

July 17, 2003

Mr. Jeff Bott  
Vice President  
Association of Professional  
Flight Attendants  
1004 W. Eules Blvd.  
Eules, TX, 76040

Re: SS-1-2003-IOR-1 (Meyer et al.)

This letter confirms our discussions regarding the full and final settlement of the above referenced grievance.

The parties have agreed to the following:

Article 11, F. of the collective bargaining agreement allows the Company, at its sole discretion, to schedule language assessment tests for Flight Attendants qualified in designated languages to determine a Flight Attendant's level of proficiency in his/her designated language(s).

In 2002, the Company opted to commence language assessment testing for Flight Attendants qualified in Japanese, Portuguese and French. As a result of this initial assessment one hundred and forty-one (141) flight attendants had their language qualifications revoked. As a result, the APFA filed this grievance against the Company and the parties now wish to resolve this dispute without any substantive findings as to the conduct, rights or remedies of either party.

Sixty-six (66) flight attendants that have had their language qualifications revoked as a result of not passing one component (conversation or reading) of the language assessment will have their qualifications reinstated. These flight attendants (referenced in Attachment 1) passed one component of the language assessment and missed passing the other component by one category. Flight Attendants passing one component, but missing the other component by two (2) or more categories will not have their language qualification reinstated at this time.

These sixty-six flight attendants will be required to take the full language assessment at the first time the Company begins doing re-tests, which is currently scheduled to begin in 2004. From that point on, the assessment level achieved on the re-test will govern their qualifications and re-test schedule.

An additional seventy-five (75) flight attendants who had their language qualifications revoked as a result of not passing the language assessment will be allowed to take up to two (2) additional re-tests within the twelve (12) month period following the revocation of their language qualification. These flight attendants are (referenced in Attachment 2).

If the retests are taken within the twelve (12) month period, the flight attendant will only be retested on the component they did not pass (conversation or reading). These additional tests will be at the flight attendant's own expense but the charge will be based on the same rate as is paid by the Company for such re-test. Should the flight attendant opt to wait twelve (12) months before taking a re-test, the re-test will be at Company expense and will be the complete assessment.

The Company has advised APFA that it intends to complete the initial testing of all language qualified flight attendants in the designated languages listed above who have not yet taken the initial test. These flight attendants are (referenced in Attachment 3). The parties agree that these flight attendants will be required to achieve the proficiency level established by the Company initially for the 2002 testing program.

Additionally, there are fifteen (15) flight attendants that did not pass their initial language assessment and were required to take a re-test to avoid losing their language qualification (see Attachment 4). In light of this settlement agreement, they will now temporarily maintain their language qualification, but will be required to take the full language assessment at the first time the Company begins doing re-tests, which is currently scheduled to begin in 2004. From that point on, the assessment level achieved on the re-test will govern their qualifications and re-test schedule.

The Company agrees to continue to comply with the terms of the collective bargaining agreement concerning the availability of training aids and references to assist in increasing language proficiency and make available to flight attendants interested in taking the language assessment test or retest, up to date books/tapes and other study aids and tools. The parties acknowledge that these training aids in and of themselves may not be sufficient for flight attendants to attain an acceptable proficiency level.

The Company also agrees to meet with APFA so that the union may provide input on the assessment and feedback process provided to flight attendants who may not pass a language assessment test. These meetings are not intended to re-negotiate the language proficiency provision of the Collective Bargaining Agreement, nor does it change the Company's contractual rights in regard to language assessments including its ability to establish minimum language skill ratings.

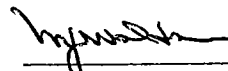
The APFA agrees to withdraw the above referenced grievance without prejudice.

It is understood that this settlement is being made on a non-precedent setting basis and without prejudice to either party. It is further understood that neither party will cite the forgoing as precedent in any other matter.



Jeffrey B. Bott  
Vice President  
Association of Professional Flight Attendants

7-17-03  
date



Michael J. Waldron  
Senior Counsel  
American Airlines Inc.

7/17/03  
date

## Questions and Answers Concerning the Settlement Of the Language Assessment Grievance Article 11

### 1. Why did language assessment testing begin?

There were negotiated changes to Article 11, F 1-5 that were ratified by the membership in the 2001 agreement. These changes permit the Company to set language proficiency levels for onboard language qualified speakers, and to test these Flight Attendants for such proficiency (Page 167 of the contract).

### 2. When did language assessment testing begin?

The Company exercised its right to conduct language assessment testing and opted to first commence testing for Flight Attendants in Japanese, Portuguese, and French in 2002. Each Flight Attendant is required to have their proficiency tested on both speaking and reading in the designated language. The Flight Attendant may take a maximum of two (2) initial tests, at the Company's expense, in order to maintain the qualification. As a result of the initial assessment, one hundred and forty-one (141) Flight Attendants had their language qualifications revoked. As a result, APFA filed a grievance.

### 3. When was the language assessment test grievance filed?

Michael Meyer, IOR Vice-Chair, filed the original base grievance concerning language testing in January of 2003. Steve Watson, IDF Chair, filed a second base grievance in March of 2003, subsequent to the initial filing of the IOR base grievance. Both grievances are part of the settlement. The grievances identified three areas of concern: The level of proficiency required. Notification of required proficiency. Administration of the test.

### 4. What was the outcome of the original grievance?

The original IOR grievance was denied at the first level and was scheduled for hearing at the July Quarterly System Board of Adjustment. The IDF grievance was enjoined with the IOR grievance and the issue was resolved between the parties prior to July System Boards.

### 5. How was it resolved?

Prior to the grievance resolution, a Flight Attendant who had received an Advanced-Low or higher speaking rating and a 3 or lower reading rating would have lost the language qualification. Another Flight Attendant who had received a 4 or higher reading rating and an Intermediate-High or lower speaking rating would also have lost the qualification. Due to the resolution of the grievance, sixty-six (66) Flight Attendants whose qualifications were revoked as a result of not passing one component (speaking or reading) of the language assessment test by just one level had their qualifications reinstated. Language qualifications were reinstated in time for August 2003 bidding.

6. When will these sixty-six Flight Attendants be required to re-test?

These sixty-six flight attendants will be required to take the full language assessment test (speaking and reading) when the Company begins re-testing, which is expected sometime late 2004. However, original testing must be completed for all remaining qualified Japanese, Portuguese, and French speakers before any re-testing takes place. From that point on, the guidelines relative to the speaking proficiency will determine the future re-test schedule.

7. What other issues were addressed?

An additional seventy-five (75) Flight Attendants lost their qualification because they failed to meet the minimum standard by more than one level in either the speaking or reading proficiency. These Flight Attendants will not have qualifications reinstated at this time. However, prior to the grievance settlement, per the terms of the agreement, these Flight Attendants could not reschedule a re-test until one year from the date of qualification removal. In addition, they were required to re-test for both speaking and reading proficiencies. As a result of the grievance resolution, these Flight Attendants may now choose to schedule up to two (2) re-tests within the twelve (12) month period following removal of their qualifications. They will now be re-tested on only the one proficiency (speaking or reading) not originally passed according to the company minimums. These additional tests will be at the Flight Attendant's own expense, but charges will be based upon the same discount rate paid by the Company. The Flight Attendant may also opt to wait a year before taking a re-test. This re-test will be at the Company's expense and the Flight Attendant will be re-tested on both proficiencies.

8. What happened to the Flight Attendants who took and did not pass the first test, but had not yet taken the second test?

An additional fifteen (15) Flight Attendants failed to meet the minimum standard by just one level in either the speaking or reading proficiency on the first of two scheduled tests. Because they had not yet completed the second test at the time of the grievance, their qualification will remain active without the need for taking a second test. Due to the resolution of the grievance, these 15 Flight Attendants who were scheduled for a second test as a result of not passing one component (speaking or reading) of the language assessment test by just one level, will not need to take the second test. They have had their qualifications reinstated in time for August 2003 bidding.

9. When will these fifteen Flight Attendants be required to re-test?

These Flight Attendants will be required to take the full language assessment test (speaking and reading) when the Company begins re-testing. However, original testing must be completed for all remaining qualified Japanese, Portuguese, and French speakers before any re-testing takes place. From that point on, the guidelines relative to the speaking proficiency will determine the future re-test.

10. What other issues were addressed?

The Company has agreed to upgrade the training aids and references that are required by Article 11, Section F #5 of the contract (page 167). These items are to assist the Flight Attendant in increasing speaking and reading proficiency levels.

11. How is proficiency in speaking tested?

Speaking proficiency is based upon speaking guidelines originated by the American Council on the Teaching of Foreign Language (ACTFL). These guidelines identify 10 specific proficiency levels. The Company requires that a Flight Attendant achieve an Advanced-Low level minimum or higher to pass the company speaking proficiency.

12. How is proficiency in reading tested?

Reading proficiency is based upon the Reading Proficiency Interview (RPI) designed solely by the company. The RPI identifies 5 reading levels. A Flight Attendant must receive a level 4 minimum or higher to pass the company reading proficiency.

In closing, the APFA and the Company have agreed to meet and discuss the current language assessment evaluation process. These discussions may include changes in the delivery of the test, the types of scenarios used by the testers, the method of receiving test results, and the type of feedback concerning test results.

However, these meetings and suggestions are not intended to re-negotiate the right of the Company under the language proficiency provision of the Collective Bargain Agreement. Nor do they intend to change the Company's contractual rights in regard to language assessment testing, including its ability to establish minimum language proficiencies.