

LETTER OF AGREEMENT
between
AMERICAN AIRLINES, INC. and US AIRWAYS, INC.
and the
MECHANIC AND RELATED EMPLOYEES (excluding Planners, Maintenance
Control, Stores, QA, Tech Doc, Material Specilists)
in the service
AMERICAN AIRLINES, INC. and US AIRWAYS, INC.
as represented by the
TRANSPORT WORKERS UNION OF AMERICA
and the
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE
WORKERS

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended (the "Act"), by and between Legacy American Airlines, Inc. ("American"), Legacy US Airways, Inc. ("US Airways") collectively (the "Airline Parties"), and the Mechanic and Related employees in the service of US Airways as represented by the International Association of Machinists and Aerospace Workers District 142 ("IAM"), and the Mechanic and Related employees in the service of American as represented by the Transport Workers Union of America, AFL-CIO ("TWU"). All parties are collectively referred to as (the "Parties").

WHEREAS, effective December 9, 2013, American and US Airways became subsidiaries of American Airlines Group; and

WHEREAS, the Airline Parties intend that Legacy American and Legacy US Airways will continue to operate with separate Mechanic and Related work groups, under their respective collective bargaining agreements until the two Mechanic and Related workforces are integrated under a Joint collective bargaining agreement and a single, combined seniority list;

WHEREAS, the Parties intend during the Interim Period to provide employment opportunities to Mechanic and Related employees of LAA who possess recall rights (from layoff or displacement) the opportunity to fill an LUS un-bid external vacancy at the station to which they have recall rights; and to provide for LUS Mechanic and Related employees previously displaced, furloughed or involuntarily reduced from a station, an opportunity to fill a LAA un-bid external vacancy at that previous station;

THEREFORE, the Parties mutually agree as follows:

I. Interim Period

- A. The Interim Period is defined as the period beginning as soon as practicable and no later than 30 days following execution of this agreement and ending upon the effective date that the Mechanic and Related employees of American and US Airways are integrated into a combined Mechanic and Related workforce under a joint collective bargaining agreement and integrated seniority list.
- B. The respective Mechanic and Related employees of American and US Airways will remain separate during the Interim Period, except as provided for herein, and the American employees will continue to be employed by American and governed by the terms of the American Mechanic and Related TWU collective bargaining agreement ("TWU CBA") and the US Airways employees will continue to be employed by US Airways and governed by the terms of the US Airways IAM Mechanic and Related collective bargaining agreement ("IAM CBA").
- C. Should Legacy US Airways have a Mechanic and Related vacancy during the term of the Interim Period, then prior to hiring a new employee, Legacy US Airways will offer opportunities to mechanic and related employees from LAA who have recall rights from layoff or displacement to the same station as the vacant position.

Should Legacy American have a Mechanic and Related vacancy during the term of the Interim Period, then prior to hiring a new employee, LUS Mechanic and Related employees previously displaced, furloughed or involuntarily reduced from the station where the vacancy occurs will have the opportunity to fill the vacancy. Eligible employees may file and/or modify a preferential bid (at any time) indicating their preference to accept a vacancy at a station from which they were displaced, furloughed or involuntarily reduced. Additionally, the company will post actual vacancies for a minimum of seven calendar days prior to filling the vacancy. Vacancies will be awarded to the senior eligible employee with a preferential bid on file at the time the company fills the vacancy.

- 1. Eligible Mechanic and Related employees will be offered a one-time opportunity. Employees who refuse an opportunity will not be eligible for another opportunity for the same status (Job Classification ex: Line Mtc, Base Mtc or GSE) for which they refused.
- 2. An offer extended pursuant to paragraph C.1 above for employees will be a contingent offer subject to satisfying the following criteria: the employee must satisfy all new hire provisions of the hiring carrier, including, background checks, drug/alcohol testing and other new hire training and security screening requirements.
- 3. An employee accepting a Mechanic and Related position pursuant to paragraphs C.1 and C.2 above will be a new hire employee subject to all employment policies of the hiring airline and all terms and conditions of the collective bargaining agreement except as specifically addressed below. Legacy AA employees, hired at Legacy US

will be eligible for applicable Health and Welfare benefits immediately, with the exception of Long Term Disability; which is 60 days. Legacy US employees, hired from furlough at Legacy AA will be eligible for applicable Health and Welfare benefits after 30 days of employment and those hired from an active position will have applicable benefits upon date of employment.

4. An employee accepting a position under these provisions will be placed on the pay step of the hiring airline's applicable pay scale consistent with the employee's Occupational (AA) / Classification Pay Date (US) seniority date upon hiring at respective carrier. This provision shall have no impact on the pay step of any other Mechanic and Related employee in the location. Employees who accept a position will not be subject to any new hire probation periods under the applicable collective bargaining agreement.
5. Employees accepting positions will retain recall rights from their original airline for the duration of any remaining recall period and during such time will continue to be eligible for recall as provided for under the respective CBA, except that:
 - a. Should the employee forfeit recall under the terms of the applicable agreement and continue to be employed by the Airline Parties on the date of Operational Employee Integration, their Classification Seniority will apply as described under paragraph C.6 below;
 - b. Should an employee's recall rights expire while working for the opposite airline, such employee will forfeit all recall rights, However, should the employee continue to be employed by the Airline Parties on the date of Operational Employee Integration, their Occupational/Classification Seniority will apply as described under paragraph C.6 below;
 - c. An active employee accepting a position under this agreement will be viewed as voluntarily leaving the collective bargaining agreement and will be placed in an inactive status from their respective carrier. Additionally, employees accepting vacancies under these provisions will retain transfer/bid rights, using the current Bid System/transfer system in place at the respective carrier, but will be subject to a nine (9) month stability period during which time they will not be eligible to transfer.
6. At Operational Employee Integration, Mechanic and Related employees who were hired at either Airline Parties under this agreement and continue to be employed by the Airline Parties under the terms of this Agreement, will receive a Mechanic and Related Occupational/Classification Seniority date based on their date of entry into their basic classification at their original airline as determined pursuant to the "Agreement Regarding Seniority List Integration" signed on April 24, 2013.
7. Employees who are receiving furlough/severance pay and accept employment under

these provisions will have such furlough/severance pay cease effective their first day of employment. Additionally, employees who received lump sum or advanced furlough pay will be required to pay back any severance allowance that exceeds the amount of time between the furlough date and their first day of employment under the terms of this agreement.

8. Employees who have accepted employment under these provisions and who subsequently resign from that position, will forfeit all rights for time worked at the hiring airline, however such employees will retain any remaining recall rights under the applicable CBA of their legacy carrier.
9. Employees employed under the terms of this Agreement who are terminated for cause will be considered terminated from both carriers and will be entitled to the grievance provision of the terminating airline's applicable collective bargaining agreement.

II. Operational Employee Integration

Operational Employee Integration ("OEI") is defined as the time when the Mechanic and Related employees of American and US Airways are integrated into a combined Mechanic and Related employee workforce, under a joint collective bargaining agreement, and when the combined Mechanic and Related employee integrated seniority list becomes effective.

III. Effective Date and Duration

This Agreement will become effective upon the execution by the Parties and will remain in effect up to Operational Employee Integration ("OEI").

IN WITNESS WHEREOF, the parties hereto have executed this Letter of Agreement effective this ____ day of _____ 2014.

For American Airlines, Inc. and US Airways, Inc.

By: _____

For International Association of Machinists and Aerospace Workers

By: _____

For Transport Workers Union of America, AFL-CIO

By: _____