

American Airlines

Denise Lynn
Senior Vice President
People

September 12, 2012

Dear Colleague:

This month marks another milestone in restructuring as we move forward with changes for all of American's people. With Court approval of our agreements with the APFA and TWU now in place and permission to move forward with changes for pilots that are necessary for our restructuring, we will soon begin to implement universal changes to active medical, retiree medical and retirement benefit plans for everyone. Since these benefits are very important to you and your family, I wanted to make sure you received this information at home so you know what to expect over the next few months.

Among the key dates you should know:

- **Retirement Benefits:** On November 1, the Defined Benefit pension plans and the pilot B Plan will be frozen; within the next few days, plan participants will receive a letter giving official notice of the plan freeze in accordance with federal regulations. Remember, you retain all benefits earned up to the date of the freeze, and will be eligible to draw your pension at retirement in accordance with the plan, but will not accrue additional benefits after October 31. Starting on November 1, the company will instead contribute to eligible employees' SuperSaver accounts, matching dollar-for-dollar up to 5.5 percent of your eligible earnings. Additional information is available on the Jetnet Restructuring Resource Center. Similar to other employee groups, pilot pension benefits will continue status quo through October 31; as we don't yet have a consensual agreement with the APA, replacement plan details will be determined at a later date.
- **Retiree Health:** Anyone who initiates retiree medical coverage on or after November 1 will go into the new retiree medical program. For those who retire under age 65, two retiree medical options are available at full cost. Those who retire at age 65 and over may purchase a guaranteed-issue Medicare supplement plan. Flight attendants and TWU-represented employees will receive a refund of their prefunding contributions within 120 days. Information on the retiree medical plan options is also available on the Jetnet Restructuring Resource Center.
- **Annual Benefits Enrollment:** New medical options and contributions will be implemented for all active employees on January 1, 2013. Annual enrollment for these health plans and other benefits will be held November 1 through November 16. This will be your opportunity to review your coverage choices and select

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benefits for 2013. A summary of the new medical options can be found on the Jetnet Restructuring Resource Center, and much more information will be provided in advance of the annual enrollment window.

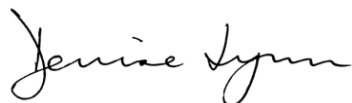
In addition to these benefit changes, the company will now move forward with the implementation of other restructuring changes that vary by department or employee group. There will be changes in our airports, maintenance and cargo operations, among others, as that process moves forward – and you should expect to receive more specific information about implementation plans from your operating leadership.

Where these plans involve the outsourcing and job reductions announced previously, Worker Adjustment and Retraining Notification Act (WARN) notices will be mailed to those who may be affected. While this is the hardest part of the whole restructuring, I am encouraged that the actual number of involuntary reductions will be substantially less than originally expected as a result of the Early Out opportunities we were able to make available to people.

I've attached a fact sheet that summarizes the universal benefit changes, as a reference document for your planning purposes. More information will be provided about all of these changes as we get closer to the effective dates. I also encourage you to visit the Workgroup Specific pages on Jetnet's Restructuring Resource Center for more comprehensive information about the implementation plan for your employee group. Please take time to learn about the changes that may affect you and contact your manager with any questions about your own situation.

Thank you for your continued commitment to building a strong, successful new American Airlines.

Sincerely,

A handwritten signature in cursive script that reads "Jenise Lynn".

Summary of Universal Benefits Changes

November will be a busy month as we put the new benefit plans into place. The following is not intended to be a plan document (the plan document always controls if there is any variance from what is summarized below), but rather a summary of the changes for quick reference. For more details, please visit the Restructuring Resource Center on Jetnet.

Retirement Plan Changes November 1, 2012													
Official notification of the pension plans' freeze date will be sent to you in the coming days. You will retain all pension benefits earned through October 31, 2012.													
All Employees Except Pilots													
What happens next?	All Defined Benefit pension plans will be frozen on November 1, 2012. Eligible employees will start receiving a replacement benefit from the company under the SuperSaver 401(k) plan. American will match, dollar-for-dollar, employee pre-tax and/or Roth 401(k) contributions up to 5.5% of eligible pay starting November 1.												
What do I need to do?	Review and revise your SuperSaver contribution to make sure you are receiving the full company match starting in November. If you're not currently participating in the SuperSaver plan but are eligible to, you will be automatically enrolled with a pre-tax contribution of 3% of your eligible pay. (You may elect to opt out if you do not wish to be automatically enrolled.)												
Pilots													
What happens next?	The pilot A and B Plans will be frozen effective November 1. Termination of the pilot B Plan will be effective November 30, and all assets will subsequently be distributed to plan participants. Since we don't currently have a consensual agreement with APA, replacement plan details will be determined at a later date.												
Key Dates													
What key dates should I know?	<table border="0"> <tr> <td>September 14</td> <td>Official notification of freeze sent to plan participants</td> </tr> <tr> <td>September 17</td> <td>Letter about automatic SuperSaver enrollment mailed to eligible employees' homes</td> </tr> <tr> <td>October 19</td> <td>Deadline to opt out of automatic enrollment for eligible employees</td> </tr> <tr> <td>October 31</td> <td>Last day pension plans accrue benefits</td> </tr> <tr> <td>November 1</td> <td>Defined Benefit pension freeze effective date; replacement benefit begins for eligible employees</td> </tr> <tr> <td>November 30</td> <td>Pilot B Plan termination</td> </tr> </table>	September 14	Official notification of freeze sent to plan participants	September 17	Letter about automatic SuperSaver enrollment mailed to eligible employees' homes	October 19	Deadline to opt out of automatic enrollment for eligible employees	October 31	Last day pension plans accrue benefits	November 1	Defined Benefit pension freeze effective date; replacement benefit begins for eligible employees	November 30	Pilot B Plan termination
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Annual Enrollment for 2013 Active Health and Welfare Benefits November 1 – 16, 2012
<p>For 2013, there will be three new medical options for all employees to choose from.</p> <ul style="list-style-type: none"> • Standard Option • Core Option – a high deductible option • Value Option <p>While the names may seem familiar, each medical option has changed from the plans offered today. You are encouraged to carefully consider each new option and review the Annual Enrollment materials that will soon be available so that you can make the best choice for you and your family. Each option provides different levels of contributions, deductibles, co-insurance and out-of-pocket maximums.</p> <p>All employees and their covered spouse/domestic partners will have the opportunity to earn rewards of up to \$250 each for participating in wellness activities during 2013 as part of our Healthmatters program.</p>

New Retiree Medical Plans for Active Employees Take Effect November 1, 2012

Retiree Life Insurance	The company will no longer offer retiree life insurance coverage for any employee who retires on or after November 1, 2012.
Pre-65 Medical Coverage	Employees who retire on or after November 1, 2012, and are under age 65, will be offered access to one of two company-sponsored retiree medical options: the Retiree Standard Medical Plan or the Retiree Value Plus Plan. Retirees will begin paying for the full cost of this coverage beginning January 1, 2013.
Post-65 Medical Coverage	Employees who retire on or after November 1, 2012, and are age 65 or older, will no longer be eligible for company-sponsored medical coverage. However, we will offer access to Medicare supplement plans through a third-party administrator. These plans will be "guaranteed-issue," which means any retiree will be eligible, regardless of their health status, when they enter into the benefit.
Prefunding	Flight attendants and TWU-represented employees will receive a refund of their prefunding contributions, including investment experience, within 120 days.

Retiree medical and life benefits for current retirees (those who retired and enrolled in retiree medical coverage prior to November 1, 2012) will not change until the 1114 process is resolved. This is the process under Chapter 11 that allows a company to pursue changes to health and welfare benefits for existing retirees. The company has proposed to make the same changes to the benefits in place for existing retirees as it is making for active employees who retire on or after November 1, 2012. However, we won't know the final outcome of the 1114 process for several months.