

January 9, 2015

AA Flow-Thru Pilots Coalition
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BY EMAIL AND CERTIFIED MAIL

Mr. Scott Kirby
President AAG
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Re: Notice of Discriminatory Pay Practice - Supplement W Pilots

Dear Mr. Kirby,

I am writing to you on behalf of the approximately 510 Pilots¹ on the AA seniority list who transferred from American Eagle Airlines to American Airlines under Supplement W of the AA / APA CBA, also known as the Flow-Through Agreement.

While these Flow-Through pilots are supposed to be fairly represented by the APA with respect to all issues, including pay equality, there has been a long history of the APA not only refusing to equally represent and negotiate for these pilots, but attempting to harm them relative to the other pilots on the AA list.

Most recently, the APA negotiated for Length of Service Credit for furlougees while it was fully aware that an egregious pay inequality already existed on the property with respect to the Flow-Through pilots, and that if LOS credit were given exclusively to the furlougees, it would serve to further exacerbate that inequality. Under the latest JCBA proposal from AAG the Flow-Through Pilots who have worked for AMR / AAG for decades will continue to be discriminatorily singled out to be the lowest paid pilots on the AA property for doing the same job as pilots far junior to them. These long term, (20 – 30 year AMR employees) are on 1st – 6th year pay while pilots junior to them, who have also transferred to AAG from other carriers are topped-out at 12th year pay. Under the current proposals, the Flow-Through pilots will not even be afforded the 2 year LOS adjustment, as this adjustment is being offered only to pilots who were furloughed, and

¹ Specifically referring to the group of 510 AA pilots, from Basett 373398 to Smith 461127, who were the pilots identified in grievance FLO-0107 (Arbitrator Bloch) as retaining transfer rights to AA under Supplement W. This group should not be confused with a separate group of 824 pilots that are now being hired into AA under a subsequent 4 party settlement, agreed to after the expiration of Supplement W, and attached by Arbitrator Nicolau as part of the remedy award in grievance FLO-0108.

working at other carriers, while awaiting their AA transfer class, but not to those who were working at American Eagle similarly awaiting their AA new-hire class.

It is important to note that most of the furlougees were furloughed directly from TWA LLC and had never worked a day at AMR before being furloughed from TWA. These furlougees were all “new-hire” pilots for purposes of the Flow-Through Agreement and were not on AA’s property until they were hired for their first AA new-hire class. The Flow-Through pilots are in the same situation in this regard, as they also were not on AA’s property until they started their new-hire class that resulted in their transfer from American Eagle to AA. There is no logic in treating these two pilot groups differently as to the proposed 2-year adjustment. It is pure and simple favoritism by AA of the furlougees over the Flow-Through pilots.

The Flow-Through pilots are therefore asking to be credited for Length of Service using the same methodology that has been used for every other pilot group that has come to AA from another carrier, which includes the time they spent flying at their former carrier.

While it is awkward for “represented” pilots to have to appeal to the company directly to have their concerns heard, it is important that the company fully understands the depth of the discriminatory treatment being foisted on the Flow-Through pilots as a group. Additionally, even if an employee group is “represented” by a union it is incumbent upon the company to ensure that a reasonable level of fairness is applied to compensating employees. It is ultimately the company that decides how pilots will be compensated and it is the company that will suffer where long-standing discrimination and pay disparities are allowed to fester. In this case the disparity is blatant and unjustifiable. While it would be easy for the company to say “it’s your union, work it out”, it does not address the problem that an unfair and discriminatory practice is then being applied and condoned by the company.

To give you a little background, the representation problem the Flow-Through pilots are facing stems from the fact that for years American Eagle was viewed as a job threat by the AA pilots, and the AE pilots were viewed with disdain by the APA for flying “AA pilots’ routes”. After the TWA acquisition, matters got even worse. The TWA pilots did not like the fact that there were AE pilots ahead of them on the AA seniority list. They were successful in steering the APA agenda and legal machine to attempt to give the former TWA pilots priority over the Flow-Through Pilots, and in one arbitration after another the APA fought to move the TWA pilots ahead of the Flow-Through pilots, even going so far as to argue that the Flow-Through pilots should be stripped of their AA seniority altogether, and never be allowed to transfer to AA.

This level of hostility to the Flow-Through pilots cannot be explained simply by APA’s contention that it was trying to represent AA pilots aggressively. The Flow-Through Agreement recognized that AE pilots would eventually move to AA and be formally represented by APA; in fact, many of the AE pilots had AA seniority numbers during the very time APA was undermining their interests. Since neither the TWA pilot group nor the Flow-Through pilots had ever worked on the AA property, but similarly had AA

seniority numbers assigned to them pursuant to the merger agreement or the Flow-Through Agreement, as applicable, the TWA pilot group was no more “represented” by APA than was the Flow-Through pilot group.

Even after the Flow-Through pilots transferred to AA and were unquestionably represented by APA, the discriminatory treatment continued. The APA strategically constructed the equity distribution methodology to minimize recovery by the Flow-Through pilots, and then intentionally failed to negotiate for pay equality for these pilots in favor of seeking adjustments for furlougees.

Two examples of the arbitrary LOS data being utilized to compensate AA pilots follows:

1. Take a Flow-Through pilot who was hired by AMR at American Eagle in 1987, who received his AA seniority number under the terms of Supplement W in the year 2000, and was eligible to transfer to AA in a new hire class at that time. This pilot however was then withheld from transfer for 2 years by AMR, and then because of the events of 9/11, and the acquisition of the failed TWA Airlines, he was withheld further from transfer until 2008. At this time he should have gone to AA, but former TWA furlougees were wrongly allowed to be placed into class ahead of the Flow-Through pilot, and he was finally allowed to transfer to AA in 2010, after two arbitrators ruled that the Flow-Through pilot had been wrongly bypassed from transfer. He was then given a LOS date for pay purposes of 2008, and is now on 6th year pay.

Now take a TWA pilot who was hired by TWA in 1997, ten years after our Flow-Through pilot was already working as a Captain at American Eagle. This TWA pilot is given an AA seniority date of 2001 and is 1,000 seniority numbers junior to the Flow-Through pilot. This pilot is then furloughed directly from TWA LLC and is subsequently allowed to “Flow-Back” into an American Eagle Jet Captain position, causing a cascading displacement of AE pilots. Then when AA begins hiring he is allowed step ahead of the senior Flow-Through pilot, and attends a 2008 new hire class that should have been for the Flow-Through pilot. That former TWA pilot is then given LOS credit for pay at AA for the 3 years he spent at TWA, plus the 8 years he spent at American Eagle, plus the 6 years from when he was allowed to enter the earlier class to which he was not entitled at AA. This pilot now has accrued 17 years LOS credit and is topped-out on the 12th year pay scale.

	LOS Credit for time at Former Carrier	LOS Credit for time at American Eagle	2 YR LOS Credit for Time on Furlough	LOS for Time From Transfer to AA In New Hire Class to Present
Junior TWA Furlougee	YES	YES	YES	YES + Credit for Time of Earlier Class Date Due to Improper Placement
Senior Flow-Thru Pilot	NO	NO	NO	YES

2. Take another Flow-Through Pilot who was hired at American Eagle in 1989. He completed his training as a Jet Captain in 2001, was issued an AA seniority number, and subsequently an arbitrator decided that he would now only be recalled to AA after all the new-hire furloughees, who were placed on the AA pilots seniority list years later. Supplement W did stipulate however that new hire classes were to be filled at a rate of 1 AE pilot for every 2 new-hire pilots, and had Supplement W been allowed to function properly, this pilot's LOS credit date would have been in 2008. Instead, as a 24 year AMR Captain he transferred to AA in 2013 and was placed on probation pay, and is now just starting 2nd year pay.

Compare this treatment to a TWA new-hire that was hired by TWA in 2000, and who less than a year later is furloughed directly from TWA LLC. In 2013 he is placed into an AA pilot new-hire class and he is now being offered 1 year LOS credit for his time at TWA, plus 2 years LOS credit adjustment, plus the year he has now spent at AA. This pilot that has spent just 1 year at AAG will be on 5th year pay.

To reiterate, a Flow-Through pilot that has now spent 25 years flying on the AAG property is on 2nd year pay, while a new-hire TWA pilot that has spent 1 year flying on the AAG property is on 5th year pay.

This issue of discriminatory and arbitrary assignment of LOS credit is the singular most important issue to the 510 Flow-Through pilots, and it can therefore be reasonably assumed that any TA that continues or exacerbates this unfair pay treatment will be found unacceptable to these pilots. But even if the non-Flow-Through pilots have sufficient numbers to ratify an inequitable agreement, the company should not tolerate such a situation. The company has to recognize that creating arbitrary "winners" and "losers" among the company's pilots is just bad employee relations and bad business.

It is our hope that the AAG will take action to rectify this obviously unfair situation directly affecting its employees.

Respectfully Yours,

F/O Greg Cordes
AA Flow-Thru Pilots Coalition