



December 31, 2012

Laura Glading  
President  
Assoc. of Professional Flight Attendants  
1004 West Euless Blvd.  
Euless, TX 76040

Dear Laura:

In connection with the consideration of a potential merger between US Airways ("US") and American Airlines ("American"), the Association of Professional Flight Attendants ("APFA") entered into a Conditional Labor Agreement with US dated April 12, 2012 (the "CLA"). The CLA anticipated a merger between US and American on certain terms (the "Proposed Merger") that would result in a merged carrier (the "New American"). Subsequently, the APFA and American entered into a new Collective Bargaining Agreement dated September 12, 2012 ("New CBA") and American began the process of implementing the terms of the New CBA. Since US and APFA did not anticipate the New CBA when entering into the CLA, the parties to this letter wish to clarify and acknowledge their understandings and intent with respect to how the New CBA and CLA are intended to modify or leave unchanged various provisions of either agreement in the event the Proposed Merger occurs. Accordingly, the parties agree and acknowledge the following:

1. The August 10, 2012 Me Too letter between American and APFA executed in connection with the New CBA will not apply and will have no force and effect in the event US and AA proceed with the Proposed Merger. For avoidance of doubt, the parties hereby confirm that, irrespective of whether a Proposed Merger occurs, the Me Too Letters shall remain effective in accordance with their terms with respect to the collective bargaining agreements for the APA and TWU as and in the form and substance approved by the Bankruptcy Court through December 19, 2012, as to which (a) AMR has informed APFA that the letters have been satisfied and (b) APFA has reserved its rights pending confirmatory due diligence."
2. Paragraph 1 of the Process section of the CLA will be amended to read as follows: "Separate flying will continue, with each airline operating its own aircraft including those in its existing fleet or on order, until the earlier of twenty-four (24) months after the effective date of the Proposed Merger or Operational Flight Attendant Integration."

3. The term "Operational Flight Attendant Integration" as used in Paragraph 1 of the Process section of the CLA is intended to mean the completion of the processes described in Paragraphs 2 and 3 of that section, including the presentation of a final integrated seniority list to the Company for implementation.
4. Under Paragraph 3 of the Pension section of the CLA applicable to New Hires at the Plan Effective Date and to Flight Attendants on the AA seniority list as of the Plan Effective Date after five years, we wish to clarify that the company contribution will in no event exceed 5.5% of pensionable earnings.
5. Because the New CBA DOS pay rate increase was greater than that provided for in the CLA and Flight Attendant pay rates have already been adjusted pursuant to the New CBA, the parties acknowledge that DOS increase in the CLA has been satisfied. The parties further acknowledge that the next pay rate increase under the CLA of 1.5% or the New CBA OF 2% (whichever is in force at the time) will take effect on October 1, 2013.
6. As a result of the prior return by American of employee prefunding contributions pursuant to the New CBA, the provisions in the CLA under Retiree Health, Paragraph 2 relating to a VEBA will not be implemented and are deemed void. It is the intent of the parties to maintain the Retiree Medical program provided for in the New CBA.
7. The Single Medical Plan referred to in the CLA under Active Health will be deemed to be the Active Medical plan implemented by American on January 1, 2013 ("AA Active Medical Plan") pursuant to the New CBA along with all of its related provisions. This clarification is expressly based on the representation that the AA Active Medical Plan will cover all American employees as of January 1, 2013.
8. The provisions of the CLA under Claims and APFA Fees and Expenses are superseded by the terms of the Settlement Consideration and Bankruptcy Protections Letter dated August 22, 2012.
9. If the CLA becomes effective, and is subsequently deemed to be unenforceable or invalid for any reason, APFA agrees that the terms and conditions of employment for American's Flight Attendant(s) will be those of the New CBA., except that the process prescribed in the CLA for the creation of a joint collective bargaining agreement would be automatically incorporated into the New CBA, as follows:

1. Prior to Operational Flight Attendant Integration (as defined in Paragraph 3 above), separate flying will continue, with each airline operating its own aircraft including those in its existing fleet and on order until the earlier of twenty-four (24) months or Operational Flight Attendant Integration.
2. The parties will establish a procedure for the integration of seniority lists pursuant to McCaskill-Bond.
3. APFA will file for single carrier application with the NMB as soon as practicable, but no later than six months after the Plan Effective Date. If the single-carrier filing results in the certification of APFA, the New American and APFA shall promptly engage in expedited negotiations to achieve a joint collective bargaining agreement. Those negotiations will begin no later than 30 days after certification.
  - a. If the parties reach agreement within 60 days of certification, APFA shall follow its internal procedures regarding membership ratification of a joint collective bargaining agreement. If the membership does not ratify the joint collective bargaining agreement, the parties shall immediately submit their dispute to final and binding interest arbitration.
  - b. If the parties do not reach agreement within 60 days of certification, the parties shall immediately submit their dispute to final and binding interest arbitration.
  - c. Interest arbitration pursuant to a. and b. above shall be for the purpose of achieving a joint collective bargaining agreement that is market-based in the aggregate. The award shall be issued no later than 30 days after the first day of the hearing and shall become effective upon conclusion of the seniority integration process including presentation of a final integrated seniority list to the New American for implementation. The procedures for the arbitration shall be mutually agreed between the parties.
10. APFA acknowledges that there are no representations, commitments or agreements between it and US other than those set forth in the CLA.

Please indicate your agreement with the above modifications and clarifications by signing in the space indicated below.

Sincerely,

Scott Kirby

**Agreed and accepted:**

Association of Professional Flight Attendants

By: Laura R. Glading

cc: Laura Einspanier