

ARTICLE 35 – ACTIVE AND RETIREE MEDICAL & LIFE

The following represents the terms of the medical and life coverage for eligible active Flight Attendants under The Group Life and Health Benefits Plan for Employees of Participating AMR Corporation Subsidiaries (“Medical Plan”) (with said medical coverage being referred to herein as “Active Medical Coverage”); and Flight Attendants retiring on or after November 1, 2012 under The Group Life and Health Benefits Plan for Retirees of Participating AMR Corporation Subsidiaries (“Retiree Medical Plan”)(with said medical coverage being referred to herein as “Retiree Medical Coverage”).

This coverage replaces and supersedes the previous medical and dental plan provisions.

A. LIFE INSURANCE

For an employee whose base monthly salary is \$1,500 or over, his/her basic coverage shall be two (2) times his/her base annual salary taken to the next higher multiple of \$100, but not more than \$70,000.

B. MEDICAL AND DENTAL PLAN

Active Flight Attendant Medical Coverage Effective January 1, 2013

1. The Company will offer two (2) medical options in the Medical Plan: (i) the Standard option (contractual) and (ii) the Core medical option which is the Health Savings Account-compatible (non-contractual) medical option. All Medical Plan provisions are subject to change at the Company’s sole discretion, with the exception of:

- a. The Standard medical option design features in the Chart of Active Medical Coverage Option Design Features in paragraph 10 below,
- b. The employee contribution methodology for the Standard and Core medical options described in paragraphs 4 and 6 below,
- c. Changes noted in paragraph 5 below,
- d. The right to purchase dental coverage on similar terms as provided to eligible Flight Attendants prior to September 12, 2012

2. To the extent the Company is offering the Value medical option in any plan year to employees, employees eligible to enroll in the Standard or Core medical options will be eligible to enroll in the Value medical option. The Company, at its sole discretion, may change design and contributions in the Value medical option or otherwise amend or eliminate the Value medical option.

3. Advance notice and a copy of any Medical Plan changes will be provided to APFA prior to implementation. At least thirty (30) days prior to the distribution of the Active Medical Coverage annual enrollment materials, the Company will provide APFA with a copy of the data, assumptions and methodologies used to calculate employee contributions under the Standard and Core medical options.

4. Aggregate employee contributions for the Standard and Core medical options for 2013 will be 18%, 2014 will be 19%, 2015 will be 20%, and 2016 and thereafter will be 21% of the total projected cost of each forecasted year of healthcare expenses for these two (2) medical options (which include medical/prescription and administrative expenses) as calculated by the Company. Employee contributions for the Standard and Core medical options will increase with medical inflation with employee contributions set as explained above. The Value medical option inflation and employee contributions will be calculated separately from the Standard and Core medical options.

5. The Standard medical option annual In-Network deductible will increase by fifty dollars (\$50.00) in 2015 and 2017 until the In-Network deductible reaches eight hundred and fifty dollars (\$850.00) for single coverage and the family In-Network deductible will increase by one hundred and fifty dollars (\$150.00) in 2015 and 2017 until it reaches \$2,550 for family coverage.

6. Chart of Coverage Tiers:

| Current Coverage Tiers under May 1 2003 CBA | New Coverage Tiers | Contribution Multiplier |
|---|------------------------------------|-------------------------|
| Employee Only | Employee Only | 1.0 |
| Employee + 1 | Employee + Spouse/Domestic Partner | 2.6 |
| | Employee + Child(ren) | 1.8 |
| Employee + 2 or more | Employee + Family | 3.5 |

The multiplier for the New Coverage Tiers is based on the Employee Only coverage tier.

7. The \$150, \$250, \$500 and \$1,000 standard medical options in the May 1, 2003 Collective Bargaining Agreement are eliminated. All of the provisions of previous arbitrations and the Carey Award dated December 3, 1991 that relates to the Medical Plan, including the inflation formula described therein, are also eliminated.

8. New employees eligible for healthcare coverage will default to the Core medical option for Employee Only coverage on their eligibility date, unless another option or level is elected by the employee during the initial enrollment period.

9. To the extent the Company is offering incentives in any plan year to employees for participating in the wellness program (currently Healthmatters), employees enrolled in the Standard and Core medical options will be eligible for those incentives provided they meet the criteria (as established by the Company at its sole discretion) for earning the incentive.

10. Chart of Active Medical Coverage Option Design Features:

| | Standard | Core |
|--|--|-----------------|
| Plan Design Features | Contractual Features | Non-Contractual |
| Health Spending Accounts | HRA | |
| Spending Account Funding (2013 only) | \$375 employee & \$375 spouse/domestic partner | |
| In Network Deductible (Single/Family) | \$750 / \$2,250 | |
| Out of Network Deductible (Single/Family) | \$3,000 / \$9,000 | |
| Coinsurance (In/Out)** | 20% / 40% | |
| In Network Out of Pocket Max (Single/Family) | \$2,000 / \$5,000 | |
| | | |
| Out of Network Out of Pocket Max (Single/Family) | \$6,000 / \$15,000 | |
| Primary Care Physician Copay(In Network only) | \$30* | |
| Specialist Copay (In/Out) | 20% / 40% | |
| Retail Clinics Copay (In/Out) | 20% / 40% | |
| Preventive Care | \$0 | |
| Emergency Room | Ded/Coins/\$100 CoPay | |
| Pharmacy (Retail) | | |
| Generic | 20% (\$10 min/\$40 max) | |

| | | |
|----------------------------|--------------------------|----------|
| Formulary Brand | 30% (\$30 min/\$100 max) | |
| Non-Formulary Brand | 50% (\$45 min/\$150 max) | |
| Pharmacy (Mail) | | |
| Generic | 20% (\$5 min/\$80 max) | |
| Formulary Brand | 30% (\$60 min/\$200 max) | |
| Non-Formulary Brand | 50% (\$90 min/\$300 max) | |
| 2013 Monthly Contributions | | |
| EE Only | \$70.69 | \$57.40 |
| EE + Spouse/DP | \$183.81 | \$149.25 |
| EE + Child(ren) | \$127.25 | \$103.33 |
| EE + Family | \$247.43 | \$200.91 |

*Deductibles and co-insurance apply if provider is out of network.

** (In/Out) when used in the chart means In-Network and Out-of-Network, respectively.

The following provisions apply to the Standard medical option:

- a. Deductibles do not apply toward Out of Pocket maximum.
- b. Medical coinsurance applies towards Out of Pocket maximums.
- c. Pharmacy coinsurances do not apply towards deductibles, but do apply towards Out of Pocket maximums.

11. The Company will also retain the right to amend any provision in the Medical Plan for the purpose of complying with applicable laws and regulations. The Company will provide the APFA with advance notice and a copy of any amendment to the Medical Plan.

12. At least 30 days prior to the distribution of the Active Medical Coverage annual enrollment materials, the Company will provide the Association with a copy of the data, assumptions and methodologies used to calculate employee contributions under the Standard and Core medical options.

13. Health Benefits Look-Back Threshold

a. Beginning January 1, 2013, Flight Attendants are required to meet a minimum annual hourly threshold of six hundred (600) paid hours, or an average of fifty (50) hours per active month, during the annual Benefits look-back period from August 1st to July 31st to be eligible for Company-subsidized health benefits for the following calendar year. Flight Attendants who do not meet the 600 hour threshold will have the option to maintain health benefits by assuming the Company's applicable portion of the cost in addition to their applicable employee contributions.

b. To transition to the new annual Benefits look back, there will be a one-time threshold measurement that will consist of the seven (7) month period from January 1, 2013 to July 31, 2013. Flight Attendants will be required to meet a prorated 350 hour threshold, or average fifty (50) paid hours per active month during this seven (7) month period in order to be eligible for Company subsidized health benefits for the 2014 calendar year.

c. To maintain Company-subsidized medical benefits for the remainder of 2013, Flight Attendants will continue to be required to meet the 12 month rolling look-back hourly threshold of 420 paid hours, or average of 35 paid hours per active month.

d. Flight Attendants who are active less than fifteen (15) days in a month as a result of removal due to injury-on-duty or union leave will receive full accrual for that month, provided they meet the minimum paid hours requirement for each month of active status.

e. Should a Flight Attendant have only one (1) active month in a calendar year in which s/he has been scheduled to be active more than fifteen (15) days but less than twenty (20) days (partial month schedule), the Flight Attendant shall be deemed to have met the minimum paid hour requirement if s/he has at least thirty-five (35:00) paid hours for the month, provided the Flight Attendant has not voluntarily reduced her/his hours for the month.

f. The Company may consider, at its discretion, a Flight Attendant who due to extraordinary circumstances has two or three partial month schedules in a calendar year. Prior to making a final determination, the Company shall meet with APFA to discuss. The Company will then make the final determination regarding any consideration that may be afforded. In August of each year the Company will meet with APFA to discuss the look back results for the previous year and review any unforeseen circumstances that may have had a negative impact on the application of this provision.

C. RETIREE HEALTH CARE

Retiree Medical Coverage for Flight Attendants Retiring On or After November 1, 2012

1. Notwithstanding any other collective bargaining agreement provisions, and all other agreements, past practices, and arbitration awards between the parties, the Company is not required to maintain, fund, or provide for retiree medical or retiree life insurance benefits.

2. Effective October 31, 2012, the retiree medical prefunding program will be discontinued for Flight Attendants who retire on or after November 1, 2012. Flight Attendants who are prefunding as of October 31, 2012 will be refunded their prefunding contributions (to the extent not already refunded) plus investment experience within 120 days.

3. Retiree Medical Coverage For Flight Attendants Ages 55 through 64 Who Retire On or After November 1, 2012. Flight Attendants retiring on or after age 55 and through age 64 will have access to a Company-sponsored retiree medical option. Retiree contribution rates for this coverage will be 100% of projected annual expenses (which includes administrative expenses) using data, assumptions, and methodologies for calculating future retiree healthcare costs. For the remainder of 2012, the Company will offer the pre-65 plan design (which includes a provider network) offered to management retirees. Although it is the Company's intention to continue to make available access to medical coverage for retirees from age 55 through age 64, the Company reserves the right to modify, amend, or terminate the Retiree Medical Plan at any time.

4. Retiree Medical Coverage For Flight Attendants Age 65 and Older Who Retire On or After November 1, 2012. Retiree Medical Coverage shall cease when the retired Flight Attendant attains age 65. Retirees age 65 and over will be offered access to purchase, at the retiree's expense, a guaranteed issue Medicare supplement plan through a third party administrator, to the extent available.

5. At least 30 days prior to the distribution of the Retiree Medical Coverage annual enrollment materials, the Company will provide the Association with a copy of the data, assumptions and methodologies used to calculate the medical inflation rate and retiree contributions under the Retiree Medical Coverage.

D. RETIREE FLIGHT ATTENDANT LIFE INSURANCE

Retiree life insurance benefits are discontinued for Flight Attendants retiring on and after November 1, 2012.

E. NON INCORPORATION

The Group Life and Health Benefits Plan for Employees of Participating AMR Corporation

Subsidiaries (“Medical Plan”) and The Group Life and Health Benefits Plan for Retirees of Participating AMR Corporation Subsidiaries (“Retiree Medical Plan”) are not incorporated in this Agreement. The Company agrees, however, that it will not change the provisions of the Standard medical option reflected in B.1.(a) – (d) above absent APFA’s consent.

Ms. Laura Glading
XXXX
XXXX

“Employee and Company Prefunding Contributions”

Dear Laura,

During the restructuring agreement negotiations, the parties agreed that upon implementation of the changes to the Retiree medical plan program an active employee who currently prefunds for retiree medical will be refunded the employee’s prefunding account (which reflects investment experience), excluding employees who have already received employee prefunding refunds.

In addition, the parties agreed that contingent on the successful resolution of the Section 1114 process, as soon as practicable after termination of the Trust Agreement for the Group Life and Health Benefits Plan for Employees of Participating AMR Corporation Subsidiaries (Union Employees), the Company prefunding contributions for each participating active employee, and investment earnings attributable thereto, will be distributed to the employee (subject to applicable tax withholdings and/or excise tax), excluding employees who have already received refunds of their employee prefunding accounts. The refund will be made to the employee following the successful conclusion of the 1114 process.

If this letter accurately reflects the agreement of the parties, please indicate by signing below.

Sincerely,