

Paul D. Jones
Senior Vice President and General Counsel



July 16, 2014

David J. Virella
International Representative
AA System Coordinator
Transport Workers Union of America
1791 Hurstview Drive
Hurst, TX 76054

Dear Mr. Virella:

This will respond to your letter dated June 24, 2014, to Steve Johnson and me regarding the employer-matching portion of the prefunding contributions that were made to the TWU VEBA. The employee-paid portion of the VEBA contributions were returned to active employees in accordance with the collective bargaining agreements the TWU reached with American Airlines in September 2012, and, by the terms of those agreements, the employer prefunding contribution is to be distributed to active employees only “upon successful resolution of the Section 1114 process...after termination of the Trust Agreement.” Neither of these preconditions to distribution of the employer match has been met at this time.

As you know, the Company filed an adversary proceeding with the bankruptcy court seeking a declaratory judgment that medical benefits offered to its retired employees were not vested and could be modified or terminated. A favorable ruling from the court would allow the Company to reduce or eliminate the cost of the medical coverage it pays on behalf of retired employees, including retirees from TWU-represented work groups. If it prevails in that litigation, the Company plans to distribute the employer-match portion of the prefunding contribution to active employees represented by the TWU if and to the extent those funds exceed what is necessary to pay for benefits for TWU retirees. In April 2014, however, the bankruptcy court denied the Company’s summary judgment motion in the adversary proceeding with respect to most groups of retirees, including the TWU retirees, and, to date, the Company has not been successful in eliminating or significantly reducing the medical expenses it pays for TWU retirees. That litigation is not yet concluded, and, if no settlement in that case can be reached, the Company will have to decide when and whether to request trial dates from the bankruptcy court.

4333 Amon Carter Boulevard
MD 5675
Fort Worth, TX 76155



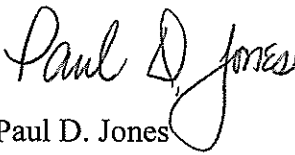
July 16, 2014

Page 2

In the meantime, as we mentioned when we met with you last week, if there is evidence that demonstrates that our interpretation of the CBA is wrong and that the Company is obligated to distribute the employer-match portion of the prefunding contribution regardless of whether it prevails in the adversary proceeding, we are willing to reconsider the position that we have taken in this matter. Please let me know if you would like to share any such evidence.

Thank you for getting together with Steve and me last week. We both enjoyed meeting you and your team.

Sincerely,

A handwritten signature in black ink that reads "Paul D. Jones". The signature is written in a cursive style with a large, stylized "J" at the end.

Paul D. Jones

[Type text]



"We Move America"

Transport Workers Union of America, AFL-CIO

Harry Lombardo
International President

John Samuelson
International Executive Vice President

Alex Garcia
International Secretary-Treasurer

John Bland
Administrative Vice President

Gary E. Maslanka
Administrative Vice President

July 17, 2014

Executive Council

Vice Presidents

Patricia Bowden
Charles Cerf
Michael Conigliaro
Dale Danker
Sean Doyle
Garry Drummond
Jerome Lafragola
Tom Lenane
Carl Martin
Thom McDaniel
Curtis Tate
Tony Utano
James Whalen

Council Members

Delisa Brown
Joe Carbon
John Chiarello
Brian Clarke
LaTonya Crisp-Sauray
John Feltz
Horace Marves
Gary Shults
Kevin Smith

Executive Board

Matthew Ahern
Bedennia Barnes
Richard Boehm
Jon Bradford
Willie Brown
Ralph Darnell
Richard Davis
Derick Echevarria
Fred Fink
Todd Gage
Angel Giboyeaux
Amy Griffin
Jim Guido
Kevin Harrington
Maurice Jenkins
Don May
Mike Mayes
John Menshon
Benyoel Morgan
Thomas Murray
J.P. Pataño
John Plowman
Daniel Rivera
Richard Rocco
Audrey Stone
Dane Stricoff
Robert Taylor
Luis Ventura
David Virella
Clarence Washington
Eric Williams

Mr. James Weel

Managing Director Labor Relations – Technical Operations
American Airlines
PO Box 619616, MD 5235
Fort Worth, TX 75261-9616

Dear Jim:

As a follow-up to our meeting with Steve Johnson and Paul Jones on Friday, July 11, 2014, the purpose of this letter is to obtain updated information for our records. Please provide the following specific data regarding our TWU participants:

- Total TWU Supplemental Plan Cost as of December 31, 2013
- Total TWU Supplemental Plan Income as of December 31, 2013
- Total TWU Supplemental Plan Employee Contributions as of December 31, 2013
- Total TWU Supplemental Plan Net Assets as of December 31, 2013

In addition, I need the following information regarding the current status of the TWU Prefunding Trust:

- Current Net TWU Assets (minus current TWU liabilities)
- Current number of TWU members participating in the Retiree Medical Trust
- Copy of the Trust Agreement

Since monies are held in a TWU - VEBA Trust, it should not be too difficult to obtain the requested information.

Respectfully,

David J. Virella
International Representative
AA System Coordinator

DJV:kla opeiu 153

C: D. Rosen
S. Levine
P. Kizel
ATD Staff