

American Airlines, Inc.
Summary of Material Modifications
June 30, 2013

This Summary of Material Modifications (“SMM”) provides information to all American Airlines, Inc. Pilots. Please keep a copy of the SMM with both the

- Employee Benefits Guide for American Airlines, Inc. Pilots and Flight Attendants (Jan. 2013) (to be placed in the “Retiree Benefits” Section of the Guide)

AND THE

- Health and Life Benefits Guide for American Airlines, Inc. Retirees (Jan. 2013) (to be placed in the “Paying For Coverage” subsection of the “Retiree Enrollment” section of the Guide).

This SMM modifies the Group Life and Health Benefits Plan for Retirees of Participating AMR Corporation Subsidiaries (the “Retiree Medical Plan”), establishing a Health Reimbursement Account (“HRA”) for Pilots who retire with unused sick time hours, enabling the calculated value of these hours to be placed into the Pilot retiree’s HRA, providing him/her with funds that he/she can use to pay contributions or premiums for his/her retiree medical coverage (whether the coverage is sponsored by American Airlines, Inc. or is coverage external to American Airlines, Inc.).

HRA Benefit for Retired Pilots

In keeping with the terms of the collective bargaining agreement between American Airlines, Inc. and the Allied Pilots Association, the Retiree Medical Benefit, effective January 1, 2013, includes Health Reimbursement Accounts (HRAs) for Pilots who retire with a bank of unused sick time hours.

These unused sick leave hours will be converted into HRA funds that the retired Pilot can use to pay contributions (or premiums) for his/her retiree medical coverage—whether it is American Airlines, Inc.-sponsored retiree medical coverage or retiree medical coverage purchased outside the Company. The formula for converting unused sick bank hours to funds used for contributions payment is shown below:

\$25,000	X	Pilot’s total-short-term & long-term sick leave hours as of his/her retirement date \div Pilot’s maximum possible accrued sick bank hours—1000 hours*	=	Total amount of funds in the retired Pilot’s HRA
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*These 1000 hours are made up of 940 hours from long-term sick bank and 60 hours from short-term sick bank

Pilot eligibility requirements for the HRA are as follows—a Pilot retiree must:

- Be age 60 or older at the time of his/her retirement; *and*
- His/her retirement occurs between January 1, 2013 and the amendable date of the collective bargaining agreement that was signed in December, 2012; *and either*

- Gives the Company at least four (4) months' advance notice of his/her intent to retire; *or*
- If the Pilot retires within four (4) months of the January 1, 2013, gives the Company three weeks' (from January 1, 2013) advance notice of his/her intent to retire

Pilots who retire prior to age 60, or who retire after the amendable date of the collective bargaining agreement are not eligible to receive this HRA.

The conditions and requirements under which these Pilot HRA funds may be used are as follows:

- To purchase retiree medical coverage from the Company-sponsored Group Life and Health Benefits Plan for Retirees of Participating AMR Corporation Subsidiaries (the Plan) OR from a third party insurer or medical coverage provider outside the Company;
- To purchase such retiree medical coverage for the Pilot retiree and his/her spouse on record as of the date of his/her retirement
- This Pilot HRA is a notional account; that is, a Pilot retiree's HRA is funded only when the reimbursements for contributions or premium payments are made
- This Pilot HRA is not portable and cannot be "cashed out"