AA Proposal

AA Proposal **Date: 6/22/2010** **Time: 1000**

Subject: Benefits **Version: 4**

Proposal Reference(s): AA Proposals 6/12/08, 10/20/08, 9/1/09; AA Benefits Proposals on Supp K/ Lett G, EBG on 10/24/07, 7/2/08, 9/1/09

Contract Reference(s): Supplement K, Letter G, Supplement B

The Company proposes no change to the following Benefits proposal on 9/1/09:

Calculation Methodology and Percentage Cost Share

The Company proposes a change to the methodology in which the projected plan cost is calculated.

Using an agreed upon actuarial methodology, American will perform a calculation to project plan cost that is specific to the Pilot work group. The employer and employee cost share will be allocated as follows:

- Employer (American): 75%
- Employees (Pilots): 25%

Four Tier Contribution Structure

The Company proposes a change to the current three-tier employee contribution structure.

Convert the current three tier employee contribution structure (employee only, employee + 1 dependent, and employee + 2 or more dependents) to a four tier structure, as follows:

Current Contributions Standard Plan	Multiplier	Company Proposal	Multiplier
Employee Only	1	Employee Only	1
Employee + 1	2	Employee + Spouse	2.3
Employee + 2 or more	2.65	Employee + Child(ren)	1.9
		Employee + Family	3.0

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Plan Design

The Company proposes to consolidate the existing four (4) plan design to the one below:

Benefit	In-Network Per Person	In-Network Family	Out-of-Network Per Person	Out-of-Network Family
Annual Deductible	$300	$800	$600	$1,600
Annual Out-of-Pocket Maximum	$2,000	$3,250	No Maximum	No Maximum
Employee Co-insurance	20%	20%	40%	40%
Preventive Care	Same as POS	Same as POS	Not Covered	Not Covered
Pharmacy deductible	$50	$50	$100	$100
Medical Maximum- Actives	Unlimited	Unlimited	Unlimited	Unlimited
Annual Restoration	Eliminated	Eliminated	Eliminated	Eliminated

Other non-contractual benefit plan elements, such as medical necessity, administration of benefits, and all other plan design features remain subject to change.

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Retiree Medical

The Company proposes the following changes to the retiree medical program:

Retiree medical coverage for pilots hired after 11/1/1983 and retiring after (Date TBD):

- Eligibility
  - For retiree medical coverage to be effective upon retirement, the retiree's election for retiree medical coverage must be filed within the period commencing ninety (90) days before and ending thirty (30) days after the retirement date.
  - For pilots electing to retire before reaching age 59 ½, to be eligible for retiree health benefits, the pilot must also provide the company with six (6) months advance notice of early retirement; provided, however , that the Company will waive all or a portion of the advance notice period, if operationally feasible, in order of seniority by Base, Equipment and Status. If the pilot has provided the required advance notice of early retirement and later withdraws such notice, the pilot will be ineligible for retiree medical coverage if he/she retires before reaching age 59 ½.
- Retired pilot premium for Retiree Medical coverage.
  - A retired pilot must pay a premium for pre-65 retiree medical coverage to cover him/herself, spouse and any eligible dependents. A pilot may elect to use his unused sick bank at retirement to exchange for pre-65 retiree medical coverage as per the attached chart. The rates on the chart are based on age at retirement; years of service and coverage tier and apply for coverage in the pre-65 RSMP as offered to management retirees, which includes preventive care. Once a pilot has exhausted sick leave, coverage can be continued at 100% of projected total cost of coverage.
  - The Company will evaluate the sick hour to medical cost ratio every three (3) years and adjust the sick hours required for one month of medical coverage in accordance for future retirements.
  - Medicare-Eligible Retirees would be offered access to guaranteed issue Medicare supplement options through a third party administrator and would pay 100% of premiums for their election. The charts attached do not apply.
- See The Company's Proposal on Section 10 Sick dated 6/22/10

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Premiums for Pre-65 Retiree Medical Coverage for
Pilots Retiring on and after Age 59-1/2 and Their Survivor(s)

25 or More Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	13.0	Same as management retirees	15.9	$0
Pilot + Spouse			12.0		14.6	
Pilot + Child(ren)			10.0		12.2	
Pilot			9.0		11.0	

15 through 24 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	13.0	2X management retiree premium	15.9	Same as management retiree premium
Pilot + Spouse			12.0		14.6	
Pilot + Child(ren)			10.0		12.2	
Pilot			9.0		11.0	

10 through 14 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	13.0	3X management retiree premium	15.9	2X management retiree premium
Pilot + Spouse			12.0		14.6	
Pilot + Child(ren)			10.0		12.2	
Pilot			9.0		11.0	

Less than 10 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
For any coverage tier elected, Pilot/Survivor monthly premium is 100% of the Projected Total Cost of coverage.						

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Premiums for Pre-65 Retiree Medical Coverage for
Pilots Retiring between 50 and Age 59-1/2 and Their Survivor(s)

25 or More Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	13.0	2X management retiree premium	15.9	Same as management retiree premium
Pilot + Spouse			12.0		14.6	
Pilot + Child(ren)			10.0		12.2	
Pilot			9.0		11.0	

15 through 24 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	13.0	3X management retiree premium	15.9	2X management retiree premium
Pilot + Spouse			12.0		14.6	
Pilot + Child(ren)			10.0		12.2	
Pilot			9.0		11.0	

10 through 14 Years of Adjusted Company Service at Retirement				
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is	For Monthly Reduction in Sick Leave Bank of	Pilot (Survivor) Monthly Premium is
Family	0 Hours	100% of Projected Total Cost	15.9	3X management retiree premium
Pilot + Spouse			14.6	
Pilot + Child(ren)			12.2	
Pilot			11.0	

Less than 10 Years of Adjusted Company Service at Retirement
Continued coverage (other than COBRA) is not available.