

**AMERICAN AIRLINES 1113 PROPOSAL
COMPARISON
AA TERM SHEET 03.22.12 TO LAST BEST FINAL OFFER 07.19.12**

PROVISION	AA TERM SHEET 03.22.12	AA LAST BEST FINAL OFFER 07.19.12
I. EARLY OUT	No Early Out Program	<p>Provide an early out program for eligible Flight Attendants. Eligibility based on having 15 + years of Company service. Payout of program will be as follows:</p> <ul style="list-style-type: none"> • \$40,000 for all acceptances <p>Company will have discretion to limit maximum number of acceptances and determine when Flight attendant can separate based on operational requirements. Flight Attendants will provide preferences for Company separation by quarter: 4Q2012, 1Q2013, 2Q2013, 3Q2013. See Attachment A: "Voluntary Early Out Program"</p>
II. COMPENSATION Hourly Pay Rates Article 3.A. Appendix I, 3.A.	<p>-- Eliminate International pay rates and replace with a single base rate for Domestic and International. The base rate will be the current Domestic hourly base rate of pay. Base pay rate increases:</p> <p>DOS + 12 months: 1.5%* DOS + 24 months: 1.5%* DOS + 36 months: 1.5%* DOS + 48 months: 1.5%* DOS + 60 months: 1.5%*</p>	<p>-- DOS Lump Sum Payment Provide a lump sum payment of \$1,500 to every active Flight Attendant on the date of signing.</p> <p>-- Eliminate International pay rates and replace with a single base rate for Domestic and International. The base rate will be the current Domestic hourly base rate of pay.</p> <p>DOS: 3.0%* DOS + 12 months: 2.0%* DOS + 24 months: 1.5%* DOS + 36 months: 1.0% or Industry Pay Rate Adjustment* whichever is greater. DOS + 48 months: 1.0%* DOS + 60 months: 1.0%*</p> <p>*See Attachment B: "Industry Comparable Pay Rates – Flight Attendants"</p>

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<p>ATC Hold / Code 59: Article 8.J.: Appendix I, 8.J.;</p> <p>Premium Pay: Article 3.S.</p> <p>Critical Coverage Pay</p> <p>Profit Sharing:</p> <p>Sequence Pay Protection</p>	<p>-- Modify to mitigate future liability for miscellaneous Code 59</p> <p>-- Eliminate Domestic aft galley pay of \$.63 per hour.</p> <p>-- No Proposal</p> <p>-- *Implement the New Profit Sharing Plan. Current Profit Sharing plan and the Annual Incentive Plan (AIP) would be eliminated. Beginning at the first dollar of pre-tax income, the new Profit Sharing plan would pay awards equal to 15% of all pre-tax income, prorated to take into account any groups of frontline employees who do not participate in the plan. Pre-tax income for the purposes of these awards will be calculated prior to the effects on income of any special, unusual, and non-recurring items or incentive pay.</p> <p>-- No proposal</p>	<p>-- Current book</p> <p>-- Eliminate Domestic aft galley pay of \$.63 per hour.</p> <p>-- Critical Coverage Pay: Institute a premium pay provision with a single premium rate of fifty (50) percent (total is base rate plus 50% of base rate) on any company designated critical sequences for Flight Attendants.</p> <p>-- *Implement the New Profit Sharing Plan See Attachment D: "Enhanced Profit Sharing Plan – Flight Attendants" Current Profit Sharing plan and the Annual Incentive Plan (AIP) would be eliminated. Beginning at the first dollar of pre-tax income, the new Profit Sharing plan would pay awards equal to 5% of all pre-tax income, prorated to take into account any groups of frontline employees who do not participate in the plan. Pre-tax income for the purposes of these awards will be calculated prior to the effects on income of any special, unusual, and non-recurring items or incentive pay.</p> <ul style="list-style-type: none"> ▪ Protection to 100 hours (to commence upon implementation of PBS) ▪ Prior to PBS, implement an interim protection solution (70 hour guarantee for AVBL, bid line guarantee for line holders) ▪ Replace current seventy (70) hour

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		<p>guarantee with sequence protection for value of line, including carry-in time from previous month, at time of bid initialization (guarantee will be pro-rated if mid-month return to work)</p> <ul style="list-style-type: none"> ▪ Each flight attendant will have unique guarantee based on the trip sequences on his/her schedule ▪ Additional time picked up through trip trading and additional trips picked up from the Company will increase guarantee to a maximum of 100 hours ▪ Pay for involuntary loss of time up to 100 hours ▪ To qualify for protection, a flight attendant must bid and/or be assigned trip(s) that originate within the footprint of the original trip, but terminate within one (1) calendar day of original scheduled termination, unless assigned comparable days later in the month ▪ If Dual Qualified, a flight attendant may be awarded/assigned to Domestic or International flying ▪ If protected for turn-around, flight attendant may be assigned airport stand-by duty. Stand by assignment must be in open time at time of bidding ▪ This protection does not apply to Reserves (no change to reserve guarantee) ▪ Last 5 days protection will apply ▪ Current HVBL rules apply when above

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		100 hours ▪ All other Article 9.P. rules will apply
III. WORK RULES		
Schedule Max: Article 7.A.; Appendix I, 7.A.	-- Increase current monthly schedule max from 77:00 Domestic / 82:00 International to 100:00 hours for all regularly scheduled Flight Attendants to produce a monthly line average of 80 – 90 hours.	-- Produce a monthly line average of 80 – 90 hours by increasing the current monthly schedule max from 77:00 Domestic / 82:00 International to 100:00 hours for all regularly scheduled Flight Attendants
Article 7.B.; Appendix I, 7.B.; Article 7.C-F.	-- Increase current monthly actual max from 80:00 Domestic / 85:00 International to 100:00 hours for all regularly scheduled Flight Attendants. Eliminate current option system. Flight Attendants will have the option to exceed 100 hour max.	-- Increase current monthly actual max from 80:00 Domestic / 85:00 International to 100:00 hours for all regularly scheduled Flight Attendants. Flight Attendants will have the option to exceed 100 hour max. <ul style="list-style-type: none"> • Ten (10) 24-hour DFP's with FA option to waive 2 for a minimum of 8 24-hour DFP's. • Over 85 hours – cap of 16 On-Duty periods scheduled, 18 in actual operation with FA option to exceed. • Monthly line average at each Base must be a minimum of 80 hours with a maximum of 90 hours.
30 hours in 7 Day Limitation: Article 7.I.	-- Eliminate the Domestic restriction that prohibits the scheduling of more than thirty (30) hours of actual flight time in a seven (7) day period (will align with current International work rule)	-- Eliminate 30-in-7 limitation
On-Duty Limitations: Article 7.K.	-- Modify current Domestic schedule on-duty maximum hours of 10:00, 11:00 and 13:00 hours (based on departure time diurnals). Increase	-- Modify current Domestic schedule on-duty maximum hours of 10:00, 11:00 and 13:00 hours (based on departure time diurnals). Increase

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<p style="text-align: center;">Duty Aloft Article 7.J.</p> <p style="text-align: center;">Minimum Pay & Credit: Article 8.A.; Appendix I, 8.A.</p>	<p>scheduled on-duty maximum hours to 14:00 hours for trip departing 0600 – 2059 and 12:00 hours for trips departing 2100 – 0559.</p> <p>Delete actual on-duty maximum hours of 12:00, 13:00, and 15:00 hours (based on departure time diurnals). Increase actual on-duty maximum hours to 16:00 hours for trips departing 0600 – 2059 and 14:00 hours for trips departing 2100 – 0559</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Departure</th> <th style="text-align: center;">Scheduled On-Duty Max</th> <th style="text-align: center;">Operational On-Duty Max</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0600 – 2059</td> <td style="text-align: center;">14 hours</td> <td style="text-align: center;">16 hours</td> </tr> <tr> <td style="text-align: center;">2100 – 0559</td> <td style="text-align: center;">12 hours</td> <td style="text-align: center;">14 hours</td> </tr> </tbody> </table> <p>-- Eliminate current duty aloft (scheduled flight hours) restriction of 8:59 hours for Domestic Flight Attendants. Hours aloft, plus sign-in and debrief will not exceed on-duty limitations.</p> <p>-- Modify G-time to 4:30 hour average day and 2:00 hour minimum day.</p>	Departure	Scheduled On-Duty Max	Operational On-Duty Max	0600 – 2059	14 hours	16 hours	2100 – 0559	12 hours	14 hours	<p>scheduled on-duty maximum hours to 14:00 hours for trip departing 0600 – 2059 and 12:00 hours for trips departing 2100 – 0559</p> <p>Delete actual on-duty maximum hours of 12:00, 13:00, and 15:00 hours (based on departure time diurnals). Increase actual on-duty maximum hours to 16:00 hours for trips departing 0600 – 2059 and 14:00 hours for trips departing 2100 – 0559</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Departure</th> <th style="text-align: center;">Scheduled On-Duty Max</th> <th style="text-align: center;">Operational On-Duty Max</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0600 – 2059</td> <td style="text-align: center;">14 hours</td> <td style="text-align: center;">16 hours</td> </tr> <tr> <td style="text-align: center;">2100 – 0559</td> <td style="text-align: center;">12 hours</td> <td style="text-align: center;">14 hours</td> </tr> </tbody> </table> <p>Diurnal Restriction: Duty periods with a west to east coast all-nighter leg and trans-con turnaround sequences with an all-nighter leg will be governed by the night time diurnal.</p> <p>-- Eliminate current duty aloft (scheduled flight hours) restriction of 8:59 hours for Domestic Flight Attendants. Hours aloft, plus sign-in and debrief will not exceed on-duty limitations.</p> <p>-- Current book</p>	Departure	Scheduled On-Duty Max	Operational On-Duty Max	0600 – 2059	14 hours	16 hours	2100 – 0559	12 hours	14 hours
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<p>Combined Operations: Article 9.B.1.</p> <p>Article 9.B.1.</p> <p>Reserve: Article 10; Appendix I, 10.</p>	<p>Replacement flight attendants are not necessary with a PBS system.</p> <p>-- Combine the Domestic and International operations, including a combined Reserve pool. A dual qualified flight attendant will be over water trained, may be required to be trained on all equipment flown, and all service requirements.</p> <p>-- A dual qualified flight attendant may fly both Domestic and International trip sequences. Dual qualification training will be mandatory for all flight attendants subject to Reserve. All other dual qualification training will be provided as operationally necessary.</p> <p>-- Replace current full month Reserve system with a block(s) of Reserve days on regular Flight Attendants monthly schedule. Reserve days may be a single block of 3-6 days, or two 3-day blocks for regular flight attendants in Reserve seniority range. Assignments will be based on bid preference and in seniority order. Revise/eliminate all provisions of the Agreement that are inconsistent with new reserve system.</p> <p>Until such time as PBS system is implemented, flight attendants will not be able to bid into conflicts. Vacation trip removals will be paid and credited at a daily rate.</p>	<p>Replacement flight attendants are not necessary with a PBS system.</p> <p>-- Combine the Domestic and International operations, including a combined Reserve pool. A dual qualified flight attendant will be over water trained, may be required to be trained on all equipment flown, and all service requirements.</p> <p>-- A dual qualified flight attendant may fly both Domestic and International trip sequences. Dual qualification training will be mandatory for all flight attendants subject to Reserve. All other dual qualification training will be provided as operationally necessary.</p> <p>-- Maintain current Reserve rotation system for current Flight Attendants.</p> <p>Accept 05.29.09 Article 10 TA and 01.06.11 Outstanding Reserve Issues Agreement.</p> <p>New Hire Flight Attendants will have a block(s) of reserve days on monthly schedule. Reserve days may be a block(s) of 3 – 6 days. Total monthly R-days will be between 6 – 9 days. Reserve blocks will be awarded in a PBS system based on bid preference and in seniority order.</p> <ul style="list-style-type: none"> • An R-Day block will be treated as a sequence and will carry a guaranteed value, such that a

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<p style="text-align: center;">Staffing: Article 9.B.</p>	<p>-- Eliminate current staffing language and replace with: The Company will establish from time to time and make available to the Union the standards being used to determine the number of flight attendants required on flights to which a variable complement will be applied. Prior to implementing any changes to these standards, the Company will advise the APFA President or his/her designee. Every reasonable effort will be made to monitor and staff consistent with these</p>	<p>flight attendant will be paid the greater of the R-Day block value or trips flown.</p> <ul style="list-style-type: none"> • Any unused R-Day block may be pay protected above the normal 70 hour guarantee, but no more than 85:00 hours. • No value for an R-Day block that is dropped or traded. • AM/PM preference will not apply to R-Day blocks. • Permit assignment of R-Day Flight Attendants prior to full month reserves. • Pay "R-Day" sick: Pay the greater of "R-Day" block value or trips flown. • Percentage of pay according to proposed sick Policy. • Revise / eliminate all provisions of the Agreement that are inconsistent with new reserve system. <p>The Joint Scheduling Committee (JSC) will meet and confer prior to the implementation of Reserve R-Days for new hires.</p> <p>-- Eliminate current staffing language and replace with: The Company will establish from time to time and make available to the Union the standards being used to determine the number of flight attendants required on flights to which a variable complement will be applied. Prior to implementing any changes to these standards, the Company will advise the APFA President or his/her designee. Every reasonable effort will be made to monitor and staff consistent with these</p>

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<p>Sick Accrual: Article 26.B.</p> <p>Sick Leave: Article 26.C.</p>	<p>standards. The Company agrees to meet with Union representatives at their request at mutually agreeable times to afford them the opportunity to make recommendations concerning the staffing of Company aircraft with flight attendants. If the APFA President brings to the Company's attention a situation where in his/her opinion, due to the type of service required, serving time and number of passengers, the crew complement creates a marginal service condition (i.e., if the flight attendant crew cannot complete their work assignments as per standard practices within the allotted times), the Company will act expeditiously to investigate the problems. If, in its investigation, the Company does not agree that the addition of a flight attendant is justified, the Company will provide the APFA President with the reasons therefore.</p> <p>The APFA President may request a review of this determination by the Vice President-Flight Service. The decision made by the Vice President- Flight Service will be final and binding and not subject to the provisions of Article 28.</p> <p>-- Change minimum annual paid hour threshold for sick accrual from 420 hours to 540 hours.</p> <p>-- Highlights: The first 24 hours of trips removed or first 2 occurrences of Incidental Sick in a calendar year,</p>	<p>standards. The Company agrees to meet with Union representatives at their request at mutually agreeable times to afford them the opportunity to make recommendations concerning the staffing of Company aircraft with flight attendants. If the APFA President brings to the Company's attention a situation where in his/her opinion, due to the type of service required, serving time and number of passengers, the crew complement creates a marginal service condition (i.e., if the flight attendant crew cannot complete their work assignments as per standard practices within the allotted times), the Company will act expeditiously to investigate the problems. If, in its investigation, the Company does not agree that the addition of a flight attendant is justified, the Company will provide the APFA President with the reasons therefore.</p> <p>The APFA President may request a review of this determination by the Vice President-Flight Service. The decision made by the Vice President- Flight Service will be final and binding and not subject to the provisions of Article 28.</p> <p>-- Change minimum annual paid hour threshold for sick accrual from 420 to 600 hours.</p> <p>-- See Attachment E: "Sick Leave – Flight Attendants" Replace the maximum sick leave accrual</p>

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	<p>whichever occurs first, will be paid at 100% of hourly base rate. Any subsequent Incidental Sick hours/occurrences will be paid at 60% of hourly base rate.</p> <p>Hours for trips removed on or after day 8 will be paid from the flight attendant's available sick bank at 100% of hourly base rate provided the flight attendant complies with the Managed Care program otherwise it will be unpaid.</p> <p>Hours for trips removed for days 1 through 7 of Managed Care Sick will be paid as Incidental Sick.</p> <p>A flight attendant clearing the sick list during the footprint of the trip sequence from which s/he was removed may advise the Company that s/he is available to work. If the flight attendant is assigned and works a Make-up trip (originating within the footprint), on the days that overlap, the sick hours from the original sequence will be credited back to the flight attendant's sick bank. The Make-up option is not available to cover the first day of the trip sequence for which s/he was originally removed.</p>	<p>methodology with a short term / long term split –bank concept. The Company proposes the following changes and clarifications to sick leave policy:</p> <ul style="list-style-type: none"> • Replace the maximum sick leave accrual methodology with a short-term / long-term split-bank concept. • Accrual remains at three (3) hours per active month (maximum thirty-six (36) hours per year) • A flight attendant's current bank will be distributed into a short term and long term bank. • On Date of Signing, the short term bank will be created using her/his existing sick balance or five (5) hours times the number of calendar months remaining in the year, whichever is less. Thereafter, the short-term bank will be capped at sixty (60) hours effective each January 1. • Any remaining balance becomes the beginning balance of the flight attendant's long term sick balance. Thereafter, the long term bank will be capped at nine hundred forty (940) hours. • At the beginning of each year, a flight attendant's prior years' sick accrual will be applied to the flight attendant's short-term bank, up to a maximum of sixty (60) hours. <ul style="list-style-type: none"> ○ Any remaining hours in excess of sixty (60) hours will be paid or applied to the long term bank in the following

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<p style="text-align: center;">Article 26.C.1.c.</p>	<p>-- (Amended 3.13.12) Pay "R-Day" sick: Pay the greater of "R-day" block value or trips flown.</p>	<p>manner: 50% of hours will be applied to the long term bank and 50% will be paid out at the flight attendant's base rate. The payout will also apply those F/As who have a max sick bank.</p> <p><u>Sick Verification/Proof of Illness:</u></p> <ul style="list-style-type: none"> • A flight attendant may only access her/his long-term sick bank in the event of an illness or injury that will exceed ten (10) consecutive calendar days, and is authorized by the Corporate Medical Director or a company approved Absence Management Vendor (AMV), as applicable. <ul style="list-style-type: none"> ○ A flight attendant's long-term sick bank will be available to cover an authorized illness or injury that will exceed ten (10) consecutive calendar days at such time as the Company receives the authorization. ○ A flight attendant with a documented catastrophic medical condition may access his/her long-term bank for illnesses of less than ten (10) days with concurrence of the AA Medical Department or AVM, in the event the flight attendant's short term bank has been exhausted.

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<p>Minimum Hours to Maintain Employment: Article 13</p> <p>Copies of Agreement Article 24</p> <p>787 Crew Bunk Parameters Article 33 (NEW)</p>	<p>-- In order to maintain employment, a flight attendant must be paid a minimum of 200 hours, or be paid an average of 16:40 hours per active month, if the flight attendant has been inactive due to unpaid status during the preceding 12 months. The annual look back period for employment will be consistent with the medical benefits look back.</p> <p>-- No proposal</p> <p>-- No proposal</p>	<p>airport hotels.</p> <p>-- In order to maintain employment, a flight attendant must be paid: 1) a minimum of 420 hours, or 2) be paid an average of 35 hours per active month, if the flight attendant has been inactive due to unpaid status during the preceding 12 months. The annual look back period for employment will be consistent with the medical benefits look back.</p> <p>-- Eliminate requirement to distribute paper copies of the collective bargaining agreement and instead allow for electronic copies.</p> <p>-- Execute a letter of agreement 787 crew rest parameters</p>
<p>IV. BENEFITS Pension Article 36</p>	<p>-- (Amended 3.7.12, 3.22.12) Amend the Basic Agreement so that the Company is not required to provide for future benefit accruals under the defined benefit pension plan. Amend the Basic Agreement so that the Company is not required to maintain or fund or provide benefits</p>	<p>-- Amend the Basic Agreement so that the Company is not required to provide for future benefit accruals under the defined benefit pension plan.</p> <p>Amend the Basic Agreement so that the Company is not required to maintain or fund or provide benefits</p>

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Active Medical & Life Article 35	<p>under a defined contribution pension plan, except as provided below.</p> <p>*Amend the Basic Agreement to provide that the Company will offer a replacement benefit through the Super Saver 401(k) Plan. Employees will automatically be enrolled (with an option to opt out) at an employee pre-tax contribution of 3% of eligible earnings per payroll period, with a Company match up to 5.5% of eligible earnings.</p> <p>-- (Amended 3.15.12, 3.22.12) Modify provisions of Article 35.</p>	<p>under a defined contribution pension plan, except as provided below.</p> <p>*Amend the Basic Agreement to provide that the Company will offer a replacement benefit through the Super Saver 401(k) Plan. Employees will automatically be enrolled (with an option to opt out) at an employee pre-tax contribution of 3% of eligible earnings per payroll period, with a Company match up to 5.5% of eligible earnings.</p> <p>-- Modify provisions of Article 35. Change minimum annual paid hour threshold from 420 to 600 for active medical. See Attachment F: "Active Medical & Life – Flight Attendants"</p>
Retiree Medical & Life	<p>-- Eliminate pre-funding and require retired Flight Attendants to make contributions that covers the full cost of the medical plan. Eliminate retiree health benefits for retirees age 65 and over. Participant who currently prefunds for retiree medical will be refunded the employees prefunding account (which reflects investment experience).</p>	<p>-- Modify provisions of Article 35. See Attachment G: "Retiree Medical & Life – Flight Attendants" Eliminate pre-funding and require retired Flight Attendants to make contributions that covers the full cost of the medical plan. Eliminate retiree health benefits for retirees age 65 and over. Participant who currently prefunds for retiree medical will be refunded the employees prefunding account (which reflects investment experience).</p>
Article 30	<p>-- Modify to eliminate retiree medical and life insurance.</p>	<p>-- Modify to eliminate retiree medical and life insurance.</p>

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V. DURATION Article 38	Six (6) years from date of signing (DOS)	Six (6) years from date of signing (DOS). At any time following DOS plus forty-eight (48) months, but prior to DOS plus seventy-two (72) months, with sixty (60) days prior written notice by either party, the parties will commence negotiations in accordance with Section 6, Title I of the Railway Labor Act, as amended.
VI. SETTLEMENT CONSIDERATION	No proposal	The Company will support before the Unsecured Creditors Committee a claim by the Flight Attendants in an amount of 3% of New Corporation equity or equivalent under the terms and conditions of Attachment I.
VII. TENTATIVE AGREEMENTS	No proposal	The Company agrees to incorporate the Tentative Agreements listed in Attachment H subject to modifications due to terms or language outline in and / or in conflict with this proposal.

Items marked with an asterisk (*) are contingent upon a consensual collective bargaining agreement, i.e. they will become effective as described only upon the effective date of a new collective bargaining agreement between American and the APFA.