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January 10, 2017

TO: Members of Air Division Locals 501-591

Re: TWU Long Term Disability Plan

Brothers and Sisters:

This letter is to inform you about changes to the long-term disability plan that will affect your coverage and benefit payment rates, and provide you with an overall update on the plan's performance. The plan, offered by the Transport Workers Union of America, was provided through Mutual of Omaha Insurance Company and covered participants through December 31, 2016. Beginning January 1, 2017, we chose to move to The Hartford for our plan coverage.

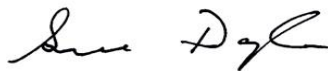
TWU's Union Benefit Planners made the decision to change providers to get you the best possible coverage for lowest premium and cost. After our rate guarantee with Mutual of Omaha expired at the end of last year, we worked hard to find you the best deal, knowing that, unfortunately, with market inflation, rates almost always increase whenever they are renegotiated. But our newest premium rate guarantee with The Hartford is locked in for three years, and is based on an employee's income, full or part time status, and coordination of other benefits.

The initial rate change should have been reflected in your December paychecks. Because the premiums are partly income-based, and the pay increases that resulted from the Interim Wage Agreement were not reflected in paychecks until November, the premium increases for that time frame were not collected. That portion was recovered, however through payroll deductions at the end of 2016. **Beginning with your January 2017 paycheck, you will see the new increased premium rate deducted. The increased rate is a combination of both the base premium rate increase and your wage increase.** While rate increases are not ideal, it is imperative that you make an informed choice about your participation in the plan. Cancelling coverage due to a premium rate increase can result in complete forfeiture of all future coverage eligibility.

As you likely know, our benefits plan suffered several losses following the September 11th terrorist attacks and the subsequent downturn in the U.S. economy. Many of our members endured pay cuts, resulting in a reduction of the premium's income standards, and overall participation in the plan declined. Since many participants were part-time employees paying minimal premiums, the layoffs and early-buyouts caused an even bigger hit to the plan's performance.

Unlike most plans in the industry, ours also offers a reduction in premiums to participants as they get older if they are beneficiaries of the American Airlines Disability Pension Benefit. So, while most disability plans increase premiums as members age, any members who are administratively eligible for the AA Disability Pension Benefit see an approximate 50% premium reduction for their long-term disability coverage even if they don't medically qualify for the benefit. The original plan was to enroll enough new members to offset these reductions, however, this has not been successful. And since our older members naturally file most the claims, this extends the duration of the claims process and factors into the overall performance of the plan. More detailed information will be distributed to Local Presidents and benefit coordinators in the coming weeks. Should you have any questions, please contact Sean Doyle at 614-214-3454 or 817-282-2544. You can also send an e-mail to sdoyle@twu.org.

In Solidarity,

A handwritten signature in black ink, appearing to read "Sean Doyle". The signature is fluid and cursive, with the first name "Sean" and last name "Doyle" clearly distinguishable.

Sean Doyle
International Vice President
Transport Workers Union of America, AFL-CIO

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