

AmericanAirlines®

February 22, 2007

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

Crew Chief/Inspector Self-Demotion Opportunity AA/TWU Mechanic and Related (Title I/II)/Stores (Title V)/Ground Service (Title IV)

Dear John,

As has been expressed by the International TWU and the TWU Presidents' Council, specifically for employees covered by the AA/TWU Mechanic and Related, Stores and Ground Service agreements, there is an interest in opening a self-demotion window for Crew Chiefs and Inspectors in March 2007. Although contractually, the Company is not obligated to provide the opportunity until March 2008, it is recognized that there is a common interest to allow the self demotion if there are employees in these leadership positions who are no longer interested in remaining in them. In order to reach this understanding, the language below from the applicable AA/TWU agreements and the Letter of Agreement dated February 28, 2005 would reflect the change needed to provide this non-precedent opportunity.

Article 12(n):

- 1) The Company will offer a fifteen (15) day open window in March 2007 for any Crew Chief and Inspector to self-demote. Following this self-demotion window, the jobs to be vacated by the self-demotion process will be posted for bid and awarded on a local city basis only. If more employees desire to self-demote, than those bidding for the jobs at that city, self-demotions will be limited to the number requesting to back fill the positions from that city. If insufficient local bidders are available, the self-demotions will be permitted in seniority order up to the number of bidders.
- 2) A Crew Chief who exercises the self-demotion process will be prohibited from bidding a Crew Chief position, and from serving as an acting Crew Chief for two (2) years from date of demotion.
- 3) An Inspector who exercises the self-demotion process will be prohibited from bidding an Inspector position for two (2) years from date of demotion.

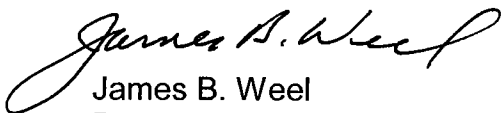
All other terms and conditions of previous Crew Chief self-demotion window will apply. In addition, this is a one-time exception to the agreement and all other provisions of the applicable AA/TWU agreements remain in force and effect.

The actual dates for the window within the month of March 2007 may vary from station to station; however, they must meet the fifteen-(15) day contractual obligation.

In addition to the above, and in the interest of maintaining sufficient experience in some of the "I" groups, such as NDT inspection, the Local TWU President and QA management's designee will review the list of Inspectors willing to self demote and the list of employees willing to step up and will determine whether or not they can allow a self demotion at a particular location. In the event, the parties cannot agree on allowing the self-demotion, the employee will remain in the Inspector classification. In addition, if self demotions are allowed the parties agree to discuss other relevant issues such as: additional time to transition and/or train and qualify the individuals, etc. including movement between "I" groups.

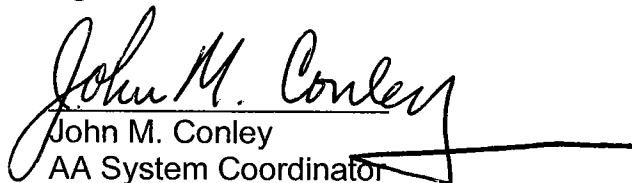
If the above reflects your understanding of the terms and conditions around the self demotion window under Article 12 (n), please indicate by signing below. If you have any questions, please contact me at 817-967-1447.

Sincerely,



James B. Weel
Director
Employee Relations

Agreed to:



John M. Conley
AA System Coordinator
International Representative
Transport Workers Union, AFL-CIO

Agreed to and Approved by Presidents Council – January 23-25, 2007

cc: B. Reding
R. Richardi
Vice Presidents – M&E
Vice Presidents – DCS

M. Burdette
G. Yingst
M. Cipperly
M. Waldron

M. Tinsman
C. Alexander
T. Gillespie
D. Videtich

HR Opns