

American Airlines®

September 2, 2010

Robert F. Gless
Assistant ATD Director
AA System Coordinator
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

DFW Hangar 5 (DWH)

Dear Robert,

This letter is in follow up to the October 29, 2009 understanding reached between the parties relative to DFW Hangar 5 or (DWH). As part of that letter, the parties agreed that DWH would be considered a "Maintenance Base", no differently than AFW, TULE and MCIE through this round of bargaining. Since we are still in this round of bargaining, this understanding is in force and effect. In addition, the letter states that DWH will operate under existing work rules unless the parties agree to otherwise. This letter will serve as a means to modify the existing rules at DWH.

The upcoming events at the MCIE Overhaul base, select Line Maintenance stations along with the implementation of DWH as a Maintenance Base provides a unique and special opportunity to coordinate the movement of the resources necessary to address each locations operation. This coordination of movement can provide job opportunities for many, if not all, of the TWU represented employees subject to the reduction in force in September, 2010.

Therefore, as a result of a collaborative effort to synchronize the contractual provisions needed to provide the opportunity along with the needed work rules for DWH to operate as a base, the following terms and conditions have been agreed to between the Company and the TWU:

1. DWH will operate as a Maintenance Base and will be governed by the terms and conditions outlined below until such time a successor agreement is ratified. All other applicable provisions of the AA/TWU agreements for M&R and Stores apply.
2. The scope of work for DWH will be similar to the scope of work performed at other Maintenance Bases. However, initial staffing and work allocation will be initially limited to work that will not require full back support shops. Therefore, under the start up plan, the company will staff with AMT Crew Chiefs, AMT Inspectors and AMT's initially, to introduce landing gear change, thrust reverser replacement or re-inspection, some mod work and drop in work.
3. Drop in work at DWH will be similar to the drop in work practice that has been established and in place for some time for AFW, TULE and MCIE e.g. aircraft damage, chronic problem aircraft etc. It is not intended to routinely drop in work that is normally performed in the Line operation. e.g. "B" checks or the normal OTS aircraft.

4. If there is a need for drop in work that is work normally performed in the Line Maintenance operation, then the Local 565 President or designee will be notified and made aware of the necessity to have the work performed at DWH as each scenario arises.
5. DWH will be included in the one station complex of 1DF pursuant to Article 46 (a) 8. of the M&R and Stores agreements. (DWH,DFW,DAL,GSW)
6. For purposes of maintaining separate operations between DFW and DWH, Title I and Title V overtime, field trip guidelines and vacation selection will be separate and established locally for DWH. AA management and Local 565 will meet to discuss and reach an understanding on those particular issues within sixty (60) days.
7. For purposes of maintaining separate operations between DFW and DWH, Title II overtime, field trip guidelines and vacation selection will be separate and established locally for DWH. AA management and Local 513 will meet to discuss and reach an understanding on those particular issues within sixty (60) days.
8. It is understood between the parties that there will be no labor loans between DWH and DFW. Additionally, a local transfer will be required to move between stations.
9. Prior to the initial staffing of DWH, the current DFW employees within Title I and V assigned to DWH, will be provided the opportunity to return to the DFW operation and will be part of DFW Line Maintenance. The current DFW employees within Title II assigned to DWH will be provided the opportunity to return to DFW Airport Services as vacancies become available and will be able to participate in the next DFW bid, of which the current bid is in effect until January 5, 2011. During this transition period, the Title II employees will continue to receive pay applicable to the line.
10. It is planned that the Title II employees stationed at DWH will be part of the M&E organization and is subject to further discussions with the TWU relative to qualifications and skill groups.
11. The transportation of parts between DFW and DWH is subject to further discussions.

Initial Staffing of DWH

1. Upon completion of line item 9. above, the remaining vacancies for each classification, except for Crew Chiefs and Inspectors, at DWH will be offered as an option on the reduction in force notices for those employees affected by the September 24, 2010 layoff.
2. Upon completion of the reduction in force process under Article 15 of the agreement, any outstanding vacancies, that are still required to be filled, will be filled in accordance with Article 46 and Article 12 of the labor agreements.

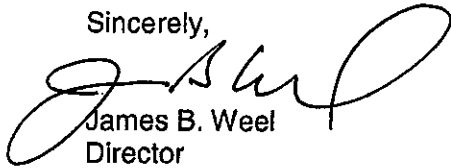
In addition to the above, it is understood that subsequent meetings and letters of agreement may be required between the parties to amend the above listed terms and conditions as the capacity and overhaul maintenance work at DWH evolves going forward.

In addition, substantive changes to the labor agreement, that will be applicable to DWH, may become concluded through the current round of bargaining. These topics include: staffing of DWH with other classifications, etc.

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

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

Sincerely,

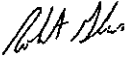


James B. Weel
Director
Employee Relations

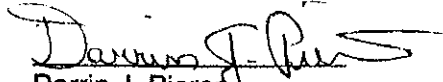


William R. Zimmerman
President – Local 565
Transport Workers Union, AFL-CIO

Agreed to:



Robert F. Gless
Deputy Director – ATD
American Airlines System Coordinator
Transport Workers Union, AFL-CIO



Darrin J. Pierce
President – Local 513
Transport Workers Union – AFL-CIO

cc: B. Reding M. Cipperly
 J. Ream M. Tinsman
 G. Drummond T. McCoy
 J. Brundage
 K. Durst
 D. Herring
 M. Burdette
 D. Videtich
 M. Easton
 K. Lyons
 B. Gregg