

AmericanAirlines®

July 2, 2008

Mr. Dennis L. Burchette
American Airlines System Coordinator
International Vice President
Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Re: Voluntary Bridge to Retirement (VBR) Program

Dear Dennis:

The following represents the understanding between American Airlines and the Transport Workers Union of America, AFL-CIO with respect to a one-time "Voluntary Bridge to Retirement" (VBR) program that may be offered to eligible TWU represented employees in conjunction with the reduction in force that is planned for the 4th quarter of 2008. This voluntary program will act as a one time supplement to the March 29, 2004 Stand in Stead agreement between AA and the TWU. The VBR is intended to help mitigate the number of involuntary layoffs and allow eligible TWU represented employee who maybe subject to layoff this 4th quarter, access to this supplemental program of which the particulars are as follows:

- 1) **Eligibility:** Any TWU represented employee, not currently on layoff, who is at least fifty (50) years of age with at least fifteen (15) years of Company Seniority as of August 31, 2008.
- 2) Permanent separation without recall rights
- 3) **Severance:** Receive regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f). In addition, if the employee is in the classification in which he is system or station protected as provided in Article 42 of the AA/TWU agreement, the employee will receive the \$12,500 special severance allowance.

COBRA Medical coverage: A TWU represented employee will receive the first six (6) months of COBRA medical coverage at a cost of 20% of the rates that otherwise would be charged for COBRA coverage. A TWU represented employee will remain eligible for COBRA medical coverage for another twelve (12) months paying full COBRA rates. A TWU represented employee will become eligible for retiree medical at age fifty-five (55) if the employee meets all the contractual criteria as outlined in Article 41 of the AA/TWU agreement

COBRA rates are available at full COBRA cost for Dental, Supplemental Medical, Vision and Tricare for the eighteen (18) months following separation.

- 5) Travel: AA/AE travel only for D2 eligible travelers only and subject to imputed income (after ninety (90) days) until age fifty-five (55). At age fifty-five (55), retiree travel will be identical to travel for other retirees.
- 6) Broad Based Stock Options: Stock options may be exercised up to ninety (90) days after separation. Stock Options will be forfeited after ninety (90) days.
- 7) The terms and conditions of the March 29, 2004 SIS agreement between AA and the TWU will apply except that a specified window to sign up for the VBR will be established. The window will provide the opportunity for any TWU represented that meets the VBR eligibility criteria to sign up.

For TWU represented employees who do not meet the eligibility criteria for the VBR, they will be able to sign up for the regular Stand in Stead (SIS) program as outlined in the March 29, 2004 agreement.

- 8) Separation Date: At management discretion subject to operational needs and requirements

The Company reserves the right to limit the number of TWU represented employees that may be offered the program. This agreement is made on a non-precedent basis and does not waive any preexisting rights of either party.

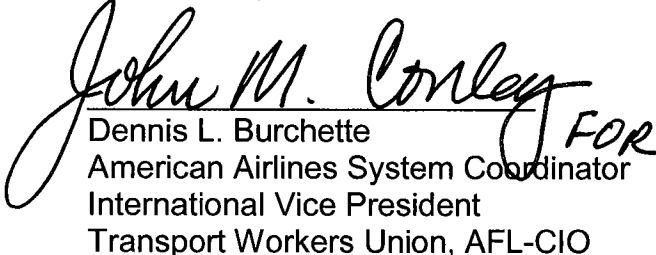
Please affirm your understanding and agreement by signing below.

Sincerely,



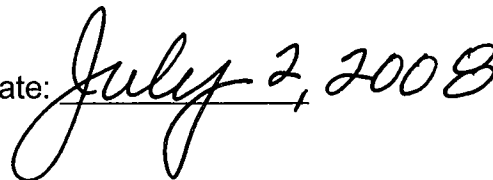
James B. Weel
Managing Director
Employee Relations

Agreed to by:



FOR
Dennis L. Burchette
American Airlines System Coordinator
International Vice President
Transport Workers Union, AFL-CIO

Date:



cc: B. Reding

J. Brundage
T. Del Valle
C. Romano
M. Burdette
C. Wright
J. Conley
Dave Levine
T. Gillespie
D. Videtich
M. Cipperly
M. Waldron
M. Tinsman
M. Easton
HR Operations Mgrs.