

LBFO Q & A – Compensation

updated 8-17-12

Q. Will the International override apply to DEI, ATC and other non E, F, G & P time on INTL sequences?

A. The override will be paid for any time that is applied to the actual International flight leg time. [8-17-12]

Q. Does the pay protection footprint mean that if we picked up a trip during a period we were originally scheduled to have off, and the trip is cancelled or busted, do we not get pay protected?

A. No, pay protection applies to all trips on your schedule except OE's. The "footprint" refers to the procedures to qualify for protection: "To qualify for protection, a Flight Attendant must bid and/or be assigned trip(s) that originate within the footprint of the original trip, but terminate within one (1) calendar day of original scheduled termination, unless assigned comparable days later in the month." [8-8-12]

Q. What hourly rate is the initial 3% pay increase applied to?

A. There would no longer be an INTL pay scale, so it would be based on the domestic pay scale. If you are at the top of the pay scale, it would be on top of \$46.00 – the current domestic maximum – for a new maximum of \$47.38 effective date of signing. An override of \$3.00 per hour would then be paid for each INTL leg flown. [8-8-12]

Q. Pilots say that they are not going to be paid for underfly. Is that true?

A. It is for them, but not for us. We protected that, even though the company tried to throw it in at the last minute. [8-8-12]

Q. What will I be charged (paid) for my trips missed as sick and as vacation?

A. Sick will be paid as the value of the trips missed. Vacation will be paid as the value of the trips missed until the PBS (Preferential Bidding System) is implemented, then it will go to a value of 3 hours per day. The Term Sheet changes vacation pay to 3 hours per day immediately. [8-8-12]

Q. I am concerned about the guarantee. What will the base pay be? How about for reserve?

A. All hours are paid at same at hourly rate. For line holders, the guarantee will be equal to the bid line, up to 100 hours – but the minimum line will be worth 70 hours. The reserve guarantee remains 75 hours. [8-8-12]

Q. How will sequence pay protection work once the PBS (Preferential Bidding System) is implemented? Are we paid for sequences that fall apart mid-sequence?

A. Up to 100 hours, including trip trades, are protected. You will bid for sequence like MU with an obligation within the original trip footprint, but you can be flown one more day. Pay protection applies to trips falling apart mid-sequence as well. [8-8-12]

Q. Regarding sequence protection and MIC obligation, what does the LBFO mean when it talks about flying one day past my original sequence?

A. The company is limited to flying you one more day if assigning (as long as there isn't a conflict with a DFP or subsequent flying), but the Flight Attendant may bid for any flying s/he is legal for even beyond one extra day of flying. [8-8-12]

Q. How will the 401(k) work? Must I contribute to receive the 3%?

A. 3% number is the default pre-tax contribution the company will automatically set for each employee not already contributing or who is currently contributing less. An employee may opt out of this automatic enrollment. Once contributing, an employee's contribution will be matched up to 5.5% of eligible earnings per pay period. [8-8-12]

Q. Can the \$1500 signing bonus be deferred to a 401(k)?

A. Yes. Employees who will be receiving a DOS lump sum and who are SuperSaver – 401(k) Plan participants may elect to have their DOS lump sum deferred into their 401(k) account on a pre-tax or designated Roth basis. [8-8-12]

Q. What is meant by "active Flight Attendant" with regard to the signing bonus: "Provide a lump sum payment of \$1,500 to every active Flight Attendant on the date of signing."

A. This includes every Flight Attendant not on furlough. But the Company is not trying to re-define the word "active" for any other purpose. [8-8-12]

Q. How will PVD's be paid in conjunction with bereavement or a donation to Wings?

A. 3 hours per day. Guarantee could be reduced if the usage drops the schedule below guarantee. [8-8-12]

Q. What will the monthly sick pay cap be once the operations are combined?

A. 85. [8-8-12]

Q. If a reserve picks up an OE in reserve month and carries over to line month. Is entire trip paid on top of guarantee for both the reserve and the line months?

A. The hours applied to the reserve month will be paid above guarantee. The hours applied to a line month will be paid the same as today. [8-8-12]

Q. How will a trip carried over from a line month into a reserve month be paid? Does it matter if it is a bid trip, TT or OE or other? Does it matter if it carries into a RSV day vs. a DFP?

A. If it carries into a DFP, the DFP would slide as it does today and those hours would count toward the PROJ, with the exception of OE. OE would be handled same as

today and those hours would only count toward PPROJ. Since the OE originated in a non-reserve month, it would not be paid above guarantee. [8-8-12]

Q. How much is the DOS lump sum payment?

A. \$1500.00 [7-20-12]

Q. Who is eligible for the DOS lump sum payment?

A. All Flight Attendants who are active on the Date of Signing (DOS). [7-20-12]

Q. When will the international override be applicable? Will it apply to trips missed such as SK, VC (in the interim), PE, SA, AP, etc? What part of an INTL sequence will qualify for the override?

A. When the Company implements the change from International Pay to International Override, the Override will NOT apply to trips missed, such as SK, VC, VX, PE, SA, AP, etc. The International Override will only apply to actual trips flown. The Override will not apply to domestic segments within an International sequence. However, the International Override will apply to any and all Pay & Credit [E, F/P, and G time] for sequences with International legs and for deadheading. [7-20-12]

Q. What raises are included in LBFO?

A. 3% raise at DOS [plus the \$1500.00 DOS Lump Sum Payment];
2% at DOS+12;
1.5% at DOS+24;
1% at DOS+36 [Or Industry Pay Rate Adjustment whichever is greater];
1% at DOS+48; and
1% at DOS+60
[7-20-12]

Q. How does the industry comparison wage adjustment at 36 months work?

A. The "wage adjustment" will be determined by calculating the simple average of the top Domestic Base Rates of Pay of the following Industry Comparators: Delta, United, Continental, US Airways, and America West [or their successors]. The percentage pay rate if greater than 1%, will be applied to our Pay Rates at all pay steps, effective at DOS+36. Attachment B of the LBFO gives a full detailed description of the Industry Comparison Wage Adjustment procedures. [7-20-12]

Q. How soon will incentive pay be eliminated?

A. American has not yet provided APFA with the implementation schedule for anything within the LBFO. Once we have been notified of American's schedule, we will post on the APFA Web Site. But it is reasonable to assume that eliminating the incentive pay will happen relatively soon after ratification. [7-20-12]

Q. Do any other carriers have incentive pay?

A. The only other carrier with incentive type pay is Continental [Not United]. It is a \$5.00

per hour override paid over 75 hours per month up to 110 hours per month or up to a max of 105 incentive hours paid per quarter. [7-20-12]

Q. What is the profit sharing formula?

A. The Plan would pay awards equal to 5% of all pre-tax income, beginning at the first dollar of pre-tax income. The amount will be based on eligible earnings for each eligible employee. Attachment D of the LBFO gives a full detailed description of the “Enhanced Profit Sharing Plan” for Flight Attendants. [7-20-12]