

July 30, 2013

Re: EQUITY DISTRIBUTION POST-HEARING BRIEF – AA SUPPLEMENT W PILOTS

F.O. Gregory R. Cordes
Employee # 146514

Challenges 1079 and 1184

DISCUSSION

AA Supplement W (Flow-Through) pilots are former American Eagle pilots who transferred to American Airlines under the conditions and terms of a Letter of Agreement between American Airlines, the Allied Pilots Association, American Eagle Airlines and the Air Line Pilots Association. The Letter of Agreement is formally titled *American Airlines Employment Opportunities and Furlough Protection or Supplement W* and informally referred to as *The Flow-Through Agreement*. The former American Eagle pilots are more commonly referred to as “Flow-Through” pilots.

The Preamble Roman Numeral I. to the terms of the Flow-Through Agreement, paragraph C. states the *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*, and the Employment Opportunities at AA for AMR Eagle, Inc. Pilots III, paragraph B. requires that *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.* [emphasis added]

Due to the lack of transparency in the information provided by the Allied Pilots Association, it is nearly impossible for the Flow-Through pilots to verify that they are being treated fairly and equitably in the Equity Distribution process, especially with regard to the Pension Silo and the YOS Silo calculations. The Flow-Through pilots were only able to identify the initial errors in their credited years of service by calling fellow Flow-Through pilots and comparing their credited years of service figures. The Allied Pilots Association blamed the errors on the Company, claiming that it was supplied incorrect information by the Company. Unfortunately, the fact that the Allied Pilots Association did not expend the necessary due diligence to verify the figures supplied by the Company, is indicative of carelessness and thus bad faith.

Referencing the Allied Pilots Association’s *Equity Distribution APA Board of Directors-Approved Eligibility and Allocation* dated April 3, 2013, on page 18 in the Pension Silo Calculation Discussion portion of the document, the following text appears:

- Credited Service – For most pilots, years of service as an AA pilot minus one year.⁵

The use of the phrase – For most pilots – is troubling as it suggests some degree of discrimination or unequal treatment. For a better understanding of the unequal treatment by the Allied Pilots Association, of certain pilot groups, the text of Note⁵ must be examined.

⁵ *Pilots hired directly as an AA pilot must work for one year prior to participating in the A-Plan. For these pilots, “credited service” is generally equal to service as a pilot minus one year. Pilots who have joined AA as the result of an acquisition or merger begin plan participation immediately if they have more than one year at their previous airline. Their credited service begins at a given date, for former AirCal pilots that date is Aug. 1, 1987; for former Reno [pilots] that date is Sept. 1, 1999; **for former TWA pilots that date is Jan. 1, 2002.** Pilots who had more than one year of previous time at AA or a related company prior to becoming a pilot at AA begin plan participation at the time they become a pilot.* [emphasis added]

The Flow-Through pilots are the group of pilots described in the last sentence above as, *[p]ilots who had more than one year of previous time at a related company prior to becoming a pilot at AA.*

To separate and treat the Flow-Through pilots in a different and disparate method compared to the TWA pilots is discriminatory and arbitrary. Many of the TWA pilots did not, and had never worked for American Airlines in January of 2002. The most senior Flow-Through pilot, V. Basset, employee number 373398, should have been transferred to American Airlines on June 6, 2007. Pilot V. Basset was withheld, at American Eagle Airlines, in violation of Supplement W (see APA exhibit - Arbitrator Nicolau Remedy Award) until June of 2010, a three (3) year period, due to intentional and wrongful tactics promulgated by the Company and the Allied Pilots Association. In comparison, TWA pilot M. Goede, employee number 624331, who had not previously worked at American Airlines, was placed into a new hire training class at AA, on June 6, 2007. Pilot Basset is seven hundred (700) numbers senior to Pilot Goede on the AA Pilot System Seniority List.

As an additional example, Flow-Through pilot G. Cordes, employee number 146514, should have transferred to American Airlines in March 2008 but was only transferred, after the Nicolau Remedy Award, in March 2011, a three (3) year delay. The TWA pilot, R. Barce, employee number 635030, who was placed into the AA training class in place of Flow-Through pilot Cordes is one thousand three hundred and fifty nine (1359) seniority numbers junior, on the AA Pilot System Seniority List, to Flow-Through pilot Cordes.

For the Allied Pilots Association to now further exacerbate the harm, which was caused, in large part, by its own action in concurring to withhold Flow-Through pilots from transferring to AA beginning in June 2007, and thereby by counting the Flow-Through pilot's years of service only from the date he or she was eventually transferred to AA, which is three (3) years later than he or she had the right to transfer under the terms of Supplement W, while simultaneously counting the years of service for TWA pilots from January 2002, a minimum of five years (5) and six (6) months earlier than the TWA LLC pilots ever began working at AA as pilots, is discriminatory. The equity distribution is not governed by an agreement amongst parties; the methodology is at the sole discretion of the Allied Pilots Association. This disparity between the treatment of the

Flow-Through pilots and the treatment of the TWA pilots by the Allied Pilots Association can only be described as arbitrary.

Since June 2007, TWA pilots, who had never previously worked as pilots for American Airlines, have been placed into training classes on a continuous basis. The most junior TWA pilot to accept a training class at AA was placed into class on March 20, 2013, four (4) months ago. Flow-Through pilots have concurrently been placed into the same training classes; the most junior Flow-Through pilot was placed into the June 5th training class at AA. To treat the Flow-Through pilots any differently to the TWA pilots is not fair, just, or equitable.

Due to the lack of transparency by the Allied Pilots Association, the Flow-Through pilots are unable to ascertain exactly which date is being used to count the TWA pilot's years of service. Is the date used January 1, 2002, as stated in the APA exhibit on the Pension Silo Calculation, or is it the actual date the TWA pilot became a pilot at American Airlines, which is the method used to calculate the Flow-Through pilot's years of service? These dates would range from June 2007 until June 2013.¹

In testimony the Allied Pilots Association contradicted its own Equity Distribution document of April 3, 2013 but was unable to answer unequivocally that the date used to calculate the TWA pilots years of service was the actual date the TWA pilot began initial training at American Airlines.

Notwithstanding the above, on June 23, 2013 the Equity Distribution Committee of the Allied Pilots Association sent an email message to certain pilots and advised them that that their Pension Credited Service, used in the calculation of the Pension Silo, was updated in order to meet the criteria set by the committee. Many Flow-Through pilots were recipients of this email message.

In its Statement of Position, page 52, paragraph B the Allied Pilots Association stated that a broad category of former Eagle pilots had asserted that the Pension Silo calculations did not reflect credited years of service in the A Plan that were awarded by Arbitrator George Nicolau in an April 2010 arbitration award. The APA maintained that the discrepancy in the credited years of service had occurred due to the Association receiving erroneous information from the Company, and that the Association and the Company were working to resolve the erroneous data.

Unfortunately, the updated calculation of the Flow-Through pilot's pension credited service remains in error. Arbitrator Nicolau, in his April 2010 Opinion and Award, determined as follows:

¹ To date, (July 30, 2013) the Flow-Through pilots, despite repeated requests to the Allied Pilots Association and Equity Distribution Committee, are still not able to ascertain the data used for the calculation of the TWA pilots' Pension and Years of Service Silo. Requests to the Allied Pilots Association to disclose the credited years of service calculations used to determine the TWA pilots equity distribution have been denied.

Those Eagle CJ Captains within the group of 244 CJ Captains who transfer will become participants in American's A Plan on the day they become American employees, with the one year waiting period waived and the period between the time they should have transferred and the time they actually transferred credited solely for vesting purposes.[emphasis added]

The Flow-Through pilots contend that Arbitrator Nicolau did not use the words "vesting purposes" meaninglessly, needlessly or lightly. Due weight and significance must be accorded to the Arbitrator's Opinion that the Flow-Through pilots were vested in the A Plan from the date they should have transferred to American Airlines and not just from the date that they were eventually transferred to American Airlines.

Similarly to the Pension Silo calculation, to date the Flow-Through pilots are still unable to verify that their correct occupational seniority date, as established by Supplement W, has been used in the YOS (Years of Service Silo) calculations.

Referring once again to the ***Equity Distribution APA Board of Directors-Approved Eligibility and Allocation*** document dated April 3, 2013, page 23, the document states that *Years of Service will be based on a pilot's Occupational Seniority Date.*¹¹

Note ¹¹ includes the following text: *Occupational Seniority Date roughly corresponds with the date a pilot completes initial IOE, normally does not change once a pilot completes IOE and is used to determine seniority.*

If the Flow-Through pilot's occupational date was established using the methodology described above (completion of IOE), then the calculations are not consistent with the requirement of Supplement W. This methodology would reduce the Flow-Through pilot's occupational seniority, for many pilots, by more than ten (10) years. The Flow-Through pilots cannot verify if their YOS calculations are correct because the information is not disclosed by the Allied Pilots Association. During the Arbitration Hearing the Equity Distribution Committee could not categorically and/or definitively state that the Flow-Through pilots' occupational seniority, as established by Supplement W, was used in the YOS Silo calculations.

CONCLUSION

The Allied Pilots Association, by its own declaration in the Equity Distribution document referenced above, page 2, stated that its Legal Responsibilities were:

1. APA BOD must fairly represent all pilots who are subject to the provisions of the CBA
2. The distribution methodology must be non-arbitrary, non-discriminatory, and made in good faith.

TWA pilots and Flow-Through pilots, absent the first three (3) years when the terms and conditions of Supplement W were being violated, have concurrently and simultaneously entered training at American Airlines from June 2010 through June 2013, and in some instances within the same AA training class. If a different method has been used to calculate the years of service

between the TWA pilots and the Flow-Through pilots, then the APA has failed its own stated legal responsibilities of non-arbitrary, non-discriminatory, and good faith.

Likewise, if the Flow-Through pilot's Occupational Seniority Date was not established as per the terms of Supplement W, then the APA has likewise failed its own legal responsibilities of fairly representing all pilots who are subject to the provisions of the CBA. Supplement W was and is a supplement to the CBA.

PRAYER

The Flow-Through pilots request the Arbitrator hold the Allied Pilots Association accountable to its own stated legal responsibilities, which would include consistency and adherence to the terms and conditions of Supplement W, a supplement to the AA/APA Collective Bargaining Agreement. Moreover, should pilots who joined American Airlines, through merger or acquisition, be treated differently or more advantageously to the "Flow-Through" pilots, then in fairness and equity, the "Flow-Through" pilots request the Arbitrator order like treatment.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gregory R. Cordes". The signature is written in black ink and is positioned above the typed name and employee number.

First Officer Gregory R. Cordes
Employee # 146514