AmericanAirlines®

April 27, 2012

Dear Colleague,

Annual Funding Notice

The Pension Protection Act (PPA) requires organizations that offer defined benefit plans to provide important pension details on an annual basis. The goal is to ensure employees are aware of the assets and overall financial status of their plans. You can read the specifics for the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO (the “TWU Plan”) in the enclosed document, but I am glad to have this opportunity to also share some of the details with you directly. Please know that the distribution of this Annual Funding Notice has been a legal requirement since 2008, and it is unrelated to the Company’s Chapter 11 filing last November.

There is no question that the past few years have been very challenging. However, since the beginning of 2002, we have contributed nearly $3.0 billion to our defined benefit plans, including more than $500 million in 2011. We have also continued to match employee contributions for those TWU employees who are not in the defined benefit plan and participate in the $uper $aver Plus program.

The funded percentages noted on the attached document were calculated using the PPA’s airline pension relief provisions granted to us by the government. In 2007, provisions were enacted to provide equitable pension funding treatment to airlines like AA that had not frozen or terminated their defined benefit plans. In keeping with the long-term nature of pension plans, the PPA allows us to evaluate the funding status of plans by looking at long-term expected investment returns as opposed to more volatile short-term market changes. As of January 1, 2011, the TWU Plan’s funded status was at 81.09%.

Due to the Company’s Chapter 11 filing, certain benefit restrictions were required. These benefit restrictions were described in the letter you received back in December. You may also locate additional information about our pension plans on the Restructuring Resource Center on Jetnet.

This year, you are also receiving an additional notice regarding the Company’s election to change our 2011 funding method as provided under the Preservation of Access to Care for Medicare Beneficiaries and Pension Reform Act passed in June, 2010. It also requires Plan participants to be notified of AA's election under this Act.

P. O. BOX 619616, DALLAS/FORT WORTH AIRPORT, TEXAS 75261-9616

While the Company has announced its intention to make changes to its pension plans, we remain committed to providing all employees with a retirement plan going forward. As we work through the restructuring process, our objective is to return our Company to sustained profitability. If the past is any indication, I'm confident that by focusing our collective attention on restoring the financial health of our Company, we can continue to provide for our employees' retirement.

Sincerely,

Jeff Brundage
Senior Vice President, Human Resources

Enclosures

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

Introduction

This notice is for the plan year beginning January 1, 2011 and ending December 31, 2011 ("Plan Year"). This notice includes important information about the funding status of The Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO (the "Plan"), including funding levels, asset values, number of participants, and investment policy. This notice also provides a summary of federal rules governing the termination of single-employer defined benefit pension plans and of benefit payments guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"), a federal insurance agency. All traditional pension plans (called "defined benefit pension plans") must provide this notice each year regardless of their funding status. This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way.

How Well Is Your Plan Funded

The funding target attainment percentage of a plan is a measure of how well the plan is funded on a particular date. Under federal law, the plan must report how well it is funded by using a measure called the "funding target attainment percentage." This percentage is obtained by dividing the Plan's Net Plan Assets by Plan Liabilities on the Valuation Date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funding target attainment percentage for the Plan Year and each of the two preceding Plan Years is shown in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	2011	2010	2009
1. Valuation Date	January 1, 2011	January 1, 2010	January 1, 2009
2. Plan Assets			
a. Total Actuarial Value of Plan Assets	$2,457,744,011	$2,482,076,492	$2,393,145,975
b. Funding Standard Carryover Balance	$0	$0	$38,338,954
c. Prefunding Balance	0	0	0
d. Net Plan Assets (a) – (b) – (c) = (d)	$2,457,744,011	$2,482,076,492	$2,354,807,021
3. Plan Liabilities*	$3,030,734,402	$2,905,664,177	$2,768,037,420
4. Funding Target Attainment Percentage (2d)/(3)	81.09%	85.42%	85.07%

*Interest rate used to determine plan liabilities is 8.25% based on the Company's election under federal airline relief

Plan Assets and Credit Balances

Total Plan Assets is the value of the Plan's assets on the Valuation Date (see line 2 in the chart above). Credit balances were subtracted from Total Plan Assets to determine Net Plan Assets (line 2 d) used in the calculation of the Funding Target Attainment Percentage shown in the chart above. While pension plans are permitted to maintain credit balances, also called "funding standard carryover balances" or "prefunding balances" (see 2 b & c in the chart above) for funding purposes, these balances may not be taken into account when calculating a plan's funding target attainment percentage. A plan might have a credit balance, for example, if in a prior year an employer made contributions to the plan above the minimum level required by law. Generally, the excess contributions are counted as "credits" and may be applied in future years toward the minimum level of contributions a plan sponsor is required to make by law.

Plan Liabilities

Plan Liabilities shown in line 3 of the chart above are the liabilities used to determine the Plan's Funding Target Attainment Percentage. This figure is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the Plan. The interest rate used to determine Plan liabilities is 8.25% based on the company's election under federal airline relief.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year and are actuarial values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. The asset values below are market values and are measured as of the last day of the Plan Year. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2011, the fair market value of the Plan's assets was estimated at $2,709,000,000. On this same date, the Plan's liabilities were estimated at $4,781,000,000. For this purpose, liabilities were calculated based on a discount rate of approximately 4.78% as mandated by ERISA. This liability calculation is not the same methodology provided by PPA airline relief rules which is the basis for the funded status calculated on page one of this notice.

Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 44,180. Of this number, 25,476 were active participants, 13,287 were retired or separated from service and receiving benefits, and 5,417 were retired or separated from service and entitled to future benefits.

<u>Funding & Investment Policies</u>

The law requires that every pension plan have a procedure for establishing a funding policy to carry out plan objectives. A funding policy relates to the level of assets needed to pay for promised benefits. The funding policy of the Plan is to contribute at least the minimum amount required under ERISA.

Once money is contributed to the Plan, the money is invested by plan officials, called "fiduciaries". Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning investment management decisions. All of the assets in the Plan are invested in a master trust. The investment policy of the Plan and master trust is a target allocation of 35 percent longer duration corporate and U.S. government/agency bonds, 28 percent U.S. value stocks, 19 percent developed international stocks, 7 percent emerging markets stocks and bonds, and 11 percent alternative (private) investments.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the following categories of investments as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	**Percentage**
1. Cash (interest bearing and non-interest bearing)	
2. U.S. Government securities	
3. Corporate debt instruments (other than employer securities):	
Preferred	
All other	
4. Corporate stocks (other than employer securities):	
Preferred	
Common	
5. Partnership/joint venture interests	
6. Real estate (other than employer real property)	
7. Loans (other than to participants)	
8. Participant loans	
9. Value of interest in common/collective trusts	
10. Value of interest in pooled separate accounts	
11. Value of interest in master trust investment accounts	100%
12. Value of interest in 103-12 investment entities	
13. Value of interest in registered investment companies (e.g., mutual funds)	
14. Value of funds held in insurance co. general account (unallocated contracts)	
15. Employer-related investments:	
Employer Securities	
Employer real property	
16. Buildings and other property used in plan operation	
17. Other	

For information about the Plan's investment in any of the following types of investments as described in the chart above – common/collective trusts, pooled separate accounts, master trust investment accounts, or 103-12 investment entities – contact American Airlines, Inc., HR Services at 800-447-2000, P.O. Box 9741, Providence, RI 02940-9741.

Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202-693-8673. For 2009 and subsequent plan years, you may obtain an electronic copy of the Plan's annual report by going to www.efast.dol.gov and using the Form 5500 search function. You may also obtain a copy of the Plan's annual report by making a written request to the Plan Administrator at American Airlines, Inc., HR Services at 800-447-2000, P.O. Box 9741, Providence, RI 02940-9741. Individual information, such as the amount of your accrued benefit under the Plan, is not contained in the annual report. If you are seeking information regarding your benefits under the Plan, contact the Plan Administrator identified below under "Where To Get More Information."

Summary of Rules Governing Termination of Single-Employer Plans

Employers can end a pension plan through a process called "plan termination". If a plan is terminated, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end the plan in a "standard termination" but only after showing the PBGC that the plan has enough money to pay all benefits owed to participants. The plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life or for a set period of time when you retire) or, if your plan allows, issue one lump-sum payment that covers your entire benefit. Your Plan Administrator must give you advance notice that identifies the insurance company (or companies) that your employer may select to provide the annuity. The PBGC's guarantee ends when your employer purchases your annuity or gives you the lump-sum payment.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The PBGC pays pension benefits up to certain maximum limits. The maximum guaranteed benefit is $4,563.41 per month, or $55,840.92 per year, payable in the form of a straight life annuity, for a 65-year old person in a plan that terminates in 2012. The maximum benefit may be reduced for an individual who is younger than 65. The maximum benefit also will be reduced when a benefit is provided to a survivor of a plan participant.

The amount of benefits that PBGC guarantees generally is determined as of the plan termination date. However, if a plan terminates while the plan sponsor is in creditor protection, then the maximum amount guaranteed is determined as of the date the plan sponsor entered creditor protection. If the Plan were terminated during the current Chapter 11, the 2011 PBGC maximum guarantees would apply. The 2011 PBGC maximum benefits guaranteed at various ages are shown below.

Pension Commencement Age	2011 PBGC Annual Maximum	2011 PBGC Monthly Maximum
65	$54,000	$4,500
60	$35,100	$2,925
55	$24,300	$2,025

The PBGC guarantees "basic benefits" earned before a plan is terminated, which includes:

- pension benefits at normal retirement age;
- most early retirement benefits;
- annuity benefits for survivors of plan participants; and
- disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered creditor protection, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding $5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

Where to Get More Information

For more information about this notice, you may contact American Airlines, Inc., HR Services at 800-447-2000, P.O. Box 9741, Providence, RI 02940-9741. For identification purposes, the official Plan number is 006 and the Plan Sponsor's employer identification number or "EIN" is 13-1502798. For more information about the PBGC go to PBGC's website, www.pbgc.gov, or call PBGC toll-free at 1-800-400-7242 (TTY/TDD users may call the Federal Relay Service toll free at 1-800-877-8339 and ask to be connected to 1-800-400-7242).

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

As the Plan Sponsor, the Company has made an election permitted under Federal law to delay funding for the Plan. The election applies to the Plan Year beginning on January 1, 2011 and ending on December 31, 2011.

Without the election, Federal law generally requires that any increase in the amount by which the plan is underfunded for a plan year be paid off over a period of seven (7) years. However, the election allows the amount by which the Plan is underfunded for the 2011 Plan Year to be paid off in smaller annual payments over fifteen (15) years.

For more information about this notice, you may contact American Airlines, Inc., HR Services at 800-447-2000, P.O. Box 9741, Providence, RI 02940-9741. For identification purposes, the official Plan number is 006 and the Plan Sponsor's employer identification number or "EIN" is 13-1502798.

Enclosed with this letter, you will find an Annual Funding Notice for the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO (the "Plan") for the Plan Year beginning January 1, 2011.

Why are you receiving this notice?
This notice provides important information about your benefits under the Plan. American Airlines is sending you this information to comply with the Pension Protection Act of 2006 (PPA). The PPA requires that all employers who sponsor "defined benefit" pension plans that are guaranteed by the Pension Benefit Guaranty Corporation (PBGC), such as the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO, provide this notice to all Plan participants beginning with the 2008 Plan Year. You received the notices for the 2008, 2009 and 2010 Plan Years in April 2009, 2010 and 2011, respectively.

Since 2008, distribution of this notice is an annual legal requirement and it is unrelated to the Chapter 11 filing last November.

What is the funded status of the Plan?
As you review the enclosed notice you will see the Plan's funding target was at 81.09% for 2011.

Why is there a difference in the funded status presented in this notice compared to other financial numbers released by the company?
You may have read some reports that mentioned pension plan funding levels near 56 percent. Those figures are derived from accounting calculations that the company is required to use in its financial reports using Generally Accepted Accounting Procedures (GAAP). GAAP related percentages do not have an influence on funding level rules under the PPA. Also, previous funding levels represent the combined funded status of all AMR pension plans. This notice pertains to the funded status of a singular plan.

What do I need to do?
You do not need to take any action as a result of receiving this notice. It has been sent to you for informational purposes in compliance with federal law.

Where do I find more information about my retirement benefits?
If you have questions or want to learn more about the Retirement Benefit Plan of American Airlines, Inc. for Employees Represented by the Transport Workers Union of America, AFL-CIO, or other retirement benefits available to you through American Airlines, visit the **Benefits** page or **Restructuring Resource Center** page on Jetnet (**www.Jetnet.AA.com** and select Benefits or select the Restructuring Resource Center link located on the home page).

For information about the PBGC, log on to **http://www.pbgc.gov** or call the PBGC toll-free at 800-400-7242 (TTY/TDD users may call the Federal Relay Service toll free at 800-877-8339 and ask to be connected to 800-400-7242).