March 5, 2010

Section 23

System Board of Adjustment

The parties agree that Section 23 will be modified as follows:

23.C. Selection of Arbitrator

- Every July, the Association and the Company shall disclose to each other the names of the Arbitrators that they want to either strike from or add to the list of acceptable Arbitrators. Every, August, the Association and the Company will meet to review and formally amend, if necessary, the list of acceptable Arbitrators. At the end of the August meeting, both lists of acceptable Arbitrators will be populated with ten (10) acceptable Arbitrators. The Association and the Company shall retain the right to amend the list of acceptable Arbitrators on an ad hoc basis anytime during the following year.

- Change reference in 23.C.2. from “pursuant to 23.C.4. below” to “pursuant to 23.C.3. below” to correct error from 2003 contract printing.

- Protocol for Arbitrator

  Draft Opinion and Award: The parties expect you to provide a draft Opinion and Award to your fellow board members within forty-five (45) days after the later of oral closing arguments, receipt of transcript, or receipt of briefs. Please provide a copy to each board member.

  Executive Sessions: In the event one or both of the parties request an Executive Session, we expect that it be scheduled within thirty (30) days from receipt of the draft Opinion and Award. Extenuating circumstances may prevent scheduling within thirty days. In that case, we ask that you contact us explaining the reasons why the 30 day requirement cannot be met. The System Board Coordinator will contact you in the event the parties decide to schedule an executive session.

  Final Opinion and Award: If no executive session is necessary, the parties expect that the Opinion and Award be finalized within thirty days of receipt of the draft. If an executive session is necessary, the parties expect that the Opinion

and Award be finalized within thirty (30) days of the executive session. Finally, we ask that you provide two original signature pages so both parties have an original Final Opinion and Award.

- Protocol for System Board Members

  Draft Opinion and Award and Executive Sessions: Most arbitrators call for an Executive Session immediately after the arbitration hearing closes to generally discuss the grievance, so please allow sufficient time to participate in same. We expect the arbitrator to provide a draft Opinion and Award to the fellow board members within forty-five (45) days after the later of oral closing arguments, receipt of transcript, or receipt of briefs. Please contact the System Board Coordinator in the event you do not receive the draft. Draft Opinion and Awards are confidential and the language – and the decision – may be revised dramatically. The draft is not for general distribution or publication; however, you may discuss and distribute the draft to the following people: your fellow board members and the counsel or person who presented the case at the arbitration. Upon receipt/review of the draft Opinion and Award, one side may determine that an Executive Session with the arbitrator is necessary. Please contact the System Board Coordinator and he/she will coordinate same. We expect Executive Sessions to occur within thirty (30) days from receipt of the draft Opinion and Award. Extenuating circumstances may prevent scheduling within thirty days.

  Final Opinion and Award: If no executive session is necessary, the parties expect that the Opinion and Award be finalized within thirty days of receipt of the draft. If an executive session is necessary, the parties expect that the Opinion and Award be finalized within thirty (30) days of the executive session. Finally, each party expects fully executed original final Opinion and Award documents, so be prepared to sign two original signature pages.

- Modify Section 23.G.3. “No later than fourteen (14) days prior…” changed to “No later than twenty-one (21) days prior…”.

- Three (3) Person System Board of Adjustment (see chart also):

  The parties agree to provide for an alternative grievance resolution process by creating a 3-Person System Board of Adjustment. This option is available after unsatisfactory resolution at the Vice Presidential appeal. This Board would be created to resolve individual pilot grievances and suspensions, except discharges.

  The Board would consist of a representative chosen by the Association, a representative chosen by the Company, and an Arbitrator chosen from the list established pursuant to Section 23.C.

The Board would meet quarterly, or as agreed to by the parties. At a minimum, the Board would meet four times per year. Both parties will meet to discuss the implementation or phase-in approach for the 3-Person System Board of Adjustment, and also to address the reasonable number of cases per session.

Elements of the Three Person Board:

1. Elements of the 3-member board process

• 2 cases per day minimum	• time limits structured for 2 case completion / day	• same day decision	• decisions are non precedent setting
• 14 day prior doc. exchange	• exchange stipulations 7 days prior	• no limit on witnesses	• no transcripts
• no briefs / oral closing argument only	• equal time allotted to each party	• If any party does not use full time allotment, the other party must immediately commence their presentation. Neither party can bank unused time.	• Example: Assume each party has 2 hours per case. First party presents case in 45 minutes, next party must complete within 2 hrs and 45 minutes from commencement of that hearing.

- After the conclusion of four (4) 3-Person System Boards, but not sooner than one (1) year from the date of signing, both parties will meet to discuss the effectiveness of the 3-Person Board. At the conclusion of this effectiveness review, either party has the option of terminating the 3-Person Board. If neither party exercises their right to terminate this process, the 3-Person Board will become an ongoing part of the Agreement. At the end of the test period, if the process is terminated, all cases previously scheduled for the 3-Person Board will be resolved by the 5-Person Board.

  AA agrees to APA's proposal which allows the Association the ability to covert an individual grievance in Path 1 to Path 3 (5-person board). No change to current time limits on the filing of a grievance.

  - Add Section 23.D.4. (New) as follows:

    With the exception of expedited grievances in 3. above, the Company and the Association shall make every reasonable effort to submit grievances to the System Board on a timely basis. To the extent possible, cases not scheduled to be heard by the System Board within two years of filing, will be scheduled so as to be heard within twenty-eight (28) months of the original filing.

  - Add to 23.E. (New):

    For cases not scheduled to be heard within the twenty-eight (28) month timeline in accordance with 23.D.4., the Arbitrator may consider and determine appropriate offsets to backpay or additional remedy due to delays beyond the twenty-eight (28) months.

  - Add language to Section 23.L.4. as follows:

    Either party requesting a postponement or cancellation of any part of an arbitration session will bear all Arbitrator costs associated with the postponement or cancellation. If the parties mutually agree to a postponement or cancellation, the costs will be split evenly between the two parties.

Independent of Section 23 modifications, the parties have also agreed to the following process to address outstanding grievances:

AmericanAirlines®

MM/DD/YYYY

_____
Chairman, Negotiating Committee
Allied Pilots Association
14600 Trinity Boulevard, Suite 500
Fort Worth, Texas 76155

RE: Grievance Resolution Process

Dear XXXXXXX:

This will confirm our discussion regarding the scheduling of an expedited grievance review process in an attempt to resolve a number of outstanding grievances. The parties agree to schedule this review process no later than November 1, 2010. The specific details regarding the actual grievances to be reviewed, the number of days required to complete the review, location, etc. shall be worked out between the appropriate Company and Association representatives.

Furthermore, within ninety (90) days following ratification of the new Agreement, the parties will schedule a second grievance review process in an attempt to resolve any remaining grievances. The format to be followed shall be the same as the initial review process, unless modified by mutual agreement between the Company and the Association.

Sincerely,

Dennis A. Newgren
Director, Employee Relations
Flight