

Company Equipment Grouping

The formula in today's pilot contract dictates that any aircraft AA operates has its own pay rate. For similar sized aircraft, the difference in rates are minor – sometimes just \$1 or \$2. But even small differences in rates can encourage pilots to bid into a higher paying aircraft.

This is an inefficient system that inflates our training costs, takes pilots out of the cockpit for a couple of months for training events and at times, forces pilots to change bases or commute long distances because of relatively small rate differentials.

So instead of dozens of different pay rates, the company proposes grouping equipment into pay bands. Pay bands will set common rates of pay across multiple pieces of equipment, instead of basing pay on an individual aircraft's speed, weight or mileage.

Pay banding would make us competitive with other airlines, lower training costs and offer pilots more stability and career predictability. In return, training costs will be significantly reduced and the company will be better positioned to bring new aircraft into service.

AA Proposal

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Contract Reference(s): Section 3. Pay

AA proposes to amend Section 3 as follows:

- Introduce Equipment Groupings as follows:
 - Equipment Group I: Embraer E170, E175, Mitsubishi MRJ70, Sukhoi Superjet 100 (75-seat variant), Bombardier CRJ700, CRJ-900, Q400 (maximum 78-seat version)
 - Equipment Group II: Airbus A318, Boeing B737-600, Bombardier CS100, CRJ1000, Embraer E190, E195, Mitsubishi MRJ90, Sukhoi Superjet 100 (100-seat variant), B717
 - Equipment Group III: Airbus A319, Boeing B737-700, Bombardier CS300
 - Equipment Group IV: Airbus A320, A321, MD80, B737-800, B737-900
 - Equipment Group V: Boeing B757¹, B767-200, B767-300, Airbus A300
 - Equipment Group VI: Boeing B767-400, B777-200, B777-200ER, B777-200LR, B777-300, B777-300ER, B787-8, B787-9, B787-10, Airbus A330-200, A330-300, A340, A350
 - Equipment Group VII: Airbus A380, Boeing B747 (all variants)

The Company has elected to remove this footnote and will address the issue in the Company's Scope proposal.

¹ Grandfathered as exception

- Each Equipment Grouping will have a single pay rate for each category within the Group.
 - Delete Section 3.A.2. and 3.A.3. Individual pay components of mileage, speed, and gross weight will be eliminated.
 - Delete Section 3.E. (Determination of Speeds and Mileage) and Section 3.F. (Determination of Gross Weight).

AA Proposal

- Incorporate Supplement A Pay Guides into Section 3.

- Add new section 3(X) New Aircraft Model

- a. “New Aircraft Model” – an aircraft not included in the list contained in Equipment Group I through VII, as defined in Section 3 (X) above.

EXCEPTION: excludes those aircraft that undergo a modification resulting in a change to its named designation, but does not materially change the aircraft size or seating capacity (e.g., A-320 versus A-320NEO, B-737-800 versus B-737-800MAX).

- b. The Company will give the Association notice of its decision to introduce a new aircraft model at least six months prior to the projected scheduled revenue service date, or within 30 days after entering into the contract for procurement of the new aircraft model, whichever is later in time.
- c. The parties will meet within 15 days following written request by either party to negotiate an agreement setting forth the rates of pay for such new aircraft model.
- d. If such negotiations do not result in agreement executed within 45 days from the date of the parties first meeting, either party may submit the dispute to expedited final and binding interest arbitration before a Five Member-System Board of Adjustment under **Section 23**. The award of the Five Member System Board of Adjustment must be rendered within 60 days following submission of the dispute unless the parties agree otherwise.
- e. In reaching its determination the Five Member System Board of Adjustment will give controlling weight to the mission and rates of pay applicable to the most closely comparable aircraft models in the Company’s fleet while taking into consideration the new aircraft’s speed, passenger and cargo capacity, revenue generation, range, fuel economy, and gross weight and existing aircraft Equipment Groupings.
- f. During this process (until implementation of an executed agreement or of the Five Member System Board award), the Company will establish rates of pay for affected pilots training for and flying such aircraft that is consistent with the criteria of **Section 3**.
- g. Pilots will undergo training for and fly such new aircraft model in the Company’s scheduled and non-scheduled

AA Proposal

operation without regard to the length of time required to complete the resolution of the appropriate Equipment Group for the new aircraft.

- h. The initial placement in an Equipment Group agreed to by the parties or established by the Five Member System Board of Adjustment for such new aircraft model will be effective as of the effective date of the pilot's bid award.