

PLEASE NOTE: THERE IS NO CERTAINTY THAT A POSSIBLE MERGER WITH USAIRWAYS WILL TAKE PLACE. THIS POSSIBLE MERGER IS UNRELATED TO YOUR VOTE OR ANY OUTCOME IN THE AMR 1113 PROCESS. A POTENTIAL MERGER AND THE CONTRACT RATIFICATION VOTE ARE LEGALLY SEPARATE.

A POSSIBLE MERGER STILL FACES MANY HURDLES UNRELATED TO LABOR ISSUES. ANY AGREEMENT WITH USAIRWAYS WILL NOT TAKE EFFECT UNTIL ALL SUCH HURDLES ARE OVERCOME.

USAIRWAYS INC. &
TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO

Term Sheet Highlights

FLEET SERVICE

- **1113(c) Proposal Continues to Apply Unless Changed.** On the effective date of the Plan, all employees covered by the "Agreement between American Airlines and Transport Workers Union of America, AFL-CIO Covering Fleet Service Employees and Ground Service Employees of American Airlines, Inc. Effective date - April 15, 2003" as of the Closing Date shall continue to be governed by the Fleet Service CBA as modified by the "American Airlines 1113(c) Proposal To The Transport Workers Union Re: Fleet Service," dated March 22, 2012, except as otherwise modified in the Term Sheet.
- **Scope.** Article 1(c) of the Fleet Service CBA governing station staffing shall not be modified as set forth in Section 111.1 of the Fleet Service 1113 Proposal, but shall remain the same. This modification to the Fleet Service 1113 Proposal means that the following 30 stations that would be outsourced under the Fleet Service 1113 Proposal shall not be outsourced: (1) ABQ; (2) ATL; (3) BDL; (4) BNA; (5) BWI; (6) DEN; (7) DTW; (8) ELP; (9) EWR; (10) FLL; (11) HNL; (12) IAD; (13) IAH; (14) IND; (15) MCI; (16) MEM; (17) MSP; (18) MSY; (19) PHL; (20) PHX; (21) RDU; (22) SAN; (23) SAT; (24) SEA; (25) SJC; (26) SJU; (27) SNA; (28) TPA; (29) TUL; and (30) TUS. The parties estimate that this modification will prevent an employee headcount reduction of approximately 1,390 TWU-represented employees that would otherwise result from implementation of the Fleet Service 1113 Proposal. The parties agree and understand that, on the Closing Date, the number of stations and employees impacted by this modification could be different than as listed herein, and shall be determined by applying the same standard in Article 1(c) of the Fleet Service CBA governing station staffing. The parties shall meet and confer to determine the exact number of stations and employees impacted at the Closing Date.

- **Outsourcing.** Cargo and mail handling work at four stations (JFK, LAX, DFW, and MIA) shall not be outsourced as set forth in Section 111.2 of the Fleet Service 1113 Proposal. The parties estimate that this will prevent an employee headcount reduction of approximately 652 TWU-represented employees that would otherwise result from the Fleet Service 1113 Proposal. The parties agree and understand that, on the Closing Date, the number of employees impacted by this modification could be different than as listed herein.
- **Active Medical.** The active medical benefits shall not be as set forth in Article V.4 and Attachment C of the Fleet Service 1113 Proposal, but shall be the same active medical plan benefits provided to the Company's fleet service employees at the Closing Date. (The employee premium cost and the plan design are much more favorable than is the AA plan.)
- **Profit Sharing.** The Current Profit Sharing Plan and the Annual Incentive Plan referenced in Article 11.3 of the Fleet Service 1113 Proposal as well as the Enhanced Profit Sharing Plan referenced in Article 11.3 and described in Attachment A of the Fleet Service 1113 Proposal would be eliminated in exchange for other deal items.
- **401(k).** The reference to "5.5%" in the description of the 401(k) plan in Article V.3 of the Fleet Service 1113 Proposal would be replaced with "3%". For the avoidance of doubt, this change is made to confirm that the 401(k) plan to be offered to fleet service employees will provide a Company match up to 3% of eligible earnings (which includes base pay, license(s), premiums, and overtime). This change is made in exchange for other deal items.
- **Enhanced Severance Program.** A certain number of employees covered by the Fleet Service CBA (allocation to be determined in the discretion of the TWU, but a maximum of 1,500 among all seven employee groups represented by the TWU at American) shall be entitled to participate in an enhanced severance program providing a special severance allowance of \$22,500 to employees who relinquish recall and re-employment rights. To be eligible to participate in such program, an employee must: (i) be age 45 or older; and (ii) have been an employee of American for 15 or more years. For the avoidance of doubt, the maximum number of employees eligible to participate among all seven employee groups represented by the TWU at American shall be 1,500. (NOTE: In addition to severance as outlined in AA CBA)
- **Crew Chief Trial Period.** Eliminate the provision in Article 111.3 in the Fleet Service 1113 Proposal imposing a 180-day trial period for Crew Chiefs who move/bump into a different work unit in connection with outsourcing pursuant to Article 111.2 in the Fleet Service 1113 Proposal.
- **Qualifications Administration Manual.** Eliminate the provision in Article IV.6 in the Fleet Service 1113 Proposal permitting management to establish qualifications and to implement changes to the Qualifications Administration Manual. Changes to the Qualifications Administration Manual shall be as provided in the Fleet Service CBA.

- **Sick Leave Administration.** Attachment B to the Fleet Service 1113 Proposal shall be modified to provide that the Company shall utilize the process for administering sick leave that it uses for fleet service employees (e.g., the Company shall utilize its process for medically substantiating a sick occurrence greater than seven days). All substantive terms in Attachment B to the Fleet Service 1113 Proposal shall remain the same, unless in conflict with the Company's administrative process.
- **Overtime Assignment.** At the Company's discretion, it shall have the option of adopting the process for assigning overtime that US Airways currently uses for fleet service employees (as set forth in Article 6 of the US Airways Fleet Service collective bargaining agreement), or the process set forth in Section IV. 1 of the Fleet Service 1113 Proposal.
- **Integration Process and Issues.** The parties agree to negotiate the terms of a "fence" and a "transition planning agreement" for the integration of US Airways and American.