

AA Scope Proposal to APA

November 14, 2011

The company proposes the following modifications to Section 1:

Section 1.C – Incremental jet flying on aircraft with greater than 50 seats will be flown by APA pilots.

Section 1.C.1 – Add language to reinstate the Excess Baggage letter, and discuss applicable origins and destinations.

Section 1.C.1.b.2. Comprehensive Marketing Agreement – Modify to conform to domestic codeshare provisions

Section 1.D. Commuter Air Carriers

- Existing Commuter restrictions continue to apply except:
- Section 1.D.5.g - Eliminate distinction between owned and non-owned by adopting owned restrictions for either owned or non-owned. Incorporate Letter VV.
- Section 1.D.5.h - Eliminate distinction between owned and non-owned 85/15% applies to all commuter air carriers
- Ability to modernize or replace 43 ATR turboprops with comparable equipment (such as the Q400).
- Ability to modernize or replace the 47 70 seat RJ's permitted at Eagle with comparable equipment
- Ability to migrate up to 47 large RJ's to another substitute commuter carrier.
- Incorporate Cape Air clarification letter dated 12/14/2010
- Permit regional airline codeshare (capacity purchase flying) with a carrier for 50 seats or less, even if the carrier has larger than 50 seat aircraft on their AOC, provided that the codeshare is only on the 50 seat or smaller aircraft (e.g. Chataqua situation; not changing definition of commuter air carrier)

Section 1.F – Hawaiian – Incorporate the Hawaiian codeshare LOA 08-02 to become amendable in conjunction with this agreement.

Section 1.H – Domestic Codeshare - Delete and replace as follows:

- Carriers subject to these 1.H provisions are not subject to the restrictions of Section 1.C.1.b.2
- No codeshare on a foreign carrier route operated by a domestic air carrier through a wet lease arrangement (WestJet issue)

For the purposes of feeding AA international growth at JFK, AA may place the Company code on a domestic airline based at JFK, subject to the terms and conditions set forth below:

- a. Prior to starting a codeshare with the carrier, the company must first add 6 new mainline departures to JFK
 - i. Half of the departures must be International destinations or Trans-Continental flying
 - b. Once the Company adds the flying, the Company may codeshare on 25 markets served from JFK
 - c. For each additional 6 daily AA departure from JFK (at least 4x/wk, half of which are International destinations or Trans-Continental), the Company may place its code on an additional 25 markets that are served from JFK.
 - d. The Company will seek to obtain reciprocal codesharing.
 - e. The AA code can only be placed on flights in the US48, Mexico, and the Caribbean
 - f. AA can place its code on overlapping routes, so long as no more than 50% of the passenger seats are occupied by passengers travelling on the AA code.
 - g. If the Company reduces any AA-operated departures in an overlap market, it must add a corresponding number of international or transcontinental departures in the same schedule season.
- Regional Jet flying at JFK by an AA commuter air carrier (Eagle or American Connection) will be capped at 2011 IATA Summer levels (39 daily departures).
 - The ratio of AA departures to departures by AA commuter carriers for IATA Summer schedules will not exceed the 2011 IATA Summer schedule: 63% of departures by AA and 37% of departures by commuters. A similar ratio for Winter schedules will be developed based on the 2011/2012 IATA Winter schedule.
 - If AA is unable to establish or continue the codeshare agreement with an airline at JFK, APA is open to discussing a single carrier replacement provision
 - If Operating Authorities at JFK become more freely available to the Company through government action, then the Company shall promptly review with the Association the flows of passengers on the Company's code on the other airline, and shall repeat that review every year. If for any period of six consecutive months, the codeshare airline carries more than an average of X passengers per flight per day on the Company's code for any codeshared flight, then the Company shall not, without the Association's approval, continue to place the Company's code

on that flight. (X to be agreed that are minimally sufficient to earn an adequate return with an A319 aircraft).

Northeast Shuttle Codeshare

AA may place the Company code on a Shuttle between BOS, LGA, and DCA, provided that:

- a. There shall be an annual baseline of 102 aggregate, scheduled daily AA departures at BOS, LGA and DCA; however,
 - a. The company may fall below this baseline as a result of a slot exchange between JFK and either LGA or DCA, so long as the Company exchanges no more than 4 DCA/LGA slots for one JFK slot
 - b. If AA falls below 90% of the baseline there will be a one year cure period
 - i. If the company does not cure, AA will pull the AA code off the Shuttle

Alaska codeshare

American will be allowed to expand its code share agreement with Alaska Airlines

- The following restrictions will apply:
 - i. There shall be an annual baseline of AA mainline block hours in the LA Basin and Bay area
 - ii. The baseline will be Full Year 2011 (XXX)
 - iii. For each 4160 mainline annual block hours scheduled above the baseline, AA will be able to add three (3) new markets.
 - iv. If AA falls below 90% of the baseline there will be a one year cure period

If the company does not cure, AA shall pull the AA code off AS to return to the level that existed prior to the added markets.

- All other future domestic codeshares will be subject to APA approval, which will not be unreasonably withheld.

- In the event that circumstances prohibit the continuation of these domestic codeshare provisions, the Company may apply these provisions to a substitute carrier.
- These provisions subject to Force Majeure clause.

Section 1.J – International Baseline – Current book

Section 1.J.9 – Incorporate RDU-LHR letter received from APA dated May 17, 2011, regarding definition of JBA rationalization period, including Company examples, sent June 1, 2011.

Section 1. L. 2 – Seniority List merger – delete 2nd sentence regarding Company’s acquisition of all or part of another air carrier.

Other Labor Protective Provisions In Substantial Asset Sale

“Aircraft-Related Assets” shall be defined to include aircraft, slots, and route authorities[,or other operating assets] that generate a direct and measureable amount of Company pilot block hours, and shall not include maintenance equipment and facilities, ground equipment and facilities, aircraft engines and spare parts, training equipment and facilities, reservation and computer systems, equipment and facilities, intellectual property, or other assets that do not generate a direct and measureable amount of Company pilot block hours.

In the event that, within any 12 month period, the Company transfers (by sale, lease, or other transaction) or otherwise disposes of Aircraft-Related Assets which, net of Aircraft-Related Asset purchases or acquisitions during the same 12 month period, generate 20% or more of the Company pilot block hours to an entity or to a group of entities acting in concert that is an Air Carrier or that will operate as an Air Carrier following its acquisition of the transferred Aircraft-Related Assets (any such entity or group, the "Transferee"; any such transaction, a "Substantial Aircraft-Related Asset Sale"):

1. the Company shall require the Transferee to proffer employment to pilots from the American Airlines Pilots Seniority List in strict seniority order (the "Transferring Pilots"). The number of Transferring Pilots shall be no fewer than the average monthly pilot staffing over the prior 12 months based on the pilot block hours generated by the Aircraft-Related Assets transferred to the Transferee in connection with the Substantial Aircraft-Related Asset Sale; and
2. the Company shall not finally conclude a transaction under this subsection unless the Transferee agrees to integrate the Transferring Pilots into the Transferee's pilot seniority list pursuant to either the McCaskill Bond Amendment, or if inapplicable, Sections 3. and 13. of the Allegheny-Mohawk LPPs

Foreign Domicile:

- In the event the Company opens a pilot domicile outside of the United States and its territories, American Airlines pilots assigned to such domicile shall be afforded all rights under this agreement and the Railway Labor Act. Incorporate Supp P.

APA would have certain protections in the event of a strike at a JBA carrier.

- No pilot shall be disciplined for refusing to operate Struck Work, refusing to undergo training on the property of a struck carrier, or refusing to perform training of pilots for service as strike replacement pilots.
- “Struck Work” is during a lawful strike on a JBA carrier (1) increased flying using another carrier’s code when that carrier’s pilots are on strike, as measured by codeshare ASMs comparing 30 day period prior to a strike and rolling 30 day post-strike period; or (2) increased flying, as measured by codeshare ASMs comparing 30 day period prior to a strike and rolling 30 day post-strike period, which is done at the request of the struck carrier. Provided, that it will not be considered to be performing struck-work to: (1) increase Company flying or to continue to transport passengers and/or cargo or mail within its route structure on its own aircraft so long as the code or other designation of the struck carrier is not placed on additional Company flights, and that any increase in Company flying does not result in a financial benefit accruing to the struck carrier, or (2) to increase flights where flights were scheduled by the Company prior to and irrespective of the existence of the lawful strike

Delete Letter JJ-4 Excess Baggage, (incorporated in Section 1.C.1)

Delete paragraph 13 of Supplement R (Alaska Codeshare) as no longer applicable.

Delete Letter SS – CRJ 700.

Delete LOA 05-12 and Excess Baggage Letters dated 05/19/2004 and 5/31/2005.