AA PROPOSALS

Sections 20, 24, Supp Z, Letters K, M, Q, and II

December 3, 2008

The Company proposes the following Sections, Supplements and Letters as an all-inclusive package proposal (modifications to previous proposals in bold):

Section 20: Physical Exams

- **The Company shall provide the Association with the current administrative letter, and any subsequent modification to such letter, outlining a pilot's responsibilities in preparation for a physical exam in accordance with this Section.**

Section 24: Electronic Personnel Files (AA proposal dated 06/10/2008)

- The Company proposes to modify Section 24.B. as follows:

B. Personnel File

An individual electronic personnel file shall be maintained on each pilot in the employ of the Company. The electronic personnel file shall contain reports, orders, and all practice, training and flight checks. The entire contents of the personnel file shall be available for individual inspection by the pilot during regular business hours, and such pilot may request a hard copy of any performance-related documents. A pilot shall be advised by way of electronic notification any time a performance-related entry is made or deleted.

Supplement Z: Terrorism, Sabotage and Hostage Benefits (AA proposal dated 09/15/2008)

- The Company proposes to amend Supplement Z, paragraph F.1. as follows:

"A pilot who becomes or is reported to be interned, missing or a prisoner or hostage, other than as a result of such pilot's own misconduct, whether as a result of war, armed hostilities, rebellion, insurrection, hijacking, terrorist act or (deleted "other")_hostilities related action of a foreign government, or for any other reason related to such hostilities, provided that the occurrence of the event to the pilot is materially related to the performance of their required flight or ground duties, shall be paid the minimum guarantee for the pilot's bid status for a period of twenty-four (24) months after disappearance or until death is established, whichever first occurs. When such pilot has been missing for twenty-four (24) months, the Company will aid the beneficiary in obtaining legal proof in order that death benefits under Company plans (including the Pilot Retirement Benefit Plan) can be paid consistent with

applicable state law. During the period held or missing, such pilot(s) shall be deemed to be in active service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension and all other benefit accruals for a period not to exceed twenty-four (24) months."

- The Company proposes to amend Supplement Z, paragraph F.3. as follows:

"When, under the provisions of 1. Or 2. Above, a pilot has been missing for a period of twenty-four (24) months, the death benefits provided under A. above shall be paid. If such pilot is later found to be alive, the minimum guarantee for the pilot's bid status will be paid retroactively to the time such payments ceased, less any death benefits which were paid to the beneficiary. Any death benefits not recovered by this offset will be repaid by the beneficiary to the Company upon its demand. In the event a pilot who has been interned, missing or a prisoner or hostage for twenty-four (24) months and is known to still be alive, then for as long as the pilot continues in such status, he/she shall continue to be deemed in active service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension and all other benefit accruals until death is established, or the pilot would otherwise be eligible for normal retirement.

Letter K: Uniforms (modifications to AA proposal dated 6/12/2008 in bold)

- The Company proposes to delete Letter K and add the language below to Section 24.M. (new).
    - The Company may make reasonable changes to the pilots' uniform and appearance standards after giving every consideration to the recommendations of the Association.
    - Six (6) months notice shall be given of any **material** uniform change and an additional six (6) months to accomplish the changeover.
    - The Company shall provide the tie, epaulets, braiding, insignia, wings and any other Company insignia or emblems as may be reasonably needed.
    - The Company shall provide a complete uniform to newly hired pilots, to include one (1) hat (if required), one (1) jacket, two (2) pair of trousers, and six (6) shirts.
    - **The Company shall provide a Captain's hat (if required) to each pilot upon initial upgrade to Captain**.

Letter M: Airport Parking Permits (AA proposal dated 05/08/2008)

- The Company proposes to amend Paragraph I. of Letter M to include the following language:

    - “In the event commuter parking at an AMR station is not available (at local employee parking rates), the Company will reimburse the actual rate charged but in no case will the parking reimbursement be more than $25 over the monthly cost of parking at the pilot’s domicile”.

    - The Company proposes to amend Letter M to include the following:

    “The Company will explore opportunities to simplify the attainment of parking permits”.

    - The Company will work with the Association, AA Corporate Real Estate and local airport authorities to encourage and facilitate equitable parking policies for commuting employees.

Letter Q: Jumpseats

- The Company proposes no change to Letter Q.

Letter II: PU (AA proposal dated 6/11/2008)

- The Company proposes to eliminate Paid Union Leave if Needed (PUI).
- The Company proposes no change to LOA 04-13.
- The Company proposes no change to “Mutually Beneficial” activity.
- The Company proposes to continue current process of granting Union Leave.