

The Association.



THE TWU-IAM ASSOCIATION

March 27, 2020

Implementation Agreement Reached

The Association and American Airlines have reached an agreement covering implementation of certain elements of the JCBA's pending successful ratification of those contracts today. The following items cover pay, retirement and certain benefits that are most important to our membership:

- 1) All JCBA wage rates will be effective the first Monday following the date of ratification ("DOR"), inclusive of
 - Chart Rate
 - All Premiums
 - Skill Pay
 - Fuel Tank Entry (which will be paid as a temporary upgrade)
 - MLS Driver Premium (which will be paid as a temporary upgrade unless a separate MLS Driver bid area is established)
 - Taxi & Run-up Pay (which will be paid as a temporary upgrade unless a separate Taxi & Run-up bid area is established)
 - Shift Differential (Shift differential for Legacy American TWU employees will be programmed at JCBA rates following ratification but will continue to be based on shift definitions under the 2012 AA/TWU CBAs until those employees are moved to the Work Brain system. JCBA shift definitions will apply to all covered employees thereafter.)
- 2) The Signing Bonus Payment agreed to by the parties shall be paid no later than 60-days after the DOR to all active employees as of DOR. Employees on approved leave of absence or not working due to OJI shall receive the Signing Bonus within 45-days of returning to active status.
- 3) The Vacation Lump Sum Payment (to eligible employees) agreed to by the parties shall be paid no later than sixty (60) days after DOR.
- 4) All other pay elements not provided for in paragraphs 1, 2 or 3 above will be paid, retroactively to the first Monday following the DOR (in a lump sum equivalent), within one-hundred twenty (120) days after DOR, but in no event more than one-hundred (150) days, and thereafter will be paid on a continuing basis as described in the JCBA's.

- 5) The IAM National Pension Plan contribution rates provided for in Article 30 – Retirement shall be effective no later than May 1, 2020. The employer matching contributions and employer non-elective contributions provided for in Article 30 – Retirement shall be implemented no later than January 1, 2021. For the time period from May 1, 2020 until such time as the employer matching contributions and employer non-elective contributions provided for in Article 30 – Retirement can be made effective for employees covered by the JCBAs, but no later than January 1, 2021, the following will apply:
 - a. TWU Designated Employees will receive contributions to the 401(k) Plan in the amount of 9%; no employee contribution will be required; and will not receive any employer matching contributions to the 401(k) Plan.
 - b. IAM Designated Employees will receive employer contributions to the 401(k) Plan in the amount of 4%; no employee contribution will be required; and will not receive any employer matching contributions to the 401(k) Plan.
 - c. The employer contributions provided for in paragraphs 5) a. and b. above will be made to employees on a monthly basis and will be made after the last pay period of each month. For example, contributions for eligible compensation earned in May will be contributed in June. These contributions will be reflected in employees' Fidelity 401(k) statements but will not appear in the employees' Company payroll statements.
- 6) For 2020, profit sharing for each participant covered by the JCBAs will be calculated on a pro-rated basis, using the profit sharing calculation currently in effect for employees represented by the Association up to the DOR and using the profit sharing calculation provided for under the JCBAs for the remainder of the year.
- 7) All grievance settlement monies owed to the TWU/IAM Association as a result of joint negotiations shall be paid to the Association within 30 days of receiving payment instructions from the Association, following the DOR.
- 8) The parties recognize the importance of the seniority provisions and applications of the JCBAs, such as rebids, realignments, shift bids and transfers, reductions in force and agree to preserve and utilize employees' seniority during the implementation process. The parties also acknowledge the need to combine overtime and field trip call out procedures into a single system and to allow shift swaps/trades between employees under their respective JCBAs; therefore:
 - a) Local management and Association representatives will work together to implement the overtime process outlined in the respective JCBA as soon as practicable in each location.
 - b) Field trips will continue to be called out in the same manner as they have been prior to the ratification of the JCBAs until such time that the Company and Association agree to a single system Field Trip call list.
 - c) Local management and Association representatives will work together to implement the shift swaps/trades as soon as practicable in each location.

The Association agrees to work collaboratively in order to assist the Company with implementation of these JCBA provisions.

- 9) The M&R International outsourcing provisions shall become effective April 1, 2020 upon which the annual 12-month lookback will be based. The data used to determine the initial International Outsourcing hours measurement to be sent to the Association no later than June 1, 2020.

- 10) Legacy American TWU employees' sick bank shall be credited with up to ten (10) days no later than December 31, 2020, based on any ten (10) months in 2020 where at least 80 hours were worked by the respective employee.
- 11) The payback period for employees who elect to take a 'loan' due to the change to pay-in-arrears or bi-weekly pay shall begin no earlier than February 1, 2021. The Company may change employees to pay-in arrears and bi-weekly pay, where applicable, as soon as is practicable.

The impact of the serious COVID-19 pandemic on the operation of the Company has created uncertainty in the ability to predict exact implementation dates for some contractual items the Company is obligated to institute. Therefore, the parties have agreed to meet within 60 days after ratification and on an ongoing basis to reach agreement on any implementation issues that are outstanding after the date of ratification and are not addressed in the Implementation Agreement reached today.

While we expect to reach mutually agreeable terms that would cover any outstanding implementation issues after date of ratification, the Association has not waived any of its rights to resolve disputes that may arise, including the grievance procedure.