

Alternate Payee

Pension Benefit Election Form

With

Explanation of Optional Forms of Payment

For the

Retirement Benefit Plan of American Airlines, Inc.

For

Employees Represented by the

Transport Workers Union (TWU) of America,

AFL-CIO

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IMPORTANT NOTICE: Failure to complete this form properly will make your election invalid and may delay commencement of your pension benefit. Please read the instructions located on the last page.

A. Alternate Payee Information

Print Name _____

Social Security # _____ - _____ - _____

Date of Birth ____/____/____ (Attach evidence of date for self and any Joint Annuitant)

Pension Benefit Commencement Date (MM/DD/YYYY) ____/01/____ (Must be the 1st of a month)

B. Employee Information

Print Name _____

Social Security # _____ - _____ - _____ Employee # _____

C. Benefit Payment Options

You may elect to have your benefit paid in one of the forms of benefit described below. The amount paid under each of these different payment options is based upon the amount payable under the Single Life Annuity form. However, amounts payable under any form other than the Single Life Annuity form are adjusted to reflect the form in which your benefits are paid. The adjustments will be determined based upon your age on your pension benefit commencement date, your joint annuitant's age (if applicable), and factors defined in the TWU Plan. You may defer distribution of your benefit in accordance with Treasury Regulation §1.411(a)-11.

Your forms of benefit are as follows:

Single Life Annuity – Under this form, your benefit is paid as a Single Life Annuity for as long as you live. Your benefit will be paid in monthly installments and will stop at your death.

Joint and Survivor Annuity Options - This option pays an actuarially reduced benefit for your lifetime. After your death, it pays your joint annuitant a monthly benefit equal to a percentage of your benefit based on the option you selected. Your joint annuitant may receive 50%, 66 2/3%, 75%, or 100% of the benefit you received before your death. If your joint annuitant dies before you, the benefit remains reduced and cannot be transferred to another person. No benefit is payable after your death. If you die before your joint annuitant, the joint annuitant receives a benefit for the remainder of his or her lifetime. You cannot name your spouse, if any, as the joint annuitant.

Guaranteed Period Annuity Options - This option pays a reduced monthly benefit to you for your lifetime and may also pay a benefit to your beneficiary. The Plan guarantees that it will make a specified number of payments — 120, 180, or 240 months — depending on the option you selected. If you die before all guaranteed payments are made, the remaining guaranteed payments are made to your beneficiary. If you live longer than the number of guaranteed payments, you continue to receive monthly payments until your death and no benefit is payable to your beneficiary. If your beneficiary dies before you, you may designate a new beneficiary. If your beneficiary dies after you but before all guaranteed payments are made, your beneficiary's beneficiary will receive the balance of guaranteed payments either as a monthly benefit or as a lump sum, if elected.

Level Income Option - This option is designed to provide as level an income as possible by taking into account your Social Security benefits. The Level Income Option provides an increased monthly benefit to age 62 or the age at which you would collect full Social Security benefits, as selected by you. The monthly benefit decreases when you reach the selected age, even if you do not begin receiving Social Security benefits at that age. This option is always combined with a Single Life Annuity, a Joint and Survivor Annuity, or a Guaranteed

Period Annuity. That's because the Level Income Option simply adjusts the amount you will be paid to age 62, or the age at which you would collect full Social Security benefits, and thereafter.

If you combine the Level Income Option with a Single Life Annuity, no benefit is payable after you die.

If you combine the Level Income Option with a Joint and Survivor Annuity, a benefit is payable to your joint annuitant after you die. The survivor's benefit is based on the monthly benefit amount calculated before the Plan added the increase for the Level Income Option. The survivor's benefit is equal to the percentage of that benefit (50%, 66 2/3%, 75%, or 100%) you elected for the Joint and Survivor Annuity.

If you combine the Level Income Option with a Guaranteed Period Annuity, a benefit is payable to your beneficiary if you die before receiving the number of payments guaranteed by the selected option (120, 180, or 240 months of payments). Your beneficiary receives a benefit until the end of the guaranteed period. The benefit is equal to the monthly benefit you were receiving at the time of your death. If you had not yet reached the age at which the Level Income Option decreases, the benefit to your beneficiary is reduced at the time your benefit would have been reduced.

The optional forms described above include only those optional forms that are generally available to Plan participants. You can request information about other optional forms available to you by contacting the Plan Administrator.

D. Benefit Election

I request to have my pension benefit paid in the following manner. I understand: (1) all benefits will be determined in accordance with the provisions of the TWU Plan, (2) the attached estimated amounts are estimated based on available data contained in the plan records and projections based upon my desired pension benefit commencement date, (3) the final benefit amount will be calculated based on verified data after my election is made [you may request an actual calculation of your benefit payment options once your pension data is finalized; however, this may delay the commencement of your benefits for at least 30 days], (4) my election of a benefit payment option is not valid unless I sign this form, and (5) my election is not valid if I die before the effective date of my first benefit payment.

After the pension benefit commencement date has passed, the benefit payment option elected is irrevocable.

Please elect only one benefit payment option by checking the appropriate box below and applicable percentage or months. Refer to the attached estimate for the estimated amounts applicable to each option.

<input type="checkbox"/> (1) Single Life Annuity (Do not complete Section E)			
<input type="checkbox"/> (2) Joint & Survivor Annuity Option (check one)	<input type="checkbox"/> 50%	<input type="checkbox"/> 66 2/3%	<input type="checkbox"/> 75% <input type="checkbox"/> 100%
<input type="checkbox"/> (3) Guaranteed Period Annuity Option (check one)	<input type="checkbox"/> 120 Months (10 yrs)	<input type="checkbox"/> 180 Months (15 Yrs)	<input type="checkbox"/> 240 Months (20 yrs)
<input type="checkbox"/> (4) Other (specify) _____			

Level Income Feature - You may elect to combine your benefit payment option with a Level Income feature. If you do not make an election below, your default election is no Level Income Option.

<input type="checkbox"/> I do not elect the Level Income Option
<input type="checkbox"/> Level Income Option to age 62
<input type="checkbox"/> Level Income Option to full Social Security age
If electing either Level Income Option above, you must attach an estimate of Social Security benefits from the Social Security Administration (amount may be determined using Social Security Administration publication No. 05-10024). Your benefit will not commence until a valid Social Security estimate is provided.

E. Joint Annuitant/Beneficiary Designation

Only one joint annuitant is allowed for Joint and Survivor Annuity options. You cannot name your spouse as the joint annuitant. Guaranteed Period Annuity options require a primary and contingent beneficiary.

For both Joint and Survivor Annuity and Guaranteed Period Annuity options

Name _____ Social Security # _____ - _____ - _____

Relationship _____ Date of Birth _____ / _____ / _____

Address (if different from yours) _____

Contingent beneficiary is required for Guaranteed Period Annuity options

Name _____ Social Security # _____ - _____ - _____

Relationship _____ Date of Birth _____ / _____ / _____

Address (if different from yours) _____

F. BENEFIT DISTRIBUTION - Please distribute my pension as follows:

- Direct deposit to the banking institution designated in the Direct Deposit Agreement & Information Section (electronic transfer). Complete Section I.
- By check to my home address in Section G
- By check to an address other than home, as follows:

G. Alternate Payee Acknowledgement

I have elected to receive my pension benefits under the benefit payment option indicated on this form. I have received all information on the available options for this Plan and fully understand the option I elected. **I understand after the pension benefit commencement date has passed the benefit payment option elected is irrevocable.**

Signature of Alternate Payee _____ Date _____

Street address _____

City _____ State _____ ZIP Code _____ Phone # _____

Social Security # _____

E-mail Address (Optional) _____

H. Illustration of Relative Value Comparisons

This explanation is intended to help you to compare the value of benefits you could receive under each of the TWU Plan's generally-available benefit options. To help you understand how the value of the benefits paid under the optional forms of benefit under the TWU Plan compare to one another, we have provided a "relative value" table. The examples in the table below compare the value of the benefits payable under each of the optional forms of benefit to the value of the benefit payable under the 50% Joint and Survivor Annuity form of benefit for three sample participants, one retiring at age 55, one retiring at age 60, and one retiring at age 65. Each sample person is assumed to have earned a monthly benefit payable in a single life annuity form of \$2,500.

In the examples shown below, relative values of distribution forms are calculated by converting each optional form of benefit to a 50% Joint and Survivor Annuity form. These values are compared to the value of the 50% Joint and Survivor Annuity form offered by the plan. This conversion uses assumptions about interest rates and life expectancies. The following assumptions are used in developing the relative value comparisons illustrated below:

- The spouse is the same age as the participant
- Average life expectancy is calculated using the 1994 Group Annuity Reserving Unisex mortality table
- A 4.46% interest rate is used for calculating and comparing relative values (the average yield on 30-year treasury bonds for August, 2005)

These relative values are determined based on average life expectancies. The value of benefits ultimately made under any benefit option will depend upon how long you live and, for certain benefit options, on how long your joint annuitant lives.

The values below represent relative values for sample participants. The relative values of your optional forms may vary from these examples based on your individual situation. If you would like a relative value comparison based on your individual situation (i.e., your pension benefit commencement date, your and your joint annuitant's actual age, and the benefit you have earned under the TWU Plan), please contact the Plan Administrator at: American Airlines Inc. Attn. Employee Services, Mail Drop #5141, P.O. Box 619616, DFW Airport, TX 75261-9616.

The example values below represent relative values for a sample participant. The values displayed below are NOT your actual pension values and do not represent your actual estimate.

	Retirement at Age 55			Retirement at Age 60			Retirement at Age 65		
	Participant	Survivor	Relative Value	Participant	Survivor	Relative Value	Participant	Survivor	Relative Value
No Level Income Option									
Life Annuity	2,500		Same Value	2,500		Same Value	2,500		Same Value
Joint and Survivor									
50%	2,263	1,131	Same Value	2,219	1,110	Same Value	2,173	1,086	Same Value
67%	2,194	1,462	Same Value	2,140	1,426	Same Value	2,082	1,388	Same Value
75%	2,161	1,620	Same Value	2,102	1,576	Same Value	2,040	1,530	Same Value
100%	2,068	2,068	Same Value	1,996	1,996	Same Value	1,923	1,923	Same Value
Guaranteed Period									
10 Yr	2,406	2,406	Same Value	2,350	2,350	Same Value	2,257	2,257	Same Value
15 Yr	2,327	2,327	Same Value	2,221	2,221	Same Value	2,065	2,065	Same Value
20 Yr	2,217	2,217	Same Value	2,066	2,066	95%	1,865	1,865	92%

Level Income Option to Age 62									
Life Annuity	2,968		Same Value	3,209		Same Value			
To Age 62									
After Age 62	2,118			2,359					
Joint and Survivor									
50% To Age 62	2,731	1,131	Same Value	2,928	1,110	Same Value			
After Age 62	1,881	1,131		2,078	1,110				
67% To Age 62	2,661	1,462	Same Value	2,849	1,426	Same Value			
After Age 62	1,811	1,462		1,999	1,426				
75% To Age 62	2,628	1,620	Same Value	2,811	1,576	Same Value			
After Age 62	1,778	1,620		1,961	1,576				
100% To Age 62	2,535	2,068	95%	2,705	1,996	Same Value			
After Age 62	1,685	2,068		1,855	1,996				
Guaranteed Period									
10 Yr To Age 62	2,873	2,873	Same Value	3,065	3,065	Same Value			
After Age 62	2,023	2,023		2,215	2,215				
15 Yr To Age 62	2,808	2,808	Same Value	2,944	2,944	Same Value			
After Age 62	1,958	1,958		2,094	2,094				
20 Yr To Age 62	2,716	2,716	Same Value	2,798	2,798	94%			
After Age 62	1,866	1,866		1,948	1,948				

Level Income Option to Social Security Normal Retirement Age									
Life Annuity	2,946		Same Value	3,175		Same Value	3,583		Same Value
To SS NRA									
After SS NRA	1,746			1,975			2,383		
Joint and Survivor									
50% To SS NRA	2,708	1,131	Same Value	2,894	1,110	Same Value	3,255	1,086	Same Value
After SS NRA	1,508	1,131		1,694	1,110		2,055	1,086	
67% To SS NRA	2,639	1,462	Same Value	2,815	1,426	Same Value	3,165	1,388	Same Value
After SS NRA	1,439	1,462		1,615	1,426		1,965	1,388	
75% To SS NRA	2,606	1,620	94%	2,777	1,576	95%	3,122	1,530	Same Value
After SS NRA	1,406	1,620		1,577	1,576		1,922	1,530	
100% To SS NRA	2,513	2,068	93%	2,671	1,996	93%	3,005	1,923	Same Value
After SS NRA	1,313	2,068		1,471	1,996		1,805	1,923	
Guaranteed Period									
10 Yr To SS NRA	2,839	2,839	Same Value	3,030	3,030	Same Value	3,349	3,349	Same Value
After SS NRA	1,639	1,639		1,830	1,830		2,149	2,149	
15 Yr To SS NRA	2,780	2,780	Same Value	2,930	2,930	Same Value	3,165	3,165	95%
After SS NRA	1,580	1,580		1,730	1,730		1,965	1,965	
20 Yr To SS NRA	2,702	2,702	94%	2,806	2,806	93%	2,974	2,974	92%
After SS NRA	1,502	1,502		1,606	1,606		1,774	1,774	

Options shown with the same value have approximately the same value as the 50% Joint and Survivor Annuity Option, based on the assumptions described on the previous page.

I. Direct Deposit Agreement and Information

Complete this section if electing direct deposit as your benefit distribution method in Section F.

If this section is incomplete, your pension will not be electronically deposited and will be mailed to the address listed in Section G. **(Check One)**

Checking Account (attach voided check) Savings Account (attach deposit slip)

Bank / Depository Name _____

Bank Mailing Address _____

City _____ State _____ Zip Code _____

ABA Routing Number (9 digit number) _____

Account # (do not include your check #) _____

NOTE: Your first check will be mailed to your home address.

This authority is to remain in full force and effect until State Street, as Trustee, has received written notification from me to terminate the distribution of my pension by direct deposit in such time and manner to afford State Street and the Depository a reasonable opportunity to modify account records.

American Airlines Federal Credit Union Partial Deposit Election

I hereby request that \$ _____ of my monthly benefit be deposited directly to my American Airlines Federal Credit Union Primary Share Account. (For full deposit to the AAFCU, complete the entire section above.)

Authorization

I authorize State Street, Trustee for American Airlines, Inc., to initiate credit entries and, if necessary, debit entries and adjustments for any credit entries in error to my checking or savings account indicated above and the Depository named above to credit and/or debit the same such account. My signature authorizes State Street, as the Trustee for American Airlines, Inc., to make the deposits requested above.

Alternate Payee Signature**Date****Social Security #** _____

ATTACH VOIDED CHECK OR SAVINGS ACCOUNT DEPOSIT SLIP.

J. Tax Withholding Election

Federal law requires that you make an election relative to the withholding of taxes. Please complete the below information. You should obtain competent tax assistance before making an election.

If you are living outside the United States, please contact HR Employee Services for three additional forms. (Certificate of U.S. Citizenship or Residence, W4-P Tax Withholding Election & Form W8-BEN Certificate of Foreign Status)

Federal Income Tax Withholding (Select one)

<input type="checkbox"/> I elect NOT to have Federal tax withheld
<input type="checkbox"/> I elect to have Federal tax withheld based on the standard calculation (married with three (3) exemptions).
<input type="checkbox"/> I elect to have Federal tax withheld based on _____ exemptions and the following marital status: _____ Single _____ Married _____ Married but withheld at a Single Rate
<input type="checkbox"/> I elect to have the following additional amount withheld each month: \$ _____.

Note: You may only elect this option if you have elected withholding.

State Income Tax Withholding

If you are a resident of **Alaska, Florida, Hawaii, Mississippi, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington or Wyoming**, please disregard this section of the form; these are non-withholding states.

If you are a resident of **Arizona**, state income tax is not mandatory; however, voluntary withholding of state tax is acceptable. Please provide a fixed amount below.

If you are a resident of **Iowa, Kansas, Maine, Massachusetts, Nebraska or Vermont**, state tax withholding is mandatory if you have elected Federal income tax withholding and voluntary if you have not elected Federal withholding. Please make your election below.

If you are a resident of **California, Delaware, Georgia, North Carolina, Oklahoma, Oregon or Virginia**, state tax withholding is mandatory. Please make your election below.

If you are a resident of **Alabama, Arkansas, Colorado, Connecticut, District of Columbia, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Missouri, Montana, New Jersey, New York, New Mexico, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Utah, Wisconsin, or West Virginia**, state income tax withholding is voluntary. Please make your election below.

<input type="checkbox"/> I elect NOT to have state tax withheld
<input type="checkbox"/> I elect to have state tax withheld based on _____ exemptions and the marital status of <input type="checkbox"/> Single <input type="checkbox"/> Married
<input type="checkbox"/> I elect to have the following additional amount withheld each month: \$ _____.

Note: You may only elect this option if you have elected withholding.

<input type="checkbox"/> I elect to have \$ _____ state tax withheld
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State tax withholding will be based on the address indicated in Section G.

Alternate Payee Signature

Date**Social Security #** _____

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K. Instructions and Information

Failure to complete all information properly will make your election invalid and may delay commencement of your pension. If you have questions while completing this form, please contact HR Employees at 800-447-2000.

A – Alternate Payee Information

1. Complete all fields
2. Pension Benefit Commencement Date must always be the first of a month
3. You must attach proof of your date of birth and, if applicable, your joint annuitant's date of birth. Proof can include a driver's license, passport, or military ID, etc.

B – Employee Information

1. Complete all fields

C – Benefit Payment Options

1. Please read all information carefully regarding your benefit payment options as election is irrevocable once your pension benefit commencement date has passed

D – Benefit Election

1. Please check only one benefit payment option (1 through 4)
2. You may elect a Level Income feature in combination with a benefit payment option
3. If you elect a Level Income Option, you must attach an estimate of your Social Security benefit
4. If you do not make an election for the Level Income Option, you will default to no Level Income Option

E – Joint Annuitant / Beneficiary Designation

1. If you select benefit payment option 2 or 3 you must complete this section
2. If you elect benefit payment option 3, you must complete the contingent beneficiary

F – Benefit Distribution

1. Please check only one option
2. If you elect direct deposit, you must complete the Direct Deposit Agreement in Section I

G – Alternate Payee Acknowledgement

1. Please complete all fields (E-Mail is optional)
2. Please sign the acknowledgement

H – Illustration of Relative Value Comparisons

1. Please read this information carefully

I – Direct Deposit Agreement & Information

1. Only complete this section if you elected direct deposit as your benefit distribution method
2. If this section is incomplete or illegible, your pension payment will be mailed to the address listed in Section G
3. You must include a copy of a voided check or savings account deposit slip
4. Please note the first payment will be mailed to your home address

J – Tax Withholding Election

1. You are required to complete this section. Failure to do so could delay the commencement of your benefits.
2. You must make an election for Federal withholding
3. Please sign and date this section

Return the completed Pension Benefit Election Form and all required documents to:

**American Airlines, Inc.,
Employee Services, Mail Drop #5146,
P.O. Box 619616
DFW Airport, TX 75261-9616**