

AA Proposal

AA Proposal - Updated

Date: 08/13/08

Time:

Subject: Scope – Section 1

Version: 1a

Proposal Reference(s): APA Proposal – 12/06/2007; AA Proposal – 06/11/08

Contract Reference(s): Section 1, Letter SS, LOA 04-13, Letter JJ, LOA 05-12, Letter VV

As a result of LOA 08-02, the Company has updated the 06/11/08 Scope proposal to include the HA codeshare provision, and updated the other provisions of the proposal to reflect actual contract language. Other than the inclusion of Section 1.F. language, the other elements remain unchanged.

1.B.4. - Modified

Commuter Air Carrier

The term "Commuter Air Carrier" refers to any Air Carrier utilizing only (a) aircraft that are certificated in the United States and Europe with a maximum passenger capacity of 86 passenger seats or fewer and (b) aircraft that are operated with a maximum passenger capacity of 76 passenger seats or fewer and (c) aircraft that are not certificated in any country with a maximum gross takeoff weight of more than 89,000 pounds. If an aircraft type operated by an Air Carrier otherwise meeting the conditions in the preceding sentence is recertified with a maximum passenger capacity of greater than 86 passenger seats, the Air Carrier operating said aircraft shall remain a Commuter Air Carrier so long as it operates said aircraft with no more than 76 passenger seats.

1.B.6. – Comprehensive Marketing Agreement

Delete.

1.C.1. – New language added

General.

All flying performed by or on behalf of the Company or an Affiliate shall be performed by pilots on the American Airlines Pilots Seniority List in accordance with the terms and conditions of this Agreement, except as expressly permitted in

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provisions D. – K. below.

- a. Company Flying. Such flying shall include without limitation all passenger flying, cargo or freight flying (other than the transportation of passenger baggage that is unable to be accommodated on the same flight as the passenger) and ferry flying, whether scheduled or unscheduled, revenue or non-revenue:

1.C.1.b.(2) – Comprehensive Marketing Agreement

Delete.

1.D.2. - American Eagle and American Executive

Delete.

LOA 04-13 – Chatauqua Scope violation

Delete.

1.D.4. – Cockpit Crewmember Floor

Delete.

1.D.5.g. (Incorporate Letter VV, and eliminate owned/non-owned distinction)

Limits on Certain Non-Stop Flying

Beginning with the calendar quarter starting July 1, 2003, and for each calendar quarter thereafter, Commuter Air Carriers ~~majority owned by AMR Corp. or by an Affiliate~~ shall be subject to the following limit on nonstop scheduled service between DFW, ORD, MIA, JFK, SFO, LAX, LGA, STL, BOS and SJU. The combined scheduled block hours of such service shall not exceed 1.25% of the Company's total scheduled block hours, unless the Association consents. If the number of departures scheduled by the Company at any other airport exceeds an average of 70 per day over a 12 month period, the Company shall meet with the Association to discuss adding such airport to this list.

~~No other Commuter Air Carrier operated under this Section 1.D. shall operate nonstop scheduled service between any of~~

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~~the following airports without the consent of the Association: DFW, ORD, MIA, JFK, SFO, LAX, LGA, STL, BOS and SJU except that if Executive Airlines ceases to be a Commuter Carrier that is majority owned by AMR Corp. or an Affiliate, then while Executive Airlines is such a Commuter Carrier, three daily nonstop scheduled roundtrips between SJU and MIA shall not be subject to the restriction in this paragraph.~~ BNA shall be added to the list of restricted airports whenever the Company schedules 40 or more daily departures from BNA. If the number of departures scheduled by the Company at any other airport exceeds an average of 70 per day over a 12 month period, the Company shall meet with the Association to discuss adding such airport to this list.

1.D.5.h. (Incorporate Letter VV, and eliminate owned/non-owned distinction)

Hub or Major Airport Departures.

Beginning with the calendar quarter starting July 1, 2003, and for each calendar quarter thereafter, 85% of departures by turbo-jet aircraft at Commuter Air Carriers ~~majority owned by AMR Corp. or by an Affiliate~~ shall be into or out of the following major airports: DFW, ORD, MIA, SJU, SFO, LAX, LGA, STL, JFK and BOS. ~~Other Commuter Air Carriers shall carry passengers on behalf of the Company only into or out of the following airports: DFW, ORD, MIA, SJU, SFO, LAX, LGA, STL, JFK and BOS.~~ Departures utilizing commuter slots at slot controlled airports other than those listed above (e.g., DCA) and departures from airports limited to commuter departures by other governmental or aircraft operational restrictions (e.g. SAF), shall not be covered by this provision h.

1.F.

Scope Exception: Hawaiian Inter-Island (Incorporates changes from LOA 08-02)

The Company may place its current or future designator code on flights operating wholly within the Hawaiian Islands provided that the Air Carrier (or its parent) upon which the code is placed is not an Affiliate (other than a Commuter Air Carrier) of the Company, ~~or categorized as a "Group III" Air Carrier by the U.S. Department of Transportation.~~ Further, if the Air Carrier upon which the code is placed also operates between Hawaii and the U.S. mainland, and if the Company ~~drops frequencies existing as of December 1996- operates fewer than ten (10) daily frequencies~~ between the contiguous 48 states and Hawaii, the Association shall have the right to withdraw its consent to this provision. On a quarterly basis, the Company will inform the Association of the number of daily frequencies the Company is operating between Hawaii and the U.S. mainland.

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1.H.

Scope Exception: Domestic Air Carriers Other Than Commuter Carriers

The Company may place its current or future designator code, and/or any designator code that the Company directly or indirectly controls, on a Domestic Air Carrier that is not a Commuter Air Carrier as specified below:

1. The Company shall notify the Association at least 30 days in advance of beginning to codeshare with a Domestic Air Carrier that is not a Commuter Air Carrier.
2. The Company and the Association will discuss the proposed domestic codesharing agreement for a period of 30 days after the notice in order to reach an agreement that will allow the implementation of the codeshare agreement. The parties do not intend these discussions to encompass subjects unrelated to the implementation of the codesharing agreement.
- ~~3. The parties will engage a mediator/interest arbitrator to facilitate their discussions. The mediator/arbitrator will be selected by agreement from a list of interest arbitrators knowledgeable about Scope provisions in pilot collective bargaining agreements. If the parties have not reached agreement within the 30 day period, the mediator/arbitrator will resolve the outstanding issues by issuing an award within 10 days after the conclusion of the 30 days period. Any domestic codesharing agreement that the Company enters into before the issuance of the award, or the reaching of an agreement, shall not require the Company to place its code, or any code that it directly or indirectly controls, on flying by the Domestic Air Carrier.~~
- 4.3. In forming ~~the a award~~codesharing agreement, the ~~arbitrator~~Company will utilize the terms of the then-existing domestic codeshare agreements among domestic air carriers and the provisions of then-existing collective bargaining agreements for pilots at United, Delta, Northwest, Continental and USAirways airlines that are relevant to domestic codesharing. The ~~Arbitrator~~Company will apply those agreements to establish an industry standard domestic codeshare agreement for the period of that agreement that is fair to the pilots.
- ~~5.4.~~ The subjects to be considered by the ~~parties~~Company and submitted to the arbitrator, if agreement cannot be reached, shall include, but not be limited to:
 - a. Procedures for reciprocal codesharing;

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- b. Terms of codesharing on flights between and from the Company's and the Domestic Air Carrier's hubs and focus cities;
- c. Conditions for codesharing on flying in overlapping markets;
- d. Conditions for blocked space arrangements;
- e. Code sharing on International Flying;
- f. Codesharing on regional jet flying by the Domestic Air Carrier's associated regional airlines and commuter carriers, if any;
- g. Block hour limitations;
- h. Joint marketing limitations;
- i. Adequate protections for existing AA flying;
- j. The mutual benefits to the Company and the American Airlines pilots.

~~6. The interest arbitration will be pursuant to the Railway Labor Act.~~

~~7. The interest arbitrator will retain jurisdiction to resolve questions and disputes about the implementation of his award.~~

5. Section 1.C.1.b. (2), concerning Comprehensive Marketing Agreements, shall no longer be effective upon the implementation of a domestic codesharing agreement under this Section ~~pursuant to either an arbitrator's award or agreement with the Association.~~

1.I. – Scope Exception: Transborder

Delete.

1.J.3 – Baseline for International Flying

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Delete.

1.J.4. – International Flying Below 90% and/or 80% of the Baseline in 2003 and Beyond

Delete.

LOA – 04-07 – International Baseline Letter

Delete.

1.L.2.

Seniority List Merger.

If the Successor is an Air Carrier or an affiliate of an Air Carrier, the Company shall, at the option of the Association, require the Successor to agree to integrate the pre-transaction pilot seniority lists of the Company and the Successor in a fair and equitable manner within 12 months of the Successorship transaction pursuant to Sections 3. and 13. of the Allegheny-Mohawk Labor Protective Provisions ("LPPs"). ~~The requirement of this provision does not apply to the Company's acquisition of all or part of another Air Carrier in a transaction which includes the acquisition of aircraft and pilots.~~

1.L.3. (New – Mergers and Acquisitions)

In the event the Company acquires all or part of another Air Carrier in a transaction which includes the acquisition of aircraft and pilots, the pre-transaction pilot seniority lists of the Company and the acquired Air Carrier shall be integrated in a fair and equitable manner within 12 months of the transaction pursuant to Sections 3. and 13. of the Allegheny-Mohawk Labor Protective Provisions ("LPPs").

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Letter JJ (3) - Route Profitability Analyses

Modify Paragraph 1 as follows:

1. At least ten calendar days before each quarterly Scope Review meeting scheduled by the parties, the Association will provide to the Company, in writing, up to five city pairs, whether transborder, international or domestic, in which the Company is currently codesharing but in which the Association believes the Company may be able to operate (a) flight(s) that would earn a return on invested capital at least equal to WACC. The Association will designate one city pair for a "microforecast" and up to four city pairs for "preliminary" route profitability analyses. City pairs for which the Company does not have either the contractual right, the aircraft type or the route authority to operate shall be excluded from the route profitability analyses.

Letters JJ (4), (5) and (6)

Delete.

Letter SS – CRJ-700

Delete.

LOA 05-12; Excess Baggage Letters dated May 19, 2004 and May 31, 2005

Delete.