AA Proposal

AA Proposal **Date: 6/24/2009** **Time: 1430**

Subject: Terrorism Benefits **Version: 9**

Proposal Reference(s): APA Proposals - 10/25/07, 8/25/08, 12/3/08, 4/2/09, 6/23/09;
AA Proposals - 6/12/08, 7/1/08, 7/15/08, 9/15/08, 12/3/08, 5/5/2009

Contract Reference(s): Supplement Z (Terrorism Benefits)

The Company proposes no change to the Supplement Z proposal dated 5/5/2009 at the current time. However, we may re-evaluate within the context of the overall Benefits package.

Supplement Z – Terrorism Benefits

	Terrorism or Sabotage Only	Expanded Eligibility as Defined below
Death Benefit (Supp Z, Paragraph A)	X	
Salary Continuation (Supp Z, Paragraph F.1 – F.3)	X	X
Cobra Subsidy (New)	X	X

The Company proposes to amend Supplement Z, paragraph F.1. as follows:

"A pilot who becomes or is reported to be interned, missing or a prisoner or hostage, other than as a result of such pilot's own misconduct, whether as a result of war, armed hostilities, rebellion, insurrection, hijacking, terrorist act or (deleted "other") hostilities-related action of a foreign government, or for any other reason related to such hostilities, provided that the occurrence of the event to the pilot is materially related to the performance of their required flight or ground duties, shall be paid the minimum guarantee for the pilot's bid status for a period of twenty-four (24) months after disappearance or until death is established, whichever first occurs. When such pilot has been missing for twenty-four (24) months, the Company will aid the beneficiary in obtaining legal proof in order that death benefits under Company plans (including the Pilot Retirement Benefit Plan) can be paid consistent with applicable state law. During the period held or missing, such pilot(s) shall be deemed to be in active service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension and all other benefit accruals for a period not to exceed twenty-four (24) months."

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The Company proposes to amend Supplement Z, paragraph F.3. as follows:

"When a pilot has been missing for a period of twenty-four (24) months, the benefit provided under A. above for the death of a pilot resulting from injury or illness incurred during acts of terrorism or sabotage shall be paid. If such pilot is later found to be alive, the minimum guarantee for the pilot's bid status will be paid retroactively to the time such payments ceased, less any death benefits which were paid to the beneficiary. Any death benefits not recovered by this offset will be repaid by the beneficiary to the Company upon its demand. In the event a pilot who has been interned, missing or a prisoner or hostage for twenty-four (24) months and is known to still be alive, then for as long as the pilot continues in such status, he/she shall continue to be deemed in active service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension and all other benefit accruals until death is established, or the pilot would otherwise be eligible for normal retirement.

NEW: In addition to the death benefit paid in accordance with Supplement Z, Paragraph A., the Company will subsidize up to 33 months of COBRA continuation of coverage at a Company-paid fifty (50) % subsidy of medical contributions for covered dependent(s). This period shall run consecutively, after the 24 months of medical coverage has ended. This COBRA continuation of coverage is subject to all rules and provisions of the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended from time to time.