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SUPPLEMENTAL AGREEMENT  
between and among  
AMERICAN AIRLINES, INC.  
and the  
AIRLINE PILOTS  
in the service of  
AMERICAN AIRLINES, INC.  
as represented by  
THE ALLIED PILOTS ASSOCIATION  
and  
AMR EAGLE, INC.  
EXECUTIVE AIRLINES, INC.  
FLAGSHIP AIRLINES, INC.  
SIMMONS AIRLINES, INC.  
WINGS WEST AIRLINES, INC.  
and the  
AIR LINE PILOTS  
in the service of  
EXECUTIVE AIRLINES, INC.  
FLAGSHIP AIRLINES, INC.  
SIMMONS AIRLINES, INC.  
WINGS WEST AIRLINES, INC.  
as represented by  
THE AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

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AMERICAN AIRLINES EMPLOYMENT OPPORTUNITIES and FURLOUGH  
PROTECTION

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THIS LETTER OF AGREEMENT is made and entered into by, between, and among AMERICAN AIRLINES, INC., and the pilots in the service of AMERICAN AIRLINES, INC., as represented by the ALLIED PILOTS ASSOCIATION, and AMR EAGLE, INC., EXECUTIVE AIRLINES, INC., FLAGSHIP AIRLINES, INC., SIMMONS AIRLINES, INC., and WINGS WEST AIRLINES, INC., and the pilots in the service of EXECUTIVE AIRLINES, INC., FLAGSHIP AIRLINES, INC., SIMMONS AIRLINES, INC., and WINGS WEST AIRLINES, INC., as represented by the AIR LINE PILOTS ASSOCIATION, INTERNATIONAL.

I. Preamble

- A. This Supplemental Agreement governs American Airlines, Inc. ("AA") employment opportunities for a pilot employed at any commuter carrier (or its successor) which is majority owned by AMR Eagle, Inc., or any successor(s) to AMR Eagle, Inc. (hereinafter referred to as "AMR Eagle, Inc. "). All commuter carriers which are majority owned by AMR Corp. or an affiliate shall be operated within AMR Eagle, Inc. and shall be governed by this Supplemental Agreement.
- B. This Supplemental Agreement also governs employment opportunities at AMR Eagle, Inc. for furloughed AA pilots.
- C. This Supplemental Agreement supplements and makes certain exceptions to the Basic Agreements between the parties. The provisions of the Basic Agreements will continue to apply, except as modified herein and, in the event of a conflict, the provisions herein shall apply.
- D. To the extent that any provision of this Supplemental Agreement requires that any specific pilot(s) of any AMR Eagle, Inc. carrier(s) be identified by those carriers, the mechanism for identifying such pilot(s) shall be effected by separate agreement(s) among the Air Line Pilots Association, International ("ALPA"), AMR Eagle, Inc., and the AMR Eagle, Inc. carriers. However, any such agreement(s) must be consistent with this Supplemental Agreement.
- E. This Supplemental Agreement is being entered into as an accommodation among independent parties. The parties agree that the Supplemental Agreement may not be cited or used in any proceeding other than the proceedings described in Section VI. below or in any action concerning the enforcement of the rights under this Agreement.

II. Definitions

- A. As used herein, the term "commuter jet" is synonymous with the term "regional jet" and describes turbojet aircraft with at least forty-five (45) passenger seats but not more than seventy (70) seats.

- B. As used herein, the term “CJ Captain” is synonymous with the term “RJ Captain” and describes the captain’s position on commuter jet aircraft.
- C. As used herein, the term “training freeze” is synonymous with the term “lock-in” and describes a period of restricted bidding to which a pilot is subjected as a consequence of receiving training for a bid status.

III. Employment Opportunities at AA for AMR Eagle, Inc. Pilots

- A. At least one (1) out of every two (2) new hire positions per new hire class at AA will be offered to CJ Captains who are line pilots and who have completed their IOE at AMR Eagle, Inc. Such positions will be offered to the CJ Captains who are line pilots in order of their AMR Eagle, Inc. seniority.
- B. If a CJ Captain is unable to fill a new hire position at AA in accordance with Paragraph III.A. above, due to a training freeze or other operational constraint, (see Paragraph III.J. below), such CJ Captain will be placed on the AA Pilots Seniority List and will count toward the number of new hire positions. The pilot’s AA occupational seniority date and number will be established as if he were able to fill such new hire position at AA and had attended the new hire training class referenced in Paragraph III.A. above. Such pilot’s length of service for pay purposes, date of hire for pension purposes, and length of service for vacation accrual will be established in accordance with III.C. below. The number of such CJ Captains will not exceed the difference between the number of CJ Captains who are able to fill new hire positions at AA and the number of new hire positions which must be offered to CJ Captains in accordance with Paragraph III.A. above.
- C. A CJ Captain’s (1) placement on the AA Pilots Seniority List (except as provided in Paragraph III.B. above which is only applicable for placement on the AA Pilots Seniority List in order to establish an AA occupational seniority date and number), (2) length of service for pay purposes, and (3) “date of hire” for pension purposes will be based on the date such pilot is entered on the AA payroll. Such pilot’s length of service for vacation accrual will be based on the cumulative total of the pilot’s service at AMR Eagle, Inc. and AA.

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- D. If a CJ Captain is placed on the AA Pilots Seniority List per III.B. above, such CJ Captain will receive priority based on his AA seniority in filling a new hire position in the next new hire class,

following release from a training freeze or other AMR Eagle, Inc. imposed operational constraint. Such CJ Captains will not count toward the number of new hire positions offered to CJ Captains at AMR Eagle, Inc., under Paragraph III.A. above.

- E. Each of the first 125 AMR Eagle, Inc. pilots who successfully complete transition training as a CJ Captain must fulfill a training freeze for a period of eighteen (18) months from the date said pilot completes IOE. All other pilots who successfully complete transition training as CJ Captains must fulfill a training freeze for a period of two (2) years from the date each pilot completes IOE, unless released from such training freeze by AMR Eagle, Inc.
- F. An AMR Eagle, Inc. pilot may, not later than the completion of IOE for a CJ Captain position or at such time as the pilot is able to demonstrate hardship, elect to forfeit the opportunity to secure a position on the AA Pilots Seniority List as provided by this Supplemental Agreement. Such pilot will hereinafter be referred to as an "Eagle Rights CJ Captain," and will not be eligible for a future new hire position at AA which may otherwise become available under Paragraph III of this Supplemental Agreement. The existence of a hardship for this purpose shall be approved by the ALPA AMR Eagle MEC Chairman and the appropriate management official(s).
- G. A CJ Captain who is awarded a new hire position at AA will be issued the lowest seniority number at AA in the applicable new hire class, subject to AA's policy concerning the assignment of seniority numbers to new hire pilots who have previous service in other employee classifications. AMR Eagle, Inc. pilots will receive their AA seniority number in order of their seniority at AMR Eagle, Inc.
- H. A CJ Captain who accepts a new hire position at AA may bid and will be awarded a bid status vacancy based upon such pilot's AA seniority at the time of his transfer to AA. Such pilot must fulfill a one year lock-in in the bid status which is awarded or assigned. Such pilot will not be required to serve a probationary period at AA.
- I. A CJ Captain who accepts a new hire position at AA must qualify for the initial bid status position which such pilot is awarded or assigned at AA. A pilot who meets the physical requirements at his AMR

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Eagle, Inc. carrier will be deemed to have met the physical requirements at AA, provided that a pilot who accepts a new hire position at AA must have an FAA First Class Medical Certificate, and must not be on the disability list or the long term sick list. In

addition, at the time such pilot accepts a position at AA, he must meet AA's then current criteria for future promotion to Captain at AA.

- J. A CJ Captain who accepts a new hire position at AA may be withheld from such position for operational reasons, provided the pilot is paid the greater of the rate of pay for the CJ Captain flying being performed at the applicable AMR Eagle, Inc. pay rates, or the highest equipment rate of pay for the AA bid status from which withheld up to the applicable AA monthly maximum. Such withholding will be limited to a maximum of six (6) months.

IV. Furlough Protection at AMR Eagle, Inc. for Pilots Furloughed from AA.

- A. A pilot furloughed from AA may displace a CJ Captain at an AMR Eagle, Inc. carrier provided that the number of CJ Captain positions available to furloughed AA pilots will be limited to the total number of CJ Captain positions at AMR Eagle, Inc. less the number of Eagle Rights CJ Captains.

B. A furloughed AA pilot may displace

1. A CJ Captain, other than an Eagle Rights CJ Captain, who has not been awarded a seniority number at AA, in reverse order of AMR Eagle, Inc. seniority; and then
2. A CJ Captain who has accepted a position on the AA Pilots Seniority List pursuant to Paragraph III.B. above, or a CJ Captain who was previously furloughed from AA, in reverse order of AA seniority.

- C. If no CJ Captain position at AMR Eagle, Inc. is available for a furloughed AA pilot, such pilot shall not have any further displacement rights at AMR Eagle, Inc. and shall be furloughed as an AA pilot, with the exception that a furloughed AA pilot who is displaced from CJ Captain status may elect either of the following options:

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1. Such pilot may use seniority accrued at AMR Eagle, Inc. to bid a vacancy or displace at such carrier in accordance with the applicable collective bargaining agreement provided that no AMR Eagle, Inc. pilot on the current Eagle seniority list

will be furloughed as a result of this provision consistent with Paragraph IV.K. below; or

2. Such pilot may relinquish his position at the AMR Eagle, Inc. carrier and will receive furlough pay due under the Basic Agreement between AA. and the Allied Pilots Association (“APA”). The rights and obligations of a furloughed AA pilot who relinquishes a position at AMR Eagle, Inc. will be the same as any other furloughed AA pilot , except that such pilot shall have a right of recall for ten years to any vacant CJ Captain position in the reverse order of displacement specified in Paragraph IV.B. above.
  3. When a CJ Captain who has been furloughed under Paragraph IV.C.2. above is offered, by written notice from AMR Eagle, Inc., the opportunity to return to duty as a CJ Captain and such pilot elects, by written notice to AMR Eagle, Inc., not to return to duty, such pilot forfeits the right of recall to AMR Eagle, Inc. Such pilot shall maintain the seniority right of preference for recall to AA under the terms of the Basic Agreement between AA and APA.
- D. Eagle Rights CJ Captains are not subject to displacement by furloughed AA pilots, or any pilot who has been awarded an AA seniority number pursuant to Paragraph III.B. above.
- E. A furloughed AA pilot who accepts a CJ Captain position at AMR Eagle, Inc. and has not completed the 12 month probationary period at AA will be subject to the following provisions.
1. 0 - 9 months of probation completed at AA when furloughed: the pilot shall complete the remaining months of probation at AMR Eagle, Inc.
  2. 10 - 12 months of probation completed at AA when furloughed: no further probation required at AMR Eagle, Inc. or AA.
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3. A furloughed AA pilot who fails to satisfactorily complete the probationary period at AMR Eagle, Inc. as specified above must complete the remaining months of the required AA probation period following recall to AA.

- F. The rights and obligations of a furloughed AA pilot who accepts a position as a CJ Captain will be the same as any other furloughed AA pilot, except such pilot shall not be eligible for furlough pay while employed as a pilot at AMR Eagle, Inc. and any time served as CJ Captain will not be counted against the 10 year duration of such pilot's right to reemployment at AA.
- G. A furloughed AA pilot's seniority for bidding purposes at AMR Eagle, Inc. will be based on length of service at AMR Eagle, Inc. accrued following furlough from AA. Such pilot's length of service for pay and benefit purposes shall be the combined length of service at AA and length of service at AMR Eagle, Inc. accrued following furlough from AA. The only pilot who can displace a furloughed AA pilot from the position of CJ Captain is a more senior furloughed AA pilot.
- H. In the event of a reduction in the number of CJ Captain positions at AMR Eagle, Inc., displacements from CJ Captain status will be in the following order:
1. A CJ Captain who has not been awarded a seniority number at AA, in reverse order of AMR Eagle, Inc. seniority; and then
  2. A CJ Captain who has been awarded a position on the AA Pilots Seniority List pursuant to Paragraph III.B. above, or a CJ Captain who was previously furloughed from AA, in reverse order of AA seniority; and then
  3. An Eagle Rights CJ Captain, in reverse order of AMR Eagle, Inc. seniority.
- I. If a CJ Captain on furlough from AA declines a recall to AA, such pilot's position at AMR Eagle, Inc., including such pilot's position as a CJ Captain, will from that time on for all purposes be based solely on the pilot's seniority with AMR Eagle, Inc. accrued following furlough from AA.

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- J. A CJ Captain who accepts a recall to AA may be withheld from such vacancy, provided the pilot is paid the greater of the rate of pay for the CJ Captain flying being performed at the applicable AMR Eagle, Inc. pay rates, or the highest equipment rate of pay for the AA bid status from which withheld up to the applicable AA

monthly maximum. Such withholding will be limited to a maximum of six (6) months.

- K. No Executive Airlines, Inc. pilot with a seniority number greater than G.A. Cruz's (#200), hired 3/19/97, and no Flagship Airlines, Inc. pilot with a seniority number greater than E.L. Kelley's (#552), hired 6/27/94, and no Simmons Airlines, Inc. pilot with a seniority number greater than M.E. Waggoner's (#829), hired 4/21/97, and no Wings West Airlines, Inc. pilot with a seniority number greater than D.B. Seay's (#414), hired 4/7/97, will be furloughed as a result of a furloughed AA pilot displacing into a CJ Captain position. This number will be reduced in the event that an airline operating entity of AMR Eagle, Inc., is no longer a part of AMR Eagle, Inc. (the "Disposed Operation"). In such event, the number of pilots who will not be furloughed at AMR Eagle, Inc. will be reduced by a number which equals the greater of (1) the number of AMR Eagle, Inc. pilots employed at the Disposed Operation on the date of this Supplemental Agreement, or (2) the number of pilots employed at the Disposed Operation on the effective date of the transaction which separates the Disposed Operation from AMR Eagle, Inc. Furlough protections provided by this paragraph will be applicable for a period of five (5) years from the date of this Supplemental Agreement, at which time furlough protection as provided by this paragraph will be extended to all the pilots who are on the AMR Eagle, Inc. system seniority list as of that date. AMR Eagle, Inc. pilots hired thereafter will not be afforded the protections of this paragraph.
1. If there is a reduction in the number of CJ Captains not due to an AA pilot displacing a CJ Captain, the provisions of this paragraph do not apply.

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#### V. Reporting Requirement

- A. Six months following the effective date of this Supplemental Agreement and every six months thereafter, AA shall provide to APA, and AMR Eagle, Inc. shall provide to ALPA the information necessary to verify the employment opportunities and protections set forth in this Supplemental Agreement.

## VI. Dispute Resolution Procedures

- A. The parties to the Dispute Resolution Procedures will be AA, APA, ALPA, and AMR Eagle, Inc. (individually and as representative of Executive Airlines, Inc., Simmons Airlines, Inc., Flagship Airlines, Inc., and Wings West Airlines, Inc., and any other commuter carriers which are majority owned).
- B. The parties agree to arbitrate any grievance alleging a violation of this Supplemental Agreement on an expedited basis directly before a single neutral arbitrator jointly selected by all the parties. The jurisdiction of the neutral shall be limited to disputes involving the interpretation or application of this Supplemental Agreement.
- C. Any grievance concerning the interpretation or application of this Supplemental Agreement shall be stated in writing and set forth a full and complete statement of the facts, and it shall be served upon all of the other parties. During the course of the next fourteen (14) days after receipt of service by all parties, the parties shall meet and confer for the purpose of seeking to resolve the dispute. If all of the parties are unable to resolve the dispute to all parties' satisfaction, any party may submit the dispute, in writing, to the neutral by service of such submission upon the other parties within thirty (30) days thereafter. All of the parties shall convene for a hearing on the first hearing dates offered by the neutral selected by the parties. The hearing shall be completed within sixty (60) days, and the briefs, if any, shall be submitted to the neutral within seven (7) days of the close of the record and receipt of the transcript. The neutral shall render a written opinion and award no later than thirty (30) days after the conclusion of the hearing. The time limits may be extended by mutual agreement of the parties.

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- D. All of the parties agree to establish a list of five (5) neutrals as a permanent panel of arbitrators to resolve disputes over the interpretation and application of this Supplemental Agreement. AA, AMR Eagle, Inc., ALPA and APA may each sequentially strike a name from this list, and the remaining neutral shall hear and decide the dispute. The order of striking will be determined by lot. The neutral's decision on any matter within his jurisdiction may be enforced in federal court against any and all parties pursuant to the Railway Labor Act, as amended.

VII. Duration

- A. This Supplemental Agreement shall be effective on signing and shall continue in full force and effect through the later of:
1. The amendable date of the next ensuing Basic Agreement between AA and APA.
  2. Ten (10) years from the date of signing of this Supplemental Agreement, at which time this Supplemental Agreement shall become null, void and of no further force and effect.
- B. Prior to the later of Paragraph VII.A.1. or VII.A.2. above, the parties will meet and confer regarding their desire, if any, to perpetuate this Supplemental Agreement for a further period of time; provided, however, that the fact that such discussions are ongoing will not extend the duration of this Supplemental Agreement. In the event that this Supplemental Agreement terminates, then all other provisions of the collective bargaining agreements between AA and APA, and AMR Eagle, Inc. and ALPA remain in full force and effect.

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IN WITNESS WHEREOF, the parties have signed this SUPPLEMENTAL AGREEMENT this 5th day of May 1997.

For American Airlines, Inc.

For the Allied Pilots Association

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Jane G. Allen, Vice President /s/  
Employee Relations

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Jim Sovich, President /s/

For AMR Eagle, Inc.

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Dan Garton, President /s/

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T.R. Del Valle /s/  
Executive Airlines, Inc.

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David Kennedy, President /s/  
Flagship Airlines, Inc.

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Ralph Richardi, President /s/  
Simmons Airlines, Inc.

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Robert Cordes, President /s/  
Wings West Airlines, Inc.

For the Air Line Pilots Association

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J. Randolph Babbitt, President /s/

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Homer H. Pugh, Jr. /s/  
Chairman, AMR EGL-MEC