% paid by the Company, up to an additional 5% increase in costs year over year.~~
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 plan options. Contributions for the Standard and Core medical plan options will increase with inflation for these two (2) medical plan options.

(3) ~~(6) An employee who does not choose to contribute will be able to elect a less costly alternative package of benefits, such as a plan with a higher deductible. Coverage tiers for contribution rates will be as follows:~~

New Coverage Tiers
Employee Only
Employee + Spouse/Domestic Partner
Employee + Child(ren)
Employee + Family

(4) Part-time employees will be offered the same medical plan options as full-time employees. Contribution rates for medical plan options for Employee Only coverage will be the same as full-time employees. Part-time employees' contribution rates for dependent tiers in the Standard Medical Plan will be two (2) times the full-time contribution rates for employees enrolled in the same medical option and coverage tier. Part-time employees' contribution rates for dependent tiers in the Core Medical Plan will be the same as full-time contribution rates for employees enrolled in the same medical option and coverage tiers.

~~(5) The TWU and the Company have agreed that a review committee will be established to review planned administrative changes to the negotiated Standard Medical Plan plan option, and for planned changes in the Point of Service Plan contribution rates, so long as Point of Service Plan continues to be offered. This committee will have the right of appeal to the Sr. Vice President – Human Resources in the event of a dispute.~~

~~(6) The TWU and the Company will participate on a joint committee to develop programs and procedures which will reduce the rate of increase in costs in order to minimize the impact on employees.~~

(b) The annual deductible under the Standard medical plan option will be \$1,000 per individual with a maximum family deductible of \$3,000
~~Major Medical Plan will be \$150 per individual per calendar year for in-network~~

~~services. The family deductible will be satisfied in any calendar year after a total of \$400 in deductible charges have been paid for any three (3) or more family members. No one family member may contribute more than \$150 toward the satisfaction of this family deductible.~~ **Plan design features are listed below.**

	Standard Medical Plan	Core Medical Plan
Plan Design Features	Contractual	Non-contractual
Spending Accounts	HRA	
Spending Account Funding (2012 only)	\$500 emp / \$500 spouse	
In Network Deductible (Single/Family)	\$1,000 / \$3,000	
Out of Network Deductible (Single/Family)	\$3,000 / \$9000	
Coinsurance (In/Out)	20% / 50%	
In Network Out of Pocket Max (Single/Family)	\$4,000 / \$12,000	
Out of Network Out of Pocket Max (Single/Family)	Unlimited	
Primary Care Physician Copay (In/Out)	\$30*	
Specialist Copay (In/Out)	20% / 50%	
Retail Clinics Copay (In/Out)	20% / 50%	
Preventive Care*	\$0	
Emergency Room	Deductible / Coinsurance \$100 CoPay	
Pharmacy (Retail)		
Generic	20% (\$20 min / \$40 max)	
Formulary Brand	30% (\$30 min / \$100 max)	
Non-Formulary Brand	50% (\$45 min / \$150 max)	
Pharmacy (Mail)		
Generic	20% (\$10 min / \$80 max)	
Formulary Brand	30% (\$60 min / \$200 max)	
Non-Formulary Brand	50% (\$90 min / \$300 max)	
2012 Full Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$202.78	\$174.17
EE + Child(ren)	\$121.67	\$104.50

EE + Family	\$270.37	\$232.23
2012 Part Time Monthly Contribution rates		
EE Only	\$67.59	\$58.06
EE + Spouse / Domestic Partner	\$337.97	\$174.17
EE + Child(ren)	\$175.74	\$104.50
EE + Family	\$473.15	\$232.23

***Not subject to deductible**

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

OOP amounts do not include the deductibles for Standard

~~(c) — The Major Medical Expense Benefits lifetime maximum for each active employee and eligible dependent(s) will be \$5,000,000. An employee and his eligible dependents, who retires early under Article 41(l) will remain under the \$300,000 lifetime maximum until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

~~(1) — Inpatient hospitalization charges will be reimbursed at 80% of the first \$5,000 in covered expenses and 100% of the remaining covered expenses. The out of pocket maximum is \$1,000 per person.~~

~~(2) — The Group Life and Health Benefits Plan for retirees provides that 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined, and 100% of the remaining combined charges in a calendar year will be reimbursed.~~

~~(3) — When the Company's Group Life and Health Benefits Plan is providing secondary coverage for dependents, the total combined benefits paid by the primary plan and the Company will not exceed what the Company's Group Life and Health Benefits Plan would have paid had it been the primary plan.~~

(c) ~~(d)~~ Effective **DOS**, a newly hired employee will be subject to a one (1) calendar month service waiting period before the employee may be covered under the American Airlines Group Life and Health Benefits Plan as described in Article 41. The employee may not purchase coverage under the Group Life and Health Benefits Plan for the first month of employment with American Airlines, Inc. After one (1) month of service, the employee will automatically be placed in the American Airlines Group Life and Health Benefits Plan **in the Core medical plan** with contributions in accordance with Article 41. Coverage will begin on the day that the employee has completed one (1) month of service with the Company, provided he is actively at work on that day, or on vacation, or on a scheduled day off. Otherwise, the employee will be covered on the date he returns to work.

(d) ~~(e)~~ Dental Plan

Expenses under the Dental Plan 1, excluding Orthodontic and Preventive Expenses will be covered at 80% of reasonable and customary charges, after the deductible is met. Preventive Dental Care will be covered at 100% with no deductible for a maximum of two (2) annual visits per calendar year, subject to reasonable and customary charges. The annual individual plan maximum will be \$1,500. In addition, adult orthodontia will be added with a lifetime maximum of \$1,500.

(e) ~~(f)~~ Life Insurance

The Company will provide several options regarding life insurance.

(1) For an employee whose base monthly salary is \$1,500 or over, his basic life insurance coverage will be two times his base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

(2) Coverage for an employee under Contributory Plan I will be 50% of his Basic Coverage.

(3) Coverage for an employee under Contributory Plan II will be an amount equal to his Basic Coverage, plus one times his base annual salary taken to the next higher multiple of \$100.

(4) In addition to the above Company provided plans, the TWU will offer an optional Whole Life Insurance Plan for its members. The Company will provide payroll deduction of premiums for employees electing this coverage.

(f) ~~(g)~~ Optional Short Term Disability

The Company provides an Optional Short Term Disability Plan (OSTD). The OSTD plan provides salary replacement of 50%, except where a statutory plan meets or exceeds 50% of salary replacement. The OSTD plan is 100% employee paid. If the employee does not elect to participate when first solicited during open enrollment, evidence of insurability may be required by the carrier providing the coverage.

(g) ~~(h)~~ Hearing Aid Coverage

Expenses incurred at the direction of a physician for hearing aids and examinations in connection therewith are covered under the ~~m~~Major ~~m~~Medical

~~eExpense~~ **Benefits** portion of the Plan **in accordance with the network design outlined in (b) above.**

(h) ~~Vision Plan~~

The Company **will continue to offer a voluntary vision plan at the same contributions as other workgroups.** ~~is reviewing a proposal submitted by the TWU for a vision insurance plan. The Company agrees that the TWU will make the selection upon review of their proposed vendor (Spectera) and one other competitor vendor with a comparable proposal. The Company will contribute the current vision discount card program cost per employee per year towards the new program.~~

(i) ~~Donor Expenses~~

~~Expenses incurred for a donor and/or recipient in a transplant operation are covered under the Major Medical Expense Benefits portion of the Plan.~~

(j) ~~Dependent Coverage~~

~~Dependent coverage is subject to the rules established by the Insurance Carrier and published in Company regulations.~~

(k) ~~An employee who retires from the Company at Early Retirement Date or on the basis of disability, will receive the same medical expense coverage as active employees, except as noted in Article 41(c), for themselves and eligible dependents until the retired employee reaches the earlier of age 65 or Medicare eligibility.~~

(1) ~~Thereafter the retired employee and spouse only are each covered for \$50,000 under the Retired Employee Major Medical Expenses Benefits Plan. This post 65 benefit (\$50,000 lifetime maximum, \$150 deductible) for the retiree and spouse will also apply to employees who retire from the Company at their Normal or Late Retirement Date.~~

(2) ~~Upon the death of the retired employee, coverage for the surviving spouse only is continued for six months or until the spouse is eligible for Medicare, whichever is later. Coverage for dependent children, if any, ceases upon the retiree's death, and the spouse's lifetime maximum is reduced to the lesser of \$50,000 or the unused balance of the spouse's coverage at the time of retiree's death. Employees must meet the requirement of Article 41(m) regarding prefunding as well as plan eligibility requirements.~~

(m) ~~Prefunding Retiree Health Care~~

~~All employees, who are on the Company's active payroll, on a union leave of absence, on a family leave of absence, or on a military leave of absence and who are at least age 30 with a minimum of one year of service with the Company, will be offered the opportunity to begin prefunding his retiree health care plan at the contribution amount for the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5). Additionally, that amount is subject to the escalator described in Article 41(m)(5). Incumbent employees on active payroll on 12/31/89, who enrolled when first eligible, will pay the incumbent rates in accordance with the Table in Article 41(m)(5). No entry fee will be assessed to the employee, if he chooses to participate when first eligible. An eligible employee will be automatically enrolled in the Plan and payroll deductions will commence as of the first pay period following his date of eligibility, unless the employee completes and returns a form, prescribed by the Company and countersigned by his supervisor, to waive participation. Married employees must obtain spousal consent to waive participation.~~

~~(1) — Should the Company's cost per covered retiree during the immediately preceding period July 01, through June 30, increase above the Company's cost per covered retiree during the previous period July 01, through June 30, then, effective January 1, of the following year, the monthly contribution rate for employees described in Article 41(m) will increase in accordance with the formula specified in the April 02, 1992 Trust Agreement incorporated below in this Article.~~

~~(2) — Retiree health care coverage under Article 41 will commence after the employee retires from the Company after having met all the eligibility and prefunding requirements. Coverage will be the same level of coverage provided to active employees except that retiree health care coverage will reimburse 100% of the first \$5,000 in covered inpatient hospitalization charges, 80% of the second \$5,000 in covered inpatient charges and charges for other medical service combined and 100% of the remaining combined charges in a calendar year and will be subject to a \$300,000 (remainder of active coverage maximum if less) major medical maximum if retirement is at or after age 55 and before the earlier of age 65 or Medicare eligibility.~~

~~(3) — Employees who were on the Company's active payroll, on a union leave of absence, or on an approved leave of absence for other reasons on May 5, 1989, but who were ineligible to participate on January 1, 1990 because they did not meet the minimum age and/or years of service requirement specified in Article 41(m), will be offered the opportunity to elect retiree medical coverage under the same terms and conditions applicable to employees described in Article 41(m) (no \$250.00 late enrollment fee and a monthly contribution rate equal to the rate then being paid by employees who opted for coverage before January 1, 1990). Payroll deductions will commence as of the first pay period following their~~

~~date of eligibility unless the employees complete and returns a form prescribed by the Company to waive participation. A married employees must obtain spousal consent to waive participation.~~

~~(4) — An employee who elected not to participate when first eligible will be offered, during an annual enrollment period, the opportunity to begin prefunding his retiree health coverage. The employee will pay the applicable age based contributory rates set forth in Article 41(m) (5) and will be required to pay the \$250 non refundable late enrollment fee.~~

~~(5) — Age Based Rates Table~~

~~Monthly plan contribution rates for employees referred to in Article 41(m) will be in the table below. Also refer to the annual escalator formula in Article 41(n)(3). The contributions below were effective as of January 01, 2001, based on the Escalator formula in the April 02, 1992, Trust Agreement.~~

Age Employee Begins Prefunding	Monthly Employee/Employer Contribution
Incumbent employees on active payroll as of 12/31/89, who enrolled when first eligible	\$ 12.96
30	\$ 15.54
31	\$ 16.97
32	\$ 18.66
33	\$ 20.41
34	\$ 22.13
35	\$ 24.60
36	\$ 27.06
37	\$ 29.78
38	\$ 32.90
39	\$ 36.20
40	\$ 40.40
41	\$ 44.81
42	\$ 49.59
43	\$ 54.57
44	\$ 60.17
45	\$ 66.33
46	\$ 77.81
47	\$ 86.59
48	\$ 96.84

49 & older	\$ 110.56
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~~(6) — An employee must continuously participate in this prefunded retiree health plan for at least the ten (10) years immediately preceding retirement to receive retiree medical coverage on date of retirement.~~

~~(7) — An employee contributions made to prefund retiree health care coverage will be held in trust exclusively for the purpose of providing retiree health care. If an employee dies or is terminated prior to retirement, the employee or his beneficiary will receive the value of his contributions plus a pro rata share of trust fund net earnings.~~

~~(8) — An employee making his contributions so as to prefund his retiree medical coverage will cease making contributions upon retirement from the Company.~~

~~(9) — Employees making contributions so as to prefund their retiree medical coverage must continue contributions during all leaves of absence except unpaid sick and unpaid IOD. Any employee who commences prefunding of his retiree health coverage, subsequently discontinues prefunding, and later decides to again prefund his retiree health coverage, will be required to pay the rates in the Age Based contributory Rates Table set forth in Article 41(m) (5)), based on the age prefunding is started. Additionally, he must prefund continuously for at least ten (10) years immediately preceding retirement and pay a \$250 late enrollment fee.~~

~~(n) — Prefunding Trust (Memorandum of Understanding Between American Airlines, Inc. and Transport Workers Union of America AFL-CIO, April 02, 1992) Article 41(n) expresses the understanding of the parties regarding the amendments to the Trust Agreement and Plan effective January 01, 1993, governing the health benefits provided to active TWU represented employees of American Airlines, Inc. at retirement and the health and other welfare benefits provided to retired employees of American Airlines, Inc. who were represented by the TWU at the time of retirement. Article 41(n) will not be construed to modify or alter an employee's eligibility for retiree welfare benefits under the collective bargaining agreement or the Plan.~~

~~(1) — The Trust Agreement and the Trust which holds Plan assets is established for the exclusive benefit of TWU represented active employees and retired employees who were represented by the TWU at the time of retirement.~~

~~(2) — The Trust will maintain a separate account to hold reserves equal to the Participants' prefunding contributions, Employer prefunding contributions, and investment earnings attributable thereto reserved for~~

~~retiree welfare benefits due to Participants under the terms of the Plan and to pay administrative expenses associated with such Program. In the event of termination of the Plan and/or Trust, the balance of the reserves will be distributed as provided in Article 41(n)(8). In no event will these reserves be used for payment of any expenses associated with the active employees medical benefits program or for any other purpose except those identified with respect to retiree welfare benefits in Article 41(n), the Trust Agreement, and the Plan.~~

~~(3) — An employee participating in the Retiree Prefunded Benefits Program will make a monthly contributions to the Trust Fund. If an employee was an active employee of American Airlines on December 31, 1989, and elected to prefund when first eligible, his contribution was \$10.00 per month in 1992, and such contribution amount is subject to the Escalator, described in Article 41(n)(5), in all future years. If an employee was not an active employee of American Airlines on December 31, 1989, or was an active employee of American Airlines on December 31, 1989, and declined participation when first eligible, his contribution amount is determined based on the age at which he begins participation in accordance with the Age Based Rates Table in Article 41(m)(5), and that amount is subject to the annual Escalator formula described in Article 41(n)(5).~~

~~(4) — American Airlines will make a monthly matching contribution on behalf of each employee contributing under the Retiree Prefunded Benefits Program. That contribution amount is identical to the amount required to be contributed by each participating employee in accordance with Article 41(n)(3).~~

~~(5) — Contributions made by participating employees and by American Airlines are subject to an annual Escalator formula. American Airlines will calculate the impact of the annual Escalator on contributions, subject to review by the TWU in accordance with the provisions of Article 41(n)(6) below, by comparing the percentage increase in the cost of medical benefits for covered retirees during the year ending June 30 immediately preceding the effective date of the Escalator to the cost of medical benefits for covered retirees in the year ending the previous June 30. Such percentage increase is divided equally between the participating employee and American Airlines in order that each pays 50%. The resulting percentage increase will be applied to the amount of the then current Employee and Employer monthly contribution. However, in no event will the participating employee's or American Airlines' contributions increase from one year to the next by more than the amounts stipulated in the Escalator Cap Table below.~~

Employees affected.	Maximum Monthly Increase
---------------------	--------------------------

	over Prior Year
Incumbent employees on active payroll 12/31/89 who enrolled when first eligible	\$1.00
Others—based on age when prefunding begins	
30-34	\$1.50
35-39	\$2.50
40-45	\$3.50
46-48	\$5.00
49 or older	\$5.50

(6) — The increase in contributions as calculated by American Airlines is subject to review by the TWU, provided the TWU's request for review is received within thirty (30) calendar days of notification. While no individual's claims history will be available for review, data in the aggregate, upon which the Escalator calculation was based, will be made available by American Airlines to the TWU on request. The TWU may contest the Escalator calculation within sixty (60) calendar days of receipt of the data. If the TWU contests this calculation, an independent accounting firm, as agreed to by both parties, will be retained to verify the amount. In the event that the independent accounting firm determines that contributions should change by a different amount, any increase or decrease will be retroactive to the first of the year to which the new Escalator calculation applies. Any decrease in the contribution will be credited to the Employees' future monthly contributions within sixty (60) calendar days, barring unforeseen circumstances. Any increase or decrease will be applied to the Participants' contributions and Employer's contributions in accordance with Article 41(n)(5).

(7) — At retirement, an eligible participating retiree's own contributions, the matching Employer contributions made on his behalf to the Retiree Prefunded Benefits Program, and investment earnings attributable thereto are drawn down in ten equal annual installments for the purpose of providing retiree medical coverage. However, exhaustion of the funds in a retiree's account under this provision does not waive or modify the retiree's entitlement to continued medical coverage under the Agreement or the terms and limitations of the Plan. Should an eligible retiree die during the ten year draw down period, any remaining contributions continue to draw down for the period of the surviving spouse's medical coverage, if any. After the surviving spouse's coverage terminates, or if the spouse dies before the balance of the Account is drawn down, the balance of the employee's contribution is paid to the spouse's estate. If there is no surviving spouse, the balance of the employee's contribution is paid to the designated beneficiary.

~~(8) — In case of death or termination of employment by a participating active employee, employee contributions to the Retiree Prefunded Benefits Program plus investment earnings attributable thereto will be distributed as a severance or death benefit, as applicable, to the employee or the employee's designated beneficiary(ies).~~

~~(9) — In the event of Trust termination, retirees participating in the Retiree Prefunded Benefits Program will receive any balance of their own contributions to the Program and investment earnings attributable thereto which have not been drawn down during the ten year draw down period described in Article 41(n)(7). Conditioned on Internal Revenue Service approval, active employees' contributions to the Prefunded Retiree Benefits Program and investment earnings attributable thereto will be distributed to active employees. Should the Internal Revenue Service disallow the distribution of active employees' contributions, the parties agree to establish a mutually satisfactory alternative regarding the disposition of active employees' contributions in the event of Trust termination. Employer contributions and investment earnings attributable thereto in the Retiree Prefunded Benefits Program Account will be used for the exclusive benefit of participating employees and retirees in the event of Trust termination. That includes the use of the assets for the purpose of continuing retiree health coverage under an alternative program as may be agreed to by the parties.~~

~~(10) — In the event the Internal Revenue Service disapproves a particular provision or benefit expressed in the Trust Agreement, any provisions or benefits which are approved or unaffected by the disapproval will remain in force, and the TWU will not contest the obligation to prefund in court or under the collective bargaining agreement. However, the TWU reserves all legal and contractual rights in the event the Internal Revenue Service rules that the Trust may not hold funds in reserve for retiree welfare benefits, or that the earnings attributable to Participant contributions held in trust for this purpose or the Employer matching contributions (plus earnings) are currently taxable to the Participants.~~

~~(11) — Counsel for the parties will review the amended Trust Agreement to ensure that it expresses the principles of this Agreement. Neither the Plan nor the Trust Agreement may be amended or modified in a manner inconsistent with the principles set forth in this Agreement, except to conform to the requirements of Federal law and regulations, provided, however, that the TWU waives no rights stipulated in Article 41(n)(10).~~

~~(12) — American Airlines will revise, in a timely fashion after the date of ratification, the Plan to fully reflect the amendments made to the~~

~~Trust Agreement and the provisions of this Memorandum. The revised Plan will be subject to review by the person(s) designated by the TWU.~~

(i) Retiree Medical - effective for retirements on or after DOS:

(1) Early retirees age 55 – 64 will have access to a Company sponsored retiree medical plan option. Contribution rates 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.

(2) Retirees age 65 and over will be offered access to a guaranteed issue Medicare supplement plan through a third party administrator at the retirees' expense.

(3) The Retiree life insurance benefit will be discontinued.

(4) The Company shall not be required to maintain, fund, or provide for a Company sponsored retiree medical plan or retiree life insurance benefits.

~~(e)~~**(j) Monitoring Insurance Plan**

In connection with the administration and processing of claims under the group insurance plan, the Company will continue to monitor and to urge the insurance company to improve claims processing under the plan.

~~(p)~~ Notice of Changes

~~The Company will provide the Director of the Air Transport Division with advance notice of plan changes prior to releasing announcements to plan participants. The Company will not change the limits on employee cost increases described in Article 41(a)(4) and 41(a)(5), nor the prefunding contribution limits of Article 41(m), for the duration of this Agreement.~~

~~(q)~~**(k) Company's Right to Modify Plan**

Although it is the intention of American Airlines, Inc. to continue to make available to its employees a Group Insurance Plan of the type similar to that, which is now available, the Company will reserve the right to modify the Plan consistent with this Article.

**ATTACHMENT 41.1 – Prefunding Contributions
DOS**

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

“Employee and Company Prefunding Contributions”

Dear Robert,

During the restructuring agreement negotiations, the parties agreed that 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 employee prefunding refunds.

In addition, the parties agreed that 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 withholdings and/or excise tax), excluding employees who, prior to the AA/TWU Maintenance Control Technician agreement dated May 5, 2010, have already received refunds of their employee prefunding accounts

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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**

ARTICLE 42 -- JOB SECURITY

~~SYSTEM PROTECTION:~~

~~(a) The Company will guarantee employment (full time based on employee's status on March 1, 2001) and pay to any employee covered by this Agreement who was hired under this Agreement by the Company prior to March 1, 2001 and who was on the Company's active payroll on March 1, 2001, or on a Union leave of absence, or on an approved leave of absence for other reasons in accordance with the following provisions of this Article.~~

~~STATION PROTECTION:~~

~~(b) (NA)~~

~~(c) Notwithstanding the above provisions, the Company may lay off, in accordance with Article 15, employees protected by paragraph (a) or by paragraphs (a) and (c) or by paragraphs (a) and (d) above when the layoff is necessitated by any one or more of the following conditions:~~

~~(1) An act of God,~~

~~(2) A strike, picketing, work stoppage, slowdown, or other labor dispute by Company or outside employees resulting in a reduction of work,~~

~~(3) A national war emergency,~~

~~(4) Revocation of the Company's operating certificate or certificates,~~

~~(5) Grounding of a substantial number of Company's aircraft for safety reasons,~~

~~(6) A reduction in the Company's operations resulting from a decrease in available fuel supply or other critical materials caused either by governmental action or commercial suppliers being unable to meet the Company's demands.~~

~~(d) This Article does not in any way limit the Company's right to terminate or discipline a protected employee for just cause or disqualify a protected employee under the provisions of Article 39.~~

~~(e) An employee covered by paragraph (a) above (protected employee) and who is affected by a reduction in force will be afforded the provisions of Article 15(b)(1), (2), (4 local city only). He will also be afforded the provisions of Article 15(b)(3), (4 other than local city), provided the employee(s) to be displaced are not protected employees. No protected employee will be subject to displacement by employees not covered by paragraph (a) above (unprotected employee). A protected employee who is affected by a reduction in force and who fails to exercise his options under Article 15 will be laid off, and forfeit his protected status. The seniority restrictions appearing in Article 15(b)(3) will not apply to protected employees.~~

~~(f) (N/A)~~

ARTICLE 43 - PART TIME EMPLOYEES

(Intentionally Left Blank)

**ARTICLE 44 - MOVING EXPENSES/OPTIONAL SEVERANCE FOR
PROTECTED EMPLOYEES**

(a) ~~Except in the event a layoff is the result of any reason set forth in Article 42(c), a protected employee who is directly affected by a reduction in force will be afforded the opportunity to elect one, but only one, of the following options:~~

~~———— (1) ——— If he changes base stations under the provisions of Article 15 he will be afforded moving expenses in accordance with Article 15(d) plus a \$12,500 (minus appropriate taxes) special moving allowance, provided he establishes and the Company verifies permanent residency in his new work location and actually relocates his personal possessions and/or household goods as appropriate to that new location within one (1) year of notice of reduction in force; (except that an employee in a protected status (full or part time) and who as a result of a reduction in force, elects to change stations and status (full or part time) when that same status was available to him at his original city, will not be entitled to this \$12,500 special moving allowance) or~~

~~———— (2) ——— Accept a \$12,500 (minus appropriate taxes) special severance allowance plus severance as outlined in Article 37 thereby terminating entirely his employment relationship with the Company, forfeiting all his seniority and relinquishing any and all claim for reemployment and recall.~~

ARTICLE 45 - ONE STATION AGREEMENTS

(Intentionally Left Blank)

ARTICLE 46 - EFFECT ON PRIOR AGREEMENTS

(a) This Agreement will supersede and take precedence over prior Agreements, Letters, and similarly related documents executed between the Company and the Union prior to the signing of this Agreement. However, local side agreements, which were previously negotiated and do not conflict with this Agreement will remain in effect. All local side agreements, practices, and exceptions, whether written or unwritten, which conflict with the terms and conditions of the Basic Agreement (including the appendices, letters and memoranda's), or which are not expressly provided for in such Basic Agreement and limit the Company in the exercise of its management rights, will be null and void.

(b) Local side agreements, practices, or exceptions, that conflict with the Basic Agreement, will require approval in writing, prior to implementation, by the International Vice President, Air Transport Division, and the Vice President-Employee relations of the Company, or their designees.

All rights and obligations, monetary or otherwise, which may have accrued because of services rendered prior to the effective date of this Agreement, will be satisfied or discharged.

Any dispute as to the interpretation or application of the Agreement, will be subject to the grievance procedures specified in Article 31.

ARTICLE 47 - DURATION OF AGREEMENT

THIS AGREEMENT will become effective as of ~~1 April 15, 2003~~ **DATE 2012** and will continue in full force and effect until and including ~~April 30, 2008,~~ **DATE 2018** and will renew itself until each succeeding ~~April 30th~~ XXXXX Y thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than (30) calendar days prior to the 1Y day of XXXXX in any year, beginning with XXXX Y, 2018. ~~in accordance with Attachment 47.1.~~

(NA)

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. It is agreed by the parties that the other will not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement, without serving written notice as provided for in the above paragraph.

The attachment on the following page is agreed to by the parties and is incorporated as part of the Agreement.

IN WITNESS WHEREOF, the parties have entered this Agreement on the ~~5th day of May, 2010~~ **DATE 2012** and have signed this Agreement on **DOS**:

**For the Transport Workers
Union of America**

James C. Little
International President

Robert F. Gless
Deputy Director, Air Transport Division

Donald M. Videtich
International Representative
Air Transport Division

WITNESS:

For American Airlines Inc

Denise Lynn
Vice President Employee Relations

James B. Weel
Managing Director Employee
Relations

WITNESS:

Attachment 47.1 – Wage Adjustment Provision

DOS

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

Wage Adjustment Provision (“Wage Opener”)

Dear Robert,

This letter is a follow up to our conversation regarding the Company recognizing the TWU's request to incorporate a provision to provide additional protection for your members regarding their hourly compensation contained in this agreement. This letter will expire on May 4, 2013.

Upon ratification of this agreement the parties will validate the current standing of compensation in the industry for a Maintenance Control Technicians. (See Attached chart.) Compensation includes: chart rate, longevity pay, license premium, line premium, MCT premium and shift differential.

In the event workers at comparable airlines (UA, US) amend their collective bargaining agreements, prior to the amendable date of this agreement, and these amendments lower the current standing in compensation of the TWU classifications listed above, the TWU will notify the company in writing of its intent to ‘open’ compensation negotiations limited to the following areas:

- Chart Rate or Base rate
- Longevity Pay
- Line Premium
- MCT premium
- Shift Differential
- All other premiums

It is understood between the parties that the purpose of this ‘wage adjustment’ provision is to ensure that the TWU classifications mentioned above, maintain their compensation standing with the industry comparators up until the amendable date of this agreement. In addition, it is intended to provide a percentage based form of internal equity for all other classifications, within the respective Title Group, covered by the AA/TWU Maintenance Control Technician agreement.

If you are in agreement with above, please indicate by signing below.

Sincerely, _____ Agreed to:

Mark Burdette
Vice President
Employee Relations

Mr. Robert F. Gless
Assistant ATD Director
American Airlines System Coordinator
Transport Workers Union, AFL-CIO

Technical Specialists				
Wages+ Premiums	AA YR1	US	AA Curr	UA
MAX				
RATES	\$32.02	\$33.14	\$31.09	\$36.39
LICENSE	\$5.00	\$3.50	\$5.00	\$0.00
LONGEVITY				
TY	\$0.30	\$0.00	\$0.30	\$0.00
LINE	\$2.55	\$0.00	\$0.55	\$0.00
SHIFT				
DIFF	\$0.03	\$0.61	\$0.03	\$0.00
OTHER				
PREMIUM	\$1.55	\$1.00	\$0.00	\$0.00
TOTAL	\$41.45	\$38.25	\$36.97	\$36.39
Ranking				
Technical Specialist				
Wages+ Premiums	AA YR 1,2,3	US	AA Curr	UA
Base Wages	\$32.02	\$33.14	\$31.09	\$36.39
Premiums	\$9.43	\$5.11	\$5.88	\$0.00
TOTAL YR1	\$41.45	\$38.25	\$36.97	\$36.39
TOTAL YR2	\$41.93	-	-	-
TOTAL YR3	\$42.42	-	-	-
RANKING	4	2		3

LETTERS OF MEMORANDA

LETTER OF MEMORANDA #1 - COPE Deductions

AMERICAN AIRLINES, INC.
P.O. BOX 61616
DFW Airport, TX 75261

August 9, 1980

Mr. Ernest M. Mitchell
International Vice President
Director-Air Transport Division
Transport Workers Union of America, AFL-CIO
1980 Broadway
New York, New York 10023

Re: COPE Deductions

Dear Mr. Mitchell:

Effective thirty (30) days after ratification of the Agreement dated August 9, 1980 and during the life of that Agreement, the Company agrees to deduct contributions to a Union Fund known as the "Committee on Political Education" (COPE) from the pay of those employees under this Agreement who are Union members and who may voluntarily execute a form to authorize such deductions prepared and furnished by the Union. The content of such form shall be agreed upon between the Company and the Union, and the authorization for and remittance to the Union of such deductions shall be in conformance with all applicable laws.

Very truly yours,

Charles A. Pasciuto
Vice President
Employee Relations

LETTER OF MEMORANDA #2 - ATAB

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

August 15, 1995

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

Re: Automated Bid/Transfer

Dear Mr. Koziatek:

During the discussions which led to the agreement of August 15, 1995, the Company and the TWU agreed to establish an Automated Bid/Transfer System.

A joint committee will be established to design the functionality of the system so that it complies with the contractual rules and procedures, while improving the process and timeliness of awards and notification to the employee, the TWU, and the locations involved.

Very truly yours,

Jane G. Allen
Vice President
Employee Relations

LETTER OF MEMORANDA #3 - ATBTs

Wednesday, August 25, 1999

Subject: Items Requiring ATBTs from Engineering

The following procedure will be observed:

1. Engineering will have a Technical Specialist input their items requiring an ATBT.
2. The Technical Specialist will review the item for content. The Technical Specialist will review any problems with the content with the Engineer and/or EMOD (S.E.) to ensure the TFI and ATBT reflect the intent of the Engineering request.
3. The Technical Specialist MUST enter the item in a timely manner. If higher priority work is being accomplished at the time of the Engineering request, the Technical Specialist will ensure the item is entered during his shift or turn the item over to the following shift for accomplishment.

Bill Detamore
Director, FOE

cc: A. Atkins
J. Creamer
S. McCrea
P. McPherran
M. Seefluth
B. DuBreuil

LETTER OF MEMORANDA #4 - Letters of Agreement

March 1, 2001

Mr. James C. Little
Air Transport Director
International Vice President
Transport Workers Union of America
1848 Norwood Plaza, Suite 112
Hurst, Texas 76054

Dear Jim,

During the recent negotiations for the Technical Specialist agreement, the Company and the TWU established a mutual objective to review all letters of agreements, letters of memorandum or interpretative letters, whether included in the current agreement or were part of the side letters retained by either party for purposes of administration and application of the agreement. The objective was to mutually agree on a disposition for each and every letter. The disposition included, either inclusion into the agreement via an Article or attachment, removal, or retention outside the agreement for purposes of future reference.

The parties have developed a Letter of Agreement Master Index which will be retained outside the agreement, yet understood as the final disposition on all the letters contained within. The disposition on the letter is exclusively for the Technical Specialist agreement. The terminology used for the disposition will be defined as follows:

1. Remove: The letter is no longer in force and effect and will not be used as a precedent for purposes of future contract application.
2. Remove/Incorporated into Article: The letter has been removed and the portions of substantive value, as agreed upon by the parties, have been included into the language of a specific Article. By inclusion of the letter, in whole or in part, into the Article it has the same force and effect as all other contract language.
3. Retain in the Contract: The letter retains its force and effect and is retained as an Attachment to a specific Article or in the Letter of Memorandum section, depending on its applicability, e.g., attached for historical value.
4. Retain outside the Contract: The letter will serve as a reference for the purpose of future application for either party; however, they are not binding and maybe modified or removed at a future date, e.g., explanation on Company policy or plans.

In the event of a dispute regarding the application of the above, the issue will be resolved by the Vice President – Employee Relations and the TWU Air Transport Director, or designee. If the above accurately reflects your understanding, please indicate by signing below.

Sincerely,

James B. Weel
Managing Director
Employee Relations

Agreed to:
James C. Little
Air Transport Director
Transport Workers Union of America, AFL-CIO

~~LETTER OF MEMORANDA #5 – Enhanced Profit Sharing Plan~~

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

DOS

~~RE: Enhanced Profit Sharing Plan~~

Dear Robert,

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

~~The Company will establish an enhanced profit sharing arrangement (the “Enhanced Plan”) that will allow the Employees the enhanced opportunity, as described below, to share in the financial success of the Company.~~

- ~~1. The effective date of the Enhanced Plan will be the day following the date of ratification of the AA/TWU labor agreement covering mechanic and related employees.~~
- ~~2. Performance will be measured by American’s Pre Tax Earnings (as defined in the Enhanced Plan) with respect to the plan year covered by the Enhanced Plan and the fund from which any Enhanced Plan awards are distributed (“Enhanced Fund”) will accumulate based on that performance, and will be established as follows:~~
 - ~~a. Fifteen percent (15%) of the dollar amount of American’s Pre-tax Earnings.~~
 - ~~b. For eligible Employees, individual awards under the Enhanced Plan will be distributed based on a definite predetermined formula for allocating on a pro-rata basis the contributions made to the Enhanced Fund which will be determined by the Company.~~
 - ~~c. Any payout under the Enhanced Plan will be made no later than March 15th of the year following the year’s profits on which the payout is based.~~
 - ~~d. All other terms and conditions are covered under the Enhanced Profit Sharing Plan document.~~

~~This Letter of Agreement shall cancel and supersede the Letter of Agreement dated April 24, 2003 establishing the Annual Incentive Plan (AIP) for TWU represented employees.~~

Sincerely,

{Original Signed on file}

James B. Weel
Managing Director

~~Employee Relations
American Airlines Inc.~~

~~Agreed to:
{Original Signed on file}~~

~~Robert F. Gless
International Representative
AA System Coordinator
Transport Workers Union of America, AFL-CIO~~

LETTER OF MEMORANDA #6 – TWU Labor Protective Provision “Me Too Clause”

DOS

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

RE: TWU Labor Protective Provision “Me Too Clause”

Dear Robert,

~~During the 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 Maintenance Control Technician employees effective DOS, 2010, the parties were aware of pending collective bargaining negotiations between American Airlines and the Allied Pilots Association (“APA”), as representative of the craft or class of air line pilots, and the Association of Professional Flight Attendants (“APFA”), as representative of the class and craft of Flight Attendants. American and the TWU have reached the following understanding that will be applicable to TWU represented Maintenance Control Technician employees of American.~~

~~In the event American enters into a collective bargaining agreement with the APA or the APFA that fails to modify pension benefits and retiree medical benefits for new hires or retiree medical benefits for existing employees under the APA or APFA agreements in the current round of bargaining, such that they are similar in structure and industry standing to those in the TWU agreement, without other comparable offsets, the Company and TWU will meet within 30 days of ratification of an APFA or APA agreement to determine the appropriate remedy.~~

~~If this letter accurately reflects the agreement of the parties, please sign below.~~

_____ Sincerely, _____ Agreed to:
{Original Signed on file} _____ {Original Signed on file}

James B. Weel _____ Robert F. Gless
Managing Director _____ International Representative
Employee Relations _____ AA System Coordinator
American Airlines Inc. _____ Transport Workers Union of America, AFL-CIO

LETTER OF MEMORANDA #7 -- Retiree Medical -- VEBA

DOS

Mr. Robert F. Gless
International Representative
American Airlines System Coordinator
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Re: ~~Retiree Medical~~

Dear Robert,

~~During the recent negotiations, the parties had an opportunity to discuss the Company's competitive disadvantage concerns over Retiree Medical and the TWU's interest to maintain this valuable benefit.~~

~~In the interest of finding a mutually beneficial solution, the Company and the TWU commit to form a joint committee with the sole purpose to explore the feasibility of establishing a Voluntary Employees' Beneficiary Association (VEBA) similar to the agreement between the UAW and General Motors that was approved in 2007.~~

~~The joint committee will be established and the terms and conditions surrounding the scope of the committee will be agreed to within one hundred and twenty (120) days of the date of signing of the AA/TWU agreement.~~

~~If you are in agreement, please indicate by signing below.~~

Sincerely, _____ Agreed to:

{Original Signed on file} _____ {Original Signed on file}

_____	_____
James B. Weel	Robert F. Gless
Managing Director	International Representative
Employee Relations	AA System Coordinator
American Airlines Inc.	Transport Workers Union of America, AFL-CIO

LETTER OF MEMORANDA - 5 – Gain Sharing

DOS

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

Employee Gain Sharing Plan

Dear Robert,

During the restructuring agreement negotiations, the parties committed to meet and discuss the joint development of a gain sharing plan (similar to the PRP for Dispatch) for each of the other AA/TWU agreements, excluding Dispatch. Any such plans, which will be implemented only by mutual agreement of the parties, will be applicable to employees covered by those other agreements.

The parties agree that any plan that is developed and implemented will include consideration of the following principles:

- **Simple and easily understood by employees**
- **Fiscally responsible (self-funded)**
- **Performance based**
- **Connected to employee action: “line of sight”**
- **Tied to corporate and local business results**
- **Structured to motivate continuous improvement**

The above agreed upon terms and conditions will replace the Customer Service component of the AIP plan as of DOS.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

Sincerely,

**James B. Weel
Director
Employee Relations**

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

**LETTER OF MEMORANDA - 6 – Early Out
DOS**

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

Early Out Incentive Allowance

Dear Robert,

During the 2012 restructuring negotiations, the TWU expressed an interest in reaching an agreement on an Early Out program that would provide a means to mitigate involuntary furloughs for TWU represented employees.

In the interest of reaching a consensual agreement for those TWU employee groups that will experience furloughs as a result of the terms and conditions agreed to within the respective AA/TWU restructuring agreements, the Company agrees to provide the following incentives on a one time basis:

- 1. Eligibility: Any TWU represented employee covered by the Mechanic and Related, Fleet Service, Stock Clerk, Dispatch or Maintenance Control Technician agreement who is on active payroll or an approved Leave of Absence as of DOS.**
- 2. For employees who were system or station protected prior to DOS and who are subject to a reduction in force in accordance with Article 15 of the AA/TWU agreements in connection with implementation of the restructuring agreement:**
 - a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).**
 - b. Provide the \$12,500 special severance payment under Article 44**
 - c. In order to receive a. and b. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.**
- 3. For all employees, whether affected by a reduction or force or not, who are willing to voluntarily separate from the Company to reduce the involuntary reductions at that station or on the system and who are 45 years of age or older and have 15 years or more of Company seniority, the Company will:**

- a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
- b. Provide the \$12,500 special severance payment under Article 44 (if the employee was system or station protected prior to DOS)
- c. Provide a \$10,000 separation allowance for full time employees/\$5000 for part time employees
- d. In order to receive a., b. and c. above, the employee will be required forfeit all seniority, and relinquish any and all claim for re-employment and recall.
- e. The Company maintains discretion as to the number of employees provided this Early Out incentive allowance and as to the separation dates for such employees. When the number of employees willing to accept this incentive exceeds the number the Company is willing to provide, occupational seniority will determine the employees awarded.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15 and Occupational seniority, therefore this agreement requires the International TWU's agreement. If you agree with the above, please indicate by signing below.

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

Examples of estimated pre-tax payout amounts by TWU classification

	<u>Regular Severance¹</u>	<u>Sys. Protection Special Severance</u>	<u>Special Incentive</u>	<u>Total</u>
AMT - Line	\$17,030	\$12,500	\$10,000	\$39,530
AMT - Base	\$16,744	\$12,500	\$10,000	\$39,244
OSM	\$11,450	\$12,500	\$10,000	\$33,950
PM Mech - Line	\$15,314	\$12,500	\$10,000	\$37,814
PM Mech - Base	\$15,028	\$12,500	\$10,000	\$37,528
PMM	\$9,989	\$12,500	\$10,000	\$32,489
A/C Cleaner Parts Washer	\$9,672	\$12,500	\$10,000	\$32,172
	\$9,937	\$12,500	\$10,000	\$32,437
FSC - FT	\$11,159	\$12,500	\$10,000	\$33,659
FSC - PT	\$7,811	\$12,500	\$5,000	\$25,311
Ground Svc.	\$11,159	\$12,500	\$10,000	\$33,659
Stock Clerk	\$11,159	\$12,500	\$10,000	\$33,659
MCT	\$21,788	\$12,500	\$10,000	\$44,288
Dispatch	\$25,548	\$12,500	\$10,000	\$48,048

¹Assumes 13 weeks of severance at max. rate including applicable premiums

**LETTER OF MEMORANDA -7 – Me Too
DOS**

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

“Me, too provision”

Dear Robert,

During the negotiations that led to the signing of the Agreement between American Airlines, Inc. (“AA” or “the Company”) and the Transport Workers Union of America, AFL-CIO (“TWU”) covering the Maintenance Control Technician Agreement, the Company and the TWU agreed to the following, effective upon ratification of all seven (7) of the TWU Agreements by the TWU membership:

1) Notwithstanding any provision to the contrary in this Restructuring Agreement (“Agreement”), the terms of the Agreement shall not become effective until the Company has received approval to implement, through binding agreement, and/or implemented by legal unilateral authority, revisions to (i) the labor contracts of the Company’s other non-TWU unionized employees and (ii) the wages, benefits and working conditions of the Company’s non-union hourly employees and (iii) the wages, benefits and working conditions of the non-union salaried and management employees so that the aggregate revisions in (i),(ii) and (iii) for each individual non-TWU union and non-union employee group are reasonably projected by the Company to produce the targets for labor cost savings specified in the Company’s Section 1113(c) motion.

2) The Company agrees that if the Company fails to implement the changes described in paragraph 1 for any other non-TWU union or non-union employee group, without implementing other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, the Company will meet with TWU to discuss and agree upon a proportionate reduction in projected labor cost savings under the Agreement. This paragraph shall expire upon the earlier of 1) six (6) months after the date the Company emerges from the bankruptcy process; or 2) when the changes described in paragraph 1, or other changes that are reasonably projected by the Company to achieve equivalent labor cost savings, are implemented for all non-TWU union or non-union employee groups.

3) The Company further agrees that if it obtains modifications to agreements with other non-TWU union groups that result in labor cost savings to the Company from reduction in TWU represented employees working under TWU agreements, it will meet with TWU to discuss and agree upon an appropriate credit to the TWU based on the level of labor cost savings realized by the Company from that reduction.

4) The Company will provide TWU with sufficient relevant information reasonably necessary for TWU to determine compliance with the terms of this agreement.

5) Any alleged violation of these provisions will be resolved pursuant to the grievance and arbitration procedures of the applicable TWU Agreement.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

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**

LETTER OF MEMORANDUM - 8 - Profit Sharing Plan

Administrative Guidelines Changes Pursuant to 2012 Contract Changes

May 5, 2011 DOS

Vacation Bid Selection
TUL/AFW Maintenance Control Technicians

1. All vacation selections will be in order of company seniority.
 - a. Employees who wish to split their vacation must bid each vacation period on a sequential basis. For example, an employee may not bid more than one vacation period at a time. However, an employee may bid his entire vacation period at one time if he does not desire to split his vacation.
 - b. The employee whose turn it is to select his vacation dates should be prepared to bid. If the employee does not indicate his choice from the dates available, he will be bypassed and must make his choice from the dates available at the time he is ready to make his selection.
 - c. Any employee who will be on vacation, days off, or otherwise unavailable when his opportunity to select vacation dates arises, must submit his vacation bid, in writing, to the appropriate supervisor in advance. If an employee fails to submit such written bid, he will be bypassed and must make a selection from the dates available when he returns.
 - d. An employee who fails to make a vacation selection by the end of the selection period will be assigned a vacation period from those open vacation periods remaining on the selection list.
 - e. If a holiday falls within an employee's vacation period, the next scheduled workday will become the employee's holiday.
 - f. After vacations are selected, no swaps will be permitted. Changes will be permitted with the approval of management.
 - g. In the event an employee voluntarily transfers to another work unit, the employee's vacation selection in the previous work unit will not apply unless the specific week the employee is carrying over is vacant at the new work unit or the employee's previous vacation period can be reasonably accommodated in the new work unit as determined by management.
 - h. In the event an employee is involuntarily reassigned to another work unit, his vacation weeks will be carried over to the new work unit and will be honored.
 - i. Any vacation selections, which have been vacated by an employee leaving the work unit, will be posted and awarded to the highest senior bidder. As a result of this award, the first resultant vacancy will be posted and awarded to the highest senior bidder.
2. All vacation selections must commence following the employee's scheduled days off. This applies to full week vacation selections only.
3. Overlaps in vacation selection will be permitted, provided that no more than two (2) employees are off within the work unit at any time, and they are not within the same days off grouping (**or shift schedule selected per Article 3. b) (1) only**).

May 5, 2011 DOS

Field Trip Guidelines
TUL/AFW Maintenance Control Technicians

Article 26 of the Labor Agreement indicates the manner in which employees who are sent on a field trip are to be paid. It does not provide procedures for the selection of employees for such field trip. In the absence of specific contract language, the Company and The TWU are establishing the following policy for the selection of employees for field trips for TUL and AFW Maintenance Control Technicians.

Field trip lists shall be maintained by the Company and shall be posted at designated locations in AFW and TUL daily. The Company shall retain copies of the field trip list for a period of not less than six (6) months and will make those lists available to any TWU representative upon request. The Company will maintain a record of called field trips and will include the following information: time the trip was called; scheduled departure flight and time; was it called off of the desk; reason for the trip.

- A. All employees entering the work unit, (e.g. returning from unpaid LOA, new hires, transfers, MPR) will be placed on the field trip list and are given the highest hours plus one-hour.
 - B. An employee who is working with medical restrictions will be considered for fieldwork within his medical restrictions.
 - C. When proffered a field trip, the reasons for the field trip will be discussed with the employee. The employee will either accept or decline the field trip proffer.
 - D. Selection for field trips will be made from those employees lowest in posted field trip hours on the appropriate work unit field trip list following these procedures:
 - 1. With less than 2 hours until the next scheduled departure use the field trip list and proffer to MCTs on shift.
 - 2. With more than 2 hours until the next scheduled departure use the field trip list and proffer to MCTs using the entire field trip list.
 - 3. Once the field trip has been called and proffered to the first MCT the field trip may not be canceled and offered to another Title Group until all eligible MCTs have declined the offer.
 - E. While on a field trip, an MCT may perform work on multiple aircraft within a station.
 - F. All premium hours worked or refused on field trips will be charged to the employee's work unit field trip list. See examples for 8-hour day or 10-hour day.
- For Example: Worked or refused 8 hours at 1.5 X rate – Charged 12 hours
~~Worked or refused 8 hours at 2.0 X rate – Charged 16 hours~~
Worked or refused 10 hours at 1.5 X rate- Charged 15 hours
~~Worked or refused 10 hours at 2.0 X rate – Charged 20 hours~~
- 1. An employee who refuses a field trip will be charged with a field trip refusal and will immediately have twenty-four (24) hours added to the field

trip list. Upon completion of the subject field trip, the field trip list will be adjusted for the employee(s) who refused the field trip to reflect the actual paid hours for the field trip.

2. If a field trip has been proffered and refused, any MCT that has refused the proffer may not change his mind to accept the trip until all the other MCTs on the list have been proffered and refused the trip.

If a field trip has been proffered and an MCT was considered "NO CONTACT", that MCT will not be considered eligible and may not accept the field trip proffer until all other MCTs on the list have been proffered and refused the trip. An MCT who has accepted a field trip subsequent to a "NO CONTACT" will not be asked to decline the trip in favor of the previous "NO CONTACT" MCT.

3. Employees hereunder shall not be required to suspend work to avoid the payment of overtime.

4. If a field trip shall continue so that its termination shall fall less than seven and one-half (7-1/2) hours prior to the commencement of the employee's regular shift he will receive pay for all time worked as though his regular shift were continuous with his field trip.

5. An employee will not be eligible for another field trip until he turns in his hours from the field trip worked.

6. At the employee's option, he may elect to depart directly from his home (without reporting to his base) when leaving on his field trip and/or to return directly to his home when returning from a field trip. When exercising this option, for purposes of calculating the time spent on a field trip, the total hours shall begin 60 minutes prior to his scheduled flight departure and shall end upon his arrival at his home airport.

7. An employee starting vacation(s) or Military Leave that accepts and works a field trip on the day(s) off prior to, between or immediately following vacation(s) or Military Leave shall be charged accordingly. An employee starting vacation(s) or Military Leave who refused the field trip on day(s) off prior to, between or immediately following the vacation(s) or Military Leave shall not be charged.

G. Health and Safety Considerations

1. Prior to departing the field trip location, the Company and the employee will discuss the employee's ability to work his next scheduled shift following his return. If there is a safety or health concern, the Company may relieve the employee from all or part of his next shift and he shall be compensated for scheduled hours at straight time rates.

2. When making such a reasonable determination, the Company shall consider the employee's schedule while on the field trip in conjunction with his schedule upon returning.

3. Maintenance and Preventive Maintenance Duty Time Limitations (ref GPM and CFR regulations) shall be complied with. Note: International duty time limitations must be followed.

H. Employee field trip recorded hours will be “zeroed” annually on January 1st.

I. The MCT on the field trip is responsible for honestly and accurately reporting all hours incurred on the field trip, including all start and stop times incurred due to breaks in continuity of paid hours. All hours will be in Central time.

J. Any difficulties in obtaining station support or cooperation while on a field trip must be reported to the TMOD and MOD-SOC immediately. If there are any difficulties obtaining transportation for the MCT to return to the aircraft, the MCT must call his supervisor and/or TMOD immediately. All such instances must be reported in the Field Trip report.

K. An MCT may be directed to go to a hotel due to waiting for parts, equipment or other unforeseen circumstances.

1. An MCT who requests or is directed to go to a hotel will remain in the hotel for a minimum of seven and one-half (7.5) hours in order to ensure adequate rest.

2. An MCT who goes to a hotel breaks the continuity of paid hours per Article 26 when he checks into the hotel.

3. After the conclusion of a break in the continuity of paid hours, the MCT will not return to paid status (on the clock) until he reports into his supervisor or the TMOD and is ready to return to the work site.

L. Per Article 26 of the Labor Agreement, when an employee performs work away from his base, all continuous time, whether traveling or working will be computed as time worked for all purposes. A period of seven and one-half (7 ½) hours or more during which an employee is not traveling or working will break the continuity of paid hours.

M. Per Article 26 of the Labor Agreement, travel is considered as beginning from your home station to the station where the FT is taking place, and from FT station back to the home station. The MCT is not considered as traveling while going from the FT Station to an offsite location for any other activity not directly related to repairing the aircraft, except for rest period and any other Management approved occurrence.

N. An MCT is required to phone in updates to his or her supervisor and/or the TMOD during off hours at least every 4 hours, as well as update Aircraft Status and Out-of-Service Manager (ASOM) where available. If he is unavailable to directly contact any of the above personnel or update ASOM, he must contact the appropriate fleet desk and provide details so updates will be reported to the appropriate personnel.

↳ O. Maintenance Control Technicians traveling on field trips shall coordinate travel plans (both going to and returning from) with the Technical Manager on duty (TMOD).

↳ P. Any Maintenance Control Technician on the field trip list will be supplied with all necessary outerwear and safety equipment. Outerwear and equipment will be replaced as necessary.

The following is a list of supplied outer wear and safety equipment:

1. One (1) pair coveralls
2. One (1) lightweight jacket with lining
3. One (1) cold weather parka
4. One (1) headset ear protection
5. One (1) reflective safety vest

6. One (1) pair of safety glasses
7. An adequate supply of rain gear (top and bottom) will be maintained at each station

Don Videtich
International Representative
Transport Workers Union

Mark Nelson
Manager, Employee Relations
American Airlines

LOAs to be Retained Pursuant to the 2012 Contract Changes

FMR Updating

**Mark Nelson
Manager, Employee Relations American Airlines**

Re: Article 1 - Scope Understanding of FMR Updates

Dear Mark,

This will confirm our understanding reached during the bankruptcy restructuring talks leading up to the agreement signed on (DOS). During these discussions, the Company and the Union agreed to construct a letter of agreement to address specific Company concerns that arose during the restructuring talks.

Normally, only Maintenance Control Technicians will write and update all ATBTs for all MEL, COL, TAC, TFIs, TIs, and NEF items, as it is stated in Article 1, second paragraph. However, it was further stated and understood by both parties; the MCT Supervisor and Manager may update and perform administrative functions on FMR items, on an exception only basis (non-routine basis).

If the above accurately reflects your understanding, please indicate by signing below. In addition, your signature will validate that the above can only change with a mutual agreement between the TWU and operating Management.

Sincerely,

Agreed To:

**Don Videtich
International Representative
Transport Workers Union**

**Mark Nelson
Manager, Employee Relations
American Airlines**

**cc: Mark Burdette
Kimball Stone
Bob DuBreuil
Jason Best
Gary Moffitt**