

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

MECHANIC AND RELATED

- **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 Aviation Maintenance Technicians and Plant Maintenance Employees of American Airlines, Inc. Effective date - April 15, 2003" as of the Closing Date shall continue to be governed by the M&R CBA as modified by the "American Airlines 1113(c) Proposal To The Transport Workers Union Re: M&R," dated March 22, 2012, except as otherwise modified in the Term Sheet.
- **Jobs Saved.** Pursuant to the M&R 1113 Proposal, American has proposed a total headcount reduction of 4,232 M&R-represented employees. This is set forth in American's Exhibit No. 1205 (attached hereto as Exhibit B) filed in support of its 1113(c) motion in the Bankruptcy Cases. This Term Sheet modifies the M&R 1113 Proposal and Exhibit B by reducing that total headcount reduction by 1,500 M&R-represented employees.
- **TULE Jobs Saved.** Under the M&R 1113 Proposal, there would be an employee headcount reduction at the Tulsa maintenance base ("TULE") of approximately 1,700 Aircraft Maintenance Technicians ("AMTs") from the current total of approximately 4,950 AMTs at TULE (which would result in approximately 3,250 AMTs remaining at TULE). This Term Sheet modifies the M&R 1113 Proposal and Exhibit B by reducing that headcount reduction by 1,250 AMTs (*i.e.*, the approximately 4,950 AMTs at TULE will only be reduced by 450 AMTs, leaving approximately 4,500 AMTs at TULE).
- **Furlough Protection.** For the two year period following the Closing Date, the Company will maintain (*i.e.*, protect from furlough) those approximately 4,500 AMTs at TULE.

- **Line AMT Jobs Saved.** Under the M&R 1113 Proposal, there would also be a headcount reduction of approximately 425 AMTs working in line maintenance. This Term Sheet modifies the M&R 1113 Proposal by reducing that headcount reduction by 250. The Company will place these 250 AMTs in line maintenance operations at locations to be determined by the Company.
- **Outsourcing Protection.** The sentence in Article IIL3 of the M&R 1113 Proposal shall be stricken and replaced with the following: "Modify Article 1 and all other applicable sections and Attachments to the Agreement and all other LOA's related to this provision to permit outsourcing of aircraft-related maintenance work currently done in-house and confirm that there is no obligation for the Company to perform third-party MRO work, but to require that the Company: (i) maintain AMTs sufficient to man as many long-term continuous lines of heavy maintenance as can reasonably be scheduled at TULE; and (ii) in-source at TULE all long-term continuous lines of aircraft heavy maintenance that are necessary to support the aircraft maintenance program requirements of the American fleet. The parties agree and understand that the goal of these modifications is to minimize outsourcing of aircraft heavy maintenance by creating and maintaining a stable, efficient, and effectively utilized aircraft heavy maintenance workforce in TULE."
- **Shop Work.** Article 1 of the M&R CBA and all other applicable sections and attachments to the M&R CBA and relevant LOAs shall also be modified to establish that the Company's decision of whether to in-source or outsource shop work will be determined on a transparent basis by conducting a financial and business analysis that is shared with the TWU.
- **Medical:** The active medical benefits shall not be as set forth in Attachment C of the M&R 1113 Proposal, but shall be the same active medical plan benefits provided to the Company's mechanics and related 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 11.4 of the M&R 1113 Proposal as well as the Enhanced Profit Sharing Plan referenced in Article 11.4 and described in Attachment A of the M&R 1113 Proposal shall be eliminated in exchange for other deal items.
- **401K:** The reference to "5.5%" in the description of the 401(k) plan in Article VL3 of the M&R 1113 Proposal is replaced with "3%". For the avoidance of doubt, this change is made to confirm that the 401 (k) plan to be offered to M&R 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 other deal items.
- **Enhanced Severance Program:** A certain number of employees covered by the M&R 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 M&R 1113 Proposal shall be modified to provide that the Company shall utilize the process for administering sick leave that it uses for M&R 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 M&R 1113 Proposal shall remain the same, unless in conflict with the Company's administrative process.