SUPPLEMENT Z

SUPPLEMENTAL AGREEMENT
between
AMERICAN AIRLINES, INC.
and
THE AIR LINE PILOTS
in the service of
AMERICAN AIRLINES, INC.
as represented by
ALLIED PILOTS ASSOCIATION

BENEFITS IN THE EVENT OF
TERRORISM, SABOTAGE OR HOSTAGE

A. DEATH, PERMANENT TOTAL DISABILITY, AND DISMEMBERMENT BENEFITS

In the event of

(i) the death of a pilot, or

(ii) the permanent and total disability of a pilot, or

(iii) the loss by a pilot of sight of both eyes, or the loss of both hands, or both feet, or one hand and one foot, or one hand and sight of one eye, or one foot and sight of one eye,

resulting from injury or illness incurred during acts of terrorism or sabotage:

the Company shall pay or cause to be paid, subject to the conditions set forth in C. and D. below, five hundred thousand dollars ($500,000) to such pilot if he is alive, otherwise to his designated beneficiary under the Company's Group Insurance Plan. "Permanent total disability" shall mean the complete inability of the pilot to exercise his/her airmen certificate for at least one (1) year, and at the end of said period, the expectation to be that the disability shall continue for the remainder of the pilot's life. "Loss", with respect to hands and feet, shall mean actual severance through or above the wrist or ankle joints; with respect to eyes, shall mean entire and irrecoverable loss of sight. In the event the pilot becomes eligible for benefits under more than one (l) of the eventualities cited above, the maximum payment under this Section shall be five hundred thousand dollars ($500,000), and such benefits shall be in addition to the benefits provided in other Company plans.

B. OCCUPATIONAL DISABILITY BENEFITS

In the event an illness or injury, which arises out of or is suffered in connection with acts of terrorism, sabotage or hostage while on flight duty or paid layover, results in the occupational disability of a pilot, the Company shall pay for the period of disability, up to a maximum of twelve (12) months, the minimum guarantee for the pilot's bid status (no less than Reserve guarantee), subject to the conditions set forth in C. and D hereof. Such payments will be less weekly indemnity benefits received under applicable Workers Compensation Laws. Notwithstanding the provisions of Section 14

of the Basic Agreement, such pilot will not be charged sick leave during such twelve (12) month period.

C. APPLICABILITY

The provisions of A. and B. above shall be applicable to a pilot only when (i) death, (ii) total permanent disability, (iii) dismemberment or loss of sight, (iv) occupational disability, as applicable, which leads to such casualty occurs during the period of time that such pilot is on flight duty or paid layover.

D. EXCLUSIONS

The provisions of A. and B. above shall not be applicable to a pilot when death or injury, as applicable:

1. is the result of or consists of addiction to drugs, or

2. is contracted, suffered or incurred while such pilot was engaged in a criminal enterprise or results from having engaged in a criminal enterprise, or

3. is intentionally self-inflicted.

E. WORKERS COMPENSATION BENEFITS

A pilot will be covered for Workers Compensation benefits in amounts not less than those prescribed by the state in which such pilot's base is situated. These benefits shall be in addition to (i) any basic or optional life insurance benefits available under the Company's Group Insurance Plan, (ii) the death benefits provided under the Company's Pilot Retirement Benefit Plan and (iii) the death benefits provided under A. above.

F. MISSING, INTERNMENT, PRISONER OR HOSTAGE BENEFITS

1. A pilot who becomes, or is reported to be, interned, ~~is~~ missing or a prisoner or hostage, other than as a result of such pilot's own misconduct, whether as a result of war, armed hostilities, rebellion, insurrection, hijacking, terrorist act or hostilities-related action of a foreign government , or for any other reason related to hostilities, provided that the occurrence of the event to the pilot is materially related to the performance of their required flight or ground duties ~~because of acts of terrorism or sabotage committed against such pilot while on flight duty or paid layover~~ shall be deemed to be in active service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension, and all other benefit accruals for a period not to exceed twenty-four (24) months. Pilots will be paid the minimum guarantee for the pilot's bid status during this period. ~~paid the minimum guarantee for the pilot's bid status for a period of twelve (12) months after disappearance or until death is established, whichever first occurs.~~ When such pilot has been missing for ~~twelve (12)~~twenty-four (24) months, the Company will aid the beneficiary in obtaining legal proof in order that death benefits under Company plans (including the Pilot Retirement Benefit Plan) can be paid consistent with applicable state law.

2. ~~A pilot who is interned or taken prisoner or hostage as a consequence of terrorism or sabotage while on flight duty or paid layover shall be paid the minimum guarantee for the pilot's bid status for the period during which known to the Company to be interned or held prisoner or hostage. Such~~The payments in 1. above will cease~~, however,~~ when death is established. In the absence of knowledge on the part of the Company as to whether the pilot is alive or dead, the pilot will be considered missing starting with the time last known to the Company to have been interned, missing, or held prisoner or hostage and will be covered under the provisions of 1. above.

3. When~~, under the provisions of 1. or 2. above,~~ a pilot has been missing because of acts of terrorism or sabotage, for a period of ~~twelve (12)~~twenty-four (24) months, the death benefits provided under A. above shall be paid. If such pilot is later found to be alive, the minimum guarantee for the pilot's bid status will be paid retroactively to the time such payments ceased, less any death benefits which were paid to the beneficiary. Any death benefits not recovered by this offset will be repaid by the beneficiary to the Company upon its demand.

G. BENEFIT ASSIGNMENTS

1. The monthly compensation allowable under F. above to a pilot interned, held as a hostage or prisoner, or missing, shall be credited to such pilot on the books of the Company and shall be disbursed by the Company in accordance with written directions from him. The Company shall require each pilot to execute and deliver to the Company a written direction in the form hereinafter set forth. The Company shall, as soon as practicable, require all pilots to execute and deliver to the Company such a written direction. The direction referred to shall be in substantially the following form:

   "To American Airlines, Inc.

   "You are hereby directed to pay all monthly compensation allowable to me under the provisions of the Agreement between American Airlines, Inc. and the Air Line Pilots in the service of American Airlines, Inc., as represented by the Allied Pilots Association, while interned, held prisoner or hostage, or missing, or resulting from death or any other condition which causes direct payment to me to be impossible, as follows:

   $.....per month to.....
   (Name)

   .....
   (Address)

   as long as living, and thereafter to.....
   (Name)

   .....
   (Address)

as long as living,

"The balance, if any, and any amounts accruing after the death of all persons named in the above designations shall be held for me, or in the event of my death before receipt thereof, shall be paid to the legal representative of my estate.

"The foregoing direction may be modified from time to time by letter signed by the undersigned and any such modification shall become effective upon receipt of such letter by you.

"Payments made by the Company pursuant to this direction shall fully release the Company from the obligation of making any further payment with respect thereto.

....."
(Pilot's Signature)

2. Any payments due to any pilot under this provision which are not covered by a written direction as above required, shall be held by the Company for such pilot and, in the event of death, shall be paid to the legal representative of his estate.

3. The monthly compensation allowable under this Section shall be in lieu of all compensation provided for by any law in respect to persons interned, held prisoner, or missing, and shall also be in lieu of all salary and subsistence during periods in which a pilot is interned, held hostage, held as prisoner, or missing.

4. Pilots shall maintain and continue to accrue seniority and longevity for pay purposes during periods in which they are interned, held hostage, held prisoner, or missing.

FOR THE AIR LINE PILOTS IN THE SERVICE OF AMERICAN AIRLINES, INC.
AS REPRESENTED BY THE
ALLIED PILOTS ASSOCIATION

/signed/
F. R. Vogel
President
Allied Pilots Association

FOR AMERICAN AIRLINES, INC.

/signed/
C. A. Pasciuto
Vice President
Employee Relations