LOA 09-02

AmericanAirlines®

MM/DD/YYYY

Captain Lloyd Hill, President
Allied Pilots Association
14600 Trinity Blvd., Suite 500
Ft. Worth, TX 76155-2512

Dear Captain Hill:

The Company clearly recognizes that the threat of job reductions can be a significant barrier to meaningful discussions about enhancing productivity. During these negotiations, the Company has discussed a negotiating framework that would provide pilots certain protections against furlough in return for contractual changes that will lower pilot costs per block hour and enhance opportunities for growth.

We understand that American Airlines pilots seek opportunities to increase their income, recall additional pilots and guard against further furloughs. At the same time, the Company needs to improve productivity in order to achieve sustained profitability, lower its debt and reinvest in its business. This would allow us to position the Company for long-term success.

To align these objectives, the Company is willing to agree to furlough protection provisions which provide for no involuntary loss of employment as a direct result of productivity gained through negotiated changes to work rules. The specific details of the furlough protection provisions would be negotiated and agreed to prior to any agreement on productivity enhancements.

In the event we are able to achieve a competitive cost structure, we will be positioned to move forward and focus our collective efforts on growing the airline.

Sincerely,

Dennis A. Newgren
Managing Director,
Employee Relations – Flight

Agreed and Accepted:

Lloyd Hill, President
Allied Pilots Association