TWU SETTLEMENT PROPOSALS
QUESTIONS & ANSWERS – May 8, 2012

The company is responding to these questions based on its interpretation of the various plans, however, nothing in this document modifies the actual plan documents and in the event of a conflict, the plan documents will supersede this Q&A.

1. If I am currently on LOA and meet all requirements of "Stand-in-Stead," am I eligible?
   A. We are not offering a “Stand-in-Stead.” However, employees on an approved leave of absence who meet the requirements are eligible for the Early-Out. (Please see the Early-Out Q&A document for more details.)

2. If I am laid off mid-year and elect Cobra Benefits Coverage, do the copays, deductibles and max out of pocket start over?
   A. No, the deductibles used before are continued under the Cobra coverage, because it is the same plan. Only the amount you pay for the medical coverage and method of payment are changed.

3. How long will prefunding monies (employee contributions) take to be refunded to our members?
   A. The plan is to refund within about 120 days, following date of signing. Employee prefunding contributions will not be refunded prior to the effective date of the changes to retiree medical.

4. Will the 1114 process affect the refund of the employee portion of prefunding monies?
   A. It should not, unless it delays implementation of the changes to retiree medical for currently active employees.

5. Will I still be eligible to retire at 55 years old and get my flight, medical benefits and get pension now or at a later date?
   A. If you met the eligibility requirements, you will be eligible to retire with retiree travel. Your retiree medical benefits will depend on the date of your retirement. If you meet the eligibility requirements for receiving a pension from the defined benefit plan, you may elect when to begin receiving those benefits.

6. If I didn't prefund, am I still eligible for the retiree medical when I retire (post-funding)?
   A. That depends on your retirement date. If you retire under the existing retiree medical plan, the answer is no. If you didn’t prefund, you are not eligible to participate. If you retire after the changes have been implemented, and you are paying the full cost, yes, you would be eligible even if you had not been prefunding.

7. I have never utilized the Article 34.1 process. Is this new, or revised, or do we have an understanding or intent of the process?
   A. This has been in the agreement since 1978 and is not new. There is no proposed change to this process, which concerns contested IOD pay.

8. How does the HRA work with the Standard Medical Plan?
   A. The Health Reimbursement Account (HRA) under the Standard option is a funding method to help offset your medical deductible or prescription drug coinsurance expense. The company is contributing $500 for employee/$500 spouse or domestic partner to your initial HRA if you enroll in the Standard medical option in 2012. You

may increase this account through participation in the Healthmatters wellness program in 2013. The unused dollars in the HRA will rollover each year provided you remain in the Standard medical option. Should you enroll in another medical option, you would lose any unspent dollars in the HRA.

9. How does the family deductibles and out-of-pocket max work?
    A. For the Standard medical option, the deductible is a per-person deductible up to the maximum family deductible. In the Standard option, costs are shared between the employee and company (also known as co-insurance) up until the maximum limit is reached. Out-of-pocket expenses are also a per-person, out-of-pocket limit up to the maximum family out-of-pocket limit. Deductibles in the Standard medical option are not included in out-of-pocket expenses.

10. What is the Core plan design?
    A. The Core plan design features are available on Jetnet in the Restructuring Resource Center. Unlike the Standard medical option mentioned in Question #9, the Core medical option requires that the family deductible is met before coinsurance cost is shared between the employee and the company. Deductibles in the Core medical option are included in the out-of-pocket limits.

11. Will the 21% cost for the plan be calculated every year?
    A. Yes, based on projected plan expenses for the coming year.

12. Will we continue to have the ability to discuss changes to the contractual healthcare plan?
    A. Yes, we will continue to meet with the TWU to discuss the contractual plan and any anticipated changes.

13. What will happen to current retirees' medical coverage for those prefunding and post-funding?
    A. That will be determined by the 1114 court process. We don't know at this time.

14. What will happen to current retirees over age 65 that have spouse's under the age of 65?
    A. Under our proposal the retiree over age 65 would be eligible for Medicare supplemental coverage and the spouse would be eligible to continue paying the full cost of coverage under the pre-65 retiree medical plan until the spouse reaches age 65.

15. For retiree medical what happens for our members who have younger spouses? I understand guaranteed access at the below rates (for 2012) until the employee reaches age 65 and becomes medicare eligible. Does the spouse continue to receive guaranteed coverage at 100% of the projected annual costs? What coverage exists if an employee passes away?
    A. Yes, under our proposal the spouse will be eligible to continue pre-65 retiree medical coverage paying the full premiums for the retiree medical coverage. This coverage will continue for the spouse until they turn age 65 and become Medicare eligible.
    If the employee passes away, the spouse will continue with the same eligibility above as a surviving spouse provided the spouse does not remarry, reaches age 65, fails to make payment, or reaches the medical maximum benefit allowed under the plan.

16. Will retirees be eligible for Supplemental Medical if they post-fund medical?
    A. Yes, if they are enrolled in an underlying AA medical plan, and as long as the company maintains the Supplemental medical plan. (The company has previously announced intentions to end the Supplemental Medical Plan on December 31, 2013 due to the changes in the PPACA.)

17. If an employee is not yet vested in retirement, will they continue to get credit and receive retirement benefits when they retire?
    A. If a TWU employee has a non-vested benefit (less than five years) in the TWU Plan as of the date of the freeze, the employee will continue to earn Vesting and Retirement Eligibility Service as long as they continue to work at AA.

       In the event that a TWU employee is furloughed, he or she will not receive Vesting or Retirement Eligibility Service while on Furlough. The employee will not earn any Hours of Service during the furlough period because they are not being directly or indirectly paid for hours worked.

       Therefore, if an employee is furloughed and has a non-vested benefit in the TWU Plan, he or she would not have a pension benefit due to them. However, if the employee is recalled prior to the expiration of their recall rights, they will begin to accrue Vesting and Retirement Eligibility Service again and would be fully vested once they attain five years Vesting Service in the TWU Plan. These are the same TWU Plan rules that are in place today and a Plan freeze would not change how these rules are applied.

18. When the contract is modified, how will I be paid for my 2013 vacation? Part of this year I will be paid at one rate and part of the year I will be paid at another rate.
    A. The only change made for vacation accrual is for employees with 30 or more years of service. The change made will now cap the vacation for employees with 25 years or more of service at 25 days per year. Therefore, the maximum allowed vacation for 2013 is 25 days.

19. If I retire/separate will I be paid out for 5 weeks of vacation or six weeks for vacation earned in 2012?
    A. You will be paid out the amount of vacation you accrued in 2012 up until the time of your retirement. The maximum potential payout will be 25 days.

20. If I separate, will my earned vacation for 2013 be paid out at current rates or the modified rate of pay coming?
    A. The rate of pay for vacation payout will be the hourly rate the employee was earning at the time of separation.

21. If I have retiree medical, and I take a job with a company that offers retiree medical, can I opt out of AA's retiree medical? Assuming the trust isn't dissolved.
    A. Yes, you can opt out of retiree medical at any time.

22. Will the new active medical plan be implemented this year or in January of next year?
    A. We are planning to do a special open enrollment and make the plan changes later this year.

23. Will the reduced week of vacation be implemented this year or next?
    A. Vacation bid and awarded use this year was actually earned in 2011. So, the 2012 accruals will reflect the reduced accrual and when bidding vacation for 2013, the employee will be limited to a maximum of 25 days.

24. How is it possible to receive a 401(k) match when you have reached the personal maximum contribution level?
    A. There are two limits set by the IRS, the elective deferral (402g) limits the amount an employee can contribute on a pre-tax and Roth basis (for 2012 that limit is $17,000) and the annual defined contribution limit (415) limits the total amount that can be contributed to the 401(k) plan (for 2012 that limit is $50,000). The 415 limit includes the elective deferral limit, employee after-tax contributions, and employer company match contributions. Example: and employee earning $80,000 contributes 100% until they reach the $17,000 would receive a company match of $4,400 ($80,000 x 5.5% = $4,400) so total contributions to the 401(k) would be $21,400 which is under the $50,000 allowed by regulations. In the event an employee is also making after-tax contributions to the 401(k) and has maxed out the $50,000 we would refund from their after-tax contribution account within the 401(k) the amount that would allow us to make the company contribution.

25. Can assumed returned prefunding dollars be rolled over to a HSA account, pending the resolution of the 1114 process?
    A. American will not be able to rollover prefunding money into a Health Savings Account. An employee must be enrolled in a high deductible health plan to be eligible for a Health Savings Account; our high deductible health plan option is the Core option. If an employee enrolls in the Core option, the employee may make post-tax contributions to the Health Savings Account up to the IRS maximum allowable amount for employee only coverage (or employee plus family if dependents are enrolled). An employee that is age 55 or older enrolled in a high deductible health option is also eligible for catch up contributions. Employees should contact their tax advisor for more information. 2012 Health Savings Account maximum is $3,100 for employee only enrollment, $6,250 for employee with family enrollment. The catch up contribution for age 55 and older is $1,000.