

Summary Plan Description

For the

Retirement Benefit Plan of American Airlines, Inc.

For

Employees Represented by the

Transport Workers Union (TWU) of America, AFL-CIO

**Summary of Material Modifications for
the Retirement Benefit Plan of American Airlines, Inc.
for Employees Represented by the Transport Workers Union of
America, AFL-CIO**

Insert to your Summary Plan Description

The following items reflect changes to the Summary Plan Description for the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO since its most recent publication. These changes are effective as indicated below. These changes will be incorporated the next time the Company revises your Summary Plan Description. Until then, this Summary of Material Modifications should be treated as part of your Summary Plan Description.

1. SERVICE
VESTING SERVICE (page 7)

Replace the bulleted list with the following new bulleted list:

- Complete five years of Vesting Service, or
- Reach age 65, or
- Are found to be permanently and totally Disabled, or
- Die on or after January 1, 2007 while on Military Leave.

2. HOURS OF SERVICE (page 8)

Replace the last paragraph of the “Hours of Service” section with the following:

You also continue to earn Hours of Service when you are on an Overage, Military or Union Leave. You must return to work within the time prescribed by law to receive credit for hours earned on Military Leave. Effective January 1, 2007, if you die or become Disabled while on Military Leave, you will receive credit for the hours earned for the period of time you were on Military Leave prior to your death or Disability.

3. COMPENSATION
FINAL AVERAGE RETIREMENT BENEFIT FORMULA (page 9)

Replace the paragraph immediately following the first bulleted list with the following:

*Although you do not receive pay from the Company while on a Union, Overage or Military Leave, you earn pensionable Compensation credit. For Military Leave, you must return to work within the time prescribed by law to receive this credit. Effective January 1, 2007, if you die or become Disabled while on Military Leave, the pensionable Compensation credit earned for the period of time you were on Military Leave prior to your death or Disability will be credited. Pensionable Compensation credit for Overage and Military Leave is based on your rate of pay when the leave began plus increases, if any, earned while on leave. Pensionable Compensation for Union Leave is at the rate reported by the Union.

4. LEAVES OF ABSENCE (page 10)

Replace the two paragraphs in the "Rule" column that are adjacent to "Military Leave" with the following:

Credited Service, Retirement Eligibility Service and pensionable Compensation continue to accrue if you are an active Member in the Plan when the leave begins, but only if you return to work after the leave within the time prescribed by law. Effective January 1, 2007, if you die or become Disabled while on Military Leave, the pensionable Compensation and service credit earned for the period of time you were on Military Leave prior to your death or Disability will be credited.

Eligibility and Vesting Service accrue even if you are not an active Member in the Plan when the leave begins, but only if you return to work after the leave within the time prescribed by law.

5. TAXES ON BENEFITS (page 26)

Replace the paragraph with the following:

If you receive from the Plan a lump sum payment of your contributions and interest, the Trustee must withhold 20% of the taxable amount for federal income taxes. You may be able to obtain certain tax advantages by rolling over the taxable portion of your benefit into an Individual Retirement Account, Roth IRA or another employer's qualified retirement plan. You should consult your personal tax advisor to determine your specific tax options.

**Summary of Material Modifications for the
Retirement Benefit Plan of American Airlines, Inc.
For Employees Represented by the
Transport Workers Union of America, AFL-CIO**

Insert to your Summary Plan Description

The following summary reflects changes to the Retirement Benefit Program Summary Plan Description of American Airlines, Inc. for Employees Represented by the Transport Workers Union (TWU) of America, AFL-CIO since its publication in 2008. These changes are effective January 1, 2008 unless otherwise noted. The next time the Company revises your Summary Plan Description, these changes will be incorporated in the new edition. Until then, this Summary of Material Modifications should be treated as part of your Summary Plan Description.

1. DEATH BENEFITS

If You Die Before Retirement Benefits Begin

If You Are Married (Page 22)

Replace the third paragraph of the “If You Are Married” section on page 22 with the following:

Your benefit is calculated as though you terminated employment on the date of your death. If you do not have a QPSA Election Form on file, your spouse will receive the spouse’s portion (50%) of a Qualified Joint and Survivor Annuity. If you do have a QPSA Election Form on file, your spouse will receive the benefit form that you selected. Effective October 1, 1994, if you elect an Enhanced Pre-Retirement Survivor Annuity, your spouse’s portion of the benefit will be based on that election. The benefit will be reduced by Early Retirement factors, if applicable.

2. DEATH BENEFITS

If You Die Before Retirement Benefits Begin

If You Are Married (Page 22)

Insert the following new sentence immediately after the bulleted list at the bottom of page 22:

If you waive the QPSA coverage, you are precluded from electing the Enhanced Pre-Retirement Survivor Annuity.

3. DEATH BENEFITS

If You Die Before Retirement Benefits Begin

If You Are Married (Page 23)

Replace the sentence immediately preceding the table at the top of page 23 with the following:

If you do not waive QPSA coverage or if you elect the Enhanced Pre-Retirement Survivor Annuity, your retirement benefit may be reduced for each year or fraction of a year that coverage is in effect, depending on your age.

4. BENEFIT PAYMENT OPTIONS

OPTIONAL FORMS OF BENEFITS (Page 18)

Replace the bulleted list immediately after the heading with the following new bulleted list and insert the following new paragraph immediately after the bulleted list:

- Qualified Optional Survivor Annuity
- Single Life Annuity — for married employees (see page 17)
- Joint and Survivor Annuity Option
- Guaranteed Period Annuity Option
- Level Income Option (must be combined with another Annuity option)

Qualified Optional Survivor Annuity Option

If your Normal Form of Benefit is a Qualified Joint and Survivor Annuity, you may instead elect a Qualified Optional Survivor Annuity. This option pays an actuarially reduced benefit for your lifetime. After your death, it pays your surviving spouse a lifetime monthly benefit equal to 75% of your benefit.

5. BENEFIT PAYMENT OPTIONS

OPTIONAL FORMS OF BENEFITS (Page 19)

Add the following new section immediately following the last paragraph of the “Optional Forms of Benefit” section on page 19:

Benefit Payment Restrictions

The Pension Protection Act of 2006 imposes benefit payment restrictions on plans that do not meet certain funding requirements. If the Plan is between 60% and 80% funded, the level income option will be limited to the lesser of: 50% of the amount you could have received if the restriction were not in place, or the present value of the maximum PBGC benefit at your current age. If the Plan is less than 60% funded, the level income option will not be available as a payment option. In addition, no further benefit accruals will be allowed. If the Company is in bankruptcy and the Plan is less than 100% funded, the level income option will not be available as a payment option.

6. BENEFIT PAYMENT OPTIONS
 BENEFIT PAYMENT OPTION EXAMPLES (page 20)

Replace the table on page 20 with the following:

Form of Benefit	Monthly Benefit
66 ^{2/3} % Joint and Survivor Annuity	\$1,253.16 to Harry during his lifetime and \$835.44 to his joint annuitant when he dies.
75% Joint and Survivor Annuity or Qualified Optional Survivor Annuity	\$1,227.58 to Harry during his lifetime and \$920.69 to his joint annuitant when he dies.
100% Joint and Survivor Annuity	\$1,157.16 to Harry during his lifetime and \$1,157.16 to his joint annuitant when he dies.
120 Months Guaranteed	\$1,358.48 to Harry during his lifetime or to his Beneficiary if Harry dies before 120 payments have been made.
180 Months Guaranteed	\$1,242.47 to Harry during his lifetime or to his Beneficiary if Harry dies before 180 payments have been made.
240 Months Guaranteed	\$1,122.41 to Harry during his lifetime or to his Beneficiary if Harry dies before 240 payments have been made.

7. GLOSSARY (Page 42)

Add the following new definition immediately after the definition for “Eligible Employee”:

Enhanced Pre-Retirement Survivor Annuity

An enhanced monthly benefit paid to your eligible spouse if you die before you receive your retirement benefit and you elected the enhanced payment option prior to your death.

8. GLOSSARY (page 44)

Add the following new definition immediately after the definition of “Qualified Joint and Survivor Annuity”:

Qualified Optional Survivor Annuity

A monthly benefit payable for your lifetime, with payments continuing to your surviving spouse in an amount equal to 75% of your benefit.

This Summary Plan Description (SPD) describes how the Plan works based on the most current Plan provisions. It tells you when you may receive a benefit and how that benefit is calculated. The glossary section includes definitions of key words used throughout the booklet.

Although this SPD describes many of the features of the Plan, it is only a summary. The complete provisions of the Plan are in the Plan document that is available on request from HR Services.

In the event of any inconsistency between this SPD or any other communication regarding the Plan and the Plan document itself, the Plan document controls.

The Company reserves the right to amend or terminate the Plan, or its benefits, subject to applicable provisions of the TWU Collective Bargaining Agreement. If you have any questions about your ERISA rights, contact HR Services or the nearest area office of the U.S. Department of Labor.

If you have questions about the Plan after reading this SPD, call HR Services at 800-447-2000. Employees who have access to Jetnet may also inquire online by utilizing the “Live Chat” feature.

**Copyright 2008 American Airlines, Inc. All rights reserved. Printed in the U.S.A.
Printed July 2008**

TABLE OF CONTENTS

PURPOSE	5
ELIGIBILITY AND PARTICIPATION	5
SERVICE	6
Eligibility Service.....	6
Vesting Service.....	7
Credited Service	7
Retirement Eligibility Service	8
HOURS OF SERVICE	8
BREAK IN SERVICE	8
REHIRES	9
COMPENSATION	9
LEAVES OF ABSENCE	10
CALCULATING BENEFITS	11
Final Average Retirement Benefit Formula	11
Final Average Compensation	11
Career Average Retirement Benefit Formula.....	13
Minimum Retirement Benefit Formula	14
LUMP SUM CASHOUT	15
REDUCING BENEFITS	15
TAXES ON MONTHLY RETIREMENT BENEFIT	15
RECEIVING BENEFITS	16
Normal Retirement.....	16
Early Retirement.....	16
Late Retirement	16
SUSPENSION OF BENEFITS	16
BENEFIT PAYMENT OPTIONS	17
Normal Forms of Benefit.....	17
<i>Single Life Annuity</i>	17
<i>Qualified Joint and Survivor Annuity</i>	18
Optional Forms of Benefit	18
<i>Joint and Survivor Annuity Option</i>	18
<i>Guaranteed Period Annuity Option</i>	18
<i>Level Income Option</i>	19

DISABILITY BENEFITS.....	21
DEATH BENEFITS	22
TERMINATIONS AND FURLOUGHS.....	24
TWU PLAN PROVISIONS FOR MEMBERS WHO RETIRED OR TERMINATED PRIOR TO MARCH 1, 2001.....	25
TWU PLAN PROVISIONS FOR MEMBERS BEFORE APRIL 1, 1978.....	26
TWA AIRLINES, LLC PROVISIONS	27
RENO AIR PROVISIONS	28
AIRCAL PROVISIONS	29
ADMINISTRATIVE INFORMATION.....	31
Finality of Decisions.....	31
Plan Amendments	31
Future of the Plan	31
Maximum Retirement Benefit	32
If the Plan Becomes Top-Heavy	32
ERISA Rights Provisions	32
CLAIMS PROCEDURES	34
QUALIFIED DOMESTIC RELATIONS ORDER	39
GENERAL PLAN INFORMATION.....	40
GLOSSARY	41

PURPOSE

The Company provides the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union (TWU) of America, AFL-CIO (the Plan) to help you financially in your life after retirement. You become an eligible Member of this Plan after your first year of employment, if you have completed the required Hours of Service for your job classification. The benefit you receive from the Plan is based on your pay and length of service. The Company provides this benefit at no cost to you. The Plan's features include:

- Unreduced retirement benefits at age 60 for eligible employees,
- Early retirement benefits based on your age and years of service,
- Automatic vesting if you are found to be permanently and totally Disabled, and
- Death benefits for eligible Beneficiaries.

ELIGIBILITY AND PARTICIPATION

You are eligible to participate in the Plan if you meet all of the eligibility requirements listed below:

- You are in an eligible job classification,
- You have completed one year of Eligibility Service (see page 6), and
- You are on the Company's U.S. payroll, you are employed in the U.S. Virgin Islands or Puerto Rico, or on the payroll at a location for which the Company has made coverage under the Plan available.

Eligible job classifications include:

- Airline mechanic
- Plant maintenance
- Fleet or ground service
- Airline communication
- Stock clerk or crew chief stock clerk
- Flight dispatcher or flight dispatcher assistant
- Meteorologist
- Ground school instructor
- Flight simulator instructor
- Flight simulator technician
- Guard

To receive credit toward a retirement benefit, you must be all of the following:

- An active Member in the Plan
- Paid through the U.S. payroll or on Overage Leave, Military Leave, or Union Leave, or on the payroll for a Company covered under the Plan.

SERVICE

Generally, service is the time for which you are entitled to pay for working at any AMR company. As a general rule, you begin earning service on your date of hire. There are four types of service:

- **Eligibility Service** is used to determine *when* you are eligible to participate in the Plan.
- **Vesting Service** is used to determine whether you have a *right* to receive a benefit.
- **Credited Service** is the time period used to determine the *amount* of your retirement benefit.
- **Retirement Eligibility Service** is the time period used to determine when you can *receive* your retirement benefit.

Eligibility Service

Eligibility Service is used to determine when you are eligible to participate in the Plan. You earn a year of Eligibility Service and become a Plan Member if you complete at least the Hours of Service required for your job classification during the initial 12-month period starting with your hire date.

Required Hours of Service for each job classification:

Job Classification	Required Hours for Eligibility and Vesting
Flight Simulator Instructor	923 hours
Flight Dispatcher	903 hours
Flight Dispatcher Assistant	903 hours
Meteorologist	903 hours
Any other TWU employee	1,000 hours

If you do not work at least the required Hours of Service during your first year of employment, you must complete at least the required Hours of Service in a subsequent Plan Year (January – December) to earn one year of Eligibility Service.

Eligibility Service Example

If you were hired as a flight dispatcher on July 1, 2006, and you worked at least 903 hours by June 30, 2007, you earned one year of Eligibility Service and you entered the Plan on July 1, 2007. If you were hired as a flight dispatcher on July 1, 2006, and you worked less than 903 hours by June 30, 2007, you did not earn a year of Eligibility Service. But, if you worked at least 903 hours between January 1, 2007, and December 31, 2007 — the end of the Plan Year — you earned one year of Eligibility Service and became a Plan Member on January 1, 2008.

Eligibility Service is affected by the following events:

Event	Rule
Overage Leave	You are credited with Eligibility Service while you are on leave. You may become a Plan Member after earning one year of Eligibility Service, even if you are on leave at that time.
Military Leave	You are credited with Eligibility Service while you are on leave. You may become a Plan Member after earning one year of Eligibility Service if you return from leave within the time prescribed by law.
Union Leave	You are credited with Eligibility Service while you are on leave. You may become a Plan Member after earning one year of Eligibility Service even if you are on leave at that time.
Transferred to a TWU job or transferred from an excluded AMR group	The Plan counts the Eligibility Service you earned in your former AMR job or within your former group. You may become a Plan Member when you transfer if you have earned one year of Eligibility Service before the transfer.

Vesting Service

You have an irrevocable right to receive a benefit from the Plan when you become vested. You become vested when you:

- Complete five years of Vesting Service, or
- Reach age 65, or
- Are found to be permanently and totally Disabled.

You begin earning Vesting Service on your date of hire. You earn a year of Vesting Service for each Plan Year in which you complete at least the Hours of Service required for your job classification as listed in the table on page 6. Vesting Service ends when your employment ends.

Vesting Service Example

If you were hired as a flight simulator instructor as of July 1, 2006, and you worked at least 923 hours by December 31, 2006, you earned one year of Vesting Service, even though you were employed less than 12 months. But, if your hire date was July 1, 2006, and you worked less than 923 hours by December 31, 2006, you earned no Vesting Service for that Plan Year. You had to complete 923 Hours of Service between January 1, 2007, and December 31, 2007, to earn one year of Vesting Service for 2007.

Credited Service

Credited Service is the time period used to determine the amount of your retirement benefit. To be eligible to earn Credited Service, you must work and be paid for Hours of Service in a job classification that is covered by the Plan. After you become a Member in the Plan, you earn one year of Credited Service for each Plan Year in which you complete at least the Hours of Service required for your job classification, as noted below:

Job Classification	Required Hours for Credited Service
Flight Simulator Instructor	1,754 hours
Flight Dispatcher	1,717 hours
Flight Dispatcher Assistant	1,717 hours
Meteorologist	1,717 hours
Any other TWU employee	1,900 hours

If you work fewer than the required hours during a Plan Year, you earn a partial year of Credited Service. A partial year of Credited Service is determined by dividing the total Hours of Service by the hours necessary to earn one year of Credited Service. For example, if you must work 1,900 hours to earn a year of Credited Service and you work 1,500 hours in a Plan Year, you are credited with .789 years of Credited Service ($1,500 \div 1,900 = .789$).

Retirement Eligibility Service

Retirement Eligibility Service is the time period used to determine when you can receive your retirement benefit. After you become a Member in the Plan, you earn Retirement Eligibility Service the same way you earn Credited Service. However, Retirement Eligibility Service is not used to determine the amount of your retirement benefit, and it may include additional time not counted in Credited Service, such as:

- Time while a participant in Super Saver Plus (while in a non-union work group)
- Certain service for former employees of TWA Airlines, LLC, Reno Air and AirCal (see pages 28-31).

If you have always worked for the Company and have never left the Plan, Credited Service will be the same as your Retirement Eligibility Service.

HOURS OF SERVICE

Generally, you earn an Hour of Service for each hour you are paid for doing your job, including back pay. You also earn Hours of Service when you are away from work, but are entitled to be paid, such as:

- Vacation days
- Holidays
- Paid sick time, and
- Jury duty

You also continue to earn Hours of Service when you are on an Overage, Military or Union Leave. You must return to work within the time prescribed by law to receive credit for hours earned on Military Leave.

BREAK IN SERVICE

A Break in Service is used only to determine if you forfeit prior service and pensionable Compensation if you are rehired. A Break in Service occurs at the end of a Plan Year if you:

- are terminated or Furloughed as of December 31, and
- do not complete more than the required Hours of Service for your job classification as specified in the table below:

Job Classification	Required Hours to Avoid a Break in Service
Flight Simulator Instructor	More than 462 hours
Flight dispatcher	More than 452 hours
Flight dispatcher assistant	More than 452 hours
Meteorologist	More than 452 hours
Any other TWU employee	More than 500 hours

If you are on an approved leave of absence with reinstatement rights at the end of the year, you will not incur a Break in Service.

REHIRES

If you leave the Company and are later rehired, your previous years of service and pensionable Compensation count if you meet one of the following requirements:

- You are vested in the Plan, or
- You are rehired before your consecutive Breaks in Service equal or exceed five.

For example, suppose you worked for the Company and earned four years of Vesting Service and three years of Credited Service and Retirement Eligibility Service in the Plan. You left the Company and were later rehired. The Plan will count all of your service as long as you are rehired before your consecutive Breaks in Service equal or exceed five.

If you are rehired *after* your consecutive Breaks in Service equal or exceed five, you must requalify for the Plan. You forfeit all previous service and pensionable Compensation.

COMPENSATION

Compensation used to determine the amount of your retirement benefit may be different from your total compensation in a year. It is pay that is earned while you are in the Plan and includes:

- Base pay
- Skill premiums
- License premiums
- Profit Sharing Awards (paid during 1996 through 2001)
- Higher capacity pay
- Union Leave pay*
- Overage Leave pay*
- Military Leave pay*

* Although you do not receive pay from the Company while on a Union, Overage or Military Leave, you earn pensionable Compensation credit. For Military Leave, you must return to work within the time prescribed by law to receive this credit. Pensionable Compensation credit for Overage and Military Leave is based on your rate of pay when the leave began plus increases, if any, earned while on leave. Pensionable Compensation for Union Leave is at the rate reported by the Union.

The following pay does not count as pensionable Compensation:

- Overtime pay
- Premium pay or shift differential
- Bonuses
- Profit Sharing Awards paid before 1996
- Annual Incentive Program bonuses (effective January 1, 2004)
- Approved expense allowances
- Other allowances and special remuneration.

You receive credit toward your retirement benefit for only the first 2,080 hours* of pensionable Compensation during a calendar year. Any pensionable Compensation associated with hours over the 2,080 cap is not included in pensionable Compensation. Any pensionable Compensation *not* associated with hours is added to pensionable Compensation even after the cap has been applied.

* For Plan years ending prior to January 1, 1996, pensionable Compensation was not capped based upon hours; only the statutory limits applied.

Note: The federal government limits the amount of compensation that can be used to calculate a retirement benefit. Although this limit may change each year, for 2008 it is \$230,000.00.

LEAVES OF ABSENCE

Depending on the type of leave of absence, you either continue to accrue service and pensionable Compensation, or your service and Compensation are suspended until you return from leave as shown below:

Type of Leave	Rule
Overage Leave	Credited Service, Retirement Eligibility Service and pensionable Compensation continue to accrue if you are an active Member in the Plan when the leave begins. Eligibility and Vesting Service accrue even if you are not an active Member in the Plan when the leave begins.
Union Leave	Credited Service, Retirement Eligibility Service and pensionable Compensation continue to accrue if you are an active Member in the Plan when the leave begins. Eligibility and Vesting Service accrue even if you are not an active Member in the Plan when the leave begins.
Military Leave	Credited Service, Retirement Eligibility Service, and pensionable Compensation continue to accrue if you are an active Member in the Plan when the leave begins, but only if you return to work after the leave within the time prescribed by law. Eligibility and Vesting Service accrue even if you are not an active Member in the Plan when the leave begins, but only if you return to work after the leave within the time prescribed by law.
Maternity or Unpaid Family Leave	No service and pensionable Compensation accrue during this leave. However, you do receive Hours of Service to avoid a Break in Service (see page 8). The Hours of Service are based upon the duration of your leave.
All Other Leaves	No service or pensionable Compensation accrues.

CALCULATING BENEFITS

The Company calculates your monthly benefit using the following formulas:

- Final Average Retirement Benefit formula
- Career Average Retirement Benefit formula
- Minimum Retirement Benefit formula

The Plan will use the formula that provides you the highest benefit. For most employees, the Final Average Retirement Benefit formula usually provides the highest benefit.

Final Average Retirement Benefit Formula

The Final Average Retirement Benefit formula is:

$$1.667\% \text{ of Final Average Compensation} \times \text{Years of Credited Service} = \text{Annual Benefit} \\ (\div 12 = \text{monthly benefit})$$

Final Average Compensation

Final Average Compensation is determined using months worked and pensionable Compensation.

If you have worked less than 48 months as a Plan Member:

Final Average Compensation is the average of *all* your months of pensionable Compensation.

If you have worked 48 months or more as a Plan Member:

Final Average Compensation is the average of your pensionable Compensation during the four highest-paid consecutive years (48 months) during your last ten years (120 months) in the Plan. If you have participated in the Plan less than ten years, the Plan will consider the entire length of your Plan participation.

If you have not earned pensionable Compensation for any month during the period used to calculate your Final Average Compensation, those months are not used in the calculation. Months before and after such periods are bridged and considered consecutive.

If, in a Plan Year, you work less than the required hours for your job classification to earn a year of Credited Service, your pensionable Compensation may be adjusted for purposes of the Final Average Retirement Benefit formula.

For example, if you must work 1,900 hours to earn a year of Credited Service and you only worked 1,500 hours in a year and earned \$30,000, the Plan would adjust your Compensation using the following calculation:

$$\frac{\$30,000 \times 1,900}{1,500} = \$38,000$$

This annual amount is divided by 12 to determine monthly Compensation. The monthly Compensation is then multiplied by the number of actual months worked. This amount is compared to what was actually made, and the higher amount is used.

The Company estimates your final month of pensionable Compensation when you retire. This estimate ensures that your retirement benefit can begin on time.

Final Average Compensation Example

Harry retires on January 31, 2008, at age 65. His four highest-paid consecutive years are the last four years that he was in the Plan. His Final Average Compensation would be calculated as follows:

Highest Paid Years	Months Used	Compensation
February 1, 2004 to December 31, 2004	11	\$36,667
January 1, 2005 to December 31, 2005	12	\$41,000
January 1, 2006 to December 31, 2006	12	\$44,500
January 1, 2007 to December 31, 2007	12	\$47,000
January 1, 2008 to January 31, 2008	1	\$4,125
Totals	48	\$173,292

His Final Average Compensation is \$43,323.00 (\$173,292 ÷ 4).

Final Average Retirement Benefit Formula Example

With a Final Average Compensation of \$43,323.00 and 25 years of Credited Service, Harry’s Final Average Retirement Benefit would be calculated as follows:

$$(1.667\% \times \$43,323.00) \times 25 = \$18,054.86$$

Under this formula, Harry’s monthly retirement benefit is \$1,504.57 (\$18,054.86÷12).

Career Average Retirement Benefit Formula

The Career Average Retirement Benefit formula is:

$$\begin{aligned}
 & \mathbf{1.25\% \times \text{average monthly Compensation}^* \text{ up to } \$550} \\
 + & \mathbf{2\% \times \text{average monthly Compensation}^* \text{ over } \$550} \\
 = & \mathbf{\text{accrued benefit for one month}}
 \end{aligned}$$

* Average monthly Compensation for a Plan Year is total pensionable Compensation earned in that Plan Year \div total months worked in that Plan Year.

Each year, the Company multiplies the accrued benefit for that year by the number of months you worked in that year, then adds that benefit amount to the total from the prior year's calculation. The Company does this for every year you participate in the Plan.

Career Average Retirement Benefit Formula Example

Suppose that Harry earned a Career Average Retirement Benefit of \$5,956.13 through December 31, 1998. The table below shows how his benefit accrued for each year after 1998 through his retirement on January 31, 2008:

Plan Participation Dates	Number of Months	Average Monthly Pay	Career Average Retirement Benefit Formula Calculation	Accrued Annual Benefit
Accrued Benefit through December 31, 1998				\$5,956.13
Jan. – Dec. 1999	12	\$2,500.00	$[(1.25\% \times 550) + 2\% \times (2,500.00 - 550)] \times 12$	\$550.56
Jan. – Dec. 2000	12	\$2,666.67	$[(1.25\% \times 550) + 2\% \times (2,666.67 - 550)] \times 12$	\$590.52
Jan. – Dec. 2001	12	\$2,833.33	$[(1.25\% \times 550) + 2\% \times (2,833.33 - 550)] \times 12$	\$630.60
Jan. – Dec. 2002	12	\$3,000.00	$[(1.25\% \times 550) + 2\% \times (3,000.00 - 550)] \times 12$	\$670.56
Jan. – Dec. 2003	12	\$3,166.67	$[(1.25\% \times 550) + 2\% \times (3,166.67 - 550)] \times 12$	\$710.52
Jan. – Dec. 2004	12	\$3,333.33	$[(1.25\% \times 550) + 2\% \times (3,333.33 - 550)] \times 12$	\$750.60
Jan. – Dec. 2005	12	\$3,416.67	$[(1.25\% \times 550) + 2\% \times (3,416.67 - 550)] \times 12$	\$770.52
Jan. – Dec. 2006	12	\$3,708.33	$[(1.25\% \times 550) + 2\% \times (3,708.33 - 550)] \times 12$	\$840.60
Jan. – Dec. 2007	12	\$3,916.67	$[(1.25\% \times 550) + 2\% \times (3,916.67 - 550)] \times 12$	\$890.52
Jan 2008	1	\$4,125.00	$[(1.25\% \times 550) + 2\% \times (4,125.00 - 550)] \times 1$	\$78.38
Total Accrued Benefit				\$12,439.51

Under this formula, Harry's monthly retirement benefit is **\$1,036.63** ($\$12,439.51 \div 12$).

Minimum Retirement Benefit Formula

The Minimum Retirement Benefit formula is:

$$\text{Minimum Retirement Benefit rate} \times \text{Credited Service} = \text{monthly benefit}$$

The Minimum Retirement Benefit rate is based on your job classification as indicated below:

Job Classification	Minimum Monthly Benefit Rate
Flight simulator instructor, flight dispatcher, flight dispatcher assistant, meteorologist, mechanic, or flight simulator technician	\$24.00
Any other TWU employee	\$23.50

Minimum Retirement Benefit Formula Example

Since Harry works as a flight dispatcher and has 25 years of Credited Service, his monthly Minimum Retirement Benefit is:

$$\mathbf{\$24.00 \times 25 = \$600}$$

Under this formula, Harry's monthly retirement benefit is \$600.

Summary of Benefit Formula Examples

Based on our examples, the Plan would use the Final Average Retirement Benefit formula to determine Harry's retirement benefit. The Plan *always* uses the formula that provides the highest monthly benefit.

<u>Formula</u>	<u>Monthly Retirement Benefit</u>
Final Average Retirement Benefit	\$1,504.57
Career Average Retirement Benefit	\$1,036.63
Minimum Retirement Benefit	\$ 600.00

LUMP SUM CASHOUT

If the present value of your retirement benefit payable at your Normal Retirement Date is \$1,000 or less, and you terminate your employment, the Company may elect to distribute your benefit in a lump sum. If you are affected by this provision, the Company will notify you of the lump sum amount and any tax implications. If the present value is more than \$1,000 but not more than \$5,000, you may voluntarily elect to receive your benefit in a lump sum. This election must be made within six months of your termination date. If you are interested in this option, you may contact HR Services for further information.

REDUCING BENEFITS

Benefits are reduced if you:

- Elect Early Retirement (see page 16),
- Are covered by a QPSA (see page 23),
- Are subject to a QDRO (see page 40), or
- Elect to receive your retirement benefit in any form other than a Single Life Annuity (see page 17).

TAXES ON MONTHLY RETIREMENT BENEFIT

You do not pay income tax on your retirement benefit until you begin receiving payments. Payments are taxed as ordinary income. When you start receiving a benefit, you must choose whether or not to have federal income taxes withheld from the monthly payment. If you do not choose, the Trustee will withhold taxes based on IRS regulations.

RECEIVING BENEFITS

Normal Retirement

Under the Plan, the Normal Retirement Age to begin receiving a retirement benefit is 65. Benefit payments begin on your 65th birthday if it falls on the first day of the month. Otherwise, benefit payments begin on the first day of the following month. You must actually retire from the Company to begin receiving your benefit payments.

There is no mandatory retirement age, nor is there a cap on the years of Credited Service you can earn. Generally, the more years of Credited Service you have at retirement, the larger the benefit you will receive.

Early Retirement

You may start receiving your benefit early if you meet one of the following conditions:

Employee Status	Years of Retirement Eligibility Service	Earliest Benefit Commencement Age	Benefit Reduction
At least age 60 at termination	At least 10 years	60	Benefit is not reduced
Less than age 60 at termination	At least 10 years but less than 15 years	60	Reduction is actuarially calculated and benefit is reduced from age 65
Any age at termination	At least 15 years	55	Benefit is reduced 3% per year from age 60 (maximum reduction = 15%) No reduction if you commence your benefit at age 60 or later

If you meet one of the eligibility requirements and want to retire early, you should notify HR Services in writing of your intention to retire within 90 days before your intended retirement date.

Late Retirement

If you are a Member and continue working past age 65, you continue to accrue Credited Service and pensionable Compensation until the day you retire.

If you have already reached age 70^{1/2}, you may have begun receiving benefit payments from the Plan even if you are still employed. If so, you will continue to receive these payments while you are employed. Your benefit will be recalculated each year to reflect your Compensation for the previous year. Effective January 1, 2000, if you have not already commenced your retirement benefit, you will not begin receiving benefit payments until you actually retire — even if you are age 70^{1/2}. However, if you remain actively employed past age 70^{1/2}, your benefit will be actuarially increased when you begin receiving it.

SUSPENSION OF BENEFITS

If you retire from the Company, are receiving benefit payments, and later return, the Plan will suspend your benefit payments if you work 40 or more hours during any month. HR Services will notify you of the suspension before or during the first month it withholds payments.

BENEFIT PAYMENT OPTIONS

How you receive your retirement benefit depends on your marital status and elections at the time you begin receiving your benefit. If you are single, the Normal Form of Benefit is a Single Life Annuity. If you are married, the Normal Form of Benefit is a Qualified Joint and Survivor Annuity.

You may waive the Normal Form of Benefit provided by the Plan and elect to receive an optional form of benefit (see page 18). The Company is required to provide you with certain information before you can elect to receive an optional form of benefit. This information is provided via a pension benefit election form and must be furnished at least 30 days but not more than 180 days before your benefit commencement date. You may elect to waive the minimum 30-day requirement as long as your benefit commencement date is more than 7 days after the pension benefit election form is provided.

In addition, if you are married, you must have your spouse's written notarized consent to receive any form of benefit other than a Joint and Survivor Annuity with your current spouse as the Joint Annuitant. Your election and spousal consent, if necessary, must be received by HR Services within the 180-day period following the date the pension benefit election form is provided.

Your spouse may revoke his or her consent at any time or any number of times before your benefit commences. However, once benefits commence, the spousal consent on file cannot be revoked.

Normal Forms of Benefit

- Single:
Single Life Annuity

- Married:
Qualified Joint and Survivor Annuity (50%)

Single Life Annuity

If you are single when your retirement benefit begins, and you have not elected an optional form of benefit, your benefit is paid as a Single Life Annuity for as long as you live. Your benefit will be paid in monthly installments and will stop at your death.

If you are married, you can select this form of benefit by completing a pension benefit election form with your spouse's notarized consent. This notarized consent must be signed by your spouse and received by HR Services within the 180-day period following the date the pension benefit election form is provided.

If you have employee contributions remaining in the Plan (for Members in the Plan prior to April 1, 1978, see page 27) and you die before you have received benefit payments totaling at least as much as those contributions plus interest through your retirement date, your Beneficiary will receive the remainder of the contributions plus interest as a lump sum. If you have no employee contributions remaining, no further benefits will be paid after your death.

Qualified Joint and Survivor Annuity

If you are married when your retirement benefit begins, your benefit is paid as a Qualified Joint and Survivor Annuity unless you have elected an optional form of benefit. This means that you will receive a reduced benefit for as long as you live, but if you die before your spouse, 50% of your benefit will be paid to your spouse for your spouse's lifetime. After your spouse's death, payments will stop.

If your spouse dies before you, you will receive the same reduced benefit for your lifetime. Even if you remarry, you may not name a new joint annuitant. No benefit will be payable after your death.

Optional Forms of Benefit

- Single Life Annuity – for married employees (see page 17)
- Joint and Survivor Annuity Option
- Guaranteed Period Annuity Option
- Level Income Option (must be combined with another Annuity option listed above)

Joint and Survivor Annuity Option

This option pays an actuarially reduced benefit for your lifetime. After your death, it pays your joint annuitant a monthly benefit equal to a percentage of your benefit based on the option you selected at retirement. Your joint annuitant may receive 50%, 66^{2/3}%, 75%, or 100% of the benefit you received before your death.

Circumstance	Benefit
Your joint annuitant dies before you	The benefit remains reduced and cannot be transferred to another person. No benefit is payable after your death.
You die before your joint annuitant	The joint annuitant receives a benefit for the remainder of his or her lifetime.

Guaranteed Period Annuity Option

This annuity pays a reduced monthly benefit to you for your lifetime and may also pay a benefit to your Beneficiary. The Plan guarantees that it will make a specified number of payments — 120, 180, or 240 months — depending on the option you selected at retirement.

Circumstance	Benefit
You die before all guaranteed payments are made.	The remaining guaranteed payments are made to your Beneficiary.
You live longer than the number of guaranteed payments.	You continue to receive monthly payments until your death. No benefit is payable to your Beneficiary.
Your Beneficiary dies before you	You may designate a new Beneficiary.
Your Beneficiary dies after you but before all guaranteed payments are made.	Your Beneficiary's Beneficiary will receive the balance of guaranteed payments either as a monthly benefit or as a lump sum, if elected.

Level Income Option

This annuity is designed to provide as level an income as possible during retirement by taking into account your Social Security benefits. The Level Income Option provides an increased monthly benefit to age 62 or the age at which you would collect full Social Security benefits. The monthly benefit decreases when you reach the selected age, even if you do not begin receiving Social Security benefits at that age.

This option is always combined with a Single Life Annuity, a Joint and Survivor Annuity, or a Guaranteed Period Annuity. That's because the Level Income Option simply adjusts the amount you will be paid to age 62, or the age at which you would collect full Social Security benefits, and thereafter.

Single Life Annuity

If you combine the Level Income Option with a Single Life Annuity, no benefit is payable after you die.

Joint and Survivor Annuity

If you combine the Level Income Option with a Joint and Survivor Annuity, a benefit is payable to your joint annuitant after you die. The survivor's benefit is based on the monthly benefit amount calculated before the Plan added the increase for the Level Income Option. The survivor's benefit is equal to the percentage of that benefit (50%, 66^{2/3}%, 75%, or 100%) you elected for the Joint and Survivor Annuity.

Guaranteed Period Annuity

If you combine the Level Income Option with a Guaranteed Period Annuity, a benefit is payable to your Beneficiary if you die before receiving the number of payments guaranteed by the selected option (120, 180, or 240 months of payments). Your Beneficiary receives a benefit until the end of the guaranteed period. The benefit is equal to the monthly benefit you were receiving at the time of your death. If you had not yet reached the age at which the Level Income Option decreases, the benefit to your Beneficiary is reduced at the time your benefit would have been reduced.

Benefit Payment Option Examples

In the Final Average Retirement Benefit formula example on page 12, Harry's monthly retirement benefit is \$1,504.57 if it is paid as a Single Life Annuity. Let's assume Harry is married and he and his wife are 65 years old. The Normal Form of Payment for a married employee is a Qualified Joint and Survivor Annuity. Under this option, when Harry retires he will receive \$1,307.47 during his lifetime. Then, if he dies before his wife, she will receive half that amount, or \$653.74, for her lifetime. When she dies, payments stop. If Harry's wife dies before him, he will continue to receive \$1,307.47 for his lifetime. No benefit would be payable after his death.

The following table shows Harry's benefit under optional forms of benefit:

Form of Benefit	Monthly Benefit
66 ² / ₃ % Joint and Survivor Annuity	\$1,253.16 to Harry during his lifetime and \$835.44 to his joint annuitant when he dies.
75% Joint and Survivor Annuity	\$1,227.58 to Harry during his lifetime and \$920.69 to his joint annuitant when he dies.
100% Joint and Survivor Annuity	\$1,157.16 to Harry during his lifetime and \$1,157.16 to his joint annuitant when he dies.
120 Months Guaranteed	\$1,358.48 to Harry during his lifetime or to his Beneficiary if Harry dies before 120 payments have been made.
180 Months Guaranteed	\$1,242.47 to Harry during his lifetime or to his Beneficiary if Harry dies before 180 payments have been made.
240 Months Guaranteed	\$1,122.41 to Harry during his lifetime or to his Beneficiary if Harry dies before 240 payments have been made.

DISABILITY BENEFITS

Permanent and Total Disability

A permanent and total Disability is an illness or injury – verified by a qualified medical authority under the terms of the Employee Term Life Insurance Plan, which provides that:

- You are not engaged in any gainful occupation,
- Because of illness, injury, or both, you are completely unable to engage in any occupation for which you are reasonably fit, and
- Your disability is such that your inability to work will probably continue for the rest of your life.

For purposes of this Plan, Disability excludes an:

- Illness or injury which was intentionally self-inflicted,
- Illness or injury caused by alcoholism or drug addiction,
- Illness or injury sustained while engaging in or having engaged in criminal activity,
- Illness or injury incurred during an unpaid leave (other than a Union Leave) or Furlough,
- Illness or injury as a result of war or any act of war.

If You Become Disabled

If you terminate prior to your Normal Retirement Date due to a permanent and total Disability, you automatically become vested in your benefit. If eligible, you may elect to receive your benefit as an Early Retirement Benefit (see page 16). Otherwise you will receive your benefit at the Normal Retirement Age of 65.

The amount of the benefit is based on your Credited Service at the time you terminated and any reductions, such as Early Retirement, that may apply.

You may also be entitled to receive a Disability retirement benefit if you are at least age 50 and have completed a minimum of 15 years of Retirement Eligibility Service. Employees who elect to take their Disability retirement benefit may do so any time before the end of their sick leave of absence, the length of the leave being in accordance with the Company's Leave of Absence policy in effect at the time.

The monthly benefit payable to you is:

$$\begin{array}{l} 1\% \text{ of the average monthly compensation for Disability*} \\ \quad \times \\ \text{Credited Service for Disability*} \end{array}$$

- * For purposes of calculating your Disability retirement benefit, your average monthly compensation is the monthly average of the pensionable Compensation you earned during the three consecutive calendar years immediately preceding the year you terminated due to Disability. Credited Service for Disability is your total Credited Service earned up to the time you terminated due to Disability, up to a maximum of 25 years.

The minimum benefit payable before any reduction is \$65.00 per month (\$780 annually).

Your Disability retirement benefit may be reduced by:

- The amount of all other income benefits provided by the Company during the time the Disability benefit is paid and
- Any worker's compensation benefits related to the Disability for which the Company has made payments.

The Disability retirement benefit continues until your Disability ceases, or if earlier, age 65. If you qualify for Early Retirement and you elect to receive your retirement benefit early, your Disability retirement benefit stops at that time.

DEATH BENEFITS

If You Die Before Retirement Benefits Begin

If You Are Married

If you die before you begin receiving your retirement benefit, your surviving spouse may receive a Qualified Pre-Retirement Survivor Annuity (QPSA). The QPSA provides an Annuity for your surviving spouse's lifetime if you are vested, have been married at least one year at the time of your death, and you have not waived QPSA coverage.

The QPSA is payable on the date you would have reached age 65. However, your surviving spouse may elect to receive reduced benefits on the first day of the month on or after the date you would have been eligible for Early Retirement.

Your benefit is calculated as though you terminated employment on the date of your death. If you do not have a QPSA Election Form on file, your spouse will receive the spouse's portion (50%) of a Qualified Joint and Survivor Annuity. If you do have a QPSA Election Form on file, your spouse will receive the benefit form that you selected. The benefit will be reduced by Early Retirement factors, if applicable.

You are eligible to waive or cancel this coverage at any time if you:

- Are age 35 or older, and
- Have been married to your spouse for the past 12 months, and
- Are vested (or partially vested, if applicable) in your retirement benefit(s), and
- Obtain your spouse's written notarized consent to such a waiver.

By law, you may not waive this coverage if you are under age 35 or if your spouse refuses to consent to a waiver.

If you do not waive coverage, your retirement benefit may be reduced for each year or fraction of a year that coverage is in effect, depending on your age.

For each year you are:	Your retirement benefit is reduced by:
Under 35	No reduction
35-45	0.02% per year
45-49	0.05% per year
50-54	0.15% per year
55-59*	0.40% per year
60-64	0.60% per year
Over 65	0.00%

* The reduction automatically stops when you are at least 55 years old with at least 15 years of Retirement Eligibility Service, or age 60 with at least 10 years of Retirement Eligibility Service.

Your benefit is reduced for all the months of coverage, regardless of whether the coverage is in effect when benefit payments begin. The cost of coverage is solely based on your age at the time the coverage was in effect. For example, if you retire at age 60 as a single employee, but had coverage from age 35 to age 44, your benefit at age 60 would be reduced for ten years of coverage. The result is a 0.2% reduction to your accrued benefit (0.02% x 10 years). Reductions for this coverage begin as of the date you become vested or age 35, whichever is later. QPSA reductions stop accumulating when you waive coverage, notify the Company of a divorce, or become eligible for Early Retirement. Once you qualify for Early Retirement, your spouse is entitled to a QPSA even if you waived coverage earlier.

If You Divorce

If you and your spouse divorce, your QPSA coverage ends as of the date you notify the Company of the divorce. If a Qualified Domestic Relations Order (QDRO, see page 40) is in effect, QPSA coverage may continue for the alternate payee’s portion of the benefit until you meet the requirements to commence a pension. You must report the divorce to HR Services.

If You Are Single

No benefits are payable to your Beneficiary unless you participated in the Plan before April 1, 1978 and made employee contributions which were not refunded (see page 27).

If You Die After Retirement Benefits Begin

Upon your death after retirement, any death benefit payable will be based on the form of payment you elected at retirement. See page 17 for details about specific benefit payment options.

TERMINATIONS AND FURLOUGHES

You are considered terminated if you:

- Resign
- Are discharged
- Fail to return from leave, or
- Reject a recall from a Furlough

If you are not recalled from a Furlough, you are not considered terminated until the Company's recall rights expire. If you terminate from the Company, you may be eligible to receive a retirement benefit.

If you are vested in the Plan and leave the Company, you are entitled to a Deferred Benefit at age 65 — Normal Retirement Age. If you have at least 10 but less than 15 years of Retirement Eligibility Service, and are not eligible to retire early on your termination date, you may elect to begin receiving a reduced benefit at age 60. If you have 15 years of Retirement Eligibility Service, you may elect to begin receiving a reduced benefit at age 55, or an unreduced benefit at age 60.

If you were a Member in the Plan before April 1, 1978, you may be eligible for an additional benefit (see page 27).

If you are *not* vested in the Plan when you leave the Company, you are not eligible for a benefit.

TWU PLAN PROVISIONS FOR MEMBERS WHO RETIRED OR TERMINATED PRIOR TO MARCH 1, 2001

On October 5, 2001, the Mechanic and related TWU members ratified a new contract effective March 1, 2001. On October 26, 2001, all other TWU members ratified the same contract. The contract was subsequently amended effective April 15, 2003, and ratified by all TWU members on this same date. Pursuant to the March 1, 2001 TWU contract, Plan changes were made only for employees on payroll (or on an approved leave of absence with reinstatement/recall rights) on and after March 1, 2001. This SPD reflects the Plan as amended for those changes. All employees who left the Company prior to March 1, 2001, will receive benefits under the Plan in effect at the time they left the Company.

TWU PLAN PROVISIONS FOR MEMBERS BEFORE APRIL 1, 1978

Employee Contributions

If you participated in the TWU Plan before April 1, 1978, you were required to make contributions to the Plan. If you did not withdraw these contributions, they continue to earn interest. The interest rate changes annually, and interest is credited at the end of each year.

Receiving Benefits

If you made employee contributions to the Plan, you are fully vested in your contributions.

If you continue working past age 65, the part of your benefit attributable to your contributions is actuarially increased for each month you are older than age 65 when benefits begin.

If you terminate employment or become Disabled, you may leave your contributions in the Plan or receive a lump sum payment of your contributions with interest. If you take a lump sum payment, your benefit is adjusted to reflect your withdrawal of your employee contributions.

Death Benefits

If You Are Single or Waived QPSA Coverage

If you have employee contributions in the Plan at your time of death, your Beneficiary may receive an immediate lump sum payment of your contributions with interest.

If You Are Married with QPSA Coverage and Not Eligible for Early Retirement

Your eligible spouse may elect to receive a deferred monthly benefit or an immediate lump sum payment of your contributions left in the Plan. See Page 23 for a description of the deferred benefit being paid as a QPSA.

If your eligible spouse elects to receive a lump sum payment of all your employee contributions plus interest, the interest is credited up to the time payment is made using the interest rate in effect at that time. Interest rates for employee contributions are subject to change each year.

If your spouse elects this lump sum payment, your spouse will receive no monthly benefit payment from this Plan.

If You Are Married and Eligible for Early Retirement

Your eligible spouse may elect to receive an immediate monthly benefit or lump sum payment of your contributions left in the Plan. See page 23 for a description of the deferred benefit being paid as a QPSA.

If your eligible spouse elects to receive a lump sum payment of all your employee contributions plus interest, the interest is credited up to the time payment is made using the interest rate in effect at that time. Interest rates for employee contributions are subject to change each year.

If your spouse elects this lump sum payment, your spouse will receive no monthly benefit payment from this Plan.

Taxes on Benefits

If you receive from the Plan a lump sum payment of your contributions and interest, the Trustee must withhold 20% of the taxable amount for federal income taxes. You may be able to avoid this withholding and defer paying taxes by rolling over the taxable portion of your benefit into an Individual Retirement Account or another employer's qualified retirement plan. Please consult a tax advisor for further information.

TWA AIRLINES, LLC PROVISIONS

On April 10, 2001, the Company acquired Trans World Airlines, Inc. (TWA). At that time, employees of TWA became employees of TWA Airlines, LLC (TWA LLC), an American Airlines subsidiary that did not offer coverage under the Plan. On January 1, 2002, TWA LLC employees began receiving pay and benefits from American Airlines and you became covered by the Plan if you were:

- In a job classification covered by the TWU contract, **and**
- You did not voluntarily terminate employment with TWA LLC before January 1, 2002.

There is a special exception if you are a TWA LLC employee who was Furloughed on or after April 10, 2001, and returned after January 1, 2002. If this is your situation, you will be covered by the Plan upon your return from Furlough.

Eligibility Service

Service earned with TWA and TWA LLC is considered Eligibility Service in the Plan. If you had at least one year of Eligibility Service on January 1, 2002, you became a Member of the Plan on that date. If you had less than one year of Eligibility Service on January 1, 2002, you became a Member of the Plan once you completed one year of Eligibility Service.

Vesting Service

Service earned with TWA and TWA LLC is considered Vesting Service in the Plan. Any service earned with TWA and TWA LLC prior to January 1, 2002 will be combined with Vesting Service earned after that date.

Credited Service

Your service with TWA and TWA LLC prior to becoming a Member of the Plan does not count towards Credited Service in the Plan. Only Credited Service earned after you became a Member of the Plan will be used to calculate your retirement benefit.

Retirement Eligibility Service

Any service you earned with TWA and TWA LLC after completing one year of Eligibility Service counts towards Retirement Eligibility Service under the Plan. Although this service will count towards Retirement Eligibility Service, it is not used in the formula to calculate the amount of your retirement benefit under the Plan.

Note: If you were a former TWA LLC employee who voluntarily terminated prior to January 1, 2002, and you were later hired by the Company, your prior service will not count for any purpose under the Plan. If you were a former TWA employee who left TWA prior to the acquisition on April 10, 2001, and you were later hired by the Company, your prior TWA service will not count for any purpose under the Plan.

RENO AIR PROVISIONS

On September 1, 1999, the Company acquired Reno Air. Former Reno Air employees became covered by the Plan if you were:

- Employed with Reno Air on August 31, 1999,
and
- Became an Eligible Employee with the Company on September 1, 1999.

Eligibility Service

Service earned with Reno Air is considered Eligibility Service in the Plan. If you had been employed by Reno Air for at least one year on September 1, 1999, you became a Member of the Plan on September 1, 1999, the date of the acquisition. If you had been employed by Reno Air for less than one year on September 1, 1999, you became a Member of the Plan once you completed one year of Eligibility Service.

Vesting Service

Service earned with Reno Air is considered Vesting Service in the Plan. Any service earned with Reno Air before September 1, 1999 will be combined with Vesting Service earned after that date.

Credited Service

Your service with Reno Air does not count towards Credited Service in the Plan. Only Credited Service earned after you became a Member of the Plan will be used to calculate your retirement benefit.

Retirement Eligibility Service

Any service you earned with Reno Air after completing one year of Eligibility Service counts towards Retirement Eligibility Service under the Plan. Although this service will count towards Retirement Eligibility Service, it is not used in the formula to calculate the amount of your retirement benefit under the Plan.

Note: If you are a former Reno Air employee who left Reno Air prior to August 31, 1999, and you were later hired by the Company, your prior Reno Air service will not count for any purpose under the Plan.

AIRCAL PROVISIONS

On July 1, 1987, the AirCal Pension Plan for members of the Air Transport Division of the Transport Workers Union, AFL-CIO, Local 505 was merged with the American Airlines TWU Plan. Accrued AirCal benefits were calculated at that time and frozen.

If you are a former AirCal employee, you are eligible for benefits under the Plan if you:

- Terminated service before July 1, 1987, with a deferred vested benefit, or
- Were in active service on July 1, 1987, and were a member of the AirCal Plan.

AirCal employees who retired before July 1, 1987, and began receiving benefit payments under the AirCal Pension Plan continue to receive their benefits under the terms of the AirCal Pension Plan.

Eligibility Service

Service earned with AirCal after one year counts toward Eligibility Service in the Plan.

Vesting Service

Service earned with AirCal before July 1, 1987, is considered Vesting Service in the Plan. Any service earned with AirCal before July 1, 1987, is combined with Vesting Service earned after the merger.

Credited Service

Your service earned with AirCal before July 1, 1987, does not count as Credited Service in the Plan. Only Credited Service earned after you become a Member in the Plan will be used to calculate your American Airlines retirement benefit.

Retirement Eligibility Service

Any service you earned with AirCal after completing one year of Eligibility Service counts towards Retirement Eligibility Service under the Plan. Although this service will count towards Retirement Eligibility Service, it is not used in the formula to calculate your American Airlines retirement benefit.

Break in Service

If you worked for AirCal on June 30, 1987, and had at least five years of Credited Service at that time, your required hours needed to avoid a Break in Service during a Plan Year are 499 regardless of your current job classification (see page 8 for information about Break in Service).

Retirement Benefits

Eligibility requirements for Early Retirement under the AirCal Pension Plan are different from the Plan. You may be eligible for benefits from one Plan and not the other.

You do not have to begin receiving benefits from both Plans at the same time. You can begin to receive each benefit as it becomes payable. However, you must terminate from the Company to receive any retirement benefit including the AirCal retirement benefit.

You are eligible for AirCal benefits when you reach age 55 and have at least 5 years of Retirement Eligibility Service, provided you terminate from the Company.

Calculating Benefits

The Plan calculates monthly AirCal benefits when a former AirCal employee retires or dies.

When the AirCal Pension Plan merged with the TWU Pension Plan, the Plan calculated and froze each employee's accrued monthly benefit payable at age 65.

If you are less than age 65 when benefits begin, your benefit will be reduced 0.5% for each month you are less than age 65.

Death Benefits

The eligibility requirements for death benefits and the type of death benefits you may receive are the same for the AirCal Pension Plan as for the TWU Pension Plan (see page 23 for a description of death benefits payable from the Plan). However, there is no charge for QPSA coverage for AirCal death benefits.

Benefit Payment Options

You may elect to receive any of the benefit payment options available under the TWU Pension Plan (see pages 17–20 for details about specific benefit payment options).

Note: If you are a former AirCal employee who left AirCal prior to July 1, 1987, and you were later hired by the Company, your prior AirCal service will not count for any purpose under the Plan.

ADMINISTRATIVE INFORMATION

Finality of Decisions

American Airlines has appointed a Pension Benefits Administration Committee (the PBAC) and given the PBAC the overall responsibility for administering the Plan. The primary responsibilities of the PBAC are to interpret the terms and provisions of the Plan.

The PBAC has the express authority to interpret any provision of this Plan and to determine, at its sole discretion, the meaning and application of any such provision as to each Member or Beneficiary under the Plan, in accordance with the facts and circumstances of each particular claim. Except for the right of a Member or Beneficiary to appeal the denial of a claim, any decision or action of the PBAC, within their scope of authority, shall be final and binding on all persons claiming a right to benefits under the Plan. No benefit shall be payable under the Plan, unless the PBAC determines in its sole discretion that such benefit is payable under the terms of the Plan.

Plan Amendments

The PBAC has the authority to make certain amendments to the employee benefit plans, and has the discretion to adopt such rules, forms, and procedures, it determines are necessary for the administration of employee benefit plans according to their terms, applicable law, regulation, collective bargaining agreements, or to further the objectives of the employee benefit plans. The PBAC may take action during a meeting if at least half the members are present or by a unanimous written decision taken without a meeting and filed with the Chairman of the PBAC.

Future of the Plan

American Airlines expects to continue the Plan indefinitely, but an unqualified commitment to continue the Plan without modification is not possible. Therefore, the Company reserves the right to change, amend, or discontinue the Plan at any time. No amendment can be made which would reduce the accrued benefit of any employee.

This Plan is designed for the benefit of Plan Members and their Beneficiaries. If the Plan were ever discontinued, every actively employed Member would immediately become 100% vested in his or her accrued benefit. Once all Members and Beneficiaries have received their Plan benefits, any surplus in the trust fund would be returned to the Company.

In the event this Plan was discontinued, your retirement benefit is protected by the Pension Benefit Guaranty Corporation (PBGC), an agency of the federal government formed to insure the payment of retirement plan benefits. Generally, the PBGC guarantees most vested Normal Retirement Age benefits, Early Retirement benefits, and certain Disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under covered plans. The amount of benefit protection is subject to certain limits.

Generally, the PBGC guarantees vested benefits at the level in effect on the date a plan ends. However, if a plan has been in effect for less than five years before it terminates, or if benefits increased within five years before termination, the PBGC may not guarantee the full amount of a plan's vested benefits. In addition, there is a maximum on the amount of monthly benefit that the PBGC guarantees. This amount is adjusted periodically. For more information on PBGC insurance protection, contact the PBGC:

Office of Communications
PBGC
1200 K Street N.W., Suite 930
Washington, DC 20005-4026
(202) 326-4000
Or you may visit the PBGC's website at www.pbgc.gov.

Maximum Retirement Benefit

As of January 1, 2008, an annual retirement benefit payable as a Single Life Annuity or Joint and Survivor Annuity cannot be more than \$185,000. This amount is determined by the Internal Revenue Service.

The \$185,000 limit is reduced for retirements before the Social Security retirement age and increased for retirements after the Social Security retirement age.

The maximum benefit from the Plan may be decreased if you participate in another qualified retirement plan. The retirement benefit may be reduced if your contributions and benefits from these plans exceed the legal limit.

If the Plan Becomes Top-Heavy

Tax laws require the Plan to include provisions that would take effect if it becomes "top heavy." A plan is considered top-heavy if 60% or more of the value of all plan benefits are payable to a small group of senior employees.

It is unlikely that the Plan will become top-heavy. A more detailed explanation of these provisions will be provided, if necessary.

ERISA Rights Provisions

As a Member in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Members shall be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description.
- Receive a summary of the Plan's annual financial report (SAR). The Plan Administrator is required by law to furnish each Member with a SAR.

- Obtain a statement telling you whether you have a right to receive a retirement benefit at Normal Retirement Age (age 65) and, if so, what the benefit amount would be at Normal Retirement Age if you were to stop working now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more often than once a year. This statement must be provided free of charge.

In addition to creating rights for Plan Members, ERISA imposes duties upon the people responsible for the Plan's operation. The people who supervise the Plan's operation, called "Fiduciaries," have a duty to do their jobs prudently and solely in the interest of you and other Plan Members and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may sue in Federal court. The court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials — unless the materials were not sent because of reasons beyond the Plan Administrator's control. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If you have a claim for benefits which is denied or ignored in whole or in part, and you disagree with the results of such claim, you must file an appeal of that denial in accordance with the Claims Procedures described in this Summary Plan Description. If your appeal is denied in accordance with the Claims Procedures herein and you disagree with the results of such appeal, you may file suit in a state or Federal court after you have exhausted the administrative remedies provided to you under the Plan. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court after you have exhausted the Plan's administrative appeals. If the Plan's Fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay those costs and fees. If you lose or if the court finds your claim frivolous, the court may order you to pay these costs and fees.

If you have any questions about the Plan, contact HR Services. If there are any questions about this section or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

CLAIMS PROCEDURES

Which Claims Procedure Applies

Claims for benefits under the Plan, including appeals of adverse determinations, are divided, as required by the U.S. Department of Labor, into two categories:

- Those claims and appeals that do not involve a Plan-based determination that you are Disabled, and
- Those claims and appeals that involve a Plan-based determination that you are Disabled.

A claim involves a determination of your Disability when the availability of a benefit is dependent on you being Disabled as determined by the Plan Administrator (or, in the case of an appeal of a finding that you are not Disabled by the Pension Benefit Administration Committee (“PBAC”)).

Claims for Benefits (Not Involving Disability Determinations)

A claim for retirement benefits (other than a claim that you are Disabled) under the Plan must be submitted to the Plan Administrator at the time and in the manner prescribed by the Plan Administrator. If the Plan Administrator determines that you are not entitled to receive all or part of the benefits you claim, a notice will be provided to you within a reasonable period of time, but no later than 90 days from the day your claim was received by the Plan Administrator. This notice (which will be provided to you in writing by mail or hand delivery, or through email) will describe:

- The Plan Administrator’s determination,
- The basis for the determination (along with appropriate references to pertinent Plan provisions on which the denial is based),
- A description of any additional material or information necessary to perfect the claim and an explanation of why such material is necessary, and
- The procedure you must follow to obtain a review of the determination, including a description of the appeals procedure and your right to bring a cause of action for benefits under section 502(a) of ERISA. This notice will also, if appropriate, explain how you may properly complete your claim and why the submission of additional information may be necessary.

In certain instances, the Plan Administrator may not be able to make a determination within 90 days from the day your claim for benefits was submitted. In such situations, the Plan Administrator, in its sole and absolute discretion, may extend the 90-day period for up to 180 days, as long as the Plan Administrator provides you with a written notice within the initial 90-day period that explains:

- The reason for the extension, and
- The date on which a decision is expected.

Appeals (Not Involving Disability Determinations)

If your claim for benefits is denied, either in whole or in part, you may appeal the Plan Administrator's denial by requesting a review of your claim by the PBAC (or its delegate). Your written request for an appeal must be received by the Plan Administrator within 90 days of the date you received your notice that the Plan Administrator denied your claim. As part of your appeal, you may submit written comments, documents, records and other information relating to your claim for benefits. You may also request reasonable access to, and copies of, all documents, records, and other information relevant to your claim. You will not be charged for this information. The PBAC's (or its delegate's) review of the Plan Administrator's adverse determination will take into account all comments, documents, records and other information you submitted, without regard to whether such information was submitted and considered in the Plan Administrator's initial determination of your claim.

If, after reviewing your appeal and any further information that you have submitted, the PBAC (or its delegate) denies your claim, either in whole or in part, a notice (which will be provided to you in writing by mail or hand delivery, or through email) will be provided to you within a reasonable period of time, but not later than 60 days from the day your request for a review was received by the Plan Administrator. In the event that an extension of time for processing is required, you will be provided a written notice of the extension not later than 60 days from the day your request for a review was received by the Plan Administrator. In such situations, the PBAC (or its delegate), in its sole and absolute discretion, may extend the 60-day period for up to 120 days, as long as the PBAC (or its delegate) provides you with a written notice within the initial 60-day period that explains:

- The reason for the extension, and
- The date on which a decision is expected.

The notice describing the PBAC's (or its delegate's) decision will describe:

- The specific reason or reasons for its decision, including any adverse determinations
- References to the specific Plan provisions on which the PBAC (or its delegate) based its determination
- Your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim
- A description of any voluntary appeals procedures, if any, and your right to obtain information about such procedures, and
- Your right to bring a cause of action for benefits under section 502(a) of ERISA.

Claims Involving Disability Determinations

If your claim for benefits under the Plan requires a determination by the Plan Administrator that you are Disabled, as defined under the terms of the Plan, you must submit your claim for a Disability retirement benefit to the Plan Administrator at the time and in the manner prescribed by the Plan Administrator.

If the Plan Administrator determines that you are not Disabled, the Plan Administrator will provide you a notice within a reasonable period of time, but no later than 45 days from the day your claim was received by the Plan Administrator. This notice will describe:

- A determination of whether you are Disabled,
- The basis for the Disability determination (along with appropriate references to pertinent Plan provisions on which the denial is based),
- A description of any additional material or information necessary to perfect your claim that you are Disabled and an explanation of why such material or information is necessary,
- The procedure you must follow to obtain a review of the Disability determination, including a description of the appeals procedure and your right to bring a cause of action for benefits under section 502(a) of ERISA,
- The specific rule, guideline, protocol or other similar criterion, if any, on which the Plan Administrator relied (or a statement that a copy of any such rule, guideline, protocol or other similar criterion, if any, will be provided free of charge upon request) in making the determination of your Disability status under the Plan, and
- An explanation of the medical judgment for the determination, applying the terms of the Plan to your circumstances (or a statement that such information will be provided free of charge upon request).

In certain instances, the Plan Administrator may not be able to make a determination within 45 days from the day you submit your claim that you are Disabled under the terms of the Plan. In such situations, the Plan Administrator, in its sole discretion, may extend the 45-day period for up to 30 days as long as the Plan Administrator, in its sole and absolute discretion, determines that the extension is needed because of matters beyond the Plan's control and provides you with a written notice within the initial 45-day period that explains:

- The reason for the extension,
- The date on which a decision is expected,
- The standard on which the Disability determination is based,
- The unresolved issues preventing a decision, and
- The information needed to make a Disability determination.

If, before the end of the first 30-day extension period, the Plan Administrator, in its sole and absolute discretion, determines that a Disability determination cannot be made due to matters beyond the control of the Plan, the Plan Administrator, in its sole and absolute discretion, may extend the initial 30-day extension for up to 30 additional days, as long as the Plan Administrator provides you with a written notice within the 30-day extension period that explains:

- The reason for the extension,
- The date on which a decision is expected,
- The standard on which the Disability determination is based,
- The unresolved issues preventing a decision, and
- The information needed to make a Disability determination.

If the time needed by the Plan Administrator to determine whether you are Disabled is extended because of your failure to submit information necessary to make the Disability determination, the period during which the Plan Administrator has to decide the claim will be suspended on the date on which the Plan Administrator sends the notification to you until you properly respond. You will have 45 days in which to respond. If you fail to respond within the 45-day period, the Plan Administrator will make the determination based upon the information then available and within the remaining time left in which to make a Disability determination.

Appeals Involving Disability Determinations

If your claim for a Disability retirement benefit is denied, you may appeal the Plan Administrator's denial by requesting a review of your claim by the PBAC (or its delegate). Your written request for an appeal must be received by the Plan Administrator within 180 days of the date you received your notification of the Plan Administrator's denial.

As part of your appeal, you may submit written comments, documents, records and other information relating to your claim that you are Disabled. You may also request reasonable access to, and copies of, all documents, records, and other information relevant to your claim. You will not be charged for this information.

The PBAC's (or its delegate's) review of the Plan Administrator's adverse determination will take into account all comments, documents, records and other information you submitted, without regard to whether such information was submitted and considered in the Plan Administrator's initial determination of your Disability status.

The PBAC's (or its delegate's) review will not afford any deference to the Plan Administrator's Disability determination and, to the extent that the determination of whether you are Disabled involves medical judgment, the PBAC (or its delegate) will consult with a health care professional (one who was not involved in the initial Disability determination or the subordinate of a medical professional involved in the initial Disability determination) with the appropriate training and experience. You may request from the Plan Administrator the identity of any medical or vocational experts whose advice was received in connection with your Disability determination.

If, after reviewing your appeal and any additional information that you have submitted, the PBAC (or its delegate) denies your claim that you are Disabled, a notice will be provided to you within a reasonable period of time, but not later than 45 days from the day your request for a review was received by the Plan Administrator.

In certain instances, the PBAC (or its delegate) may not be able to make a determination within 45 days after the day your request for a review was received. In such situations, the PBAC (or its delegate) in its sole and absolute discretion, may extend the 45-day period for up to 45 additional days, as long as the PBAC (or its delegate) provides you with a written notice within the initial 45-day period that explains:

- The reason for the extension, and
- The date on which a decision is expected.

The notice describing the PBAC's (or its delegate's) decision of your Disability status will describe:

- The specific reason or reasons for its decision, including any adverse determinations,
- References to the specific Plan provisions on which the PBAC (or its delegate) based its determination,
- Your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim,
- A description of any voluntary appeals procedures, if any, and your right to obtain information about such procedures,
- Your right to bring a cause of action for benefits under section 502(a) of ERISA,
- The specific rule, guideline, protocol or other similar criterion, if any, on which the PBAC (or its delegate) relied (or a statement that a copy of any such rule, guideline, protocol or other similar criterion, if any, will be provided free of charge upon request) if you were determined by the PBAC (or its delegate) to not be disabled,
- If the determination is based upon medical judgment, an explanation of the medical judgment for the determination, applying the terms of the Plan to your circumstances (or a statement that such information will be provided free of charge upon request), and
- The following statement: You and your Plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact your local U.S. Department of Labor Office or your State insurance regulatory agency.

QUALIFIED DOMESTIC RELATIONS ORDER

Your Plan benefit is intended for you and/or a Beneficiary, and it may not be assigned, attached, or seized by creditors, except in the case of a federal tax levy or a Qualified Domestic Relations Order (QDRO).

A QDRO is a legal judgment, decree, or order that recognizes a child's or other dependent's support, alimony, or marital property rights.

If you become legally separated or divorced, some or all of your benefit under the Plan may be assigned to an alternate payee to satisfy a legal obligation you may have to a spouse, former spouse, child, or other dependent.

The order must meet specific requirements to be recognized by the Plan Administrator. Also, the order must meet certain guidelines regarding the amount and timing of payments. You may request a copy, without charge, of the procedures for the qualification of domestic relations orders by contacting the Plan Administrator.

If the Plan Administrator determines that a domestic relations order is qualified or unqualified within 18 months after the order is received, the Plan Administrator will notify you and any affected person of the determination, in writing. If the Plan Administrator cannot determine whether a domestic relations order is qualified within 18 months, the order is considered unqualified.

If a domestic relations order is judged qualified after the 18-month period, the Plan cannot enforce the order retroactively. Any payments begin at the date the order was determined to be qualified.

It is important that you, your attorney, or the court immediately provide HR Services with any domestic relations court order that assigns any part of your benefit to an alternate payee.

If the Plan is prevented from honoring a court order because you fail to provide the Company with a copy of the order and any other information requested by the Company, you must resolve any resulting problems with the court.

In certain instances, payment of court-ordered benefits may begin while you are still working. The amount of any payments will be based on the benefit you have already earned on the date they are to begin. These payments will reduce your future benefit payments.

GENERAL PLAN INFORMATION

Plan Identification

The official name of the Plan is the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO.

Plan Sponsor

American Airlines, Inc.

Type of Plan

Defined Benefit Pension Plan

Employer Identification Number

13-1502798

IRS Plan Number

006

Plan Administrator

The Plan Administrator is American Airlines, Inc. The address is:

American Airlines, Inc.
P.O. Box 619616
MD 5146
DFW Airport, Texas 75261-9616
Phone: 800-447-2000

Agent for Service of Legal Process

The agent for service of legal process is the Plan Administrator. Legal notices regarding the Plan may also be served upon the trustee at the address shown below.

Plan Trust Fund and Trustees

All funds necessary to provide Plan benefits are held in the Plan's trust fund and are invested by the trustees. American Airlines appoints the trustees for the Plan. Currently, the Plan's trustee is:

State Street Bank & Trust
Institutional Investor/Master Trust Services
One Enterprise Drive
Quincy, Massachusetts 02171

Plan Year

The Plan Year is January 1 to December 31.

Name and Address of Labor Organization Whose Members are Covered by the Plan

Transport Workers Union, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

GLOSSARY

Annuity

A series of periodic payments, usually level in amount or adjusted according to an index, that typically continues for the lifetime of the recipient or the Beneficiary.

Beneficiary

The person you designate to receive benefits from the Plan when you die.

Break in Service

A Plan year in which you do not complete more than the necessary Hours of Service for your job classification and are on Furlough or terminated at the end of that Plan year. If you are not vested, and your consecutive number of Breaks in Service equals or exceeds five, all previous years of service are forfeited.

Company

American Airlines, Inc.

Compensation

The pay used to determine the amount of your retirement benefit. See page 9 for a list of pay considered as pensionable Compensation.

Credited Service

The time period used to determine the amount of your retirement benefit.

Deferred Benefit

A benefit that is payable at a later date by the request of the employee or Beneficiary, or by the terms of the Plan.

Disability (Permanent and Total Disability or Permanently and Totally Disabled)

A permanent and total Disability is an illness or injury verified by a qualified medical authority, under the terms of the Employee Term Life Insurance Plan, which provides that you are not engaged in any gainful occupation because of illness, injury or both; you are completely unable to engage in any occupation for which you are reasonably fit; and your disability is such that your inability to work will probably continue for the rest of your life. For purposes of this Plan, Disability excludes certain illnesses or injuries as explained further on page 21.

Early Retirement

When you retire before reaching age 65. See page 16 for the requirements to retire early.

Eligibility Service

The service used to determine when you become a Plan Member.

Eligible Employee

Any employee who is employed in a job classification that is covered by the TWU contract and at a location for which the Company has made coverage under the Plan available.

ERISA

Employee Retirement Income Security Act of 1974, as amended. This is the basic law designed to protect the rights of beneficiaries of employee benefit plans offered by employers. ERISA imposes various qualification standards and Fiduciary responsibilities on both welfare benefit and retirement plans, and provides enforcement procedures.

Fiduciary

Any person who exercises discretionary authority or control over the management or disposition of Plan assets or who gives investment advice to the Plan for a fee or other compensation.

Final Average Compensation

The average annual pensionable Compensation during the highest paid 48 consecutive months (4 years) of earnings during the last 120 consecutive months (10 years) of earnings in the Plan.

Furlough

The removal of an employee from active duty due to a reduction in workforce, or the period of time an employee is not on active duty due to a reduction in workforce.

Guaranteed Period Annuity

A monthly benefit payable for your lifetime with a number of payments (120, 180, or 240 months) guaranteed. Following your death, the Plan will pay your Beneficiary the remaining balance of the guaranteed number of payments, if any.

Hours of Service

Each hour for which you are paid or are entitled to be paid.

HR Services

The Company department responsible for the day-to-day operations of the Plan.

P.O. Box 619616

Mail Drop 5146

DFW Airport, TX 75261-9616

Phone: 800-447-2000

Employees who have access to Jetnet may also inquire online by utilizing the “Live Chat” feature.

Joint and Survivor Annuity

A monthly benefit payable for your lifetime. After your death, it pays a monthly benefit to your joint annuitant, in an amount equal to a percentage (50%, 66^{2/3}%, 75% or 100%) of your benefit.

Late Retirement

When you continue to work for the Company after age 65 and later retire.

Level Income Option

A monthly benefit designed to provide you as level an income as possible during retirement by taking into account Social Security benefits. It provides an increased monthly benefit to age 62 or the age at which you would collect full Social Security benefits, and decreases after the specified age. This benefit payment option must be combined with a Single Life Annuity, a Joint and Survivor Annuity, or a Guaranteed Period Annuity.

Member

Any Eligible Employee who has satisfied the eligibility requirements for participation and not had his or her membership terminated under the Plan.

Military Leave

A period of absence from the Company due to an obligation to serve in the uniformed services of the United States. To receive credit under the Plan for Military Leave, you must satisfy all federal requirements including those contained in the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), legislation passed to protect your benefits while on Military Leave.

Normal Form of Benefit

For single employees, a Single Life Annuity. For married employees, a Qualified Joint and Survivor Annuity (50%).

Normal Retirement Age

Age 65.

Normal Retirement Date

The first day of the month on or after the day you reach age 65.

Overage Leave

A leave of absence granted by the Company in order to lessen the number of employees that would otherwise be placed on Furlough due to a reduction in force.

PBGC

Pension Benefit Guaranty Corporation. A nonprofit corporation, functioning under the jurisdiction of the Department of Labor that is responsible for insuring retirement benefits.

Plan

Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO.

Plan Administrator

American Airlines, Inc.

Plan Year

January 1 to December 31.

Qualified Domestic Relations Order (QDRO)

A court order issued under state domestic relations law that relates to the payment of child support, alimony, or marital property rights. A QDRO creates or recognizes an alternate payee's right, or assigns to an alternate payee the right, to receive Plan benefits payable to a Member. The alternate payee may be your spouse, former spouse, or dependent.

Qualified Joint and Survivor Annuity

A monthly benefit for your lifetime, with payments continuing to your surviving spouse equal to 50% of your benefit.

Qualified Plan

A plan that meets the requirements of the Internal Revenue Code, generally Section 401(a). The advantage of qualification is that the plan is eligible for special tax considerations.

Qualified Pre-Retirement Survivor Annuity (QPSA)

A monthly benefit paid to your eligible spouse if you die before you receive your retirement benefit.

Retirement Eligibility Service

The time period used to determine when you can receive your retirement benefit.

Single Life Annuity

A monthly benefit payable from your retirement date until your death. It is the Normal Form of Benefit for an unmarried employee and provides the largest monthly benefit payable.

Trustee

The persons or entities appointed by the Board of Directors to act in the Fiduciary capacity of trustee under the Trust Agreement and hold a portion of the assets of the Plan.

Union

Transport Workers Union of American, AFL-CIO.

Union Leave

A leave of absence for labor representation as a full-time officer or official of the Union approved by an authorized official of the TWU and the Vice President of Employee Relations in accordance with the provisions and practices under the TWU agreement.

Vesting Service

Service used to determine whether you have an irrevocable right to receive a benefit from the Plan.