

APA Term Sheet Summary

Some of the proposed changes to the APA contract are contingent upon a consensual collective bargaining agreement. These items are marked with an * below.

This summary represents key points from our proposal and is not intended to be a comprehensive and complete list.

TOPIC	SUMMARY
DURATION	6 years from Date of Signing (DOS)
COMPENSATION	
<ul style="list-style-type: none"> Pay Banding 	<p>Eliminate current pay components and implement pay banding system as follows:</p> <ul style="list-style-type: none"> Group I: Aircraft configured with more than 88 seats and less than 118 seats Group II: A319, A319neo, B737-700, B737-7MAX, Bombardier CS300 Group III: MD80, B737-800, B737-8MAX, B737-900, B737-9MAX, A320, A320neo, A321, A321neo Group IV: B757, B767-200, B767-300, A300 Group V: B767-400, B777-200, B777-200ER, B777-200LR, B777-300, B777-300ER, B787-8, B787-9, B787-10, A332, A333, A340, A350 Group VI: A380, B747 (all variants) <p>All new aircraft not listed above will be placed in appropriate Group based on FAA certificated maximum single configuration seating capacity.</p>
<ul style="list-style-type: none"> Hourly Pay Rates 	<p>Group I CA hourly rates equal to Group III FO hourly rates for years 2 through 12. Group II Captain hourly rates equal to Group V First Officer hourly rates for years 2 through 12. Max CA rate is 12 years.</p> <p>No modifications to pay relationship between Group I and Groups II – VI in pay banding system for two contract cycles or 10 years – whichever is later.</p> <p>Transitioning to the pay banding system will change some pay rates, depending on the equipment type and its associated Group. However, pilots will not experience a base pay rate reduction as a result of this transition. Pilots on effected equipment will be pay protected until they voluntarily move to a different equipment type or for a period not to exceed 3 years. Pilots will receive structural pay increases as follows:</p> <ul style="list-style-type: none"> DOS + 12 months: 1.5%* DOS + 24 months: 1.5%* DOS + 36 months: 1.5%* DOS + 48 months: 1.5%* DOS + 60 months: 1.5%*
<ul style="list-style-type: none"> Minimum Guarantee 	Delete minimum guarantee for lineholders.
<ul style="list-style-type: none"> Reserve Rest 	Eliminate two hour pay for Reserve Availability Periods (RAPS)

	in excess of seven.
<ul style="list-style-type: none"> Premium Pay 	Current premium pay provisions replaced with single rate structure of 1.5 (time and a half) on Company designated sequences. (Sick banks will be replenished before premium is paid as additional compensation.)
<ul style="list-style-type: none"> Night Pay Differential 	Eliminate night pay.
<ul style="list-style-type: none"> International Rates of Pay 	Eliminate International override pay and International Officer override.
<ul style="list-style-type: none"> Determination of Pay Hours 	Pilots will be paid whichever is greater, scheduled sequence time or actual time.
<ul style="list-style-type: none"> Sequence Protection 	Pay protection will be provided for the value of each sequence.*
<ul style="list-style-type: none"> Leaves of Absence 	Eliminate guarantee protection for military leaves (4 days or less).
<ul style="list-style-type: none"> Brake Release Agreements 	Modify to cover only ATC delays and delays due to de-icing away from the gate.
<ul style="list-style-type: none"> Distance Learning 	Paid at 1/3 of the pilot's hourly base rate.
WORK RULES	
<ul style="list-style-type: none"> Hours of Service 	<p>Transition from hard monthly max to monthly avg between 70 to 87 hrs.</p> <p>Can voluntarily pick up time to FAR max (company has the ability to limit in certain months).</p> <p>Reserves can be assigned up to the greater of 85 hrs or the bid line max in the pilot's bid status.</p> <p>Reserves can elect to fly on days off at Company option; pay above guarantee.</p>
<ul style="list-style-type: none"> Check Airmen 	<p>Increase work days to 17 days per month, with company option to flex to 18 days. CKA may volunteer for up to 3 additional days, not to exceed a maximum of 20 days, at company option.</p> <p>Line rotation proficiency of 73 hrs/yr via one month line rotation or fly W days.</p> <p>Revise CKA pay bucket calculations; seniority for pay purposes now determined on one-for-one basis in accordance with System seniority.</p>
<ul style="list-style-type: none"> Training Flexibility 	During peak periods or temporary spikes in training requirements, other personnel may be used as needed to perform pilot training functions at the Flight Academy or other locations. Additionally, other personnel may be used up to one year after their introduction of a major new fleet type.
<ul style="list-style-type: none"> Failure to Qualify 	<p>Modify Section 17.P "Failure to Qualify." Rename to "Loss of Bid Status." This provision applies only to personal circumstances beyond a pilot's control and not to performance-related issues. A pilot shall be awarded a reinstatement right to the new bid status for a future vacancy award.</p> <p>The company, at its discretion, can extend the 30 day window to</p>

	accommodate the continuation of a training phase that has already begun.
<ul style="list-style-type: none"> • Flight and Duty Limitations 	Flight and duty limitations in accordance with FAA Regulations, and as, may be amended as a result of any final rule or FAA approved Ops Spec.
<ul style="list-style-type: none"> • Minimum Pay and Credit 	Eliminate duty rig (E-time) and current G-time duty period average and minimum; change F-time duty rig from 1:3.5 to 1:4 (1 min pay for every 4 min away from base) to only apply to sequences with a layover greater than 29 hrs.
<ul style="list-style-type: none"> • PBS 	Implement PBS to replace current Company-built bid lines. Domestic and International Divisions will be combined, creating a three part bid status – seat, equipment type and base.
<ul style="list-style-type: none"> • Reserve 	Replace current Reserve system with an assignment system that matches the length of sequence to reserves' days of availability. Reserve monthly max is the greater of 85 hrs or the bid line max of the bid status.
<ul style="list-style-type: none"> • Displacements 	Flight standards access to sequences prior to bidding and via open time throughout the month Ability to assign displaced FO to open FB or FC position on same sequence
<ul style="list-style-type: none"> • Contractual Month 	Modify current contractual month definition to make June a 30 day contractual month and April a 31 day contractual month.
<ul style="list-style-type: none"> • Fatigue • Sick Leave 	Eliminate guarantee protection for reserves Eliminate Rapid Reaccrual, Sick if Needed, Long Term Sick cap for reserves and sick bank restoration for injury on duty. Incidental sick use of 36 hrs or two occurrences per calendar year will be paid at 100%. Incidental sick use greater than 36 hrs or two occurrences per calendar year will be paid at 60% and will require substantiation by an accredited absence management vendor. Pilots off on long-term sick (more than 7 days) are paid at 100% after the first 7 days, provided there's sufficient time in their sick bank and will require substantiation by an accredited absence management vendor.
<ul style="list-style-type: none"> • Vacation 	Increase vacation float to all but 7 days of accrued vacation. Maximum annual vacation accrual capped at 35 days. For the purpose of vacation accrual, sick leave shall not be considered service.
<ul style="list-style-type: none"> • Hotels 	Hotel preference given to airport hotels; company to consider input from APA.
BENEFITS	

<ul style="list-style-type: none"> • Long Term Disability 	<p>Implement industry standard LTD plan, includes offsets for SSDI and other income. Monthly max of 60% of salary with a cap of \$8,000 per month.*</p>
SCOPE	
<ul style="list-style-type: none"> • Commuter Air Carrier Exception 	<p>Definition of Commuter Air Carrier changed to aircraft (jet or turboprop) with a max of 88 seats (as operated for AA) and up to 114,500 lbs MTOW. Eliminate owned/non-owned commuter carrier distinction – all commuter aircraft will now operate as owned.</p> <p>Max number of commuter aircraft allowed, that are greater than 50 seats up to and including 88 seats, is the greater of 255 or 50% of mainline aircraft.</p> <p>Change the method for counting commuter aircraft so only the aircraft used for American’s operations are counted.</p> <p>For any air carrier that operates both (a) aircraft with eighty-eight (88) or fewer seats and (b) aircraft with eighty-nine (89) or greater seats, the company shall be permitted to place its code on any route on which that carrier utilizes the smaller aircraft under the Commuter Air Carrier Exception.</p> <p>The definition of hubs and major airports is modified to cornerstone cities (DFW, ORD, MIA, JFK and LAX).</p>
<ul style="list-style-type: none"> • Domestic Codeshare 	<p>Company may enter into and maintain codeshare agreements, with Domestic Air Carriers.</p> <p>Eliminate the limitation on the number of flights operated between the continental U.S. and Hawaii in the company’s current inter-island codeshare agreement with Hawaiian Airlines.</p>
<ul style="list-style-type: none"> • Other Scope 	<p>Eliminate the International Baseline, limitations on Comprehensive Marketing Agreements and any limitations on oneworld livery.</p> <p>Company may enter and/or continue commuter, domestic or international codesharing in any market.</p>
OTHER	
<ul style="list-style-type: none"> • Distance Learning 	<p>Establish Distance Learning for recurrent and transition training.</p>
<ul style="list-style-type: none"> • Supplement CC 	<p>Orderly eliminate the minimum staffing requirements for the STL domicile by end of 2012. Former TWA pilots will retain current position on the integrated Pilot System Seniority List; possible protections for former TWA pilots to be discussed.</p>
<ul style="list-style-type: none"> • TUL Flight Test 	<p>Delete all requirements for TUL M&E flying.</p>
<ul style="list-style-type: none"> • Crew Rest Seats 	<p>If crew rest area on aircraft includes a seat and a bunk, no cabin seat required.</p> <p>If crew rest area on aircraft includes only a bunk(s), provide</p>

	<p>Business seat or First Class seat on standby basis, if available at time of departure.</p> <p>If no dedicated crew rest area on aircraft, provide one Business seat for each augmented Crewmember.</p>
<ul style="list-style-type: none"> Electronic Copies of Agreement 	Eliminate requirement to distribute paper copies of CBA.
<ul style="list-style-type: none"> Furlough Protection 	Delete Letter JJ(4) dated May 1, 2003, and Letter TT – Furlough Stand in Stead.
UNIVERSAL CHANGES	
<ul style="list-style-type: none"> Profit Sharing 	Eliminate current profit sharing plans and the operational and financial components of the Annual Incentive Plan (AIP), and replace with new Enhanced Profit Sharing plans.*
<ul style="list-style-type: none"> Medical Benefits for Active Employees 	<p>AA is offering all employees three medical options: a contractual Standard Plan; a Core, Health Savings Account compatible plan; and a non-contractual, voluntary Value plan available at higher contribution rates.</p> <p>Employee contributions will be set at 23% of total projected 2012 healthcare expenses. This includes medical, prescription and administrative expenses.</p>
<ul style="list-style-type: none"> Medical Benefits for Active Employees When They Retire 	<p>Employees will still have access to retiree medical coverage, both before and after age 65.</p> <p>Pre-65 Retiree Medical: Early retirees will be offered access to a company-sponsored retiree medical option. The retiree will pay the full cost of the projected annual expenses.</p> <p>65 and Over Retiree Medical: Retirees will be offered access to Medicare supplement plans through a third-party administrator. These plans will be “guaranteed-issue,” which means any retiree will be eligible, regardless of the age they enter into the benefit.</p> <p>Prefunding: The employee’s portion of the retiree prefunding account, plus investment earnings, will be refunded to the employee.</p>
<ul style="list-style-type: none"> Pension 	<p>Amend the agreement so the company is not required to maintain, fund or provide benefits under a defined benefit pension plan.</p> <p>Amend the agreement so that the company is not required to maintain, fund or provide benefits under a defined contribution pension plan, EXCEPT as provided below.</p> <p>The company will offer a replacement benefit through the SuperSaver 401(k) plan with a 13.5% company contribution.*</p>