

February 24, 2010

Robert F. Gless
AA System Coordinator
Assistant ATD Director
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

Lump Sums

Dear Robert,

This will confirm our understandings reached during the negotiations leading up to the agreement signed on _____ (DOS). During these discussions, we agreed to provide lump sums in lieu of structural increases for employees covered under the AA/TWU agreements.

The lump sums will be provided as follows:

- 3.0 % provided as of DOS (To be paid as soon after ratification as possible)
- 3.0 % provided on DOS + 12 months*
- 2.0 % provided on DOS + 24 months*
- 2.0 % provided on DOS + 36 months*

In addition, we have proposed the potential convertibility of each of the lump sums identified above by an asterisk (*) based on the following conditions:

1. On DOS, the Company and the TWU agree on the appropriate maximum total hourly rate (chart rate, license premium, line premium and longevity) for AA, UA and US Airways and their relative standing.
2. At DOS + 12 months, the relative standing, as compared to the DOS order, for AA, UA and US Airways will be evaluated and agreed upon by the Company and the TWU.
3. As a result of 2. above, if the relative order has changed and AA has dropped in the order, then the lump sum will be converted to a structural increase in whole or in part (See attachment for examples).
4. The lump sum will be converted in whole if AA had dropped in relative order by 3% or more. (Example: DOS + 12: 3% lump converted to a 3% structural increase)
5. The lump sum will be converted in part if AA had dropped by less than 3%. The amount to be converted will be to restore AA's relative order. (Example: DOS + 12: US Airways is 1.9% higher in maximum total hourly rate; 3% lump sum converted to a

2.0% structural and a 1% lump sum).

6. For the remaining lump sum conversions, steps 2. and 3. will be repeated at those specific points in time.

Eligibility:

Employee must be on active payroll, withheld from service or an approved leave of absence on DOS, DOS + 12 mos., DOS + 24 mos. or DOS + 36 mos. Employees on an approved leave of absence will receive the lump sum upon return to payroll.

The compensation and hours included in the calculation for the lump sums and for the conversion methodology will be as follows:

Chart Rate (Hourly)
License premium
Line premium
Longevity Pay

Full time: 2014 hours (Based on 6/3 work schedule)

The above referenced lump sums will be included as pensionable earnings for the year in which they are earned.

If you are in agreement with above, please indicate by signing below.

Sincerely,

Mark Burdette
Vice President
Employee Relations

Agreed to:

Robert F. Gless
AA System Coordinator
Assistant ATD Director
Transport Workers Union of America