

Three (3) Year Extension of the Agreement
between American Airlines, Inc.
and
Transport Workers Union of America, AFL-CIO
covering
Flight Crew Training Instructors and Simulator Pilot Instructors

THIS EXTENSION AGREEMENT (the "Agreement") is entered into under the provisions of the Railway Labor Act, between American Airlines, Inc. (the Company or AA) and the Transport Workers Union of America, AFL-CIO (the "Union" or "TWU") as the representative of the Flight Crew Training Instructors ("FCTIs") and Simulator Pilot Instructors ("SimPs") in the service of AA. The Company and the Union are jointly referred to in this Agreement as the "Parties."

WHEREAS, the Company and the Union are parties to a collective bargaining agreement with a duration of November 21, 2016, through November 21, 2021 (the "CBA");

WHEREAS, Article 47 of the CBA provides that the CBA may be amended, at the earliest, 12 months prior to November 21, 2021, unless the Parties mutually agree otherwise;

WHEREAS, the Parties agree that it would be to their mutual benefit to amend the CBA;

NOW THEREFORE, the Parties agree as follows:

Article 2 – Definitions will be amended as follows (changes from the current CBA in bold):

(W) The term "Late Night Training Session" will mean a day of work that is scheduled to begin between 2130 and 0430, local time.

Article 3 – Hours of Service will be amended as follows (changes from the current CBA in bold):

(C) The Standard monthly schedule requirement will be seventeen (17), eighteen (18), nineteen (19), or twenty (20) days, as designated by the individual instructor.

Instructors will initially designate their number of workdays per month immediately following the effective date of this Agreement or when hired by the Company. Instructors may request to modify their designated days per month **once per quarter**, in writing, to the Managing Director Flight Training and Standards. Once submitted, the request for modification can only be rescinded by mutual agreement between the instructor and the Company. An Instructor's request to modify his days worked per month will be made effective **in the first bid month the following quarter.**

On a monthly basis and in advance of bidding a monthly work schedule bid, with mutual agreement between two qualified Instructors within a section those Instructors may swap their designated number of days. This swap will be recorded on a swap form.

- (1) During an Instructor’s first full month in qualification training and until becoming qualified to instruct, the Instructor may be scheduled for twenty (20) days in the month.
- (2) Should the required number of training days as referenced in paragraph (1) above in a given month be greater than the Instructor’s designated days of work per month, the Instructor will be paid at the Instructor’s regular daily rate or the Instructor may request these days be placed into the Instructors compensatory bank in lieu of the additional days of pay.
- (3) Instructors will complete required continuing qualification distance learning outside of the Instructors’ designated workdays. Instructors will be paid for three additional days each year at the Instructor’s regular daily rate to complete their required continuing qualification distance learning. One day will be paid in each of the following months: January, May and September If an Instructor’s required continuing qualification distance learning hours exceeds twenty-four (24) hours in a year, the Instructor will be paid for one additional day at the Instructor’s regular daily rate for each additional increment of eight (8) hours, to be paid in the first quarter of the following year. Qualification distance learning will be scheduled on Instructors’ designated workdays.
- (4) Each Instructor may be scheduled for no more than one (1) additional flex workday in a calendar quarter paid at the Instructor’s regular daily rate, provided there are no Instructors currently on furlough.

Article 4 – Compensation will be amended as follows (changes from the current CBA in bold):

(A) During the period of this Agreement, the regular rates of pay for the classifications of work covered hereunder will be:

	Instructor Daily Rates		
	DOS	DOS+12	DOS+24
1	\$275.35	\$280.86	\$286.48
2	\$300.52	\$306.53	\$312.66
3	\$361.12	\$368.34	\$375.71
4	\$384.87	\$392.56	\$400.42
5	\$408.61	\$416.78	\$425.12
6	\$432.36	\$441.00	\$449.82
7	\$456.41	\$465.53	\$474.84
8	\$480.23	\$489.83	\$499.63
9	\$503.89	\$513.97	\$524.25
10	\$527.94	\$538.50	\$549.27
11	\$557.09	\$568.23	\$579.59

- (B) Upon qualifying as a Simulator Pilot a Premium of **15%** will be applied.
- (C) Each Instructor upon completion of the initial probationary period will receive an occupational premium of \$15.00 per day worked.
- (D) Each Standardization Coordinator will receive a premium of \$300.00 per month.
- (E) All premiums in this article will be part of the base pay calculations for pension and other purposes.
- (F) The Company may, at its sole discretion, grant credit for prior experience to new Employees hired on or after DOS. Such credited experience is for pay purposes only and will allow a new Employee to hire in at up to any year step of the applicable classification monthly rates provided for under paragraph (A) above, however in the event the Company exercises this option then no other Employee on the seniority list will be paid less than the newly hired Employee.
- (G) Instructors will be paid the rate of time and one half (1.5x) for Late Night Training Sessions worked. If a Late Night Training Session cancels, an Instructor who is available for their CW day will also be paid the rate of time and one half (1.5x).**
- (H) On a quarterly basis the Company may, at its discretion, designate a number of premium bid slots consisting of eighteen (18), nineteen (19), and/or twenty (20) days. Instructors who are awarded a premium slot shall be paid the designated premium for all days worked in such bid month. The additional premium will be designated at the time the premium slots are offered and may vary between a monthly schedule of eighteen (18), nineteen (19) and twenty (20) days and will be no less than 5% and no more than 22.5%. Instructors will only be paid the additional premium for days worked; paid time off, such as vacation, holiday pay, and sick, during the premium month do not qualify for the premium. For purposes of the additional premium, a monthly schedule of more than seventeen (17) days does not include Additional Days accepted or assigned in accordance with Article 6 or flex days scheduled in accordance with Article 3(C)(4) of the CBA.**

If the Company exercises this provision, the Company will, at the beginning of a quarter, designate the number of available premium slots, by Classification, fleet type, and base, which are eligible for the eighteen (18), nineteen (19), and twenty (20) days premium. These additional premium monthly schedule slot designations will be awarded in seniority order within each Classification, fleet type, and base. Instructors who bid eighteen (18), nineteen (19), or twenty (20) days, but who are not awarded a premium slot will be paid at regular daily rates.

- (I) The Company may, at its discretion, offer retention bonuses including new hire bonuses that are paid post-employment for the purpose of retention, to Instructors employed by the Company during the term of this Agreement. The Company will consult with the Union prior to offering retention bonuses. If offered, retention bonuses will be offered by Classification, fleet type, and/or base.**

Article 5 – Placeholder will be amended and replaced in its entirety as follows:

ARTICLE 5 – PROFIT SHARING

- (A) The terms of profit sharing benefits for employees covered by this Agreement (“FCTI/SimP employees”) (which replace and supersede any previous profit sharing provisions, including but not limited to, Letter of Memorandum 1) shall be as set forth in this Article 5.
- (B) FCTI/SimP employees will be eligible for annual profit sharing award payments if, for the year that the profit sharing award payment is attributable, (i) the employee received eligible earnings (under the meaning used by the current AAG profit sharing plan) from the Company for that profit sharing year and (ii) remained employed on the last day of that profit sharing year, or whose employment terminated during the profit sharing year by reason of the employee’s retirement, involuntary furlough, disability, or death.
- (C) For each profit sharing year, the Company will calculate profit sharing award payments as follows:
1. An amount equal to 10 percent (10%) of the dollar amount of American Airlines Group Inc.’s (“AAG”) Pre-Tax Earnings up to \$2.5B for that year, and, an amount equal to 20 percent (20%) of the dollar amount of AAG’s Pre-Tax Earnings above \$2.5B for that year will be attributed to a profit sharing pool (“Total Profit Sharing Pool”).
 2. A percentage of the Total Profit Sharing Pool will be allocated to FCTI/SimP employees by dividing the total eligible earnings of FCTI/SimP employees by the total eligible earnings of all participants in AAG’s profit sharing program(s) (“FCTI/SimP Profit Sharing Pool”).
 3. The FCTI/SimP Profit Sharing Pool will be divided by the amount of all FCTI/SimP employees’ eligible earnings, and the resulting quotient shall be the “payout percentage.”
 4. The amount of the profit sharing award payment for each FCTI/SimP employee who is eligible for a profit sharing award for a profit sharing year shall be the product of the payout percentage multiplied by such eligible employee’s eligible earnings from the Company for the applicable profit sharing year.
- (D) “AAG’s Pre-Tax Earnings” means the earnings of AAG provided that such “earnings” are determined (i) before any applicable income tax expense, and (ii) by excluding all accruals under profit sharing plans and any other incentive compensation plan or agreement, and all extraordinary, unusual, one-time, restructuring, reorganization, integration, reduction in force, or other similar accounting adjustments as may be determined by the compensation committee of the Board of Directors in its discretion, after consultation with AAG’s independent auditors; and provided, further, that AAG’s Pre-Tax Earnings remain positive after accruals under profit sharing plans and all other incentive compensation plans or agreements are taken into account.
- (E) Profit sharing award payments shall generally be made by March 15 of the subsequent calendar year or other such date as required by applicable law.

- (F) The Company retains discretion over all profit sharing related matters not specifically addressed in this Article.

Article 40 (Retirement Benefits) will be amended and replaced in its entirety as follows:

ARTICLE 40 - RETIREMENT

- (A) The following represents the terms of the retirement benefits for eligible employees covered by this Agreement (FCTI/SimP employees), and this coverage replaces and supersedes previous retirement provisions.

- (B) American Airlines, Inc. 401(k) Plan

1. All eligible FCTI/SimP employees will participate in the American Airlines, Inc. 401(k) Plan (“American 401(k) Plan”), a tax qualified, defined-contribution retirement plan under Section 401(a) of the Internal Revenue Code (“Code”), with a cash or deferred arrangement that qualifies under Section 401(k) of the Code, that complies with the requirements of Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or an equivalent plan.

2. Employer Contributions

The Company, subject to any laws limiting the amount of benefit which can be contributed to or accrued under a plan qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, and its regulations, will provide contributions under the American 401(k) Plan, as follows:

FCTI/SimP employees shall receive Non-Elective Employer Contributions in an amount equal to five percent (5%) of their Eligible Compensation, as defined in the American 401(k) Plan. FCTI/SimP employees will also be eligible to receive Employer Matching Contributions in an amount equal to one hundred percent (100%) of the member’s Employee Before-Tax Contributions and Employee Designated Roth Contributions up to a maximum Employer Matching Contribution equal to four percent (4.0%) of Eligible Compensation, as defined in the American 401(k) Plan.

3. Eligibility for Employer Contributions

(i) Employer Matching Contributions: All FCTI/SimP employees must satisfy the one (1) year service requirement, as defined in the American 401(k) Plan, to be eligible to receive Employer Matching Contributions in the American 401(k) Plan. Provided, however, that all FCTI/SimP employees who are on the American Airlines System Seniority List as of DOS and who are not eligible to receive Employer Matching Contributions as of DOS shall have all prior service with the Company and/or AAG recognized for purposes of determining eligibility for post-DOS Employer Matching Contributions to the American 401(k) Plan.

(ii) Non-Elective Employer Contributions: All FCTI/SimP employees must satisfy the one (1) year service requirement, as defined in the American 401(k) Plan, to be eligible to receive

Non-Elective Employer Contributions in the American 401(k) Plan. Provided, however, that all FCTI/SimP employees who are on the American Airlines System Seniority List as of DOS and who are not eligible to receive Non-Elective Employer Contributions as of DOS shall have all prior service with the Company and/or AAG recognized for purposes of determining eligibility for post-DOS Non-Elective Employer Contributions to the American 401(k) Plan.

4. Vesting or Employer Contributions

(i) Employer Matching Contributions: All FCTI/SimP employees with two (2) or more years of vesting service, as defined in the American 401(k) Plan, shall be one hundred percent (100%) vested in their Employer Matching Contributions. Provided, however, that all FCTI/SimP employees who are on the American Airlines System Seniority List as of DOS and who are not vested in their Employer Matching Contributions as of DOS shall have all prior service with the Company and/or AAG recognized for purposes of determining vesting for post-DOS Employer Matching Contributions to the American 401(k) Plan.

(ii) Non-Elective Employer Contributions: All FCTI/SimP employees with two (2) or more years of vesting service, as defined in the American 401(k) Plan, shall be one hundred percent (100%) vested in their Non-Elective Employer Contributions. Provided, however, that all FCTI/SimP employees who are on the American Airlines System Seniority List as of DOS and who are not vested in their Non-Elective Employer Contributions as of DOS shall have all prior service with the Company and/or AAG recognized for purposes of determining vesting for post-DOS Non-Elective Employer Contributions to the American 401(k) Plan.

5. The Company reserves the right to amend the American 401(k) Plan, provided that no amendment may diminish the American 401(k) Plan benefits memorialized herein unless required by law.

6. The American 401(k) Plan is not incorporated in this Agreement.

Article 47 – Duration will be amended as follows (changes from the current CBA in bold):

THIS AGREEMENT will become effective as of X XX, XXXX and will continue in full force and effect until and including X XX, XXXX and will renew itself until each succeeding X XX thereafter, except that written notice of intended change may be served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party no earlier than sixty (60) calendar days on or after X XX, XXXX (6 months prior to the amendable date).

The parties acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in this Agreement. It is agreed by the parties that the other will not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered

in this Agreement, even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement, without serving written notice as provided for in the above Paragraph.

The Parties have also agreed that it is in their mutual interest to clarify existing CBA language regarding an on-call day ("BW") created by an Instructor during the bid between two other bid work days, which results in three consecutive work days. When an Instructor chooses to create a BW between two other bid work days, which results in three consecutive work days, the minimum time off provision of Article 3(M)(5) will be reduced to eight (8) hours between duty periods on the BW. An Instructor may be used to cover work that falls on the BW they create if they are provided a minimum of eight (8) hours off between work assignments.

Further, the Parties have discussed their mutual interest in exploring additional amendments regarding the following: (1) circumstances where work below the line cannot be covered by Instructors and the possibility of assigning that work below the line to other personnel previously qualified as Instructors or personnel currently qualified as Line Pilots to perform training (as permitted by Article 1(C)(2), (D)(2)) without first proffering the work to Instructors; and (2) part-time Instructor positions. The Parties agree to discuss these issues and possible amendments during the term of this Agreement.

AGREED to this ___ day of January, 2022.

FOR TRANSPORT WORKERS UNION OF
AMERICA, AFL-CIO

FOR AMERICAN AIRLINES, INC.
