



*Association of Professional Flight Attendants*

*Office of the President*

September 29, 2010

Mark Burdette  
Vice President  
Employee Policy and Relations  
American Airlines  
P.O. Box 619616, MD 5235  
Dallas/Fort Worth, Texas 75261-9616

Dear Mark:

On Monday, September 20 American announced that because the Patient Protection and Affordable Care Act (“PPACA”) mandates the removal of lifetime medical maximums, effective January 1, 2011, it was eliminating the supplemental medical plan for active employees as of that date.

The Company, however, stated that supplemental insurance would continue to be available to current and future retirees. This announcement reflects American’s erroneous view that the health benefit plan covering active employees does not include retired workers.

Under PPACA a plan that provides medical benefits for both active as well as retired employees is subject to certain mandates including the elimination of a lifetime maximum. These requirements do not apply to retiree benefits if they are provided in a stand-alone, retiree-only health plan. As you know, APFA has consistently asserted that American has a single medical plan that covers both active and retired employees.

In the spring of 2006 American informed APFA for the first time that it disagreed and claimed that benefits for active and retired employees were contained in two separate plans. APFA contested the Company’s decision in Grievance Numbers. 2006-APFA-003 and 2006-APFA-009. In a settlement agreement letter dated January 17, 2007, the parties agreed to “reserve their respective positions, and to preserve all rights, with respect to the question of whether the Retiree Standard Medical Plan was incorporated into the CBA in the RPA; however, the Company and APFA agree to attempt to resolve this question during the next round of collective bargaining.”

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With the passage of PPACA the importance of this unresolved dispute has substantially increased. Accordingly, a meeting should be scheduled as soon as possible to discuss how to resolve this issue expeditiously. Please let me know the dates you are available to meet.

Sincerely,

A handwritten signature in cursive script that reads "Laura R. Glading". The signature is written in black ink and is positioned below the word "Sincerely,".

Laura Glading  
APFA President

cc: David Levine