

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

INSTRUCTORS

- **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 Ground School and Pilot Simulator Instructors Effective October 1, 2011" as of the Closing Date shall continue to be governed by the Instructor CBA as modified by the "American Airlines 11 13(c) Proposal To The Transport Workers Union Re: Stock Clerks," dated March 22, 2012, except as otherwise modified in the Term Sheet.
- **Active Medical.** The active medical benefits shall not be as set forth in Attachment C of the Instructor 1113 Proposal, but shall be the same active medical plan benefits provided to the Company's ground school 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 11.2 of the Stock Clerk 1113 Proposal as well as the Enhanced Profit Sharing Plan referenced in Article 11.2 and described in Attachment A of the Instructor 1113 Proposal would be eliminated in exchange for the other deal items.
- **401(k).** The reference to "5.5%" in the description of the 401(k) plan in Article IV.3 of the Instructor 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 instructor employees will provide a Company match up to 3% of eligible earnings (which includes base pay, licensees), premiums, and overtime). This change is made in exchange for the other deal items.

- **Enhanced Severance Program.** A certain number of employees covered by the Instructor 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 the 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)
- **Sick Leave Administration.** Attachment B to the Instructor 1113 Proposal shall be modified to provide that the Company shall utilize the process for administering sick leave that it uses for similar 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 Instructor 1113 Proposal shall remain the same, unless in conflict with the Company's administrative process.