

SUMMARY OF MATERIAL MODIFICATIONS FOR HEALTH AND WELFARE
BENEFIT PLANS SPONSORED BY AMERICAN EAGLE, INC.

December 15, 2009

This document serves as notice to **American Eagle Airlines, Inc.** Active and Leave-of-Absence employees of changes to the Company sponsored health and welfare benefit plans listed below. This Summary of Material Modifications describes the changes that affect your benefit plans and updates your summary plan descriptions. This Summary of Material Modifications, together with the Employee Benefits Guide, makes up the official plan documents and Summary Plan Descriptions. **Please read this notice carefully, and place this notice with your Summary Plan Description(s) (the Summary Plan Descriptions are contained in the Employee Benefit Guide (“EBG”)). These changes are effective January 1, 2010, unless otherwise stated elsewhere in this document.**

These changes apply to the Group Health and Welfare Benefits Plan for Employees of American Eagle Airlines and Its Affiliates (Plan 501, EIN #38-2036404; referred to herein as the “Plan”).

In “Eligibility,” “Dependent Eligibility,” “Dependent Eligibility Criteria” on 17 & 18, the final paragraph of the section is changed as follows:

Michelle’s Law requires that the Plan cannot terminate coverage of a student who is a dependent child and who must take a medically necessary leave of absence, before the earlier of:

- *One year after the leave of absence begins; or*
- *The date on which the child’s coverage under the Plan would otherwise terminate.*

“Medically necessary leave of absence” means a leave of absence from a postsecondary school, or any other change in enrollment at the school, that:

- *Begins while the child is suffering from a serious illness or injury;*
- *Is medically necessary; and*
- *Causes the child to lose student status and therefore coverage under the Plan.*

The child must be under a physician’s care, and written statements must be provided from the attending physician and educational institution to your network and/or claim administrator. The written certification must state that the child is suffering from a serious illness or injury and that the leave of absence (or other change in enrollment, such as a change from a full-time to part-time student) is medically necessary.

If a dependent does not meet the conditions of Michelle’s Law, he or she will lose coverage after nine months. The child must be under a physician’s care, and statements must be provided from the attending physician and educational institution to the network and/or claim administrator. After nine months, coverage will end unless the child returns to school full-time or meets the definition of an incapacitated child. If you are enrolled in an HMO, you must contact your individual HMO to determine eligibility requirements and when coverage will be terminated.

In “Enrollment,” “Default Coverage” on page 22, the first row of the table is changed as follows:

Benefit	Default	Comments
Medical Benefit Option	PPO Deductible	If your current medical benefit option is not available in your location, you and your eligible dependents will be enrolled in the PPO-Deductible option. If you are not eligible for the PPO-Deductible option, you and your eligible dependents will be enrolled in the Out-of-Area Coverage option. Employees with a Puerto Rico address will default to the Humana HMO if current plan is no longer available.

In “Medical Benefit,” “Overview,” on page 40, the following text replaces the third paragraph, first sentence:

Employees residing in Puerto Rico will have the choice between HMOs and the PPO Copay, PPO Deductible, or Minimum Coverage Plans.

In “Medical Benefits,” “Medical Benefit Options,” “Medical Benefit Options Comparison,” “Hospital Services” on page 45, the following is replaces the first two rows in the table:

Features	Amount You Pay Under ...			
	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible & PPO-Copay
Annual deductible	\$500 deductible/individual \$1000 deductible/family	\$250 deductible/individual \$750 deductible/family	\$1000 deductible/individual \$2000 deductible/family	PPO Deductible: \$1000 deductible/individual PPO Copay: \$750 deductible/individual No aggregate family deductible

In “Medical Benefits,” “Medical Benefit Options,” “Medical Benefit Options Comparison,” “Medical Services” on page 45, the following text replaces the text in the row “Mammograms”:

Features	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible & PPO-Copay
Mammograms –	20% coinsurance if	No cost if part of	20% co-insurance if	40% co-insurance if

Features	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible & PPO-Copay
diagnostic	medically necessary; routine mammograms are covered according to specific guidelines – refer to Mammograms in Covered Expenses on page 60	office visit or at an independent facility; 20% coinsurance if hospital outpatient	medically necessary; routine mammograms are covered according to specific guidelines – refer to Mammograms in Covered Expenses on page 60	medically necessary; routine mammograms are covered according to specific guidelines – refer to Mammograms in Covered Expenses on page 60
Mammograms – preventive	Covered 100% according to age guidelines, regardless of facility	Covered 100% according to age guidelines, regardless of facility	Covered 100% according to age guidelines, regardless of facility	Not Covered

In “Medical Benefits,” “Medical Benefit Options,” “Medical Benefit Options Comparison,” “Medical Services” on page 46, the following text replaces the text in the row “Urgent care” (in italics):

Features	Amount You Pay Under ...			
	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible & PPO-Copay
Urgent care clinic	20% co-insurance	<i>\$35 copayment</i>	20% co-insurance	40% co-insurance

In “Medical Benefits,” “Medical Benefit Options,” “Medical Benefit Options Comparison,” “Medical Services” on page 47, the following text replaces the text in the row “Emergency room” (in italics):

Features	Amount You Pay Under ...			
	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible & PPO-Copay
Emergency room	20% co-insurance	<i>\$125 copayment , plus 20% co-insurance after deductible is satisfied (copay waived if admitted to the hospital)</i>	20% co-insurance	40% co-insurance

In “Medical Benefits Options,” “Medical Benefit Options Comparison,” “Mental Health and Chemical Dependency Care, the table on page 48 is replaced in its entirety with the following:

Features	Amount You Pay Under ...			
	In-Network PPO-Deductible & Out-of-Area Coverage	In-Network PPO-Copay	Minimum Coverage	Out-of-Network PPO-Deductible, PPO-Copay & Minimum Coverage
Inpatient mental health care	20% co-insurance	20% co-insurance for all hospital-based services	20% co-insurance (in-network)	40% co-insurance
Alternative mental health care center	20% co-insurance Cover as medically necessary	\$35 copayment Cover as medically necessary	20% co-insurance (in-network) Cover as medically necessary	40% co-insurance Cover as medically necessary
Outpatient mental health care	20% co-insurance	\$35 copayment	20% co-insurance (in-network)	40% co-insurance
Marriage counseling	You pay the full cost (not covered)	You pay the full cost (not covered)	You pay the full cost (not covered)	You pay the full cost (not covered)
Detoxification (see page 66)	20% co-insurance	20% co-insurance for all hospital-based services	20% co-insurance	40% co-insurance
Chemical dependency	20% co-insurance	\$35 copayment	20% co-insurance	40% co-insurance
Inpatient chemical dependency rehabilitation	20% co-insurance	20% co-insurance	20% co-insurance (in-network)	40% co-insurance
Outpatient chemical dependency rehabilitation	20% co-insurance	\$35 copayment	20% co-insurance (in-network)	40% co-insurance

In “Medical Benefits”, “Medical Benefit Options”, TriCare Supplement Insurance Option”, page 58 & 59 is deleted in its entirety and replaced with the following text:

Effective 11:59 p.m. on December 31, 2009, TriCare Supplement Insurance (insured by ASI) will no longer be offered as a medical benefit option in the Group Health and Welfare Benefits Plan for Employees of American Eagle Airlines and Its Affiliates. Employees enrolled in the TriCare Supplement Insurance and wish to keep this coverage after December 31, 2009, may maintain their coverage directly with ASI. ASI will assume the solicitation, billing and other administrative duties for the TriCare Supplement Insurance.

In “Medical Benefits,” “Medical Benefit Options,” “Covered Expenses”, page 64, the last sentence of the section “Hearing care” is replaced as follows:

Cochlear implants and osseointegrated hearing implant systems (such as BAHAs) are covered if medically necessary.

In “Medical Benefit Options,” “Mental Health and Chemical Dependency Benefits,” “Mental Health Benefits”, “Inpatient Mental Health Care” on page 69:

The last paragraph is stricken in its entirety.

In “Medical Benefit Options,” “Mental Health and Chemical Dependency Benefits,” “Mental Health Benefits” on page 69, the following text replaces the section “Alternative mental health care center”:

Alternative mental health care center – residential treatment: *Under the PPO Copay, Out-of-Area Coverage, Minimum Coverage and PPO-Deductible Options, such treatment is covered at 80%, when you use network providers and 60% when you use out-of-network providers.*

Alternative mental health care center – intensive outpatient and partial hospitalization: *Under the PPO copay, Out-of-Area Coverage, Minimum Coverage and PPO-Deductible Options, such treatment is covered at 80%, when you use network providers and 60% when you use out-of-network providers.*

In “Medical Benefit Options,” “Mental Health and Chemical Dependency Benefits,” “Mental Health Benefits” on page 69, the following text replaces the first two paragraphs of the section “Outpatient mental health care”:

Outpatient mental health care: *Under the Out-of-Area Coverage, Minimum Coverage and PPO-Deductible Options, such treatment is covered at 80% when you use network providers and 60% when you use out-of-network providers.*

Under the PPO-Copay Option, you pay a \$35 copay per visit if you use network providers and 40% co-insurance if you use out-of-network providers.

In “Medical Benefit Options,” “Mental Health and Chemical Dependency Benefits,” “Mental Health Benefits” on page 69, the following text replaces the first two paragraphs of the section, the following text is replaces the section “Chemical dependency rehabilitation”:

Chemical dependency rehabilitation: *Covered chemical dependency rehabilitation expenses for treatment of drug or alcohol dependency can be inpatient, outpatient, or a combination. The Plan does not cover expenses for a family member to accompany the patient being treated, although many chemical dependency treatment centers include family care at no additional cost.*

In “Medical Benefit Options,” “Prescription Drug Benefits,” “Retail Drug Coverage” on page 71, the following text is added as a new section:

Retail Refill Allowance

Coverage is provided for up to three fills of maintenance drugs at retail. Unless you begin using the Medco Pharmacy mail-order service by the fourth fill, you will be responsible for 100% of the discounted cost when you purchase the drug retail.

In “Medical Benefits,” “Prescription Drug Benefits,” “Filing Claims,” “Claims Filing Deadlines” on page 80, the first two sentences are replaced as follows:

For claims incurred through 12/31/2009, you must submit all claims, including prescription drug claims, within two years of the date expenses were incurred. Claims submitted more than 24 months after expenses were incurred will not be considered for payment.

For claims incurred on or after 1/1/2010, you must submit all claims, including prescription drug claims, within one year of the date expenses were incurred. Claims submitted more than 12 months after expenses were incurred will not be considered for payment.

In “AD&D and VPAI Benefits,” “Other Accident Insurance,” “SPAI Benefits,” on page 123, the following text replaces the 2nd paragraph:

The plan also pays up to \$100,000 to non-flight employees injured in an accident while riding on Company business as passengers, mechanics, observers or substitute flight attendants in any previously tried, tested and approved aircraft operated by a properly certified pilot.

In “Flexible Spending Accounts,” “Dependent Day Care Flexible Spending Account,” “Receiving Reimbursement” on page 155 & 156 the following text replaces the entire section:

Participants who have a DDFSA must file online paper or fax claims. Go to www.mypayflex.com for more information.

You may elect to have your reimbursements deposited directly into your checking or savings account, simply by providing your account information online via the Direct Deposit link at www.mypayflex.com.

You may file claims for eligible expenses at any time. Unlike the HCFSA, you may only be reimbursed from the DDFSA up to the amount you have actually deposited at the time you submit the claim. If your account balance is less than the amount you request, your reimbursement will only equal the amount in your account. However, unpaid amounts are automatically paid as additional deposits are made to cover them.

Because most dependent day care expenses must be paid in advance, you may receive reimbursement for these services in advance, within certain guidelines. You can request reimbursement for services pre-paid up to 30 days in advance if the care provider verifies, in writing, that advance day care payments are non-refundable.

You have until March 15 to use your prior year’s balance and until June 15 to file claims.

In “Flexible Spending Accounts,” on page 157, the following section replaces the first paragraph and the table in that section:

If you elect both types of FSAs it will affect how you are reimbursement for eligible expenses. All participants may submit claim for reimbursement online at www.mypayflex.com or complete a paper claim and send it to PayFlex by fax or mail. The fax number and mailing address are available on www.mypayflex.com.

Your medical option	Your reimbursement method is ...
PPO Copay Plan	<p>For the Health Care FSA, you will choose between <i>an FSA debit card and auto reimbursement</i> at the time of enrollment.</p> <p><i>For the Dependent Day Care FSA, you will have to file online, paper or fax claims.</i></p>
PPO Deductible/Out of Area Coverage	<p>For the Health Care FSA, you will not be able to elect an FSA card; you will automatically default to auto reimbursement.</p> <p><i>For the Dependent Day Care FSA, you will have to file online, paper or fax claims.</i></p>
Minimum Coverage Plan	<p>For the Health Care FSA, you will not be able to elect an FSA card; you will automatically default to auto reimbursement.</p> <p><i>For the Dependent Day Care FSA, you will have to file online, paper or fax claims.</i></p>
HMO	<p>For the Health Care FSA, you will receive <i>an FSA debit card</i>.</p> <p><i>For the Dependent Day Care FSA, you will have to file online, paper or fax claims.</i></p>
Waive Medical Coverage	<p>For the Health Care FSA, you will receive <i>an FSA debit card</i>.</p> <p><i>For the Dependent Day Care FSA, you will have to file online, paper or fax claims.</i></p>

END OF SUMMARY OF MATERIAL MODIFICATIONS

CLARIFICATIONS TO THE EMPLOYEE BENEFITS GUIDE FOR AMERICAN EAGLE AIRLINES EMPLOYEES

This document serves as notice to American Eagle Airlines, Inc. active and Leave-of-Absence employees of clarifications to the summary plan description – the American Eagle Employee Benefits Guide (“EBG”). These clarifications, together with the EBG, make up the official plan documents and Summary Plan Descriptions. **Please read this notice carefully, and place this notice with your Summary Plan Description(s) (the Summary Plan Descriptions are contained in your EBG).**

These clarifications apply to:

Group Health and Welfare Benefits Plan for Employees of American Eagle Airlines and Its Affiliates. (Plan 501, EIN #38-2036404; referred to herein as the “Plan”).

In “Prescription Drug Benefits”, “Specialty Pharmacy Services” pages 72&73, replace the medical conditions list with the following:

- Anemia/Neutropenia
- Growth Hormone
- Hemophilia
- Hepatitis C
- Immune Deficiency Therapy
- Metabolic Disorders
- Multiple Sclerosis
- Oral Cancer Drugs
- Osteoporosis
- Rheumatoid Arthritis and Other Autoimmune Conditions
- Pulmonary / Pulmonary Arterial Hypertension
- *Other Various Indications*

Please note: Specialty Agents are added as required/appropriate.

END OF CLARIFICATIONS TO THE EMPLOYEE BENEFITS GUIDE