

Settlement Agreement

**Presidential Grievance
SS-32-2006-APFA-7**

Article 16.A - Seniority Accrual on Overage Leave

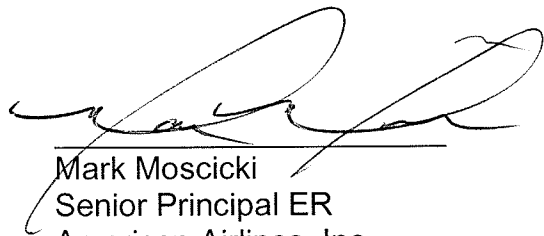
The following constitutes a full and final settlement between the Association of Professional Flight Attendants and American Airlines, Inc. regarding the above-captioned Presidential grievance:

1. The Company agrees to credit Flight Attendants electing to take Overage Leaves of Absence as specified under Article 16.A with Company seniority accrual for the first ninety (90) days of such leave.
2. The crediting for Company seniority as set forth herein shall be on a prospective basis only.
3. The APFA agrees to withdraw without prejudice grievance SS-32-2006-APFA-7 in its entirety.

Agreed to and accepted:



Laura Glading
President APFA



Mark Moscicki
Senior Principal ER
American Airlines, Inc.

Date: 7-3-08

Date: 7-3-08

cc: Mark Burdette
Lauri L. Curtis
Brett Durkin
Laura Glading
Taylor Vaughn



Association of Professional Flight Attendants

Office of the President

CERTIFIED RETURN RECEIPT #7003-0500-0005-0184-1318

June 9, 2006

BASE CASE # 2006-APFA-007

Mr. Mark Burdette, Vice President
Employee Relations
American Airlines, Inc.
P.O. Box 619616, Mail Drop 5235
DFW Airport, TX 75261-9616

RE: Article 16.A. – Seniority Accrual on Overage Leave

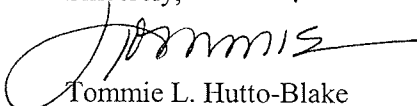
Dear Mark:

In accordance with the provisions of Article 28.B.2. of the 2001 Basic Agreement as modified in 2003 between American Airlines, Inc., and the Association of Professional Flight Attendants, I hereby protest the Company's violation Article 16.A. and any and all related articles of the Collective Bargaining Agreement (CBA) and Restructuring Participation Agreement (RPA) by failing to credit Flight Attendants taking Overage Leaves with the same Company seniority accrual as that granted to Flight Attendants taking regular leaves of absence.

I demand that the Company immediately cease and desist the misapplication of Article 16.A., and any and all related articles of the current CBA, as modified in 2003, crediting all Flight Attendants who have taken Overage Leaves since May of 2003 with the same Company seniority accrual that is granted to Flight Attendants who have taken regular leaves of absence, and further, that all Flight Attendants who have been adversely affected by the Company's action be made whole in accordance with the current CBA.

Recently, the parties held a number of dispute resolution conferences to focus on possible resolutions to another presidential grievance which was ultimately resolved. I urge you to continue this approach as we begin the process to resolve this presidential grievance. Ultimately, a neutral member of the System Board may become necessary for final resolution.

Sincerely,



Tommie L. Hutto-Blake

cc: APFA SBA

1004 West Eulless Blvd • Eulless, Texas 76040

Tel: (817) 540-0108 • Fax: (817) 540-2077



Association of Professional Flight Attendants

July 18, 2006

Mr. Ben Williams, Commissioner
Flight Attendant System Board of Adjustment
American Airlines, Inc.
Employee Relations - Mail Drop 5235
P.O. Box 619616
DFW Airport, TX 75261-9616

RE: SS-32-2006-APFA-7 Association of Professional Flight Attendants

v.

American Airlines Incorporated

SUBJECT: Article 16.A. - Seniority Accrual on Overage Leave

Dear Mr. Williams:

In accordance with Article 28.B.2. and Article 29 of the Agreement between American Airlines, Inc. and the Flight Attendants in the service of American Airlines, Inc., as represented by the Association of Professional Flight Attendants, APFA hereby submits the grievance of APFA v. American Airlines, Inc. to the System Board of Adjustment.

(1) Question at Issue

Did the Company violate Article 16.A., Article 13, Article 19 and any and all related articles of the Collective Bargaining Agreement (CBA) and/or the Restructuring Participation Agreement (RPA) by failing to credit Flight Attendants taking Overage Leaves of Absences with the same Company seniority accrual as provided for Flight Attendants taking regular leaves of absence under all the facts and circumstances of this case?

(2) Statement of Facts

This grievance was filed on June 9, 2006 (Submission Exhibit No. 1). Mr. Mark Burdette, Vice President, Employee Relations rendered an initial decision under date of June 28, 2006 (Submission Exhibit No. 2). This decision being unsatisfactory, this case is respectfully submitted to the System Board of Adjustment for adjudication.

(3) Position of the APFA

It is the position of the APFA that the Company violated Article 16.A., Article 13 and Article 19 and any and all related articles of the Collective Bargaining Agreement (CBA) and/or the Restructuring Participation Agreement (RPA) by failing to credit Flight Attendants taking Overage Leaves of Absences with the same Company seniority accrual as that agreed to and provided for in the CBA to Flight Attendants taking regular leaves of absence under all the facts and circumstances of this case. It is therefore respectfully requested that the Board render a decision finding the Company unjustified in its actions and requiring it to immediately cease and desist the misapplication of Article 16.A., Article 13 and Article 19 and any and all related articles of the current CBA, as modified by the RPA in 2003, and credit all Flight Attendants who have taken Overage Leaves of Absences since May of 2003 with the same Company seniority accrual that is provided for in the CBA to Flight Attendants who have taken regular leaves of absence. The APFA further demands that the Company provide the APFA with a detailed list of each and every Flight Attendant who was on Overage Leaves of Absences since May of 2003 and indicate on this list whether the individual Flight Attendant lost Company seniority during that time period, and further, that all Flight Attendants who have been adversely affected by the Company's action be made whole by having their Company seniority credited in accordance with the seniority accrual provisions of the current CBA and a corrected list be provided to the APFA by the Company within 30 days of the seniority adjustments. It is further requested that the Board provide such other and/or additional relief as in its opinion is necessary and proper.

(4) Position of the Company

Presumably the position of the Company is contained in the decision of Mr. Mark Burdette, Vice President, Employee Relations (Submission Exhibit No. 2). If such is not the position of the Company, or if the Company desires to amend or supplement its position, it is required to do so no later than thirty (30) days from the Commissioner's receipt of this Submission.

Mr. Ben Williams, Commissioner
Page 3

With reference to setting a date for the hearing of this case before the Board, your attention is directed to Article 29.K.3. of the current working Agreement.

Very truly yours,



For T.H. Blake

Tommie L. Hutto-Blake
President

Exhibits

cc: Deputy Commissioner of the Board (4)
APFA BOD
APFA SBA



Association of Professional Flight Attendants

Office of the President

CERTIFIED RETURN RECEIPT #7003-0500-0005-0184-1318

June 9, 2006

BASE CASE # 2006-APFA-007

Mr. Mark Burdette, Vice President
Employee Relations
American Airlines, Inc.
P.O. Box 619616, Mail Drop 5235
DFW Airport, TX 75261-9616

RE: Article 16.A. – Seniority Accrual on Overage Leave

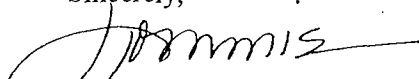
Dear Mark:

In accordance with the provisions of Article 28.B.2. of the 2001 Basic Agreement as modified in 2003 between American Airlines, Inc., and the Association of Professional Flight Attendants, I hereby protest the Company's violation Article 16.A. and any and all related articles of the Collective Bargaining Agreement (CBA) and Restructuring Participation Agreement (RPA) by failing to credit Flight Attendants taking Overage Leaves with the same Company seniority accrual as that granted to Flight Attendants taking regular leaves of absence.

I demand that the Company immediately cease and desist the misapplication of Article 16.A., and any and all related articles of the current CBA, as modified in 2003, crediting all Flight Attendants who have taken Overage Leaves since May of 2003 with the same Company seniority accrual that is granted to Flight Attendants who have taken regular leaves of absence, and further, that all Flight Attendants who have been adversely affected by the Company's action be made whole in accordance with the current CBA.

Recently, the parties held a number of dispute resolution conferences to focus on possible resolutions to another presidential grievance which was ultimately resolved. I urge you to continue this approach as we begin the process to resolve this presidential grievance. Ultimately, a neutral member of the System Board may become necessary for final resolution.

Sincerely,



Tommie L. Hutto-Blake

cc: APFA SBA

1004 West Euless Blvd • Euless, Texas 76040

Tel: (817) 540-0108 • Fax: (817) 540-2077

American Airlines®

May 19, 2006

Tommie L. Hutto-Blake
President
Association of Professional
Flight Attendants
1004 West Eules Blvd.
Eules, Texas 76040

Dear Tommie:

As you know, for the past few months, the Company and APFA have met on numerous occasions as part of our efforts to merge the 2003 Restructuring Participation Agreement into the 2001 Collective Bargaining Agreement. During those discussions, three areas of potential disagreement have come to light, and you recently requested a letter from the Company outlining the Company's position with respect to those three areas. Specifically, you requested the Company's interpretation of Article 16.A., Article 26.G., and Article 35.D.

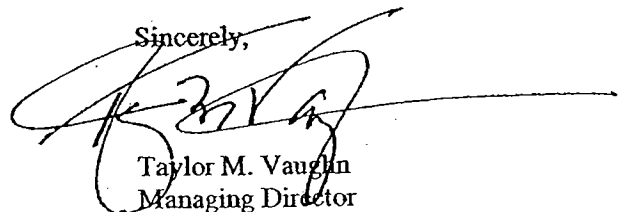
With respect to Article 16.A., we believe the language of the 2003 Restructuring Agreement speaks for itself in that Company/Classification seniority was eliminated for flight attendants on overage leave.

With respect to Article 26.G., we believe that 26.G applies solely in the event that the Company challenges the payment of Injury on Duty (I.O.D.) benefits to a flight attendant.

With respect to Article 35.D., we believe that the Retiree Medical Plan was not incorporated into either the 2001 Collective Bargaining Agreement or the 2003 Restructuring Participation Agreement.

Please know that we are open to further discussions on any of these matters in order to mutually address any concerns you have.

Sincerely,



Taylor M. Vaughn
Managing Director
Employee Relations

cc: Lauri L. Curtis
Mark L. Burdette
Ben Williams
Mike Russo

American Airlines®

JUN 28 2006
RECEIVED *grr*

June 28, 2006

Tommie L. Hutto-Blake
President
Association of Professional Flight Attendants
1004 West Eules Blvd.
Eules, TX 76040

Re: Base Case # 2006-APFA-007

Dear Tommie:

I am in receipt of your Presidential Grievance dated June 9, 2006 protesting the Company's alleged violation of Article 16.A and any and all related articles by allegedly failing to credit Flight Attendants taking Overage Leaves with the same Company seniority accrual as that granted to Flight Attendants taking regular leaves of absence.

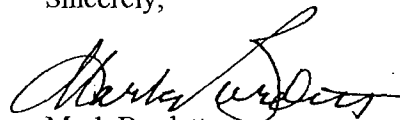
I have thoroughly reviewed the controlling language on this issue, which can be found in the 2003 Restructuring Participation Agreement (RPA) on page eight (8), under Article 16.A.5,6. That language reads in relevant part:

"Eliminate benefits (medical, pension accrual, vacation accrual, sick accrual, Company/Classification seniority) for flight attendants on Overage Leave..." (emphasis added).

In light of the above clear and unambiguous language, it is the Company's position that the intent of the changes to Article 16.A. brought about by the 2003 RPA was to eliminate, among other things, Company seniority accrual for Flight Attendants taking an Overage Leave. Had the parties intended any other, even modest, amount of Company seniority accrual, I am confident that the language would bear that out. Thus, I find that there is no violation of the AA/APFA Collective Bargaining Agreement.

As always, we are prepared to meet with you to discuss possible collaborative approaches to resolving this dispute

Sincerely,



Mark Burdette
Vice President
Employee Relations

cc: Lauri Curtis
Taylor Vaughn
Brett Durkin
Mike Russo
Ben Williams
AA Legal