

American Airlines®

April 27, 2006

Mr. John M. Conley
International Representative
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Dear John,

As you are well aware, the scheduling of our operation has been a primary focus of our efforts to reduce costs by optimizing our airplane utilization as well schedule to optimize revenue. Recent schedule changes and the storage and/or retirement of some airplanes have created a situation within Line Maintenance where we have a surplus of AMTs in many of our stations. In addition, our scheduled maintenance requirements and need for access to the remaining fleet has been reduced, therefore requiring fewer Class II stations across the AA system.

Recognizing this difficult decision and the potential impact to Line Maintenance employees, the Company is willing to provide, on a one time basis, the following:

1. For the Class II stations that will be destaffed and other Class II stations that will be affected by a reduction in force, provide job opportunities for all the Title I and V employees, within their classification, some where on the AA system. For the SNA employees, they will be reassigned to LAX pursuant to the one station agreement.
2. For the other Line Maintenance locations, as listed below, and in an effort to mitigate the number of involuntary layoffs, the Company will provide the following opportunity for Title I and V TWU represented employees.

**ATL AUS BOS DCA DEN DFW DTW EWR IAH JFK LAS
LAX LGA MCO MIA MSP ORD PHL PHX RDU SAN SAT
SEA SFO SJC SJU STL TPA**

Any TWU represented employee at the above referenced stations covered by the Mechanic and related and Stock Clerk agreement may sign up for this Stand-in-Stead. Employees that have an interest in leaving the Company can exit and receive regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under

Article 37(f). Since these eligible employees would normally not have an opportunity for severance, the employee will sever from the Company without recall rights. For those system or station protected employees who are awarded the Stand-in-Stead, the \$12,500 special severance payment is not applicable.

Management will establish the classifications i.e. Crew Chiefs/Inspectors/AMT, etc. and number of employees to be granted the SIS. The awarding of a SIS should only be offered to employees on the list at the time management determines they can allow a SIS opportunity. Determination of awarding a SIS where there are more volunteers than can be accommodated will be by Occupational seniority.

Management will have the sole discretion to allow a SIS at any station listed above, with the intent to assist in mitigating the aforementioned reductions within Line Maintenance. Prior to awarding a SIS, where a surplus does not exist, and in order to provide a means to mitigate the system reductions, the Company will discuss with the TWU to ensure it complies with this letter of agreement and its intended application.

The terms and conditions of the SIS will be those in place at the time the SIS is offered to the employee. Attachment 1. provides the highlights of the Privileges and Benefits provided under a SIS. Additional terms and conditions and greater detail are available on Jetnet.

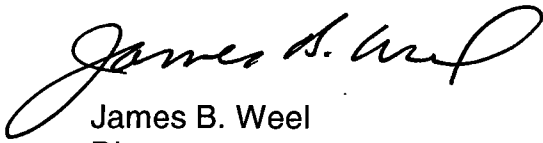
For this particular agreement, effective date for the reductions in force will be June 9, 2006.

The SIS window of opportunity to sign up on Jetnet, (See Attachment 2.) will be open until 12:00 PM CST on May 12, 2006. Awards will be proffered soon after and the employees will accept or refuse no later than 18:00 PM CST on Monday, May 15, 2006. For those locations, where there is a declared surplus and a SIS is granted, the effective date will be June 9, 2006. If an employee is interested in separating via the SIS prior to June 9, 2006, he/she should express their interest to the Area Managing Director for their station. Management will try and accommodate such requests recognizing the underlying interest for those employees who may choose retirement subsequent to the SIS. For all other locations, the SIS separation date may vary by location.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15, therefore this agreement requires the Intl TWU's concurrence. In addition, this is a one time modification from the existing SIS letter of agreement dated March 29, 2004. If you agree with the above, please indicate by signing below.

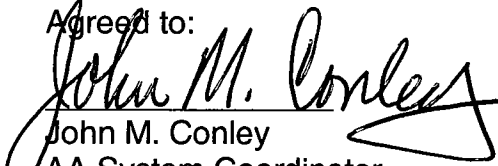
If you have any questions, please contact me at 817-967-1447.

Sincerely,



James B. Weel
Director
Employee Relations

Agreed to:



John M. Conley
AA System Coordinator
Transport Workers Union of America

cc: B. Reding
R. Richardi
J. Brundage
M. Burdette
Vice Presidents – M&E
G. Yingst
D. Levine
M. Cipperly
B. Gless
M. Tinsman
C. Alexander
M. Easton
D. Videtich
T. Gillespie

Attachment 1.
Stand-in-Stead Privileges and Benefits
TWU Represented Employees

As an active TWU represented employee covered by the Mechanic and related Fleet Service, Stock Clerk and Technical Specialist agreement, the Stand-in-Stead will include the following:

Stock Options

You have 90 days to exercise any vested stock options, which allows you to purchase AA stock or sell the stock and take cash. After 90 days, all stock options will expire.

Severance

In accordance with Article 37 of the AA/TWU agreement, you will receive a regular severance payment, except for the additional two (2) weeks under Article 37(f).

The \$12,500 special severance payment is NOT applicable for system or station protected employees awarded the Stand-in-Stead.

Since you would normally not have an opportunity for severance, you WILL NOT have recall rights upon severing from the Company.

Travel Privileges

Travel privileges on American Airlines/American Eagle will continue for you, your spouse, domestic partner or registered companion, your eligible dependent children, and your parents for:

- o 24 months – if you report to work on time for all scheduled shifts for 90 days prior to your Stand-in-Stead date (*refer to Jetnet for boarding priority*)
- o 18 months – if you have an attendance occurrence within 90 days prior to your Stand-in-Stead date (*refer to Jetnet for boarding priority*)

Health Benefits

Your medical, dental, vision and supplemental medical coverage can be continued at your cost, for up to 18 months, by electing COBRA coverage

- o Cost for the first 30 days are at a reduced rate, then cost will be at full COBRA rates

If you do not elect to continue your coverage through COBRA, your benefits will terminate effective the day of your Stand-in-Stead date

By continuing to make payments into the Healthcare Flexible Spending Account (FSA), you can maintain the account for the remainder of the year.

Retirement and 50/55 Rule

You may take the Stand-in-Stead and then retire, or take the Stand-in-Stead in conjunction with the 50/55 Rule, provided you meet the age and service requirements. (*refer to Jetnet for more information*).

Disclaimer

The information in this document is as of date, and is not considered the official Stand-in-Stead document of privileges and benefits. Where there are differences in this document and *Jetnet*, *Jetnet* will govern. Refer to *Jetnet* for detailed information on Stand-in-Stead.

Attachment 2.

To access the Stand In Stead system, please follow these instructions:

1. Log on to Jetnet at Jetnet.aa.com.
2. Go to Policy and Procedures.
3. Click on People Reduction Information (on left hand bar)

There are three choices under People Reduction Information:

- A. Agent/Rep/Planner
 - B. TWU Represented Employees
 - C. Management/Support Staff
4. Click on your appropriate workgroup.
 5. On the right hand portion of the screen, you will see a red box that reads SIS.
 6. Click on "Who's Offering".
 7. There will be a box at the bottom with the different departments. The following are applicable to Line Maintenance:
 - A. AA TWU – all titles
 - B. AA M&E Line Maintenance – for Management/Support Staff/Coordinators
 8. Click on your workgroup and fill out the election form.

After completion of the election form, this will put your name on the Stand in Stead list. Your local management will notify you if you have been approved for Stand in Stead. Submitting your name to the SIS list does not lock you in at that point. After the window closes if the operation can support it you will be offered the SIS at which time you can accept or decline. The window for application will be closed at 1200 Central Daylight time on May 12, 2006

If you have any questions, please contact your manager or the Line Maintenance People Coordinator, Cindy Herrin at ICS 292-1589.