

Company Duration Proposal – November 4, 2011

In order to close out the last items of Section 6 negotiations and begin implementing the new contract as soon as possible, the company proposes a timeline that would have pilots seeing benefits of the new deal immediately following an Agreement in Principle. Parties have been working toward a deal for over five years now, and focusing on closing out the major TA deal points and beginning the ratification process this year will benefit both pilots and the company.

Immediately following an Agreement in Principle, pilots will begin to see the benefits of Section 6 negotiations including implementation of the Paycheck Process agreement, CKA and Tulsa flying agreements, as well as the company's retirement relief proposal. In addition, following a successful ratification vote and contract signing by February 15, 2012, new pay rates will be effective for pilots January 1, 2012.

In order to focus our collective attention on bringing the airline back to profitability and implementing the new contract successfully, the company proposes a contract amendable date of January 2, 2016, for all sections except Administrative sections. Administrative sections won't become amendable until the amendable date of the successor agreement, ensuring the next round Section 6 negotiations focus on the major items that are the most important to pilots. The company also proposes that, by mutual agreement, parties can extend the contract duration by one year which will result in a pilot wage increase (amount TBD), applicable on January 1, 2016.

To successfully implement equipment groups I, II and III, the new work rules and pay relationship proposed by the company need to stay in place for two contract cycles or 10 years, whichever is greater. The new agreements around these equipment types will allow AA to bring flying to the mainline that was previously not economical. To operate these equipment types competitively and effectively implement these agreements, it is important that they remain in place for a greater amount of time than some of the other areas of the contract.

As you know, the road to an agreement has been long. Expediting the remaining open items will help pilots receive the benefits of a new contract sooner, while better positioning the company for success now. We believe the details laid out in this proposal will help parties successfully conclude negotiations and lay the groundwork for successful implementation of the new deal.

AA Proposal

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Date: 11/04/2011

Time: 1400

Subject: Duration	Version:
Proposal Reference(s):	
Contract Reference(s):	
<ul style="list-style-type: none">• Reach agreement on major TA deal points ASAP<ul style="list-style-type: none">○ If successful, implement the following immediately:○ Company's 9/30/2011 retirement relief proposal○ Implement CKA and TUL agreements<ul style="list-style-type: none">▪ Exception: Proficiency flying and Quarterly pay adjustment subject to ratification○ Implement Paycheck Process agreement• APA Board of Directors approved Agreement in Principle by November 14• Complete contract language as soon as possible• Begin ratification process at that point in accordance with APA governance. If ratification of TA is successfully completed and signed by 2/15/2012, pay rates become effective 1/1/2012• Amendable January 2, 2016, for all sections except Administrative sections• Administrative sections do not become amendable until the amendable date of the successor agreement<ul style="list-style-type: none">○ The following are administrative sections: 8, 11, 13, 14, 16, 20, 21, 22, 23, and 24○ Willing to explore expedited process for next Section 6 negotiations• 1 year early opener for non-Administrative sections and Group 4 and above• Group 1-3 work rules, pay and retirement: two (2) contract cycles or ten (10) years (whichever is greater)• New hire retirement: two (2) contract cycles or ten (10) years (whichever is greater)• By mutual agreement, the parties may extend the contract duration one year resulting in x% increase to rates on 1/1/2016	