

BANKRUPTCY CHRONOLOGY

NOVEMBER 29 - AMR Files for Bankruptcy

DECEMBER 5 - APFA Appointed to Unsecured Creditors Committee

FEBRUARY 1 - AMR Starts 1113 Process by Giving Term Sheets to
APFA, APA & TWU

FEBRUARY 1 - MARCH 22 - 1113 Negotiations

MARCH 27 - AA Files 1113 Motion

APRIL 16 - MAY 25 - 1113 Hearings

MAY 31 & JUNE 1 - Court Ordered Negotiations

JUNE 27 - APA Board Votes to Send Out Last Best Final Offer as a TA

JULY 5 - AA Makes Last Best & Final Offer to APFA Negotiating Team

JULY 19 - APFA's Executive Committee Votes Unanimously to Send
Out the Last Best & Final Offer for Membership Vote

STRATEGIC ALTERNATIVES CHRONOLOGY

November 29 - July 10 - AA Committed to Stand Alone Plan

January 2012- Present - US Airways Presses Merger

April 12 - US Airways Conditional
Bridge Agreement

Early May - AA/UCC Protocol - Strategic Alternatives

July 10 - Horton Letter - Claims Interest in Strategic
Alternatives

July 18 - US Airways CEO States Support for
Ratification of Pilot Tentative Agreement

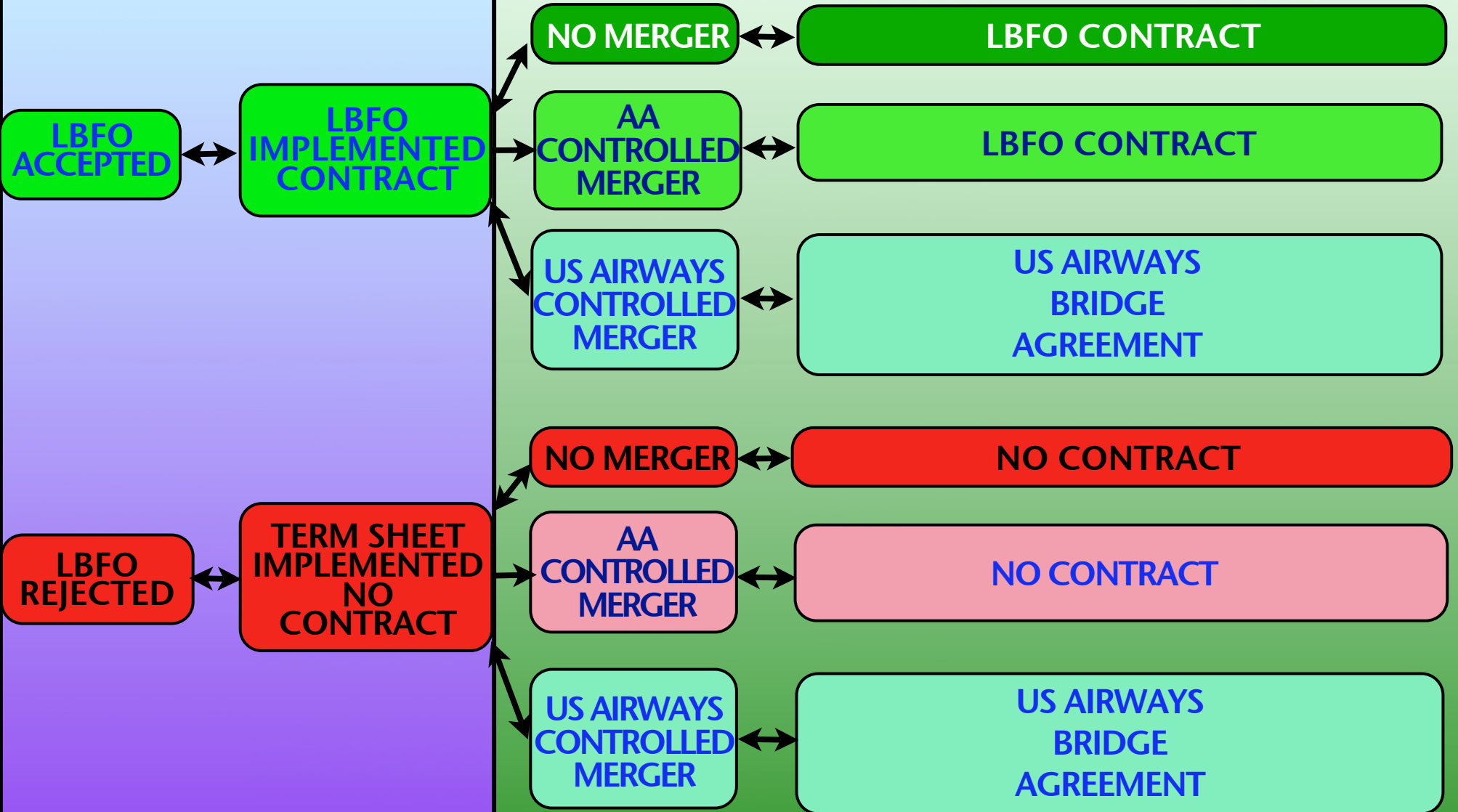
July 19 - AA's Exclusivity Extended

Timing & Impact of Court Decision

- A. **August 8** - Pilots & Mechanics Votes Counted
- B. **Mid August** - Court decision, if necessary, issued
- C. **Impact of Court decision**
 - 1. Court grants 1113 motion and authorizes AA to reject CBA.
 - a. CBA is abrogated = No Contract
 - b. Company imposes March 22nd Term Sheet
 - c. AA & APFA negotiate to restore CBA
 - 2. Court denies 1113 motion and identifies defects in Company's application.
 - a. Company resumes section 1113 negotiations; Absent an agreement AA refiles its 1113 Motion.

AUGUST 19

PLAN OF REORGANIZATION & EXIT FROM BANKRUPTCY



TERM SHEET & LBFO CALCULATIONS / CREDITS:

Original Term Sheet Value of Concessions = 20% of \$1.15B (FA total payroll) = **\$230M**
June - Company modified their "ask" from 20% to 17% = \$35M reduction from original = **\$195M**

Profit Sharing:

15% = \$41M (*avg. projected / yr.*)

5% = \$13M

Remaining 10% = \$27M

February 1, 2012 Term Sheet	\$230M
Reduction from 20% to 17%	- \$ 35M
	= \$195M

Remaining 10% of profit sharing (from reduction of 15% to 5%)	- \$ 27M
	= \$168M

Original Term Sheet:

AA Rejects APFA Proposal for the VEOP AA valued at \$17M per year

LBFO:

AA accepts VEOP at no cost to APFA

Provision

AA LBFO

**1113
Abrogated**

Duration

Article 38

**6 Years from the
date of signing.**

Early Opener

**6 Years from the
date of signing.**

Provision

AA LBFO

**1113
Abrogated**

SECTION 1

EARLY OUT

YES

**15+Years
\$40,000.00**

NO

Provision

AA LBFO

1113 Abrogated

**SECTION 2
COMPENSATION
Signing Bonus
Hourly Pay Rates**

\$1,500.00

**DOS = 3%
+12mo = 2.0%
+24mo = 1.5%
+36mo = 1.0% or Ind
Pay Rate Adjustment
+48mo = 1.0%
+60mo = 1.0%**

\$0

**DOS = 0%
~~+12mo = 1.5%~~
~~+24mo = 1.5%~~
~~+36mo = 1.5%~~

~~+48mo = 1.5%~~
~~+60mo = 1.5%~~**

**PROJECTION OF INDUSTRY
RATE
ADJUSTMENT - 3.8%**

Years

	<i>2015</i>
1	\$22.41
2	\$24.33
3	\$26.36
4	\$27.72
5	\$30.96
6	\$35.78
7	\$38.69
8	\$40.77
9	\$42.48
10	\$44.16
11	\$45.61
12	\$47.21
13	\$48.52
14	\$49.70
15	\$50.92

**PROJECTION OF INDUSTRY
RATE
ADJUSTMENT - 5.9%**

Years

	<i>2015</i>
1	\$22.86
2	24.82
3	26.89
4	26.28
5	31.58
6	36.50
7	39.47
8	41.59
9	43.33
10	45.04
11	46.52
12	48.16
13	49.49
14	50.70
15	51.94

Provision

AA LBFO

1113 Abrogated

SECTION 2 COMPENSATION

Elimination of Intl pay rates

Elimination of Intl pay rates

International Pay Rates

Pay an override for
International segments

Pay an override for
International segments

Hourly override only for
International segments flown,
including deadheading and
pay & credit.

Override will be paid in the
following manner based on
classification seniority:

\$3.00

Years 1-5 \$1.00
Years 6-10 \$2.00
Years 11-15 \$3.00

Provision

AA LBFO

**1113
Abrogated**

**SECTION 2
COMPENSATION**

**TAFB
Expenses**

Date of Signing
\$1.65 Domestic
\$1.90 International

Date of Signing + 36
\$1.80 Domestic
\$2.00 International

Current Book
\$1.50 Domestic
\$1.75 International

Provision

AA LBFO

**1113
Abrogated**

**SECTION 2
COMPENSATION
ATC Hold**

Current Book

**Eliminate
Code 59 Pay**

Provision

AA LBFO

**1113
Abrogated**

**SECTION 2
COMPENSATION
Critical Coverage
Pay**

Institute a premium pay provision with a single premium rate of fifty 50% (total is base rate plus 50% of base rate) on any company designated critical sequences for Flight Attendants

None

Provision

AA LBFO

**1113
Abrogated**

SECTION 2 COMPENSATION Profit Sharing

Eliminate Current Profit
Sharing Plan & AIP.

Implement New Profit
Sharing Plan

Paying a prorated **5%** of
all pre-tax income

~~Eliminate Current Profit
Sharing Plan & AIP.~~

~~Implement New Profit
Sharing Plan~~

~~Paying a prorated **15%** of
all pre-tax income~~

Provision

AA LBFO

**1113
Abrogated**

**SECTION 2
COMPENSATION**

**Up to 100 hours
Monthly Pay
Protection**

None

**Sequence
Pay Protection**

**Excludes
OE**

**Maintain Last 5 day
pay protection**

Provision

AA LBFO

1113 Abrogated

SECTION 3 WORK RULES

Reserve

Maintain Current
reserve rotation
system for current
FAs

Article 10 T/A to be
implemented

New Hires will go to
R -Days

R-Days for all FAs

Provision

AA LBFO

1113 Abrogated

**SECTION 3
WORK RULES
Preferential
Bidding**

**Combined
Operations**

Implement a preferential bidding system to replace current company-built bid lines.

The Company agrees to meet and confer with APFA prior to choosing a PBS vendor and will consider

Implement a preferential bidding system to replace current company-built bid lines.

The Company agrees to meet and confer with APFA prior to choosing a PBS vendor and will consider

Provision

AA LBFO

1113 Abrogated

SECTION 3 WORK RULES

Schedule Max

Increase monthly schedule/
actual max to 100 hrs for all
regularly sched FAs

Eliminate current option system

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.

Increase monthly
schedule max to 100
hrs for all regularly
sched FAs

Increase monthly
actual max to 100
hours for all regularly
sched FAs. Eliminate
current option system

Provision

AA LBFO

1113 Abrogated

SECTION 3 WORK RULES

On-Duty Limitations

DEP	Sched	Max
0600-2059	14hours	16hours
2100-0559	12hours	14hours

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

DEP	Sched	Max
0600-2059	14hours	16hours
2100-0559	12hours	14hours

Provision

AA LBFO

**1113
Abrogated**

**SECTION 3
WORK RULES
30 in 7 Day
Limitation**

**Eliminate 30 in 7
limitation**

**Eliminate 30 in 7
limitation**

Duty aloft

Eliminate Provision

Eliminate Provision

Provision

AA LBFO

**1113
Abrogated**

**SECTION 3
WORK RULES
Minimum Pay
&
Credit**

**G-Time
5:00 Hr Avg Day
3:00 Hr Min Day
(Current book)**


**G-Time
4:30 Hr Avg Day
2:00 Hr Min Day**

Today

SEQ 14459	ORIG	DAILY			89.20	183.40	273.00
	POSN	5					
	EFFECTIVE	04/03					
49	1315	MIA*1845	MBJ*1920	Q	1.35		
	Coyaba Resort		8769539150		1.35	1.25E	3.05 10.55
49	320	MBJ*0745	MIA*1025	Q	1.40		
					1.40	5.20G	3.10 17.10
EXP	30.04	0.00P	0.00N		3.15	6.45	10.00

Term Sheet (3.22.12)

SEQ 14459	ORIG	DAILY			89.20	183.40	273.00
	POSN	5					
	EFFECTIVE	04/03					
49	1315	MIA*1845	MBJ*1920	Q	1.35		
	Coyaba Resort		8769539150		1.35	1.25E	3.05 10.55
49	320	MBJ*0745	MIA*1025	Q	1.40		
					1.40	4.20G	3.10 17.10
EXP	30.04	0.00P	0.00N		3.15	5.45	9.00



Today

*5105
5
49
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
26.00 16-0-14
54.00 240.32
80.00

Term Sheet (3.22.12)

*5105
5
49
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
26.00 16-0-14
46.00 240.32
72.00

Term Sheet 20 Days

*5105
5
49
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
DO
DO
M14459 1845 1920
MBJ 0745 1025
M14459 1845 1920
MBJ 0745 1025
32.30 20-0-10
57.30 240.32
90.00




Today

IMA 737									
SEQ	331	ORIG	DAILY			126.35		28.25	155.00
		POSN	1	THRU	4				
B8	807	FLL*0620		PAP*0815	QB/	1.55			1.05
B8	1988	PAP*0920		FLL*1130	QB/	2.10			
						4.05	0.55G	6.40	6.40
EXP	11.66		0.00P		0.00N	4.05	0.55	5.00	

Term Sheet (3.22.12)

IMA 737									
SEQ	331	ORIG	DAILY			126.35		28.25	155.00
		POSN	1	THRU	4				
B8	807	FLL*0620		PAP*0815	QB/	1.55			1.05
B8	1988	PAP*0920		FLL*1130	QB/	2.10			
						4.05	0.25G	6.40	6.40
EXP	11.66		0.00P		0.00N	4.05	0.25	4.30	



Today

Bid-->	*5162		
Pos-->	1 THRU 4		
Eqp-->	B8		
Tue 01	F0331	0620	1130
Wed 02	F0331	0620	1130
Thu 03	F0331	0620	1130
Fri 04	F0331	0620	1130
Sat 05	*		
Sun 06	*		
Mon 07	*		
Tue 08	*		
Wed 09	F0331	0620	1130
Thu 10	F0331	0620	1130
Fri 11	F0331	0620	1130
Sat 12	F0331	0620	1130
Sun 13	*		
Mon 14	*		
Tue 15	*		
Wed 16	*		
Thu 17	F0331	0620	1130
Fri 18	F0331	0620	1130
Sat 19	F0331	0620	1130
Sun 20	F0331	0620	1130
Mon 21	*		
Tue 22	*		
Wed 23	DO		
Thu 24	DO		
Fri 25	F0331	0620	1130
Sat 26	F0331	0620	1130
Sun 27	F0331	0620	1130
Mon 28	F0331	0620	1130
Tue 29	DO		
Wed 30	DO		
Thu 31	DO		
Fly	Days	65.20	16-0-15
P&C	Exp	14.40	186.56
TCR		80.00	

Term Sheet (3.22.12)

Bid-->	*5162		
Pos-->	1 THRU 4		
Eqp-->	B8		
Tue 01	F0331	0620	1130
Wed 02	F0331	0620	1130
Thu 03	F0331	0620	1130
Fri 04	F0331	0620	1130
Sat 05	*		
Sun 06	*		
Mon 07	*		
Tue 08	*		
Wed 09	F0331	0620	1130
Thu 10	F0331	0620	1130
Fri 11	F0331	0620	1130
Sat 12	F0331	0620	1130
Sun 13	*		
Mon 14	*		
Tue 15	*		
Wed 16	*		
Thu 17	F0331	0620	1130
Fri 18	F0331	0620	1130
Sat 19	F0331	0620	1130
Sun 20	F0331	0620	1130
Mon 21	*		
Tue 22	*		
Wed 23	DO		
Thu 24	DO		
Fri 25	F0331	0620	1130
Sat 26	F0331	0620	1130
Sun 27	F0331	0620	1130
Mon 28	F0331	0620	1130
Tue 29	DO		
Wed 30	DO		
Thu 31	DO		
Fly	Days	65.20	16-0-15
P&C	Exp	6.40	186.56
TCR		72.00	

Term Sheet 20 Days

Bid-->	*5162		
Pos-->	1 THRU 4		
Eqp-->	B8		
Tue 01	F0331	0620	1130
Wed 02	F0331	0620	1130
Thu 03	F0331	0620	1130
Fri 04	F0331	0620	1130
Sat 05	F0331	0620	1130
Sun 06	F0331	0620	1130
Mon 07	*		
Tue 08	*		
Wed 09	F0331	0620	1130
Thu 10	F0331	0620	1130
Fri 11	F0331	0620	1130
Sat 12	F0331	0620	1130
Sun 13	*		
Mon 14	*		
Tue 15	*		
Wed 16	*		
Thu 17	F0331	0620	1130
Fri 18	F0331	0620	1130
Sat 19	F0331	0620	1130
Sun 20	F0331	0620	1130
Mon 21	F0331	0620	1130
Tue 22	F0331	0620	1130
Wed 23	DO		
Thu 24	DO		
Fri 25	F0331	0620	1130
Sat 26	F0331	0620	1130
Sun 27	F0331	0620	1130
Mon 28	F0331	0620	1130
Tue 29	DO		
Wed 30	DO		
Thu 31	DO		
Fly	Days	81.40	20-0-10
P&C	Exp	8.20	186.56
TCR		90.00	

Today

SEQ 17484	ORIG	MON	TUE	WED	THU	53.20		9.40	63.00
	POSN	1	THRU	2	4				
	EFFECTIVE	08/21							
22	511	DFW*1200	COS*1250	\$QL/	1.50				
	Crowne Plaza	COS	7195765900		1.50	1.10E	3.05	17.50	
22	728	COS*0755	DFW 1045	*	1.50				2.05
EF	2012	DFW 1250	TPA*1605	QLF	2.15				0.45
EF	1213	TPA*1650	DFW*1830	\$QDF	2.40				
					6.45	0.15G	10.50		31.45
EXP	47.62		0.00N		8.35	1.25	10.00		

Term Sheet (3.22.12)

SEQ 17484	ORIG	MON	TUE	WED	THU	53.20		9.40	63.00
	POSN	1	THRU	2	4				
	EFFECTIVE	08/21							
22	511	DFW*1200	COS*1250	\$QL/	1.50				
	Crowne Plaza	COS	7195765900		1.50	.10E	3.05	17.50	
22	728	COS*0755	DFW 1045	*	1.50				2.05
EF	2012	DFW 1250	TPA*1605	QLF	2.15				0.45
EF	1213	TPA*1650	DFW*1830	\$QDF	2.40				
					6.45	0.15G	10.50		31.45
EXP	47.62		0.00N		8.35	.25	9.00		

Impact of 2 Hour Minimum Day

*503 1 2 4 EF 22			
DO	Wed 01		
DO	Thu 02		
D17450 0830 1715	Fri 03		
*	Sat 04		
*	Sun 05		
D18002 0620 1345	Mon 06		
SLC 0600 1720	Tue 07		
TUL 0600 1250	Wed 08		
*	Thu 09		
*	Fri 10		
*	Sat 11		
D17929 1045 2155	Sun 12		
OKC 0845 1220	Mon 13		
DEN 0725 1020	Tue 14		
*	Wed 15		
*	Thu 16		
*	Fri 17		
D17834 1110 2145	Sat 18		
/	Sun 19		
DSM 0610 1520	Mon 20		
*	Tue 21		
*	Wed 22		
DO	Thu 23		
D17716 1205 2325	Fri 24		
MCI 1330 2100	Sat 25		
PHL 0830 1105	Sun 26		
DO	Mon 27		
DO	Tue 28		
DO	Wed 29		
D17484@1200 1250	Thu 30		
67.50	14-0-16	Fly	Days
3.30	324.36	P&C	Exp
71.20		TCR	

*503 1 2 4 EF 22			
DO	Wed 01		
DO	Thu 02		
D17450 0830 1715	Fri 03		
*	Sat 04		
*	Sun 05		
D18002 0620 1345	Mon 06		
SLC 0600 1720	Tue 07		
TUL 0600 1250	Wed 08		
*	Thu 09		
*	Fri 10		
*	Sat 11		
D17929 1045 2155	Sun 12		
OKC 0845 1220	Mon 13		
DEN 0725 1020	Tue 14		
*	Wed 15		
*	Thu 16		
*	Fri 17		
D17834 1110 2145	Sat 18		
/	Sun 19		
DSM 0610 1520	Mon 20		
*	Tue 21		
*	Wed 22		
DO	Thu 23		
D17716 1205 2325	Fri 24		
MCI 1330 2100	Sat 25		
PHL 0830 1105	Sun 26		
DO	Mon 27		
DO	Tue 28		
DO	Wed 29		
D17484@1200 1250	Thu 30		
67.50	14-0-16	Fly	Days
3.30	324.36	P&C	Exp
70.20		TCR	



Today / LFBO

SEQ	16178	ORIG	SAT				37.00		8.00	45.00
		POSN	1	THRU	4					
				THRU	08/20					
49	J	645	BOS*0535	MIA	0845	\$QBF	3.10			
			//SEE HIHTL//				3.10		4.25	9.45
B9	J	870	MIA*1945	DCA*2210		\$Q F	2.25			
			//SEE HIHTL//				2.25	0.35E	3.40	12.20
B9	S	1169	DCA*1145	DFW*1350		QLF	3.05			1.30
B9	S	560	DFW*1520	BOS*2000		\$QSF	3.40			
							6.45	2.05G	9.30	39.40
EXP		59.50		0.00N			12.20	2.40	15.00	

Term Sheet (3.22.12)

SEQ	16178	ORIG	SAT				37.00		8.00	45.00
		POSN	1	THRU	4					
				THRU	08/20					
49	J	645	BOS*0535	MIA	0845	\$QBF	3.10			
			//SEE HIHTL//				3.10		4.25	9.45
B9	J	870	MIA*1945	DCA*2210		\$Q F	2.25			
			//SEE HIHTL//				2.25	0.00E	3.40	12.20
B9	S	1169	DCA*1145	DFW*1350		QLF	3.05			1.30
B9	S	560	DFW*1520	BOS*2000		\$QSF	3.40			
							6.45	1.10G	9.30	39.40
EXP		59.50		0.00N			12.20	1.10	13.30	

Provision

AA LBFO

**1113
Abrogated**

**SECTION 5
BENEFITS**

**Eliminate
Retiree Health
Benefits**

**Eliminate
Retiree Health
Benefits**

Retiree Medical

**Eliminate
Pre-funding**

**Eliminate
Pre-funding**

**Return Employee's
Pre-funding
Contributions to
Employee**

**Return Employee's
Pre-funding
Contributions to
Employee**

Provision

AA LBFO

**1113
Abrogated**

**SECTION 5
BENEFITS**

**Article 30
Early Retirement**

**Eliminate
Article 30's
Retiree Health
&
Life Insurance**

**Eliminate
Article 30's
Retiree Health
&
Life Insurance**

Provision	AA LBFO	1113 Abrogated
SECTION 5 BENEFITS Defined Benefit Pension Plan	Freeze Defined Benefit Plan Company will Auto Enroll up to 3% Match & Up to 5.5% Company Match on 401k	Freeze Defined Benefit Plan Up to 5.5% Company Match on 401k

Provision

AA LBFO

1113 Abrogated

SECTION 4 PRODUCTIVITY

Threshold for Employment

Required to fly **420 hours** per year (average of **35 hours** per active month) to maintain employment with a January 1 to December 31 look back period

Required to fly 200 hours per year (average of 16:40 per active month) to maintain employment with a new Aug 1 to Jul 31 look back period

Provision

AA LBFO

**1113
Abrogated**

SECTION 4 PRODUCTIVITY

Threshold for Vacation & Sick Accrual

Required to be paid
600 hours per year to
accrue vacation and
sick hours with the
current January 1 to
December 31 look
back period

Required to be paid
540 hours per year to
accrue vacation and
sick hours with the
current January 1 to
December 31 look
back period

Provision

AA LBFO

1113 Abrogated

SECTION 4 PRODUCTIVITY

Threshold for eligibility for Health Benefits

Required to be paid **600** hours per year with an annual look back period of August 1 to July 31. If the FA meets the annual threshold, s/he will be eligible for coverage for the following calendar year. If the FA does not meet the annual threshold the full cost of coverage (employee contribution plus Company's contribution).

Required to be paid 540 hours per year with the same look back period as the threshold for employment. If the FA does not qualify on that date, s/he will not be eligible for coverage for the next calendar year.

Provision

AA LBFO

1113 Abrogated

SECTION 4 PRODUCTIVITY

Sick Policy

Creates two banks of sick time

1. Short Term - for absences less than 10 days up to a max of 60 hours
2. Long Term - for absences that extend beyond 10 days and are certified by the absence management vendor
3. Only carrot – at the beginning of each year, accrued sick time will be applied to short-term bank. The remaining hours will be credited 50% to long-term bank and 50% paid out

Creates two banks of sick absences

1. Incidental Sick - for absences less than 7 days up to a maximum of 24 hours/2 occurrences, whichever occurs first. Any incidental absences beyond those limits will be paid at 60% of hourly rate.
2. Managed Care Sick - for absences of 8 days or more and are certified by the absence management vendor. Will be paid at 100% of hourly base rate.

Provision

AA LBFO

**1113
Abrogated**

**SECTION 4
PRODUCTIVITY**

**Sick Clearance
Time**

Establishes 1200 local base
time as the sick clearance
time

Establishes 1200 local base
time as the sick clearance
time

Provision

AA LBFO

**1113
Abrogated**

**SECTION 4
PRODUCTIVITY
New Absence
Management
Vendor**

FAs will be required to certify any absence that exceeds **10** calendar days.

FAs will be required to certify any absence that exceeds 8 calendar days.

Provision

AA LBFO

**1113
Abrogated**

**SECTION 4
PRODUCTIVITY
Hotels**

**Eliminate the
requirement to
consider mutually
acceptable facilities.
Modify to give
preference to airport
hotels.**

**Eliminate the
requirement to
consider mutually
acceptable facilities.
Modify to give
preference to airport
hotels.**

Provision

AA LBFO

1113 Abrogated

**SECTION 4
PRODUCTIVITY
Staffing**

**Eliminates APFA's
right to grieve
staffing changes;
creates a process
for the President to
appeal to the Vice-
President Flight
Service**

**Eliminates APFA's
right to grieve
staffing changes;
creates a process for
the President to
appeal to the Vice-
President Flight
Service**

Provision

AA LBFO

1113 Abrogated

SECTION 4 PRODUCTIVITY

Vacation

Vacations will continue to be bid and paid for trips missed until PBS is implemented

When PBS is implemented, vacation will be paid/credited at 3:00 hours/day and the ability to split multiple times with a min of 7 days

Vacation pay/credit to a daily rate of 3:00 hours/day instead of missed trips

Provision

AA LBFO

**1113
Abrogated**

**SECTION 4
PRODUCTIVITY**

PVDs

**Will be paid/credited
with 3:00 hours/day
and limited to 6 per
FA**

**Will be paid/credited
with 3:00 hours/day
and limited to 6 per
FA**

Provision

AA LBFO

**1113
Abrogated**

Pre - 1113

**Tentative
Agreements**

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

No Proposal

Provision

AA LBFO

**1113
Abrogated**

**Crew Bunk
Parameters
Article 33
(New)**

**Execute a letter of
agreement 787 crew
rest parameters**

Not Proposed

Provision

AA LBFO

**1113
Abrogated**

**Copies of
Agreement**

Article 24

**Eliminate
requirement to
distribute paper
copies of the
collective bargaining
agreement and
instead allow for
electronic copies**

Not Proposed

Provision

AA LBFO

**1113
Abrogated**

**Settlement
Consideration**

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

No Proposal

Bankruptcy Claim

- As part of the LBFO, AMR agreed to provide APFA and its members with a bankruptcy claim (the “Claim”)
- The Claim represents consideration provided by AMR to APFA in return for settling any and all claims against AMR (with certain exceptions) and for the negotiated concessions in the LBFO

APFA Claim Amount

- APFA will receive 3.0% of common equity issued to the holders of allowed prepetition unsecured claims of AMR
 - AMR originally offered a claim of 1.3%
- Claim is subject to dilution from:
 - Stock provided to other parties in a merger or consolidation
 - Stock issued by AMR to raise new capital as part of a plan of reorganization or post-bankruptcy
 - Stock provided to management through an incentive program

APFA Claim Value

- Our current estimate of value is preliminary and subject to confidential information
- Value could be substantial based on the expected value of post-emergence AMR common equity
- The ultimate value of the Claim will depend on a number of factors that cannot be quantified at this time, including, among others, AMR’s and industry’s performance, timing of AMR emergence, market conditions and dilution

Bankruptcy Claim (Continued)

How and When Will Value Be Determined

- Value will be estimated by AMR's investment bankers prior to emergence from bankruptcy
 - Completed in connection with the filing of a plan or reorganization
 - Public markets will determine the value of the equity after AMR emerges from bankruptcy
-

U.S. Airways Considerations

- In a U.S. Airways acquisition, the term sheet with U.S. Airways would govern and a new equity allocation would need to be negotiated
-

Labor Claims in Previous Airline Bankruptcies

(\$Millions)

Estimated Equity Value Provided to Labor Upon Emergence from Chapter 11



Filing Date	Emergence
9/12/2004	9/27/2005

	(\$ mm)	%
Equity Value per POR ⁽¹⁾	\$ 343	
Pilots	26	7.7%
Mechanics	-	-
Flight Attendants	-	-
Other Labor	-	-
Total Labor	\$ 26	7.7%
Other Parties ⁽²⁾	316	92.3%
Total	\$ 343	100.0%

- Annual Pilot concessions: \$280 million
- Annual FA concessions: \$150 million
 - **FAs did not receive any equity**



Filing Date	Emergence
12/9/2002	1/20/2006

	(\$ mm)	%
Equity Value per POR	\$ 1,900	
Pilots	183	9.6%
Mechanics	147	7.7%
Flight Attendants	60	3.1%
Other Labor	63	3.3%
Total Labor	\$ 453	23.8%
Other Parties	1,447	76.2%
Total	\$ 1,900	100.0%

- Annual Pilot concessions: \$1.1 billion
- Annual FA concessions: \$300 million
- Annual Mechanic concessions: \$800 million⁽³⁾



Filing Date	Emergence
9/14/2005	4/30/2007

	(\$ mm)	%
Equity Value per POR	\$ 10,700	
Pilots	1,470	13.7%
Mechanics	-	-
Flight Attendants	-	-
Other Labor	-	-
Total Labor	\$ 1,470	13.7%
Other Parties	9,230	86.3%
Total	\$ 10,700	100.0%

- Annual Pilot concessions: \$280 million
- Annual FA concessions: \$195 million
 - **FAs did not receive any equity**



Filing Date	Emergence
9/14/2005	5/31/2007

	(\$ mm)	%
Equity Value per POR	\$ 7,000	
Pilots	657	9.4%
Mechanics	134	1.9%
Flight Attendants	135	1.9%
Other Labor	98	1.4%
Total Labor	\$ 1,024	14.6%
Other Parties	5,976	85.4%
Total	\$ 7,000	100.0%

- Annual Pilot concessions: \$360 million
- Annual FA concessions: \$195 million
- Annual agents and clerical worker concessions: \$191 million

Source: Bankruptcy filings.

(1) Equity value is only representative of the US Airways portion post the America West merger (15% of the total equity).

(2) Other parties do not include America West constituents.

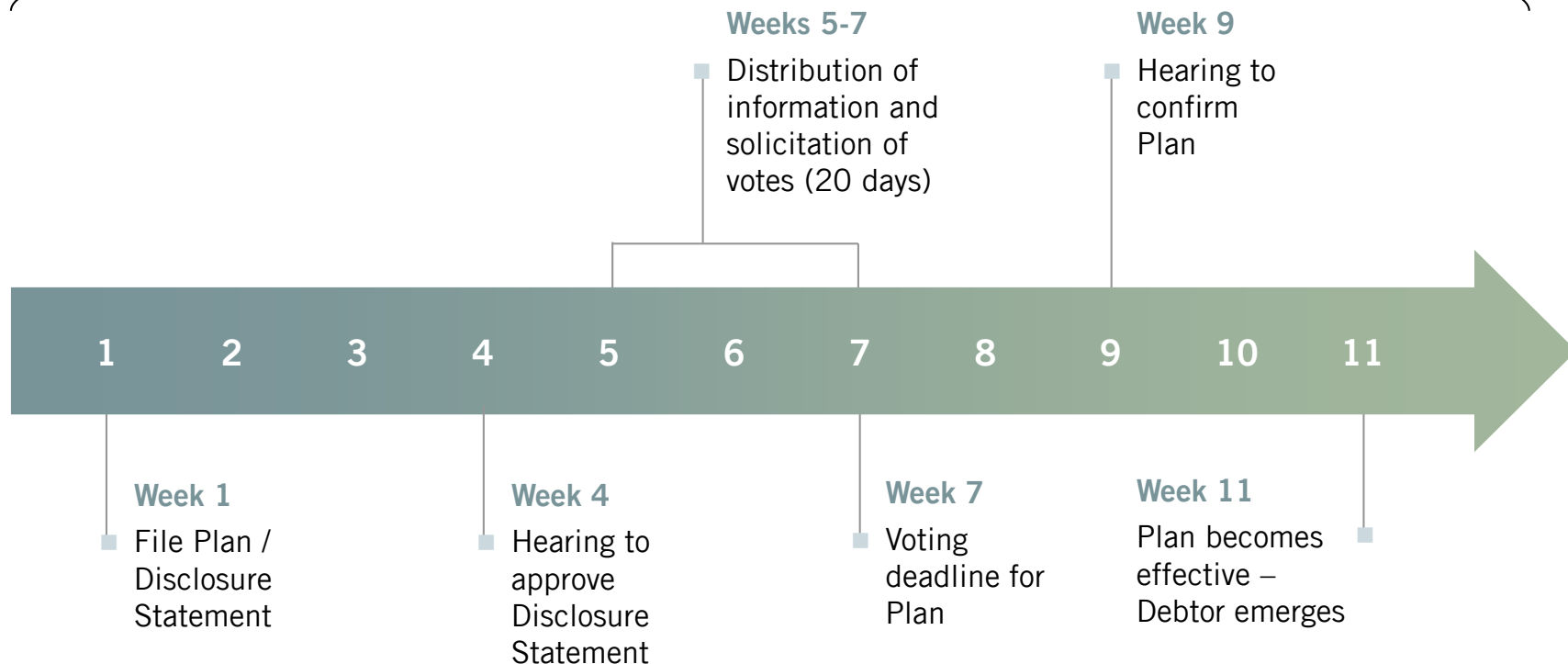
(3) \$350 million from IAM 141M and \$450 million from IAM 141.

Potential Paths for Emergence from Bankruptcy

Illustrative Plan of Reorganization Timeline

- Typically, the process takes 3-4 months beginning with the filing of a proposed plan or reorganization (“POR”), depending on whether there are stakeholders opposing the POR
- Bankruptcy Court approval is required at various stages and stakeholders (e.g. UCC, labor, etc.) have an opportunity to object
- Ultimately, stakeholders will vote to approve the POR, after which the company can emerge from bankruptcy

Illustrative Plan of Reorganization Process



Potential Paths for Emergence from Bankruptcy

Illustrative Scenarios

AMR Stand - Alone Plan

- AMR files and receives approval of a POR on a stand-alone basis
- Does not include a merger or consolidation with another party
- POR receives necessary votes and approvals to become “effective”
- AMR could execute a merger with another party after emerging from bankruptcy

AMR - Led Merger Plan

- AMR decides to merge/consolidate with another party (e.g. U.S. Airways, jetBlue, Alaska, etc.)
- AMR files and receives approval of a POR that includes the merger transaction
 - Merger would likely occur at or shortly after emergence from bankruptcy
- POR receives necessary votes and approvals to become “effective”

U.S. Airways - Led Merger Plan

- Assumes AMR does not agree to terms with U.S. Airways
- UCC and U.S. Airways agree on terms for a merger/consolidation
- A POR is filed that contemplates the merger/consolidation of AMR and U.S. Airways
 - Would likely be filed/supported by the UCC
 - Merger would likely occur at or shortly after emergence from bankruptcy
- AMR may file a competing POR
- Creditors vote on the preferred POR
- U.S. Airways POR receives necessary votes and approvals to become “effective”

Under Any Scenario, UCC Support is Critical to a Successful Outcome

TWO POSSIBLE OUTCOMES

LBFO Ratified

- 1. Signing Bonus - \$1500.**
- 2. Wage Increases**
 - *Six Annual Increases*
 - *Adjustment to Industry Standard*
- 3. TAFB - Two Increases.**
- 4. Reserve - R Days for new hires only**
- 5. Voluntary Early Out.**
 - *\$40,000*
 - *Furloughs reduced*
- 6. G Time Preserved.**
 - *5:00 Hr. Average Day*
 - *3:00 Hr. Minimum Day*
- 7. Vacation**
 - *Paid at trips missed until PBS implemented*
- 8. Defined Contribution Plan**
 - *Company match up to 5.5%.*
- 9. 100 Schedule Max/ Average Line**
 - *between 80 hrs. to 90 hrs.*
 - *Limit Days on Duty to 16*
- 10. Bankruptcy Claim**
 - *+3 % of Equity in Reorganized Company*

LBFO NOT Ratified

- 1. Signing Bonus - NONE**
- 2. Wage Increases**
 - *No Wage Increase*
- 3. TAFB - No Increase**
- 4. Reserve - R Days for both curr and new FAs**
- 5. Voluntary Early Out.**
 - *No Voluntary Early Out Program*
- 6. G Time Decreased**
 - *4:30 Hr. Average Day*
 - *2:00 Hr. Minimum Day*
- 7. Vacation**
 - *paid at daily rate of 3:00*
- 8. Defined Contribution Plan**
 - *No Company match*
- 9. 100 Schedule Max/Average Line**
 - *between 80 Hrs. to 90 Hrs.*
 - *No Limit on Days on Duty*
- 10. Bankruptcy Claim**
 - *No Bankruptcy Claim 0%*