

AA/TWU STORES
COMPANY COMPREHENSIVE
PROPOSAL

February 22, 2010

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- LETTERS OF MEMORANDUM
- LETTERS OF AGREEMENT
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COMPANY PROPOSALS

ARTICLE 1 – RECOGNITION AND SCOPE

- INCLUDE WORKING TOGETHER LANGUAGE (SEE ATTACHMENT 1)
- EAGLE ASM LETTER MODIFICATION (SEE ATTACHMENT 2)

COMPANY PROPOSALS

ARTICLE 3 - HOURS OF WORK

- **IMPROVE AA & MRO ABILITY TO COMPETE WITH 24/7 WORK FORCE (PROVIDE RELIEF FROM 1/7 RULE CONSTRAINTS AT OVERHAUL BASES).
(SEE ATTACHMENT 3 – Full text sub-committee agreement)**

COMPANY PROPOSAL

ARTICLE 4 – COMPENSATION

- DOS 3.0% LUMP SUM
- DOS + 12 MOS 3.0% LUMP SUM*
- DOS + 24 MOS 2.0% LUMP SUM*
- DOS + 36 MOS 2.0% LUMP SUM*

NOTE: *CONVERTIBLE IN WHOLE OR IN PART TO A STRUCTURAL INCREASE TO RETAIN AA'S RELATIVE STANDING OF THE TWU'S MAX HOURLY CHART RATE AS COMPARED TO THE MAX HOURLY CHART RATES(S) OF WN, FL, B6, CO, US, DL, UA

****APPROXIMATE GROSS AMOUNTS (EXAMPLES SHOWN AT MAX RATES)**

THE LUMP SUM IS A PERCENTAGE OF THE CHART RATE PLUS PREMIUMS ANNUALIZED AS FOLLOWS AND IS PENSIONABLE:

DOS & DOS + 12 3.0% LUMP SUM

STOCK CLERK

2080 HRS x (\$21.16+ \$.30) \$21.46 = \$44,637 x .03 = \$1,339 **

CREW CHIEF STOCK CLERK

2080 HRS x (\$21.16 + \$.30 + \$1.75) \$23.21 = \$48,277 x .03 = \$1,448 **

COMPANY PROPOSAL

ARTICLE 4 – COMPENSATION

- **DOS + 24 & 36 2.0% LUMP SUM**

NOTE: *CONVERTIBLE IN WHOLE OR IN PART TO A STRUCTURAL INCREASE TO RETAIN AA'S RELATIVE STANDING OF THE TWU'S MAX HOURLY CHART RATE AS COMPARED TO THE MAX HOURLY CHART RATES(S) OF WN, FL, B6, CO, US, DL, UA

****APPROXIMATE GROSS AMOUNTS (EXAMPLES SHOWN AT MAX RATES)**

THE LUMP SUM IS A PERCENTAGE OF THE CHART RATE PLUS PREMIUMS ANNUALIZED AS FOLLOWS AND IS PENSIONABLE:

2.0%

STOCK CLERK

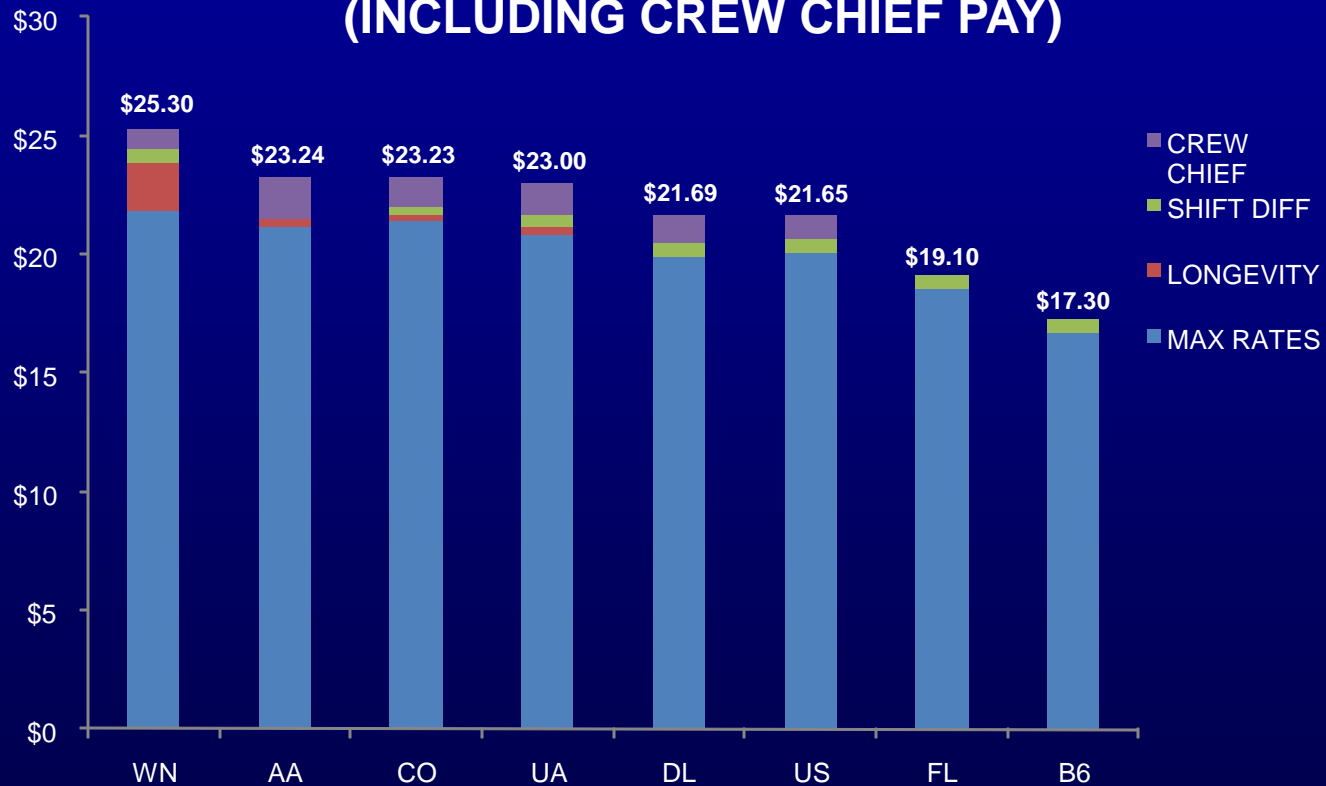
2080 HRS x (\$21.16+ \$.30) \$21.46 = \$44,637 x .02 = \$893 **

CREW CHIEF STOCK CLERK

2080 HRS x (\$21.16 + \$.30 + \$1.75) \$23.21 = \$48,277 x .02 = \$966 **

COMPANY PROPOSAL

MAX FULL-UP HOURLY PAY RATES STOCK CLERKS, FEBRUARY 2010 (INCLUDING CREW CHIEF PAY)



COMPANY PROPOSAL VARIABLE COMPENSATION

- **MUTUALLY COMMIT TO DEVELOP A VARIABLE COMPENSATION (GAIN SHARING) PLAN FOR EACH AGREEMENT, PRIOR TO THE AMENDABLE DATE, WHICH IS 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**

COMPANY PROPOSALS

ARTICLE 5 – SHIFT DIFFERENTIAL

- **CURRENT BOOK**

COMPANY PROPOSALS

ARTICLE 6 – OVERTIME

- **CURRENT BOOK WITH THE EXCEPTION OF ATTACHMENT #4
(COMMON GUIDELINES)**

COMPANY PROPOSAL

ARTICLE 7 – HOLIDAYS

MODIFY ARTICLE 7 AS FOLLOWS:

- **INCREASE NUMBER OF HOLIDAYS AS FOLLOWS:**
 - **ADD MEMORIAL DAY AND THE FRIDAY AFTER THANKSGIVING EFFECTIVE 2010**
 - **ADD MARTIN LUTHER KING DAY EFFECTIVE 2011**
- **INCREASE HOLIDAY WORK RATE FROM 1.5x TO 2.0x EFFECTIVE DOS**
- **MODIFY HOLIDAY PROVISION FROM “AUTOMATICALLY OFF” UNLESS REQUIRED, TO “AUTOMATICALLY REQUIRED” EXCEPT AT BASE MAINTENANCE LOCATIONS**
- **ADD LANGUAGE TO REFLECT 4/10’s HO PAID 10 HOURS (LOM 6/05/2006)**

COMPANY PROPOSAL

ARTICLE 8 – VACATION

- ALL EMPLOYEES WITH LESS THAN 10 YEARS CAN ACCRUE UP TO 80 HOURS OF VACATION TIME PER YEAR

COMPANY PROPOSALS

ARTICLE 12 – PROMOTIONS AND JOBS TO BE POSTED

- **AUTOMATE PROMOTIONS AND TRANSFER SYSTEM**
- **INCORPORATE ENHANCED HIGHER CAPACITY POSITION EVALUATIONS**
- **UPDATE QAM TO REFLECT CURRENT DESCRIPTIONS AND TEST REQUIREMENTS**
- **MODIFY BASE TRANSFER MEMORANDUM TO MORE EFFICIENTLY RESPOND TO CHANGES IN WORKLOAD**
- **IMPROVE BASE LABOR LOAN WORK RULES
(SEE ATTACHMENT 5 – As agreed in sub-committee with attachment 12.3 open)**

COMPANY PROPOSAL

ARTICLE 34 – SICK LEAVE

2010

- **MODIFY ACCRUAL RATE FOR 2010 TO REFLECT AN INCREASE TO SIX (6) DAYS (TO BE CREDITED FOR USE IN 2011)**

2011

- **MODIFY ACCRUAL RATE FOR 2011 AND THEREAFTER TO REFLECT AN INCREASE TO EIGHT (8) DAYS (TO BE CREDITED FOR USE IN 2012)**
- **NOTE ONE DAY EQUALS 8 HOURS**

COMPANY PROPOSALS

ARTICLE 36 – MEAL PERIODS

- **CURRENT BOOK**

COMPANY PROPOSAL

ARTICLE 40 – PENSION

- **FOR NEW HIRES PROVIDE A DEFINED CONTRIBUTION PLAN:**

ALL STOCK CLERK EMPLOYEES HIRED AFTER THE EFFECTIVE DATE OF THE AGREEMENT WILL AUTOMATICALLY BE ENROLLED IN SUPER SAVER PLUS 401(k) PLAN AND WILL RECEIVE A COMPANY PROVIDED MATCHING CONTRIBUTION AFTER COMPLETION OF ONE YEAR ELIGIBILITY SERVICE

ENROLLMENT WILL REFLECT AN AUTOMATIC 3% EMPLOYEE CONTRIBUTION; EMPLOYEE CAN INCREASE OR DECREASE AND CHANGE INVESTMENT SELECTION AT ANYTIME

EMPLOYEE CONTRIBUTION WILL INCREASE 1% EACH YEAR UNTIL 5.5% EMPLOYEE CONTRIBUTION IS ACHIEVED; EMPLOYEE CAN INCREASE OR DECREASE AT ANYTIME

COMPANY WILL MATCH THE EMPLOYEE CONTRIBUTION DOLLAR FOR DOLLAR UP TO 5.5% OF PENSIONABLE PAY UPON MEETING ELIGIBILITY REQUIREMENTS

EMPLOYEES HIRED AFTER EFFECTIVE DATE OF AGREEMENT WILL NOT BE ELIGIBLE FOR DEFINED BENEFIT PLAN

COMPANY PROPOSAL

ARTICLE 41 – BENEFITS

RETIREE MEDICAL

CREATE A JOINT COMMITTEE TO EXPLORE THE FORMATION OF A VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION (VEBA) TRUST FOR RETIREE MEDICAL TO BE ADMINISTERED BY THE TWU
(SEE ATTACHMENT 6)

CURRENT RETIREES

NO CHANGE TO CURRENT PLANS

CURRENT EMPLOYEES

REFUND EMPLOYEE PREFUNDING BALANCES

EMPLOYER PREFUNDING CONTRIBUTIONS WILL CEASE DATE OF SIGNING

COMPANY PROPOSAL RETIREE MEDICAL

- PRE-65 RETIREE MEDICAL PLAN
- MONTHLY POST FUNDING RETIREE MEDICAL PREMIUMS WILL MATCH THE CURRENT 25% OF RETIREE MEDICAL PLAN COSTS
- MONTHLY POST FUNDING RETIREE MEDICAL PREMIUMS WOULD COMMENCE FOR RETIREMENTS ON OR AFTER 1/1/2010 (SUBJECT TO CHANGE DUE TO TIMELINE OF IMPLEMENTATION PLAN)
- TERMS OF RETIREE MEDICAL WILL BE NO LESS FAVORABLE THAN THE RETIREE MEDICAL PLAN DESIGN, ELIGIBILITY, AND CONTRIBUTIONS OFFERED TO MANAGEMENT
- AGE 65 AND OVER RETIREE MEDICAL PLAN
 - AFTER AGE 65, A COMPANY SPONSORED, GUARANTEED ISSUE, EMPLOYEE PAID MEDIGAP PLAN WILL BE AVAILABLE IN LIEU OF THE CURRENT AGE 65 AND OVER RETIREE MEDICAL PLAN

COMPANY PROPOSAL RETIREE MEDICAL

EMPLOYEES HIRED AFTER DATE OF SIGNING

UNDER AGE 65 PLAN:

EMPLOYEE PRE-FUNDING DOES NOT APPLY

EMPLOYEES WILL BE PROVIDED GUARANTEED ACCESS TO U65 RETIREE MEDICAL WITH NO COMPANY SUBSIDY.

OVER AGE 65 (ELIGIBLE FOR MEDICARE COVERAGE) PLAN:

REPLACED BY A COMPANY SPONSORED, GUARANTEED ISSUE, EMPLOYEE PAID MEDIGAP PLAN.

COMPANY PROPOSALS

ARTICLE 42 – JOB SECURITY

- **MODIFY SYSTEM AND STATION PROTECTION AS NECESSARY TO ALLOW THE IMPLEMENTATION OF WORKRULE CHANGES**

COMPANY PROPOSAL

ARTICLE 47 – DURATION OF AGREEMENT

- **DOS + 4 YEARS**
 - **MODIFY ARTICLE 47 TO REFLECT A FOUR (4) YEAR DURATION FROM DOS**
 - **PROVIDE AN EARLY OPENER PROVISION THAT ALLOWS EITHER PARTY TO SERVE NOTICE NO EARLIER THAN SIX (6) MONTHS FROM THE AMENDABLE DATE**

COMPANY PROPOSAL NEW PROFIT SHARING PLAN

- **THE PLAN ACCUMULATES:**
 - **30% OF THE FIRST \$250M**
 - **25% OF \$250M TO \$500M**
 - **20% OF >\$500M**
- **PLAN IS UNCAPPED**
- **PAID AS A PERCENTAGE OF EARNINGS TO TOTAL LABOR EXPENSE**
- **SUPPLEMENT EXISTING PROFIT SHARING PLAN WITH THE ABOVE EARNINGS THRESHOLD**
- **REPLACES AIP PLAN**
- **EFFECTIVE FOR THE 2010 YEAR AND THE DISBURSEMENT OF THE PLAN, IF APPLICABLE WILL BE IN MARCH OF THE FOLLOWING YEAR.**

**COMPANY PROPOSAL
PROFIT SHARING PAYOUT – EMPLOYEE’S PERSPECTIVE
STOCK CLERK**

PRE-TAX PROFIT (MM)	NEW PROFIT SHARING PLAN	OLD PROFIT SHARING PLAN	VARIANCE
\$ -	\$ -	\$ -	\$ -
\$ 250	\$ 766	\$ -	\$ 766
\$ 500	\$ 1,404	\$ -	\$ 1,404
\$ 1,000	\$ 2,425	\$ 760	\$ 1,665
\$ 1,250*	\$ 2,935	\$ 1,140	\$ 1,795

* INCLUDES THE AIP FINANCIAL COMPONENT

COMPANY PROPOSALS LETTERS OF MEMORANDUM

- MAJORITY OF THE LETTERS ARE AGREED UPON, HOWEVER SOME LETTERS STILL NEED FURTHER DISCUSSION

COMPANY PROPOSALS LETTERS OF AGREEMENT

TAESL – LETTER OF AGREEMENT

- **SUPPLEMENT TO AGREEMENT COVERING TAESL'S UNIQUE MRO ENVIRONMENT**
 - **TAESL TO BE TREATED AS A SEPARATE "TYPE WORK" FOR RIF, RECALL, & TRANSFERS**
 - **ALTERNATIVE WORK SCHEDULES, BY MUTUAL AGREEMENT, FOR TAESL**

COMPANY PROPOSALS LETTERS OF AGREEMENT

DWH – LETTER OF AGREEMENT

- **SUPPLEMENT TO AGREEMENT COVERING DWH**
 - **NO 1/7TH RULE AS PROPOSED IN ARTICLE 3**
 - **ABILITY TO UTILIZE HEADCOUNT BETWEEN TERMINAL/DFW HANGAR & DWH BASED ON OPERATIONAL NECESSITY**
 - **ADD DWH TO THE 1DF ONE STATION COMPLEX AS OUTLINED IN ARTICLE 46**

COMPANY PROPOSAL TENTATIVE AGREEMENTS

AGREEMENT TO INCLUDE ALL PREVIOUSLY TA'D ARTICLES

- ARTICLE 2 – DEFINITIONS
- ARTICLE 9 – PROBATIONARY PERIOD
- ARTICLE 10 – SENIORITY
- ARTICLE 11 – CLASSIFICATIONS AND QUALIFICATIONS
- 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 – WORK SCHEDULES
- ARTICLE 22 – INTENTIONALLY LEFT BLANK
- ARTICLE 23 – ATTENDANCE AT HEARINGS, INVESTIGATIONS OR TRAINING CLASSES
- ARTICLE 24 – ABSENCE FROM DUTY
- ARTICLE 25 – RECALL AND CALL-IN WORK

COMPANY PROPOSAL TENTATIVE AGREEMENTS

- **ARTICLE 26 – FIELD WORK**
- **ARTICLE 27 – GENERAL**
- **ARTICLE 28 – NO DISCRIMINATION, AND RECOGNITION OF RIGHTS AND COMPLIANCE**
- **ARTICLE 29 – REPRESENTATION**
- **ARTICLE 30 – DISMISSAL**
- **ARTICLE 31 – GRIEVANCE PROCEDURE**
- **ARTICLE 32 – BOARDS OF ADJUSTMENT**
- **ARTICLE 33 – NO STRIKE – NO LOCKOUT**
- **ARTICLE 35 – TEMPORARY EMPLOYEES**
- **ARTICLE 37 – SEVERANCE ALLOWANCE**
- **ARTICLE 38 – UNION SECURITY**
- **ARTICLE 39 – PHYSICAL EXAM**
- **ARTICLE 43 – PART-TIME EMPLOYEES**
- **ARTICLE 44 – MOVING EXPENSES/OPTIONAL SEVERANCE FOR PROTECTED EMPLOYEES**
- **ARTICLE 45 – EFFECT ON PRIOR AGREEMENTS**
- **ARTICLE 46 – ONE-STATION COMPLEX AGREEMENTS**