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Title III Fleet Service & Title IV Ground Service Sub-Committee Update
September 19, 2008

The Fleet Service/Ground Service Sub-Committee met in Dallas/Fort Worth, Texas on Wednesday, September 17, 2008 and received a comprehensive proposal from the Company. The proposal contained much of what was presented in their prior offer of May 13, however there were many proposed changes in articles that were concessionary and would have had an adverse affect on our members. The position of the Fleet/Ground Sub-Committee has been and continues to be not to bring a proposal to our members that are concessionary in nature. The proposal received today was unanimously rejected by this Committee. We would ask the continued patience from our members while the remaining TWU represented work groups move through their scheduled negotiation talks this month. Once the remaining TWU groups meetings conclude, the entire Negotiation Committee will meet collectively and determine the direction we will take as we move through the process. We will immediately update you of any progress.

[1-888-4TWUUpdate \(1-888-489-8873\)](tel:1-888-4TWUUpdate)

TWU ATD CONTRACT UPDATE HOTLINE

We thank the membership for their continued support.



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Title V Stores Update September 19, 2008

The Stores Sub-Committee met this week in Hurst, TX. on Thursday, September 18, 2008 for Contract Negotiations. After cancelling the scheduled meeting earlier this month, the Company came prepared today to pass the TWU another Comprehensive Proposal. This Proposal did contain additional concessions in which the Company implies are to help remain competitive with the rest of the Industry. The Stores Sub-Committee is not interested in entertaining a Proposal which is concessionary in nature. With that, the Stores Sub-Committee voted to reject this Proposal. The Stores Sub-Committee would like to express their appreciation to Local Presidents, Todd Gibbs (Local 521), Steve Gilboy (Local 563), Larry Pike (Local 567), J.R. Ruiz (Local 564), John Iuliano (Local 562), Steve Luis (Local 514), Steve Prehn (Local 529), Bob Zimmerman (Local 565), Pete Hogan (Local 510) and ATD Reps Don Videtich, Tim Gillespie, Bobby Gless, and Dennis Burchette for their participation this week in Negotiations.

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Flight Simulator Technicians Update September 19, 2008

The Flight Simulator Technicians meeting scheduled for September 24th has been canceled and rescheduled for September 26th at 9am in Dallas.

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TWU Mechanic and Related Negotiations Update for September 19, 2008

The Mechanic and Related Negotiating Committee represents Aviation Maintenance Technicians, Overhaul Support Mechanics, Aircraft Cleaners, Parts Washers in Title I, also Plant Maintenance Mechanics, Plant Maintenance Man, Utility Man, Building Cleaners, Cabin Cleaners in Title II

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The M&R Negotiating Committee reconvened in Dallas, Texas on September 18th – September 19th.

On the 18th the Union addressed the short term proposal it put forth on Aug 15th and informed the Company the proposal was off the table. The company passed a comprehensive proposal on the 19th which was unanimously rejected. The committee is going to reconvene on September 29th.

We the negotiating committee appreciates your patience and support as we work towards an agreement.

COMPREHENSIVE PROPOSAL

SEPTEMBER 18, 2008

DURATION

- DOS +2.5 YEARS
- MODIFY ARTICLE 47 TO REFLECT A TWO AND A HALF (2.5) 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

ARTICLE 4 – COMPENSATION

- DOS 5.0% LUMP SUM
- DOS +12 3.5% LUMP SUM

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

5.0% LUMP SUM

TITLE I LINE AMT
\$3,406*

TITLE I LINE CC/TCC/INSP
\$3,588*

TITLE I BASE AMT
\$3,349*

TITLE I BASE CC/TCC/INSP
\$3,531*

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

ARTICLE 4 – COMPENSATION

DOS + 12 3.5% LUMP SUM

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

3.5% LUMP SUM

TITLE I LINE AMT
\$2,384*

TITLE I LINE CC/TCC/INSP
\$2,512*

TITLE I BASE AMT
\$2,344*

TITLE I BASE CC/TCC/INSP
\$2,472*

ARTICLE 4 – COMPENSATION

5.0% LUMP SUM

TITLE II LINE
\$3,063*

TITLE II BASE
\$3,006*

3.5%

TITLE II LINE
\$2,144*

TITLE II BASE
\$2,104*

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

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

ARTICLE 7 – HOLIDAYS

INCREASE NUMBER OF HOLIDAYS AS FOLLOWS:

- ADD THE FRIDAY AFTER THANKSGIVING EFFECTIVE 2008
- ADD MARTIN LUTHER KING DAY AND MEMORIAL DAY EFFECTIVE 2009
- 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

ARTICLE 8 – VACATION

- EFFECTIVE JANUARY 1, 2010 PROVIDE THREE (3) DAT (DAY AT A TIME) VACATION DAYS
 - DETAILS TO BE DEVELOPED LOCALLY BETWEEN DOS AND SEPTEMBER 1, 2009 TO ADDRESS THE FOLLOWING:
 - DAT DAYS SELECTION OPTIONS:
 - I.E.: IN CONJUNCTION WITH ANNUAL VACATION BID, IN CONJUNCTION WITH SHIFT BID, AD HOC, ETC.
 - NUMBER OF DAT DAYS APPROVED FOR ANY GIVEN CALENDAR DATE TO BE DETERMINED BY MANAGEMENT
 - OPTION OF PAY IN LIEU OF USE TO BE PAID IN JANUARY OF EACH YEAR

ARTICLE 34 – SICK LEAVE

- RESTORE 100% RATE OF PAY FOR SICK OCCURRENCES 2008
- ACCRUAL RATE FOR 2008 TO REFLECT AN INCREASE TO SIX (6) DAYS (TO BE CREDITED FOR USE IN 2009)
- ACCRUAL RATE FOR 2009 TO REFLECT AN INCREASE TO EIGHT (8) DAYS (TO BE CREDITED FOR USE IN 2010)

NEW PROFIT SHARING PLAN

- 30% OF THE FIRST \$250M
- 25% OF \$250M TO \$500M
- 20% OF >\$500M
- THE PLAN IS UNCAPPED
- PAID AS A PERCENTAGE OF EARNINGS TO TOTAL LABOR EXPENSE
- SUPPLEMENT EXISTIN PROFIT SHARING PLAN WITH THE ABOVE EARNINGS THREASHOLD
- REPLACES AIP PLAN
- EFFECTIVE FOR THE 2008 YEAR AND THE DISBURSEMENT OF THE PLAN, IF APPLICABLE WILL BE IN MARCH OF THE FOLLOWING YEAR.

ARTICLE 1

- EAGLE ASM LETER MODIFICATION
- MODIFY ARTICLE 1 TO MATCH FLEET SERVICE ARTICLE 1(C) FOR TITLE II
- BUILDING CLEANERS – UPGRADE REMAINING TULSA BUILDING CLEANERS TO PMM THEN OUTSOURCE BUILDING CLEANER ACTIVITIES

ARTICLE 3

- IMPROVE AA & MRO ABILITY TO COMPETE WITH 24/7 WORK FORCE (PROVIDE RELIEF FROM 1/7 RULE CONSTRAINTS AT OVERHAUL BASES).

ARTICLE 5

- MODIFY & UPDATE EXISTING SHIFT START TIMES TO REFLECT CURRENT EMPLOYEE CULTURE
- ENHANCE TEST HOP INSURANCE

ARTICLE 11

- CREATE /MODIFY/REMOVE, EXISTING JOB DESCRIPTIONS TO IMPROVE EMPLOYEE PRODUCTIVITY/COMPETITIVENESS.

ARTICLE 12

- AUTOMATE PROMOTIONS AND TRANSFER SYSTEM
- MODIFY CREW CHIEF SELECTION PROCESS
- 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

ARTICLE 40

- FOR NEW HIRES PROVIDEA DEFINED CONTRIBUTION PLAN:

ALL MECHANICS & RELATED 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.

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

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

ARTICLE 41

- CREATE A JOINT COMMITTEE TO EXPLORE IMPLEMENTATION OF A VEBA TRUST ADMINISTERED BY THE TWU.
- PROPOSED CHANGES TO RETIREE MEDICAL FOR ACTIVE EMPLOYEES:
 - PRE 65: SICK BANK CONVERSION METHODOLOGY
 - POST 65: MODIFY TO ALIGN WITH INDUSTRY STANDARD
- PROPOSED CHANGES TO RETIREE MEDICAL FOR NEW EMPLOYEES:
 - PREFUNDING WILL NOT APPLY AND COMPANY WILL PROVIDE ACCESS ONLY TO PRE 65 RETIREE MEDICAL COVERAGE.
 -

ARTICLE 42

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

TAESL – LETTER OF AGREEMENT

- SUPPLEMENT TO AGREEMENT COVERING TAESL'S UNIQUE MRO ENVIRONMENT
 - ASM/AMT RATION – 50% THROUGH GROWTH, ATTRITION & VOLUNTARY PROGRAMS
 - TAESL TO BE TREATED AS A SEPERATE “TYPE WORK” FOR RIF, RECALL, & TRANSFERS
 - GAIN SHARE – BASED ON TAESL BUSINESS PERFORMANCE
 - CUSTOMER ENGINE WORKSCOPE AND OFF-LOAD TO BE DETERMINED BY CUSTOMER AND TAESL
 - CLARIFY OPTION FOR UNIFORMS UNIQUE TO TAESL
 - ALTERNATIVE WORK SCHEDULES, BY MUTUAL AGREEMENT, FOR TAESL
 - MODIFY OUTSOURCING PROCESS FOR BACK-LOGS

COMPANY PROPOSALS FOR OPEN ARTICLES

- | | |
|---------------------------------------|--------------------------------|
| ● ARTICLE 6 – OVERTIME | PROPOSE CURRENT BOOK |
| ● ARTICLE 15 – REDUCTION IN FORCE | PROPOSE COMPANY'S LAST VERSION |
| ● ARTICLE 23 – TRAINING | PROPOSE COMPANY'S LAST VERSION |
| ● ARTICLE 25 RECALL & CALL-IN WORK | PROPOSE CURRENT BOOK |
| ● ARTICLE 36 - MEAL PERIODS | PROPOSE CURRENT BOOK |
| ● ARTICLE 39 – PHYSICAL EXAM | PROPOSE COMPANY'S LAST VERSION |
| ● ARTICLE 46 – ONE STATION AGREEMENTS | PROPOSE CURRENT BOOK |

Remember - Tentative Agreements reached during the course of negotiations on one or more articles are not final and binding until agreements are reached on all articles - nothing is final until everything is final.

Article (Mechanic and Related)	Tentative Agreement Reached	Date Presented	Still in work (X)
1 Recognition & Scope		Mar 6th	X
2 Definitions	Dec 4th	Nov 13th	TA
3 Hours of Work		Jan 30th	X
4 Compensation		Mar 6th	X
5 Shift Diff & Test Hop		Mar 6th	X
6 Overtime		Mar 6th	X
7 Holidays		Mar 6th	X
8 Vacations		Jan 15th	X
9 Probationary Period	Nov 13th	Nov 12th	TA
10 Seniority	Dec 12th	Nov 16th	TA
11 Classification/Qualifications		Mar 6th	X
12 Promotions & Jobs to be posted		Jan 15th	X
13 Seniority Lists		Dec 11th	X
14 Loss of Seniority	Nov 16th	Nov 13th	TA
15 Reduction in Force		Nov 12th	X
16 Recall	May 16th	Dec 5th	TA
17 Leaves of Absence		Dec 4th	TA
18 Military Leave	Jan 21st	Jan 15th	TA
19 Termination of Employment		Jan 30th	X
20 Bulletin Boards	Nov 13th	Nov 13th	TA
21 Rotation of Shifts		Dec 4th	X
22 Regular and Relief Assignments	Jan 15th	Jan 15th	TA
23 Training Investigations		Dec 11th	X
24 Absence From Work	Dec 4th	Nov 16th	TA
25 Recall and Call in		Feb 20th	TA
26 Field Work		Dec 5th	TA
27 General		Dec 13th	X
28 No Discrimination, and Recognition of Rights of Compliance	Dec 11th	Nov 13th	TA
29 Representation		Jan 30th	TA
30 Dismissal	Feb 20th	Jan 30th	TA
31 Grievance Procedure	Feb 20th	Jan 30th	TA
32 Arbitration	Feb 20th	Jan 30th	TA
33 No Strike No - Lock Out	Dec 11th	Dec 5th	TA
34 Sick Leave / Unused Sick Leave		Mar 3rd	X
35 Temporary Employees	Dec 12th	Dec 11th	TA
36 Meal Periods		Jan 30th	X
37 Severance	Feb 22nd	Feb 20th	X
38 Union Security	Nov 13th	Nov 12th	TA
39 Physical Examinations		Nov 16th	X

40 Pension Benefits		Mar 6th	X
41 Health Benefits		Mar 6th	X
42 Job Security		Feb 20th	X
43 Part Time Employees		Feb 20th	X
44 Special Moving Allowance	Dec 14th	Dec 13th	TA
45 Previous Agreements	Feb 11th	Jan 30th	TA
46 One-Station Rule		Jan 21st	X
47 Duration		Mar 6th	X