

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.

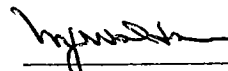
The APFA agrees to withdraw the above referenced grievance without prejudice.

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