

American Airlines®

June 5, 2006

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

Re: Holiday off – 4/10 Work schedule

Dear John,

Recently we have discussed an issue involving the proper application of Holiday off pay for employees on a 4/10 work schedule when the Company does not require an employee to work on the holiday which is also the employee's regularly scheduled work day. As we discussed, the Maintenance agreement is silent on that particular situation and the Joint Negotiating teams agreed in 2001 that the 4/10 work rules pertaining to those agreements would follow the provisions of the Employee Policy Guide (EPG). Payroll was advised to program AutoTA to the EPG application which says in part:

"Holiday off (HO)

"If you are not scheduled to work on a holiday (HO), you will receive 8 hours pay at the Straight-Time rate for the day. If a holiday falls on your regularly scheduled workday and you are granted the holiday off (HO), you will be paid for the holiday at the Straight-Time rate for 8 hours."

In either case, you will be allowed to make up the remaining 2 hours at the Straight time rate at another time during that pay period if operationally feasible and approved by your manager. Or, you have the option of not working the extra 2 hours and being paid for 38 hours that week."

As discussed, this practice has raised the issue of an employee not receiving the full 40 (forty) hour week as provided in Article 3 of all the applicable AA/TWU agreements. In addition, despite being silent in the M&R agreement, we have paid ten (10) hours HO in those circumstances since 2001 which was the inception of the 4/10 work schedule provision since it is part of the employee's 40 hours. Therefore, for this narrow issue, we have agreed to modify our application of the HO provision on a scheduled work day to pay 10 (ten) hours rather than the 8 (eight) specified in the EPG. This will apply to those employees on a 4/10 work schedule under the AA/TWU M&R, Fleet Service and Stock Clerk agreements, who were regularly scheduled to work the holiday and the Company allowed off, since they were not required for the operation for that day.

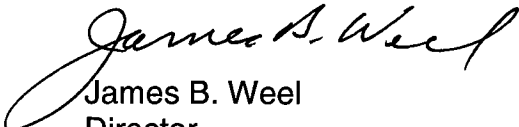
In addition, due to the underlying intent of the 2001 negotiations for the Joint Committee, the Company and the TWU agree to apply the 4/10 provisions in Article 3,

6, 7, 8 and any other related Articles of the AA/TWU Mechanic and related agreement to the AA/TWU Stores and Fleet Service agreements prospectively.

This letter shall constitute a prospective application beginning with the Independence Day holiday of 2006. If you have any questions, please contact me at (ICS) 967-1447.

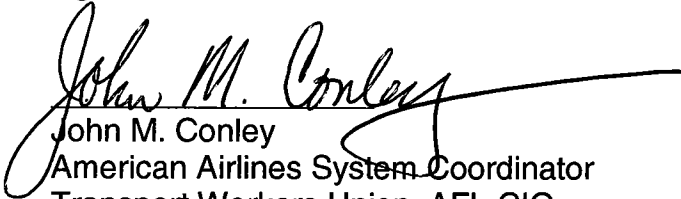
If the above accurately reflects your understanding, please indicate by signing below.

Sincerely,



James B. Weel
Director
Employee Relations

Agreed to:



John M. Conley
American Airlines System Coordinator
Transport Workers Union, AFL-CIO

cc: M. Burdette
G. Yingst
M. Cipperly
M. Waldron
M. Tinsman
C. Alexander
B. Gless
HR Operations Support Managers
Payroll
TWU Local Presidents