

**APPENDIX S
FOREIGN NATIONAL AGREEMENT**

ASSOCIATION OF PROFESSIONAL
FLIGHT ATTENDANTS

Presidential Grievance No.
SS-0090-1990-APFA-002

AMERICAN AIRLINES, INC.

RE: Staffing of International
Routes

PRESIDENTIAL GRIEVANCE SETTLEMENT

This document (the Settlement) will confirm the settlement of the above referenced dispute between the Association of Professional Flight Attendants (APFA) and American Airlines, Inc. (the "Company") concerning the staffing of international routes. Furthermore, the parties agree that this Settlement and the negotiations which produced it were not entered into or held within the context of Section 6 of the Railway Labor Act.

On March 16, 1990, APFA filed a Presidential Grievance. The controversy and positions of the parties are stated more fully in the grievance and the reply from the Company. The Company and APFA have engaged in extensive discussions and, while still preserving their respective positions on all issues, including arbitrability, agree that the following terms and conditions are a reasonable and equitable method for resolving this particular dispute. It is understood that this Settlement is non-precedential. With these understandings, APFA and the Company agree as follows:

LIMITATIONS ON COMPANY USE OF FOREIGN NATIONALS

1. The Company will not use foreign-based, non-APFA-represented Flight Attendants (referred to in this Settlement as "foreign nationals") on any of its flights except to the extent permitted by this Settlement.
2. The Company will not use foreign nationals to fly to or from any U.S. gateway city (which includes any city in the U.S. or Puerto Rico), except that the Company may use Latin American-based foreign nationals to fly to or from Miami to the extent allowed herein.
3. The Company will not use foreign nationals for any domestic U.S. flying, or for any international flying through Miami to any destination outside of Central and South America.
4. The Company will not assign foreign nationals to work as crew members on APFA-staffed flights, nor will APFA Flight Attendants work as crew members on foreign national-staffed flights, except in cases of emergency, such as to prevent cancellation of a flight due to lack of FAA minimum crew, or in circumstances which could not reasonably have been foreseen, such as, but not limited to, unavailability of scheduled Flight Attendants because of illness, accident, or act of God. The use of mixed crews will occur only when there is insufficient time or ability to obtain replacements.
5. The Company will not use foreign nationals as a Chase or Interpreter on any APFA-staffed flights. The Company may assign foreign national trainees to APFA-staffed flights in order to satisfy the trainees' initial operating experience requirement, provided that the trainees are assigned over and above the APFA Flight Attendant crew complement.
6. Subject to the restrictions imposed by this Settlement, the Company may use foreign nationals on all foreign point to foreign point flying.

7. In the event that the company elects to use APFA Flight Attendants on any leg not exclusively committed to APFA Flight Attendants under this Settlement, such use shall not preclude the Company, at its discretion, from subsequently redesignating such flying to foreign nationals, provided such redesignation is consistent with the caps set forth in this Settlement.

8. The Company will assign flying over its Central and South American routes as follows:

(a) All legs to or from Central America and any U.S. gateway city other than Miami, and all legs to or from South America and any U.S. gateway city other than Miami shall be flown exclusively by APFA Flight Attendants.

(b) APFA Flight Attendants exclusively shall be used for flying these legs:

Miami-San Jose, Costa Rica
San Jose, Costa Rica-Miami
Miami-Guatemala City, Guatemala
Guatemala City, Guatemala-Miami
Miami-Caracas, Venezuela
Caracas, Venezuela-Miami
Miami-Rio de Janeiro, Brazil
Rio de Janeiro, Brazil-Miami

(c) APFA Flight Attendants will be assigned all Miami-Buenos Aires legs in excess of seven (7) round trips per week. As Buenos Aires based Flight Attendants are utilized for increased intra-Latin American flying after September 1, 1990, the Company will, to the extent that Buenos Aires based Flight Attendants can continue to be scheduled to their monthly flying maximums, phase in additional Miami-Buenos Aires flying for APFA Flight Attendants, until APFA Flight Attendants fly at least 50% of the Miami-Buenos Aires legs.

(d) The Company, at its discretion, has the right to assign foreign nationals all other Central and South American flying, including all Miami gateway flying not specifically designated to APFA Flight Attendants under this Settlement.

9. Except as stated in Paragraphs 10, 11 and 12 below, the total (worldwide) number of foreign nationals employed by the Company who are available for active line flying will be capped at 1.5% of the total number of persons on the APFA System Seniority List.

10. Once the total number of persons on the APFA System Seniority List increases beyond 20,000, the cap on the Company's use of foreign nationals will change as follows:

<u>ONCE THE NUMBER OF PERSONS ON APFA SENIORITY LIST REACHES</u>	<u>MAXIMUM NUMBER OF FOREIGN NATIONALS AVAILABLE FOR ACTIVE LINE FLYING (EXPRESSED AS A % OF PERSONS ON APFA SENIORITY LIST)</u>
20,001	2.0%
22,500	2.5%
25,000	2.75%

11. The cap set forth in Paragraphs 9 and 10, above, does not include three hundred thirty-one (331) Flight Attendant positions in South America, which reflects the number of Latin American based Flight Attendants already designated for hiring as of the date of this Settlement as a product of the purchase of the Latin American route authority from Eastern Airlines. These Flight Attendants shall be based exclusively in Latin America. This number will change to three hundred ninety-four (394) Flight Attendants based exclusively in Latin

America once the total number of persons on the APFA System Seniority List has reached 25,000, and will continue not to be included in the cap set forth in Paragraphs 9 and 10, above.

12. The Company agrees not to use European-based foreign nationals. However, this restriction no longer applies (a) once APFA's total International flying hours have increased by at least 15% over the total APFA international flying hours in the month of June, 1990, or (b) as of January 1, 1992, whichever occurs first. All other restrictions on foreign national flying will remain applicable to the use of European based foreign nationals.
13. The Company will provide APFA each month the number of foreign nationals employed and copies of the monthly bid sheets for each foreign base. In addition, if the Company begins to use European-based foreign nationals under Paragraph 12 (a), the Company will provide APFA with the number of APFA International flying hours relied on by the Company.

GALLEY PAY

14. (a) Effective the first contractual month after ratification of this Settlement, the Company will increase galley pay to \$1.75 for all International wide-body galley positions.

(b) Effective the first contractual month after ratification of this Settlement, the Company will increase galley pay to \$1.25 for all Domestic wide-body galley positions, except that as to the DC-10 lower lobe galley, the Company will increase galley pay to \$1.75.

(c) All bid galley positions will now be worked by galley Flight Attendants, and as to (a) and (b) above, all other provisions of Article 3.M. of the Basic and Supplemental International Agreements shall continue to apply.

LANGUAGE SPEAKERS

15. The Company elects to increase foreign language premium pay from \$.075 per hour to \$1.25 per hour. All other provisions of Article 3.N. of the Basic and Supplemental International Agreements will continue to apply. This election will be implemented at the same time as Paragraph 14.
16. The Company agrees to pay foreign language premium pay to all qualified speakers who are on the Company's speaker list and who complete any leg that requires language speakers as a working crew member. This language premium will be paid without regard to the maximum number of speakers required on that leg. Chase and deadheading Flight Attendants shall not receive foreign language premium pay.
17. (a) The Company will initiate training proffers for Flight Attendants who wish to become qualified for a specific foreign language. The proffers will be made by division, by base, and by system, respectively, as the Company's language staffing requirements dictate. Flight attendants interested in becoming language qualified in the language which is proffered will be provided a list of approved language courses. Flight attendants who are awarded the training proffer who successfully complete language training at an approved course, who pass the Company's proficiency test, and who agree to the applicable language lock-in provided in the Basic and Supplemental International agreements will receive full tuition reimbursement for such language training. The Company agrees to inform any Flight Attendant who is considering foreign language training whether that training will qualify for reimbursement prior to commencement of such training.

(b) Beginning on the date of ratification of this Settlement and continuing up to and including the six (6) month anniversary of that date, the Company will offer a language

bonus of five hundred dollars (\$500) to any Flight Attendant who (i) expresses written interest in response to that offer during that period, (ii) has not previously identified himself/herself to the Company as a language speaker, (iii) passes the Company's proficiency test, and (iv) agrees to the applicable language lock-in under the Basic and Supplemental International Agreements. In no case shall any Flight Attendant be entitled to more than one (1) language bonus. Any Flight Attendant who is awarded this language bonus will not be eligible, in addition, for reimbursement for language training under Paragraph 17(a) of this Settlement for the same language entitling the Flight Attendant to such language bonus.

18. (a) On January 1, 1991, January 1, 1992, and October 1, 1992, the Company agrees to permit the number who proffer, but no more than 5% of the language speakers in each language at each base with ten (10) or more years of occupational seniority, to resign their qualification, with the exception of those Flight Attendants serving a language lock-in or reserve obligation. In the event that the 5% calculation does not produce a whole number [i.e., a number less than one (1) or a number consisting of a whole number plus a fraction], that number shall be raised to the next whole number. Consistent with this, the minimum number of Flight Attendants with ten (10) or more years of occupational seniority permitted to resign in each language at each base pursuant to this sub-paragraph shall be one (1). If more than 5% of language speakers in each language at each base with ten (10) or more years of occupational seniority give notice of their intent to resign, resignations shall be awarded in order of occupational seniority up to the 5% limitation. Such Flight Attendants must give notice of their intent no later than October 1, 1990, October 1, 1991, and July 1, 1992, respectively. The parties will meet and confer concerning the results of these three occurrences and the methods for describing a specific methodology for future years. Should there be no agreement by the parties as a result of those meetings by October 30, 1992, the provisions of (b), below, shall apply.

(b) Should there be no agreement by October 30, 1992, as stated in (a), above, the Company thereafter agrees to offer, at least annually, a procedure that will permit language speakers at each base in each language an opportunity to give six (6) months notice to the Company of their desire to resign their language qualification. To the extent that the language staffing requirements of the specific base, as determined by the Company, permit language resignations, such language resignations will be awarded in order of occupational seniority at the base. In no case will a language resignation be awarded to a Flight Attendant serving a language lock-in or reserve obligation at the time of the award.

(c) Speakers who resign a language obligation under either (a) or (b), above, will be permitted to requalify subject to the applicable language lock-ins contained in the Basic and Supplemental International Agreements. Flight attendants resigning their language qualification under (a) or (b), above, who have insufficient seniority to remain in the International Operation will be considered to have resigned from International.

19. Domestic or International flights assigned to APFA Flight Attendants requiring a foreign language will be staffed according to the numbers set forth in the Basic and Supplemental international Agreements, except that the Company may specify the mix of languages required on a route based on marketing considerations. Consistent with the foregoing, MD-11 aircraft (Domestic and International) will be staffed with language speakers in the same numbers as the B-747.

20. The Company has the right to build monthly trip selections with an unlimited number of positions or combination of positions, and to draw any number of combination of foreign language speaking Flight Attendants from any such monthly trip selection up to the maximum complement described in the Basic and Supplemental International Agreements. In circumstances where the first class cabin of a widebody International trip is staffed with a bid Purser position and a bid first class cabin position, the Company will not build a trip selection consisting of only a bid first class cabin position that requires a language qualification. All other provisions of Article 11 in the Basic and Supplemental International Agreements shall continue to apply. For example, the Company may do the following:

EXAMPLE

An International 767-300 trip selection

- 11 Positions for Bid
- 3 Foreign Language Speakers Required

<u>Trip Sel. #1</u>	<u>Trip Sel. #2</u>	<u>Trip Sel. #3</u>	<u>Trip Sel. #4</u>
Premium/			Business/ Galley/Galley/ Coach/Coach/ First Business Galley Coach/Coach
[Requires			[Requires
one (1)			[Requires one (1)
language			one (1) language language speaker]
speaker]			speaker]

21. In recognition of this Settlement, the APFA agrees that upon ratification of this Settlement it will withdraw, with prejudice; the above-referenced Presidential Grievance SS-0090-1190-APFA-002. Furthermore, the Company and APFA mutually agree that, upon ratification, each will withdraw, with prejudice, the litigation commenced by each relating to this dispute, which litigation is presently pending before the U.S. District Court for the Northern District of Texas, Ft. Worth Division, and which is styled as, respectively, American Airlines, Inc., v. Association of Professional Flight Attendants, Civil Action No. CA4 90-337E, and as Association of Professional Flight Attendants v. American Airlines, Inc., which action was originally commenced in the Southern District of Florida as Civil Action No. 90-1117, and which subsequently was transferred to the Northern District of Texas, Fort Worth Division.
22. The APFA agrees to submit this Settlement to its members for ratification, that time is of the essence in the ratification process, and that APFA will therefore expedite that process to the maximum degree possible under the APFA Constitution and By-Laws. The APFA and the Company agree that this Settlement is a mutually acceptable resolution of the underlying dispute. The APFA therefore commits that it will use its best efforts to promote its ratification. The APFA further understands that if this Settlement is not ratified, that such failure to ratify will result in a withdrawal of all offers of settlement by the Company, and consequently the Company will take all steps necessary to staff its flights in accordance with its beliefs as to its rights.

The terms and conditions of the Basic Agreement, the Supplemental International Agreement and all other agreements between the parties shall remain in full force and effect except to the extent inconsistent herewith. Without waiving either party's position with regard to whether the System Board of Adjustment otherwise would have jurisdiction to hear and decide the issues contained herein, the parties agree that the System Board, to be constituted and to act in accordance with the provisions of Articles 28 and 29 of the Basic and the Supplement International Agreements, shall have jurisdiction for purposes of deciding any controversy between the Company and the APFA

over the interpretation or application of this Settlement. In the event such a controversy arises, the Company will not assert in any forum that controversy is not arbitrable on the grounds that the System Board lacks jurisdiction or that this paragraph is unenforceable on jurisdictional grounds. The provisions of Article 38 of the Basic and Supplemental International Agreements are incorporated herein by reference.

AGREED TO THIS 8TH DAY OF JUNE, 1990

Cheryle A. Leon
President
Association of Professional
Flight Attendants

Ralph P. Craviso
Vice President
Employee Relations
American Airlines, Inc.

Karen A. Chenault
Secretary
Treasurer
Association of Professional
Flight Attendants

AMERICAN AIRLINES

**APPENDIX S
LETTER-I**

June 8, 1990

Ms. Cheryle A. Leon
President
Association of Professional
Flight Attendants
1004 W. Eules Blvd.
Eules, Texas 76040

RE: Supplemental Understanding Relating To June 8, 1990 Settlement Agreement On Foreign
National Flight Attendant Staffing

Dear Cheryle:

This will confirm the supplemental understandings reached by the undersigned during the course of negotiations which led to the execution of the above referenced Settlement Agreement dated June 8, 1990. These specific understandings, each of which relate to the Settlement Agreement, provide as follows:

1. Subject: Company's Use of Supervisors

Nothing in the Settlement Agreement in anyway restricts the Company's right to use any of its supervisors in any function permitted under the applicable provisions of the AA-APFA Basic and Supplemental International Agreements.

2. Subject: Use of Mixed Crews

For purposes of Paragraph 4 of the Settlement Agreement relating to the use of mixed crews, deadheading Flight Attendants are not considered to be in a working status and, therefore, are not included within the restrictions set forth in Paragraph 4.

3. Subject: Pool of Language Qualified Flight Attendants

The Company and APFA agree to meet and discuss the establishment of a pool of language qualified Flight Attendants for purposes of reducing language bid denials.

4. Subject: Language Training Proffers

The Company and APFA agree that circumstances may exist pursuant to Paragraph 17(a) of the Settlement Agreement wherein a Flight Attendant is awarded a training proffer, successfully completes training, passes the Company's proficiency test, but due to insufficient seniority, is unable to begin the applicable language lock-in. In the event that any such circumstance arises, the Company and APFA agree to meet and develop an appropriate resolution.

5. Subject: APFA's Obligation to Company During Ratification

APFA commits that it will not direct or authorize any action by its agents or representatives inconsistent with its efforts to promote ratification of the Settlement Agreement.

Very truly yours,

Ralph P. Craviso
Vice President
Employee Relations
American Airlines, Inc.

**AGREED TO THIS 13TH DAY
OF JUNE, 1990**

Cheryle A. Leon
President
Association of Professional
Flight Attendants

**APPENDIX S
LETTER-II**

April 8, 2003

Mr. John Ward
President
Association of Professional
Flight Attendants
1004 W. Euless Blvd
Euless TX 76040-5018

Re: Impact of Restructuring Participation Agreement on
Appendix S of the Collective Bargaining Agreement

Dear John,

This letter confirms our understanding regarding the impact of the Restructuring Participation Agreement between American Airlines and the APFA on Appendix S of the 2001 Collective Bargaining Agreement (CBA).

Notwithstanding paragraph 14 of Appendix S of the 2001 CBA, the parties agree that international galley pay will be reduced to \$0.88 per hour. Additionally, domestic galley pay will be reduced to \$0.63 per hour.

It is further agreed that notwithstanding Article 11.G, Appendix I, Article 11.I and paragraph 16 of Appendix S of the CBA, the Company will provide foreign language pay for language of destination only and for required speaker positions only. The provisions of Article 11.C and Appendix I, Article 11.C of the CBA continue to apply.

All other provisions of Appendix S will remain in full force and effect.

Sincerely,

Lorraine Mase-Hecker
Director
Employee Relations

Agreed to by: _____ Date _____
John Ward
President, APFA

**APPENDIX S
LETTER-III**

January 29, 2002

Mr. John Ward
President
Association of Professional
Flight Attendants
1004 W. Eules Blvd.
Eules, TX 76040

Re: Language Speaker Pay

Dear John:

This letter confirms that, notwithstanding the provisions of Article 11.G. and Appendix I, 11.G. of the AA/APFA Agreement, a Flight Attendant will be paid the foreign language pay outlined in Article 3.N. and Appendix I, 3.N. rather than the provisions of Appendix S, paragraph 15.

Sincerely,

Robin Dotson
Managing Director
Employee Relations