

# Fleet Service Tentative Agreement Tool Now Available

Go online and explore the personalized tool and understand more about the tentative agreement and what it means to you.

- ▶▶ **1** Log on to Jetnet homepage – [jetnet.aa.com](http://jetnet.aa.com).
- ▶▶ **2** Under “Resources,” select “TWU Resource Center.”
- ▶▶ **3** Find information about the tentative agreement.
- ▶▶ **4** Go to “Click to Access the TA Tool.”
- ▶▶ **5** Calculate the estimated effect the TA would have on your earnings and benefits.



This tool also allows you to review your retiree medical prefunding balance.

**FLEET SERVICE**  
**TENTATIVE AGREEMENT**

**American Airlines**<sup>®</sup>

4333 Amon Carter Blvd. MD 5235  
Fort Worth, TX 76155

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# FLEET SERVICE TENTATIVE AGREEMENT

## Dear Colleague,

As you've probably heard, we recently reached a tentative agreement ("TA") with the TWU on a new four-year contract for Fleet and Ground Service employees. The agreement represents a balanced solution that responds to the interests of the TWU membership while also addressing our competitive challenges.

If ratified, the TA would place American's Fleet and Ground Service employees at second highest paid in the industry during the life of the agreement. Other key items in the TA that provide immediate benefit to covered employees include:

- Six percent signing bonus
- Increase from five to ten paid holidays
- Freeze contribution rates for the contractual Value Plan health benefits at the 2012 rate for three years

The TA also addresses a few items that will allow American to become more competitive. It aligns us with every other major U.S. airline by outsourcing fueling, bus driving and dayline cabin cleaning, with employees in those roles currently moving to other Fleet Service jobs.

The TA adjusts active and retiree medical benefits to provide coverage consistent with plans offered to other workgroups, and modifies the American Airlines/American Eagle ASM cap, with a provision to move your job protection date to June 26, 2000 if modified in all seven TWU-represented collective bargaining agreements.

Please take the time to learn more about the TA by carefully reviewing the attached information and information provided by the TWU. Questions about the TA may be directed to your manager or to your local union representative.

Both sides have worked hard to find a TA we believe represents the TWU membership well. I trust you will agree this is a significant step in the right direction. We look forward to fully focusing our efforts on running the operation and to making American Airlines stronger and better every day.

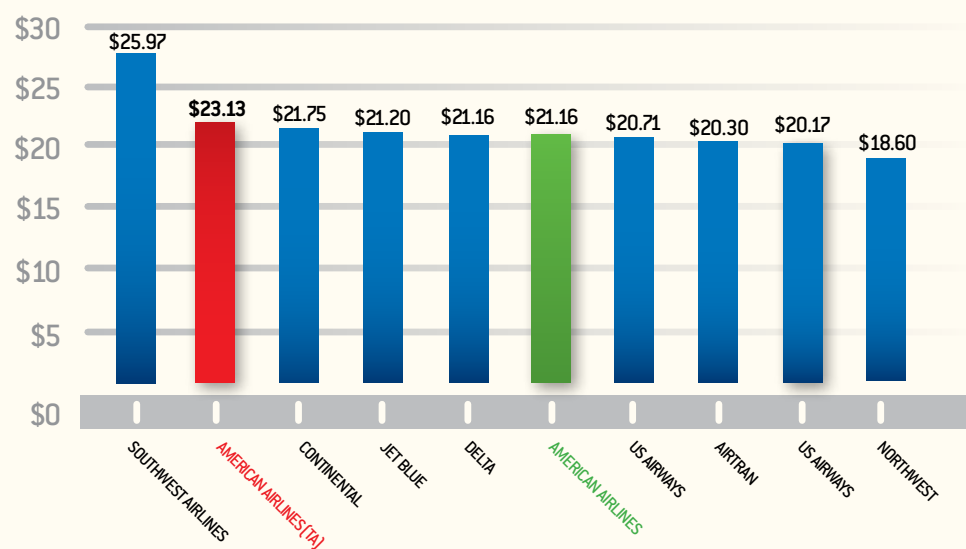
All the best,  
**Tom Del Valle**  
SVP, Airport Services

## Compensation

The TA provides full-time Fleet Service and Ground Service employees at max a signing bonus of approximately \$2,758 and the max hourly chart rate would increase to \$23.13 throughout the life of the agreement.

- Signing bonus of 6% on date of signing.
- 3% structural increase on date of signing.
- 2% structural increase 12 months after date of signing.
- 2% structural increase 24 months after date of signing.
- 2% structural increase 36 months after date of signing.
- Increase Crew Chief D1 Premium from \$1.50 to \$1.75.
- Crew Chiefs will be paid at their Crew Chief rate for all overtime and change of shifts, as long as AA may use crew chiefs in their role as needed.

Max Hourly Chart Rates - October 2011



# Fleet Service Tentative Agreement

Here's a look at the tentative agreement, compared to what is currently in place for employees today:

	Current Contract	October 2011 Tentative Agreement
<b>Compensation</b>	<ul style="list-style-type: none"> <li>• \$21.16 max hourly chart rate.</li> <li>• Crew Chief D1 Premium: \$1.50/hour.</li> </ul>	<ul style="list-style-type: none"> <li>• \$23.13 max hourly chart rate (3% DOS, 2% DOS + 12 mos, 2% DOS + 24 mos, 2% DOS +36 mos) throughout the life of the agreement.</li> <li>• 6% lump sum signing bonus, approximately \$2,758 for full time employees at max.</li> <li>• Crew Chief D1 Premium: \$1.75/hour.</li> </ul>
<b>Productivity &amp; Workrules</b>	<ul style="list-style-type: none"> <li>• 11 of 44 TWU staffed stations insource fueling.</li> <li>• Dayline cabin cleaning insourced.</li> </ul>	<p>Make adjustments to staffing to match how work is done at every other airline:</p> <ul style="list-style-type: none"> <li>• Outsource dayline cabin cleaning at the following stations: BOS, DFW, JFK, LAX, LGA, MIA, ORD, SFO.</li> <li>• AA will not furlough from these 8 stations until 1,276 FSC employees – the number of employees doing this work today – have separated from the company.</li> <li>• Outsource fueling. Title IV employees to be assigned to Title III work.</li> <li>• Outsource bus drivers at LAX and ORD.</li> <li>• Employees currently performing these jobs will be reassigned to other fleet service duties.</li> </ul>
<b>Holidays</b>	<ul style="list-style-type: none"> <li>• 5 holidays at 1.5x.</li> </ul>	<ul style="list-style-type: none"> <li>• 10 holidays at 2.0x.</li> </ul>
<b>Vacation</b>	<ul style="list-style-type: none"> <li>• Min of 5 vacation days, Max of 30 days.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum of 10 vacation days, maximum of 30 days.</li> </ul>
<b>Sick Leave</b>	<ul style="list-style-type: none"> <li>• 5 sick days annually.</li> </ul>	<ul style="list-style-type: none"> <li>• 8 sick days annually.</li> </ul>
<b>Active Medical</b>	<ul style="list-style-type: none"> <li>• Standard \$150 Deductible Plan, which costs \$90.75 per month for employee only coverage.</li> </ul>	<ul style="list-style-type: none"> <li>• Replace current Standard \$150 medical option with the Value medical option, which costs \$59.42 per month for employee only coverage.</li> <li>• Contribution rates for the Value medical option will remain at 2012 rates for 3 years (2013-2016).</li> </ul>
<b>Retiree Medical</b>	<ul style="list-style-type: none"> <li>• Current Employees: Prefund while active, no premiums due after retirement for coverage.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Employees Retiring 3 Mos Within Ratification:</b> Retain current retiree medical benefits.</li> <li>• <b>Employees Retiring After 3 Mos of Ratification, Pre-65 Coverage:</b> Prefunding will end and prefunding balances will be refunded. Average refund is \$5,000. Retirees will pay a monthly premium for coverage in the Standard Retiree Medical Plan, paying the same per person monthly rate as active employees pay for coverage in the Value medical option for Employee Only Coverage.</li> <li>• <b>Employees Retiring After 3 Mos of Ratification, Over-65 Coverage:</b> The company will provide access to guaranteed issue Medicare supplement plans.</li> <li>• <b>New Hires, Pre-65 Coverage:</b> The company will provide access to the benefit.</li> <li>• <b>New Hires, Post-65 Coverage:</b> The company will provide access to guaranteed issue Medicare supplement plans. coverage and employee will pay full cost.</li> </ul>
<b>Pension</b>	<ul style="list-style-type: none"> <li>• Defined benefit plan with 1.67% x Years of Service x Final Average Earnings.</li> </ul>	<ul style="list-style-type: none"> <li>• Current Employees: Stay in defined benefit plan OR move to a 401(k) plan with automatic 2.5% company contribution plus additional 100% match up to 3%, for a total of 5.5%.</li> <li>• New Hires: Enrolled in 401(k) plan after one year of eligible service with automatic 2.5% company contribution plus additional 100% match up to 3%, for a total of 5.5%.</li> </ul>
<b>Profit Sharing</b>	<ul style="list-style-type: none"> <li>• Profit Sharing Plan: 15% of company's profits above \$500 million pre-tax margin.</li> <li>• AIP Financial Component: Pays out 2.5% of wages when American earns a 5-10% pre-tax margin.</li> </ul>	<ul style="list-style-type: none"> <li>• Replace current profit sharing plan and AIP financial component with an Enhanced Profit Sharing Pool that accumulates at 15% of the first dollar of pre-tax profit. This matches the richest plan in the industry.</li> </ul>
<b>ASM Cap</b>	<ul style="list-style-type: none"> <li>• Only 6% of AA's total capacity can be attributed to its regional network, compared to the industry average of approximately 20%.</li> </ul>	<ul style="list-style-type: none"> <li>• Modify cap to 12% (industry standard approx 20%).</li> <li>• Change system protection date to 6/26/2000 (approx. 1,000 employees) if ASM Cap modified or eliminated in each of the other 6 AA/TWU labor agreements.</li> </ul>

# Tentative Agreement Details

## Pension

Provide a defined contribution 401(k) plan for new hires. Current employees will stay in the defined benefit pension plan, with a one-time option to move to the 401(k) plan.

- A 401(k) offers participants the portability to take their contributions if they leave the company, and would also provide the flexibility to take out short-term loans, hardship withdrawals and in-service distributions.
- Only one other AA competitor still offers a defined benefit plan – all others have terminated or frozen their plans.

## Retiree Medical

Refund pre-funding balances and continue to offer access to retiree medical for employees.

- The tentative agreement guarantees access to retiree medical coverage, regardless of employee health status – both before and after age 65 – but modifies the funding of those programs to better align American with the industry and corporate America.
- **Employees Retiring within 3 Months of Ratification:** Retain current retiree medical benefits.
- **Employees Retiring after 3 months of Ratification:**
  - **Pre-65** – Retirees will pay a monthly premium for coverage in the Standard Retiree Medical Plan, paying the same per person monthly rate as active employees pay for coverage in the Value Medical Option Plan for Employee Only coverage (currently \$59.42/month for employee, \$118.84/month for employee plus spouse). As with active employees, American will continue to pay the majority of the pre-65 retiree medical coverage costs.
  - **Age 65 and Over** – Retirees will be offered access to Medicare supplement plans through a third-party administrator. These plans will be “guaranteed issue,” meaning any employee will be eligible, regardless of medical history or condition. Increase the lifetime maximum to unlimited. For a retiree living in North Texas, Medigap premiums range from \$28 to \$285 per month depending on the level of coverage you need. You can evaluate Medigap premiums in your area by going to [www.medicare.gov](http://www.medicare.gov) and click on “Compare Medigap Policies.”
- **Prefunding:** Employee’s portion of the retiree prefunding account, plus investment earnings, will be refunded to the employee no later than 6/1/2012.
- **New Hires – Pre-65:** Retirees will receive guaranteed access to the benefit and will pay the full cost of pre-65 retiree medical coverage.
- **New Hires – Over-65:** Retirees will have access to guaranteed issue, Medicare supplement plans through a third-party administrator.

## Active Medical

Replace the current \$150 Contractual Standard Medical Option with the Value Medical Option and freeze contribution rates for three years.

- Monthly contribution rates for the Value Medical Option are currently \$59.42/month for employee and \$118.84/month for employee plus spouse.
- This change would not go into effect until 2013, as open enrollment for 2012 has already closed.
- Contribution rates for the Value Medical Option will remain at 2012 rates for three years (2013-2015). In 2016, American will evaluate the current contributions versus inflation to determine if any adjustments are needed.
- The Value Plus Option will remain a voluntary medical option.
- A Benefits Q&A will be available with more details about the terms of the active and retiree medical changes.

## Productivity & Workrules

The TA provides for additional productivity – needed to improve our competitive position – through outsourcing of certain work, but employees affected will be used for other Fleet Service duties.

- Every other major U.S. airline relies on lower cost independent contractors, or flight crews, to clean aircraft cabins during the daytime.
- If the TA is ratified, any outsourcing could vary by location in terms of timeline and functions.
- Outsource fueling (Title III and IV) at the stations below. Title IV employees will be assigned to Title III work.

BNA	BOS	DTW	ELP	LAX	LGA
ORD	PHX	SAN	SFO	TULE	
- Outsource bus drivers at LAX and ORD.
- Outsource daytime cabin cleaning at the following stations:

BOS	DFW	JFK	LAX
LGA	MIA	ORD	SFO

**American will not furlough from these stations until 1,276 Fleet Service Clerks have separated from the company.**
- The productivity improvements and savings provided through the outsourcing helps fund the Fleet Service and Ground Service structural increases and the other economic enhancements, while ensuring that we remain competitive.

▶▶▶ **The average prefunding refund amount for Fleet Service Clerks is approximately \$5,000. Visit the TA Tool to find out your balance.**