

American Airlines

Chris Ducey

Managing Director, Human Resources Delivery & Finance

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Robert F. Gless
Deputy Director - ATD
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Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

Mr. Gless,

I'd like to provide an update on the status of prefunding refunds of employee contributions for TWU-represented employees. My group, HR Delivery & Finance, is responsible for managing this process, with assistance from others at American and J.P. Morgan.

First, we recognize that employees would like to receive refunds sooner, and we are working to make the process faster. Our original plan called for meeting the agreed deadline in January. We are very focused on processing these refunds earlier, while still completing all of the required steps to make sure the refunds are correct.

As many employees have questions about the process, here is a summary:

- We have approximately 30,000 refunds to process, and we are reviewing thousands of accounts to ensure the refund amounts are correct. Legal advised that this review is essential and must be completed before authorizing J.P. Morgan to distribute the funds.
- Prefunding for the APFA and TWU ended on October 31st, and we began the account review process in early November. It was not possible to start this process in October, since employee prefunding contributions were still being added to accounts.
- Because of the high volume of retirements at the end of October, we are still making sure we have final data on who is due a refund. In order to ensure that only eligible employees receive refunds, all October retirements must be fully processed before we can issue checks.
- Finally, we will be processing the refunds as checks. Some employees have asked for direct deposit. Unfortunately, this isn't possible as J.P. Morgan does not have bank account information for most employees. Thus, it is not possible without further delays and significant complications to process these refunds through American's systems.

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Unfortunately, some employees stated that they called J.P. Morgan and were told “all legal obstacles to processing the refunds have been resolved and we are just waiting on AA.” This is not accurate. We have instructed J.P. Morgan to respond as follows:

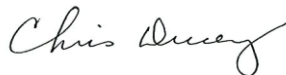
“As part of the normal prefunding refund process, American reviews payments for accuracy. Currently, as a result of restructuring changes, American is going through the process of checking approximately 30,000 accounts. Completing these checks carefully is very important, especially given the amount of refunds. Once this process is complete, American will notify J.P. Morgan and start the payment process.”

One step employees can take immediately is to make sure their address on file with American is accurate. Employees can do this by going to Jetnet, and clicking on “Update MY Information” under “Resources” on the right hand side of the Jetnet homepage. Thanks for your help in encouraging our employees to update their information.

We are well aware of the interests of our employees to have these checks in the month of December, and we are working towards that outcome, however, we cannot say that definitively yet.

We anticipate having more information to share during the last week of November. When an update is available, we will communicate it as soon as possible.

Sincerely,



Chris Ducey
Managing Director
HR Delivery & Finance
American Airlines

cc: G. Drummond
D. Videtich
T. Gillespie
T. McCoy
TWU Benefits Committee
J. Weel