AA Proposal

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Subject: Benefits **Version: 3**

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

Contract Reference(s): Supplement K, Supplement B

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.

Retiree Medical

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

The Company proposes to replace the Retiree Standard Medical Plan with the plan provided to management employees, which may be amended from time to time the same as Management.

- Pre-65 Retirees would pay premiums for retiree healthcare coverage at time of retirement at the management contribution rate, as it may be amended from time to time. Pilots hired after ratification date would pay 100% of plan costs.

- 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.