

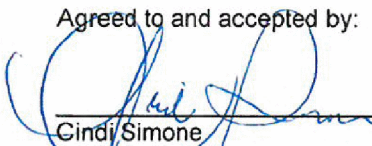
SETTLEMENT AGREEMENT

BASE CASE #2015-APFA-2

American Airlines, Inc. (the "Company") and Association of Professional Flight Attendants ("APFA") hereby agree to resolve Base Case #2015-APFA-2 pursuant to the terms herein ("Settlement Agreement"). On or about June 30, 2015, the APFA filed Base Case #2015-APFA-2. APFA contends that the Company violated Section 26.B.1 (a) of the December 14, 2014 Flight Attendant Agreement between American Airlines, Inc. and Association of Professional Flight Attendants – APFA ("Flight Attendant Agreement") when the Company changed the out-of-network reimbursement standard under the American Airlines, Inc. Health & Welfare Plan for Active Employees (the "Plan"). Specifically, as of June 1, 2015, the Plan was amended to provide that the maximum out-of-network charge for out-of-network providers and facilities would be limited to one hundred and forty percent (140%) of the amount that the federal Medicare program would have paid for the same service. The Company denied the grievance and maintains that the Company reserved the right to determine and amend the Plan's out-of-network reimbursement standard at its discretion. While specifically preserving their respective positions, the Company and APFA agree to resolve #2015-APFA-2 as follows:

1. For the duration of this Settlement Agreement (as defined in paragraph 4 below), and for as long as the Plan continues to use a percentage of Medicare as the out-of-network reimbursement standard, the Company will not reduce the percentage reimbursement below one hundred and forty percent (140%); provided, however, that the Company reserves the right to amend the Plan as required to maintain compliance with applicable laws and regulations.
2. In additional consideration for this settlement, the Company will pay the aggregate amount of One Hundred Ten Thousand Dollars (\$110,000.00), to be distributed equally to flight attendants: (1) participating in the Standard Medical Benefit Option under the Plan; and (2) for whom the Plan paid their out-of-network claims between June 1, 2015 and December 31, 2015. Such amounts shall be considered taxable income and thus the Company shall include such amounts on the Form W-2 issued to each recipient. The payments shall be made within ninety (90) days from the effective date of this Agreement. For the avoidance of doubt, such amounts shall not be considered eligible compensation for purposes of employer contributions under the American Airlines, Inc. 401(k) Plan.
3. APFA hereby agrees to withdraw Base Case #2015-APFA-2.
4. The Settlement Agreement shall remain in effect for the duration of the Flight Attendant Agreement and the Section 6 negotiations for a new agreement. Except for purposes of enforcement of this Settlement Agreement, the Company and APFA further agree that this Settlement Agreement is made on a non-precedent/non-referable basis and thus that the Settlement Agreement, including the settlement discussions, shall not be considered evidence of a practice relative to the interpretation or application of the Flight Attendant Agreement and that neither the Company nor APFA will make reference to the subject matter of this Settlement Agreement in any other grievance proceeding, hearing or adjudication.


Agreed to and accepted by:



Cindi Simone
Managing Director Labor Relations
American Airlines

3/31/16

Date



Rick Knuth
National Vice President
APFA

3/31/16

Date