

SUPPLEMENT U (1)

AGREEMENT
Between
AMERICAN AIRLINES, INC.
And
THE AIR LINE PILOTS
In service of
AMERICAN AIRLINES, INC.
As represented by the
ALLIED PILOTS ASSOCIATION

This Supplement U (1) will become effective upon PBS Implementation at the LAX crew base and will supersede and replace in its entirety the existing Supplement U in the Basic Agreement.

LOS ANGELES (LAX) SUPPLEMENTAL FLYING

American Airlines, Inc. (the "Company") and the Allied Pilots Association (the "Association") agree that flying allocated to the Company's Los Angeles ("LAX") crew base may be supplemented by certain flying which originates and terminates at San Diego's Lindbergh Field ("SAN") as provided in this agreement. The provisions of this agreement are intended to supplement and make certain exceptions to the AA/APA Basic Agreement with respect to such supplemental flying. The parties agree that the provisions of the AA/APA Basic Agreement and the PBS MOU and Appendix shall apply to such supplemental flying, except as provided in this agreement, and that in the event of a conflict, the provisions of this agreement shall apply.

A. General

1. At any time either the Association or the Company may unilaterally terminate this agreement by providing written notice to the other party.
2. If terminated by either party, the Company must cease using SAN flying to supplement LAX flying no earlier than one month and no later than three months following the written notice of termination.
3. In any event, the termination of this agreement must coincide with the last day of a contractual month.
4. This agreement shall not serve nor be cited as a precedent with regard to any other matter including current or future discussions or agreements concerning existing, proposed or future satellites, co-terminals or crew bases.

B. Definitions

1. **SAN Flying:** Any flying supplemental to flying at the LAX crew base which originates and terminates at SAN in accordance with this agreement.
2. **SAN Sequence:** A sequence that originates and terminates at SAN with no ground deadhead as either the first or last segment of the sequence.
3. **LAX Regular Reserve ("RR"):** A reserve pilot responsible for open time coverage at LAX, SNA, LGB and ONT.
4. **SAN Reserve ("SR"):** A reserve pilot responsible for open time coverage at SAN, LAX, SNA, LGB and ONT.
5. **Regular Reserve Volunteer ("RRV"):** A LAX Regular Reserve (RR) who also volunteers to be responsible for open time coverage at SAN.

C. Bid Status Restrictions

1. SAN flying may only be made available to the following LAX bid statuses:
 - a. Captain S80 Domestic
 - b. First Officer S80 Domestic

- c. Captain 767/757 Domestic
 - d. First Officer 767/757 Domestic
 - e. Captain 737 Domestic
 - f. First Officer 737 Domestic
2. This agreement may be extended to cover other bid statuses only by mutual agreement between the parties.

D. Flying Limitations

1. Sequences allocated to SAN shall not exceed the amount necessary to construct 15 Captain and 15 First Officer lines, for each bid status in Paragraph C., above, at the planned Monthly Average Line Value (MALV) in the respective bid statuses.
2. Allowable Open Time for SAN during line construction shall be in accordance with the PBS MOU, Section I.2. The SAN Sequence and Open Time calculation shall be performed as if SAN were a separate base except that the SAN Open Time shall be counted as a portion of the LAX Open Time for the LAX Open Time calculations.
3. Reserve available days required for SAN Reserve (SR) may not exceed 25% of the total reserve available days required for the entire LAX operation (SAN + LAX). This constraint shall not limit the Company's ability to cover open SAN Sequences with RRV or RR pilots as provided in this Letter of Agreement. At a minimum, in a month when the Company allocates sequences to SAN in any of the bid statuses in Paragraph C. above two SR Long Call Reserve pilots and two SR Short Call Reserve pilots will be provided for each such bid status, subject to the requirements of G.5 below.
4. These limitations may only be increased or otherwise modified by mutual agreement between the parties.

E. Eligibility for, and Disposition of, SAN Awards and Assignments

1. All pilots in the appropriate LAX bid status may bid for SAN Sequences as well as LAX sequences. SAN Sequences will not be considered as part of a bid preference unless specified as such by the pilot.
2. For the purposes of this agreement, a SAN Sequence shall be considered an "award" or "awarded" if the pilot received such sequence as a result of a preference in the pilot's bid that added such SAN flying to the pilot's bid layers (pairing pools). A SAN Sequence shall be considered an assignment or "assigned" if the pilot did not express a preference for such Sequence.
3. Pilots awarded a SAN Sequence(s) shall be responsible for their own transportation to and from SAN.
4. A pilot assigned a SAN Sequence has the following options:
 - a. The pilot may operate or trade the sequence as assigned.
 - b. The pilot may elect to have the sequence converted to an LAX sequence by having deadhead transportation to and from SAN added.
 - 1) The pilot should contact the appropriate department at AA (Crew Scheduling or Crew Manning, depending on timing) to effect the conversion. The sequence shall subsequently be eligible for either trade or drop.
 - 2) Such conversion election should be made prior to the start of the contractual month.
 - 3) The pilot must remain legal (i.e. PROJ, PPROJ, etc.) when the deadhead segments are added. If a pilot would become illegal as a result of additional deadhead segment(s), the pilot shall, at the pilot's option, either be removed from the sequence in accordance with Section 4.C., or be removed from the sequence unpaid and without recovery obligation.

F. LAX Hybrid Line Award Containing a SAN Sequence

An LAX pilot who receives a Hybrid Line that includes one or more SAN Sequences shall, on the hybrid days, be obligated for sequences originating in SAN, subject to the provisions in E.4 above, in addition to the normal obligation for sequences originating in LAX, LGB, SNA and ONT

G. Reserve

1. Each month, LAX pilots who are awarded a Long Call Reserve (LCR) or Short Call Reserve (SCR) line may contact the LAX Base Planner after the award is final and prior to the 20th of the month (or a date specified by the PWG in the PBS MOU Appendix) to proffer SAN reserve (SR). Only LAX pilots awarded SCR may proffer SR Short Call Reserve and only LAX pilots awarded LCR may proffer SR Long Call Reserve.
2. Considering SAN reserve manning requirements and subject to paragraph D.3., above, the LAX Base Planner shall convert, in seniority order of those who proffer SR, the appropriate number of pilots to SR Long Call Reserve and SR Short Call Reserve. The converted SR pilots shall have the same DFPs as originally awarded unless otherwise determined through mutual agreement. The PBS Working Group (PWG) shall determine and publish the details of the proffer process.
3. SR shall not be involuntarily assigned to any RR pilot.
4. An LAX pilot awarded SR shall be responsible for open time coverage at SAN, LAX, SNA, LGB, and ONT.
5. The minimum number of SR pilots shall be calculated in accordance with Section 17.X.1.d., of the AA/APA Basic Agreement (minimum reserve staffing requirements) and paragraph D.3., above.
6. All LAX reserve pilots shall be considered RR unless designated as a SR or as a RRV as in accordance with paragraph 7., below.
7. A pilot with a RR line may volunteer at any time (using an HISAN computer entry in personal mode or other agreed method) to also be responsible for open time coverage at SAN.
 - a. Pilots who volunteer are designated as Regular Reserve Volunteers (RRV) and must remain available for SAN coverage for the balance of the month.
 - b. In the filling of open time at SAN, there shall be no distinction between SR and RRV pilots.
 - c. This procedure is subject to modification by the PWG.

H. Filling of Open Time

1. Except as provided in 2., 3., and 4, below, for purposes of covering open time, SAN shall be treated as a separate base (e.g., an open SAN Sequence shall require deadheads to and from SAN at the beginning and end of the Sequence in order to cover the Sequence as Temporary Duty - One Trip Sequence Only [Section 15.M.5. of the AA/APA Basic Agreement]).
 - a. SR and RRV reserves and regular pilots who are awarded a SAN Sequence shall be treated as if based at SAN.
 - b. For other LAX-based pilots, SAN shall be treated as a separate base.
2. Pick-Up Flying
 - a. All LAX and SAN Flying open Sequences shall be proffered to all LAX-based regularly scheduled pilots regardless of whether they were awarded SAN Sequences as part of their monthly PBS line. Upon implementation of DOTC / RAS, all LAX ballots, including ballots from pilots with previously-awarded SAN Sequences, will be processed at the same time.
 - b. Pilots who pick up SAN open flying shall be responsible for their own transportation to and from SAN. The deadheads to and from SAN as referenced in 3. below shall not apply.

3. Inverse Assignment

For the purpose of Inverse Assignments (per 15.L.4.I of the AA/APA Basic Agreement), there shall be no distinction among LAX-based pilots. Regularly scheduled pilots assigned a Sequence that includes deadheads to and from SAN at the beginning and end of the Sequence may elect, at their option, to provide their own transportation to and from SAN but shall, in any case, be paid and credited for the entire Sequence.

4. a. SR and RRV reserves who are not used to cover SAN open Sequences shall be eligible and may be used, in accordance with Section 15.L of the AA/APA Basic Agreement, to cover LAX open trip Sequences based on their seniority within their LAX bid status.
- b. All regularly scheduled LAX pilots, including those pilots awarded SAN Sequences, shall be eligible and may be used, in accordance with Section 15.L of the AA/APA Basic Agreement, to cover LAX open trip Sequences based on their seniority within their LAX bid status.
- c. SR, RRV and regularly scheduled pilots awarded SAN Sequences who cover LAX trip Sequences shall be responsible for their own transportation.

I. Trip Trade System

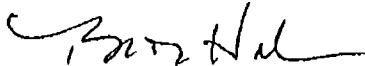
1. Any LAX based pilot may use all the provisions of the Trip Trade System (or replacement), or trip trade with another pilot, including trades involving SAN Sequences, subject to programming of such systems.
2. Pilots who trade for SAN Sequences shall be responsible for their own transportation to and from SAN.

J. Administrative Support / Parking

All aspects of administrative support shall be provided in accordance with Section 24.P. (Satellite Crew Base Support) of the AA/APA Basic Agreement.

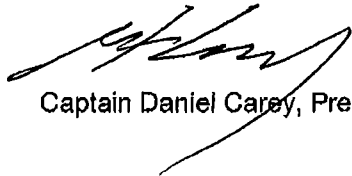
IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 26th day of January, 2017.

FOR AMERICAN AIRLINES, INC.



Beth Holdren, Managing Director Labor Relations, Flight

FOR THE PILOTS IN THE SERVICE OF
AMERICAN AIRLINES, INC.
AS REPRESENTED BY THE
ALLIED PILOTS ASSOCIATION



Captain Daniel Carey, President