

**AGREEMENT SETTLING PRE-65 RETIREE MEDICAL GRIEVANCE(S) AND  
ARBITRATION**

WHEREAS, on June 30, 2016, British Airways Plc (the "Company" or "BA") announced that effective January 1, 2017, it would no longer provide retiree medical benefits under its current Aetna medical plan ("Aetna Plan") to pre-65 retirees (including spouses and other dependents) (collectively "Pre-65 Retirees"), substituting a Retiree Reimbursement Account ("RRA"), all as set forth in BA communications dated June 30, 2016, September 29, 2016 and December 5, 2016 (the "Pre-65 Program Change"),

WHEREAS, on July 7, 2016, the International Association of Machinists and Aerospace Workers ("Union"), filed grievance(s) challenging the Company's right to implement the Pre-65 Program Change, as applicable to Union Pre-65 Retirees and "Active Employees" (defined as employees represented by the Union who are or have been employed at any time since July 1, 2016),

WHEREAS, the aforesaid grievance(s) were scheduled for a System Board of Adjustment hearing ("Arbitration") for December 12, 2016, before Arbitrator John Sands (the "Arbitrator") as neutral, involving the Company's decision to implement the Pre-65 Program Change,

WHEREAS, BA and the Union (the "Parties") agreed to postpone the Arbitration hearings to February 8 and February 9, 2017 pursuant to the terms of a Memorandum of Agreement executed December 9, 2016 ("MOA", Attachment 1 hereto), and

WHEREAS, the Parties have extensively discussed all issues relating to the Pre-65 Program Change, including the claims of the Pre-65 Retirees and "Active Employees" and agreed that it is in their mutual best interests to resolve all issues relating to the Pre-65 Program Change without facing the respective risks associated with going forward with the Arbitration, and therefore to enter into this Agreement Settling Pre-65 Retiree Medical Grievance(s) and Arbitration ("Agreement") on the terms set forth below,

NOW, THEREFORE, the Parties agree as follows:

1. Effective March 1, 2017 and through December 31, 2017, the Parties agree to modify the Pre-65 Program Change as follows:
  - a. Category A Pre-65 Retirees (as defined in ¶ 3 of the MOA) who were enrolled in the Aetna Plan for 2017 shall remain enrolled in the Aetna Plan on the same terms as applicable to active employees represented by the Union for the remainder of 2017. Category A Pre-65 Retirees who elected to accept the Pre-65 Program Change shall be eligible for the 2017 Category B Pre-65 RRA benefits provided for in ¶ 1.b. below.
  - b. Category B Pre-65 Retirees (as defined in ¶ 4 of the MOA) who enrolled in insurance coverage subject to the Pre-65 Program Change shall be

eligible for an RRA in 2017 in the following total amounts: (i) \$5,250.00 total for single coverage, (ii) \$10,000.00 total for single plus one eligible and participating dependent, and (iii) \$15,000.00 total for "family" (defined as single plus two or more eligible and participating dependents).

- c. Category B Pre-65 Retirees who did not enroll in insurance for 2017 subject to RRA with BA shall have no RRA benefits for 2017.
2. Effective January 1, 2018 all Pre-65 Retirees who (in any given year) do not elect tax credits under the Affordable Care Act ("ACA") (or any replacement law or regulation which does not allow a tax credit if a private subsidy is accepted) shall be subject to the Pre-65 Program Change, modified as follows:
    - a. The annual RRA shall be as follows: (i) \$5,250.00 for single coverage, (ii) \$10,000.00 for single plus one eligible and participating dependent, and (iii) \$15,000.00 for family (single plus two or more eligible and participating dependents).
    - b. The amounts set forth in ¶ 2.a. above shall remain in effect until each of the Pre-65 Retirees (including eligible dependents) "Age Out" (Age Out is defined as the year in which each Pre-65 Retiree and eligible spousal dependent reaches age 65 (or dies), each eligible child dependent reaches age 26 (or dies), or a disabled child dependent is no longer disabled (or dies or reaches age 65). By way of examples, (i) a single Pre-65 Retiree who reaches age 65 at any time in 2021 shall be entitled to \$5,250.00 for the years 2018, 2019, 2020, and 2021, (ii) a Pre-65 Retiree who reaches age 65 at any time in 2019, with one eligible and participating spousal dependent who reaches age 65 at any time in 2020 shall be entitled to \$10,000 for the years 2018 and 2019 and \$5,250 for the year 2020, and (iii) a Pre-65 Retiree who reaches age 65 at any time in 2019, with family coverage for one eligible and participating spousal dependent who reaches age 65 at any time in 2020 and one eligible and participating child dependent who reaches age 26 at any time in 2021 shall be entitled to \$15,000 for the years 2018 and 2019, \$10,000 for the year 2020 and \$5,250 for the year 2021.
  3. Attachment 2 is a list of all Pre-65 Retirees, including all eligible dependents, listing (i) dates of birth, (ii) year in which each Ages Out, and (iii) status as Category A or B or no RRA for purposes of 2017 benefits under ¶ 1.a.-c. above.
  4. The Arbitration most recently scheduled for February 8 and February 9, 2017 is withdrawn with prejudice. In the event that any Pre-65 Retiree or Active Employee should seek to utilize the grievance/System Board of Adjustment procedures of the Parties' collective bargaining agreements with regard to the subjects of this dispute, the Union shall decline to process any such matter to the System Board of Adjustment.

5. The Parties agree that nothing in any current or past collective bargaining agreement between the Parties, any prior communications from BA (either orally or in writing), or any alleged past practice, requires BA to provide any form of Pre-65 Retiree medical benefits to Active Employees. Nothing herein shall limit the right of the Parties to negotiate in good faith in the future on the subject of retiree medical benefits for some or all Active Employees, including the right of the Union to seek such benefits and the right of the Company to reject such proposal.
6. The benefits provided in ¶¶ 1 and/or 2 above only shall apply to Pre-65 Retirees who retired on or before June 30, 2016 and who (in any given year) do not elect tax credits under the ACA (or any replacement law or regulation which does not allow a tax credit if a private subsidy is accepted). Pre-65 Retirees who retired or retire on or after July 1, 2016 and on or before December 31, 2018 and who (in any given year) do not elect tax credits under the ACA (or any replacement law or regulation which does not allow a tax credit if a private subsidy is accepted) are subject to the Pre-65 Program Change without the modifications set forth in this Agreement. Pre-65 Retirees who retire on or after January 1, 2019 shall not be eligible for any BA Pre-65 retiree medical benefits, whether RRA or otherwise.
7. To be eligible to receive the benefits provided for in ¶ 1 and/or ¶ 2, the eligible Pre-65 Retiree (including each eligible and participating adult dependent of such Pre-65 Retiree) must, by June 9, 2017, first sign a waiver and release of claims, in the form of Attachment 3, adopting the terms of this Agreement and releasing any legal claims arising from the Pre-65 Program Change and the terms of this Agreement. In the event any Pre-65 Retiree (or his/her eligible adult dependents) declines to timely sign such an agreement, said Pre-65 Retiree (including all dependents) shall be eligible only for the Pre-65 Program Change without the modifications provided for herein. The foregoing shall not limit the right of the Category A Pre-65 Retirees to remain in the Aetna Plan for 2017 only.
8. Nothing herein shall impact the rights of a Pre-65 Retiree who turns 65 to avail of the current Post-65 Retiree Benefit Program as set forth in the January 2013 Letter and at pp. 7-11 of the January 2013 Frequently Asked Questions, subject to BA's "right to amend, modify, or terminate its retiree medical program at any time in its sole discretion." (Attachment 4).
9. In the event of any dispute hereunder, said dispute shall be resolved pursuant to a hearing before the System Board of Adjustment pursuant to the Parties' collective bargaining agreements.
10. This Agreement shall not constitute, nor be advanced as, a practice or precedent in any pending or future cases, whether similar or dissimilar.
11. This Agreement shall be binding upon the Parties, their successors and assigns.

12. The Parties agree to split the Arbitrator's cancellation fee equally, and each party shall bear its own costs and legal fees.
13. This Agreement may be executed in counterparts, each of which shall be deemed an original and each of which shall together constitute one and the same agreement. A .pdf or fax copy shall be deemed an original and given full force and effect.

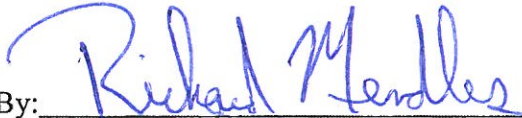
Executed and agreed by the duly authorized representative of the parties effective this 7<sup>th</sup> day of April, 2017:

**THE INTERNATIONAL  
ASSOCIATION OF MACHINISTS AND  
AEROSPACE WORKERS**

**BRITISH AIRWAYS PLC**

By: 

Date: April 7, 2017

By: 

Date: April 7, 2017

4836-8835-0533, v. 9

4836-8835-0533, v. 9

# ATTACHMENT 1

## MEMORANDUM OF AGREEMENT

WHEREAS, on June 30, 2016, British Airways Plc (the "Company") announced that effective January 1, 2017, it would no longer provide retiree medical benefits under its current Aetna medical plan ("Aetna Plan") to pre-65 retirees (including spouses and other dependents) (collectively "Pre-65 Retirees"), substituting a Retiree Reimbursement Account ("RRA"), all as set forth in BA communications dated June 30, 2016, September 29, 2016 and December 5, 2016 (the "Pre-65 Program Change"),

WHEREAS, on July 7, 2016, the International Association of Machinists and Aerospace Workers, by and on behalf of those employees of the Company who it represents and the Pre-65 Retirees who, while employed by the Company, it represented ("Union"), filed a grievance challenging the Company's right to implement the Pre-65 Program Change,

WHEREAS, the aforesaid grievance is scheduled for a System Board of Adjustment hearing ("Arbitration") for Monday, December 12, 2016, before Arbitrator John Sands (the "Arbitrator") as neutral, involving the Company's decision to implement the Pre-65 Program Change, and

WHEREAS, BA and the Union (the "Parties") have agreed to postpone the Arbitration on the terms set forth below,

NOW, THEREFORE, the Parties agree as follows:

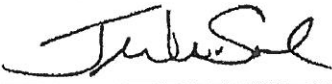
1. The Parties agree to postpone the Arbitration hearing to March 8 and 9, 2017 or such earlier dates as may be available and agreed, with a goal to concluding the hearing and briefing, followed by the issuance of an award by the Arbitrator by no later than March 31, 2017.
2. The parties agree to engage in discussions in an effort to resolve the underlying dispute prior to the rescheduled Arbitration date. Such discussions will begin no later than January 17, 2017.
3. Pending further written agreement, or award by the Arbitrator in the absence of further written agreement, the Parties agree that the Pre-65 Retirees who are currently enrolled in the Aetna Plan, and whose retirement letters do not specify or reserve that the Company may "terminate" coverage ("Category A Pre-65 Retirees"), will be offered the opportunity to remain enrolled in the Aetna Plan for 2017 on the same terms as applicable to active employees represented by the Union. Unless a Category A Pre-65 Retiree advises the Company (by email to the attention of [Americas.People@ba.com](mailto:Americas.People@ba.com)) that he/she wishes to change enrollment election under the Aetna Plan by 5:00pm PST on December 20, 2016, he/she shall default to his/her 2016 enrollment option for 2017. (Note: Subject to verification, there are approximately 71 Category A Pre-65 Retirees shown on the attached list.) .

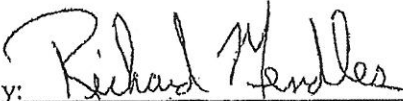
4. Pending further written agreement, or award by the Arbitrator in the absence of further written agreement, the Parties agree that the remainder of the current Pre-65 Retirees whose retirement letters specify or reserve that the Company may "terminate" coverage ("Category B Pre-65 Retirees"), shall be subject to the Pre-65 Program Change effective January 1, 2017. (Note: Subject to verification, there are approximately 80 Category B Pre-65 Retirees shown on the attached list.)
5. In the event of any dispute as to whether an individual Pre-65 Retiree is appropriately within Category A or Category B, said individual shall be treated as in Category B, subject to further agreement or award.
6. This Memorandum of Agreement is intended to provide the Parties with an opportunity to attempt to resolve the issues underlying the Arbitration. In the event that the Arbitration goes forward, this Memorandum of Agreement and any discussions leading to it, shall not be advanced, nor shall they serve, to enhance, waive or diminish any claim, right or defense of either party. Any discussions under ¶2 above shall be in the nature of "settlement discussions" and inadmissible in the event that the Arbitration goes forward.
7. This Memorandum of Agreement shall not constitute, nor be advanced as a practice or precedent in any pending or future cases, whether similar or dissimilar.
8. This Memorandum of Agreement shall be binding upon the parties hereto, their successors and assigns.
9. The parties agree to split the Arbitrator's cancellation fee equally, and each party shall bear its own costs and legal fees.
10. This Memorandum of Agreement may be executed in counterparts, each of which shall be deemed an original and each of which shall together constitute one and the same agreement. A .pdf or fax copy shall be deemed an original and given full force and effect.

Executed and agreed by the duly authorized representative of the parties this 9<sup>th</sup> day of December, 2016:

THE INTERNATIONAL  
ASSOCIATION OF MACHINISTS AND  
AEROSPACE WORKERS

BRITISH AIRWAYS PLC

By: 

By: 

Date: **December 9, 2016**

Date: 12/9/16

# ATTACHMENT 2









Retiree- Dep + 1 w-Adm

City	State	Name of Retiree	Date of Birth	Age Out Year	Name of Dependent	Date of Birth	Age Out Year	Name of Dependent	Date of Birth	Age Out Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Houghlin Lake	MI	DODDS, NK	6/24/1953	2018	DODDS, TAMARA D	2/27/1960	2023				10000	5250	5250	5250	5250	5250	5250	5250	5250						
Pembroke Pines	FL	PROVOST, ORVILLE			PROVOST, M	5/5/1958	2023	PROVOST, JEREMY D	7/25/2000	2026	10000	10000	10000	10000	10000	10000	10000	10000	10000						
Maspeth	NY	SPYKERMAN, KA	11/21/1954	2019	SPYKERMAN, KRISTIA A	2/10/1996	2022				10000	10000	10000	10000	10000	10000	10000	10000	10000						
Hershey	VA	SCHMIDEL, JA	4/19/1953	2018	SCHMIDEL, SUSANNA B	4/11/1993	2024				10000	5250	5250	5250	5250	5250	5250	5250	5250						
Chicago	IL	GEORGIAN, AJ	12/30/1952	2017	GEORGIAN, ANASTASIA	2/2/1980	2025				5250	5250	5250	5250	5250	5250	5250	5250	5250						
Newnan	GA	BARTHOLO, NK	8/27/1953	2018	BARTHOLO, BENGO H	2/8/1986	2021				10000	5250	5250	5250	5250	5250	5250	5250	5250						
Deer Park	NY	WOODWARD, JOHN W	11/29/1952	2017	WOODWARD, JOHN W	11/29/1952	2017				5250	5250	5250	5250	5250	5250	5250	5250	5250						
Chesapeake	VA	COLEMAN, BS	11/11/1952	2018	HUNTER, JOHN W	11/11/1952	2017				5250	5250	5250	5250	5250	5250	5250	5250	5250						
Chesapeake	VA	HUNTER, AT	2/17/1954	2018	HUNTER, EUGENE F	11/18/1961	2018				10000	10000	10000	10000	10000	10000	10000	10000	10000						
Chesapeake	VA	RECHENOFF, ROSEMARIE	12/10/1955	2020	VISSICHELLI, J	3/10/1992	2018				10000	10000	10000	10000	10000	10000	10000	10000	10000						
Lynchburg	VA				VISSICHELLI, J	3/10/1992	2018				10000	10000	10000	10000	10000	10000	10000	10000	10000						





# ATTACHMENT 3

## PRE-65 RETIREE MEDICAL PROGRAM AGREEMENT AND RELEASE

This Pre-65 Retiree Medical Program Agreement and Release ("Agreement") is made and entered into by and between [ ], an individual residing at [ ] ("You", "you" or "your"), and British Airways Plc, a public limited company under the laws of England and Wales with its principal place of business in North America at 2 Park Avenue, Suite 1100, New York, New York 10016 ("BA" or the "Company"), in exchange for improvements in the BA Pre-65 Retiree Medical Program ("Pre-65 Retiree Medical Program"), as negotiated by the International Association of Machinists & Aerospace Workers (the "Union") and as set forth in ¶ 3 below.

1. Pre-65 Retiree Program Changes Announced by BA on June 30, 2016. On June 30, 2016, BA announced that effective January 1, 2017, it would no longer provide retiree medical benefits under its current Aetna medical plan ("Aetna Plan") to pre-65 retirees (including spouses and other dependents) (collectively "Pre-65 Retirees"), instead substituting a Retiree Reimbursement Account ("RRA"), all as set forth in BA communications dated June 30, 2016, September 29, 2016 and December 5, 2016 (the "Pre-65 Program Change") (Attachment 1).

2. Union Grievance(s) Challenging Pre-65 Program Change. On July 7, 2016, the Union filed grievance(s) challenging the Company's right to implement the Pre-65 Program Change, as applicable to, among others, Pre-65 Retirees who had been represented by the Union while employed by BA and their eligible dependents ("Union Pre-65 Retirees"). An arbitration hearing initially was scheduled for December 12, 2016 and postponed by memorandum of agreement dated December 9, 2016 ("MOA") to February 8 and 9, 2017 to allow BA and the Union to discuss and hopefully come to agreement on modifications to the Pre-65 Program Change. Pursuant to the MOA certain Union Pre-65 Retirees and their eligible dependents ("Category A") were offered the opportunity to remain in the Aetna Plan for 2017, while other Union Pre-65 Retirees and their eligible dependents ("Category B") became subject to the Pre-65 Program Change. The arbitration hearings scheduled for February 8 and 9, 2017 were further postponed in light of progress in negotiating modifications to the Pre-65 Program Change.

3. BA-Union Agreement to Modify the Pre-65 Program Change. By agreement dated effective April 7, 2017 between BA and the Union ("April 7, 2017 Agreement"), BA and the Union agreed to the following modifications to the Pre-65 Program Change ("Modified Pre-65 Program Change"): (a) effective March 1, 2017 and through December 31, 2017, (i) Category A Union Pre-65 Retirees who were enrolled in the Aetna Plan for 2017 would remain enrolled in the Aetna Plan on the same terms as applicable to active employees represented by the Union for the remainder of 2017, (ii) Category B Union Pre-65 Retirees who enrolled in insurance coverage subject to the Pre-65 Program Change and Category A Union Pre-65 Retirees who elected to accept the Pre-65 Program Change would be eligible for an RRA in 2017 in the following total amounts: (x) \$5,250.00 total for single coverage, (y) \$10,000.00 total for single plus one eligible and participating dependent, and (z) \$15,000.00 total for "family" (defined as single plus two or more eligible and participating dependents), and (iii) Category B Union Pre-65 Retirees who did not enroll in insurance for 2017 subject to RRA would have no RRA benefits for 2017; and (b) effective January 1, 2018, all Union Pre-65 Retirees who, in any given year, do not



elect to take a tax credit under the Affordable Care Act (or any replacement law or regulation which does not allow a tax credit if a private subsidy is accepted) will be subject to the Pre-65 Program Change, modified as follows: (i) the annual RRA shall be as follows: (x) \$5,250.00 total for single coverage, (y) \$10,000.00 total for single plus one eligible and participating dependent, and (z) \$15,000.00 total for family (single plus two or more eligible and participating dependents), and (ii) the amounts set forth in ¶ 3.b. above shall remain in effect until each of the Union Pre-65 Retirees (including eligible dependents) "Age Out" (Age Out is defined as the year in which each Pre-65 Retiree and eligible spousal dependent reaches age 65 (or dies), each eligible child dependent reaches age 26 (or dies), or a disabled child dependent is no longer disabled (or dies or reaches age 65)). By way of examples, (i) a single Pre-65 Retiree who reaches age 65 at any time in 2021 shall be entitled to \$5,250.00 for the years 2018, 2019, 2020, and 2021, (ii) a Pre-65 Retiree who reaches age 65 at any time in 2019, with one eligible and participating spousal dependent who reaches age 65 at any time in 2020 shall be entitled to \$10,000 for the years 2018 and 2019 and \$5,250 for the year 2020, and (iii) a Pre-65 Retiree who reaches age 65 at any time in 2019, with family coverage for one eligible and participating spousal dependent who reaches age 65 at any time in 2020 and one eligible and participating child dependent who reaches age 26 at any time in 2021 shall be entitled to \$15,000 for the years 2018 and 2019, \$10,000 for the year 2020 and \$5,250 for the year 2021.

4. Consideration. As consideration for this Agreement, BA agrees to provide you with the Modified Pre-65 Program Change set forth in ¶ 3 above, provided that this Agreement becomes effective as provided in ¶ 12, below ("Consideration"). ASSUMING THAT YOU AND/OR YOUR ELIGIBLE DEPENDENTS REMAIN COVERED UNTIL YOU AND/OR THEY AGE OUT AS DEFINED IN ¶ 3 ABOVE, AND YOU DO NOT ELECT TO TAKE A TAX CREDIT, IN ANY GIVEN YEAR, UNDER THE AFFORDABLE CARE ACT (OR ANY REPLACEMENT LAW OR REGULATION WHICH DOES NOT ALLOW A TAX CREDIT IF A PRIVATE SUBSIDY IS ACCEPTED), YOU SHALL BE ELIGIBLE FOR THE FOLLOWING RRA AMOUNTS FOR THE FOLLOWING PERIODS[TO BE INDIVIDUALLY INSERTED]:

2017: \$ \_\_\_\_\_

2018: \$ \_\_\_\_\_

2019: \$ \_\_\_\_\_

2020: \$ \_\_\_\_\_

2021: \$ \_\_\_\_\_

You acknowledge and agree that the Consideration provided for herein is new consideration which is not otherwise due or available to you under any BA program, policy, or collective bargaining agreement and is the only consideration you shall receive in connection with the Pre-65 Program Change. Such Consideration represents adequate consideration for your promises under this Agreement. You are entitled to the Consideration described above only if you and all of your enrolled and eligible dependents (if any) timely sign and return this Agreement and otherwise comply with its terms.

5. Release of Claims. In exchange for the Consideration described above, on your behalf and on behalf of your enrolled and eligible dependents, agents, attorneys, heirs, executors, administrators and assigns (collectively hereinafter "Releasor"), you, as Releasor, voluntarily, knowingly, irrevocably and forever waive, release and discharge (a) the medical plan, its fiduciaries, administrators, employees, agents, officers, directors, successors, insurers, associates, assigns and attorneys, (b) BA, its subsidiaries, parents, and other direct or indirect affiliates, as well as their respective stockholders, partners, heirs, executors, administrators, agents, employees, officers, directors, successors, insurers, associates, assigns and attorneys, and (c) the Union, its subordinate bodies, and affiliates, as well as their employees, officers, representatives, directors, successors, insurers, associates, assigns and attorneys (hereinafter, the entities and individuals identified in (a), (b) and (c) of this paragraph are collectively referred to as the "Releasees") from all actions, claims, demands, causes of actions, obligations, damages, liabilities, rights, expenses and controversies of any nature whatsoever, whether known or not now known or suspected, contingent, inchoate or otherwise, which you as Releasor had, have or may have against Releasees, or any of them, as of the date that you sign this Agreement arising from or relating in any way to:

(a) the Pre-65 Program Change;

(b) statements, acts or omissions by the Releasees, or any of them;

(c) any public policy, contract, tort or common law obligation, including but not limited to breach of express or implied contract or of an implied covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, claims of intentional or negligent interference with economic or contractual rights, or promissory estoppel;

(d) any collective bargaining agreement, alleged past practice between BA and the Union, and/or any prior communications from the Releasees, or any of them (either orally or in writing);

(e) other than the Consideration provided for herein, Pre-65 retiree medical benefits of any type allegedly due under past or present programs provided by the Releasees, or any of them;

(f) any federal, state, or local law or regulation governing the provision of retiree medical benefits, whether the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Railway Labor Act, as amended ("RLA"), any federal, state, or local law or regulation prohibiting discrimination or retaliation in employment on any basis protected by law, and any federal, state or local law or regulation governing employment, separation therefrom, or retiree medical benefits, whether similar or dissimilar to those listed above (provided this paragraph is broadly intended to cover all laws governing the employment relationship or separation thereof whether or not specifically listed); and

(g) any claim for attorneys' fees or costs (all claims in (a)-(g), hereinafter "Claims").

6. Agreement Not to Sue or Bring Claims. By signing this Agreement and allowing it to become effective as defined in ¶ 12 below, you accept the Consideration as full satisfaction of any and all Claims you may have against Releasees, or any of them, arising prior to the execution of this Agreement. You represent that you have not filed a lawsuit or Claims against Releasees, or any of them, and you agree to withdraw any lawsuit or Claims should any be pending as of the date you sign this Agreement. You also acknowledge and agree that you are also giving up any right to sue or bring such Claims against or involving Releasees, or any of them, or to become or remain a member of any class of person seeking to bring Claims against Releasees, or any of them, whether in court, before any administrative agency, or arbitration under any collective bargaining agreement. This Agreement may be used by Releasees, or any of them, as a full and complete defense to any Claims, or to dismiss or enjoin any such proceeding involving Claims instituted or maintained by you.

7. Non-Admissibility. You understand and agree that this Agreement, and the provision of the Consideration, does not constitute an admission by the Releasees, or any of them, of any wrongdoing, including, but not limited to, a violation of any statute, law, or regulation, or breach of an express or implied contract, including but not limited to any collective bargaining agreement between BA and the Union. Nothing contained in this Agreement shall be admissible evidence against the Releasees, or any of them, in any judicial, administrative, arbitration, or other legal proceeding (other than an action for breach of this Agreement), or be construed as an admission of any liability or wrongdoing on the part of the Releasees, or any of them.

8. Entire Agreement You represent and warrant that no promise or inducement has been offered or made except as herein set forth in this Agreement and that the Consideration stated herein is the sole consideration for this Agreement. Other than any prior written separation and/or release agreements between you and BA (in whatever form and regardless of how titled) and the Post-65 Retiree Benefit Program (which is described in the January 2013 Letter and Frequently Asked Questions (see pages 7-11), Attachment 2 hereto, and is subject to change or termination by BA) which shall remain in full force and effect, this Agreement is the complete and entire agreement between you and BA and states fully all agreements, understandings, promises and commitments as between BA and you as to your retiree medical benefits in 2017 and thereafter. This Agreement supersedes any and all other negotiations, understandings, communications and agreements, oral or written, respecting the subject matter hereof. Other than as set forth herein, you acknowledge that you have not relied on any representations, promises or agreements by BA of any kind in connection with your decision to accept this Agreement. This Agreement may not be modified except by an instrument in writing signed by you and BA.

9. No Transfer or Assignment. This Agreement is personal to you and you may not assign, pledge, delegate or otherwise transfer any of your rights, obligations or duties under this Agreement. You represent and warrant that you have not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any action, cause of action, suit, debt, obligations, account, contract, agreement, covenant, guarantee, controversy, judgment, damage, claim, counterclaim, liability or demand of any nature whatsoever relating to any matter covered by this Agreement.

10. Choice of Law, Jurisdiction, Venue. This Agreement shall be governed by, construed in accordance with, and enforced pursuant to the laws of the State of New York without regard to principles of conflict of laws. The parties hereto waive any defense of lack of jurisdiction or venue based on not being a resident of New York County, New York, and hereby specifically authorize any action brought by either party to this Agreement to be instituted and prosecuted in either the Supreme Court of the State of New York, County of New York, or in the United States District Court for the Southern District of New York and that, in the interests of a speedy adjudication, any trial of such an action shall be a bench trial with no jury. Should any provisions of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to become legal and enforceable, such provisions will immediately become null and void, leaving the remainder of this Agreement in full force and effect.

11. Notices. Any notice to be given hereunder may be delivered (a) if to BA by certified mail, return receipt requested or overnight express addressed to Georgia LaBarge, Director, People, Americas, British Airways Plc, 2 Park Avenue, Suite 1100, New York, New York 10016 and (b) if to you, either by certified mail, return receipt requested, or overnight express to your last known residence address. Notices served by mail hereunder shall be deemed given when they are postmarked.

12. Execution and Effective Date. You and your enrolled and eligible dependents may sign and return this Agreement at any time up to and including June 9, 2017 by sending same to Georgia LaBarge, as provided for in ¶ 11 above. If signed and returned by you and all of your enrolled and eligible dependents, this Agreement shall become effective as soon as administratively possible for BA and its administrators to implement the Modified Pre-65 Program Change for you. If this Agreement is not signed and returned by you and all of your enrolled and eligible dependents by June 9, 2017, the Consideration provided for herein shall be automatically withdrawn and neither you nor any of your enrolled and eligible dependents shall be entitled to the Modified Pre-65 Program Change as provided for herein, and shall be eligible only for the Pre-65 Program Change as modified by the MOA.

13. Meaning of Signing This Agreement. By signing this Agreement, you and your enrolled and eligible dependents represent and agree that:

(a) You have carefully read this Agreement and fully understand what it means;

(b) Through this Agreement, you are specifically releasing rights and claims under ERISA, as well as Claims as identified in ¶ 5;

(c) Your release and waiver of Claims in this Agreement is in exchange for the Consideration, which means the Modified Pre-65 Program Change described in ¶ 3 and its impact on you as described in ¶4 of this Agreement. You are not entitled to receive, and will not receive, this Consideration unless you enter into this Agreement and it becomes effective as set forth in ¶ 12);

(d) You are being advised in writing, pursuant to this Agreement, to consult with an attorney of your choosing, at your full expense, prior to entering into this Agreement;

(e) At the time of signing you have had the opportunity to consult with counsel if you have chosen to do so;

(e) You have been given a reasonable period of time from your receipt of this Agreement to review its terms prior to signing;

(f) To enter into and receive the benefits of this Agreement, you must sign and return it as set forth in ¶ 12;

(g) You have agreed to this Agreement knowingly and voluntarily and were not subjected to any undue influence or duress.

[THE NEXT PAGES ARE THE SIGNATURE PAGES]

**SIGN AND RETURN THIS AGREEMENT TO BA BY JUNE 9, 2017. YOU MAY NOT MAKE ANY CHANGES TO THIS AGREEMENT. READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT. IT INCLUDES A RELEASE OF KNOWN AND UNKNOWN CLAIMS.**

I have carefully read this Agreement, I fully understand what it means, and I am entering into it voluntarily.

Date \_\_\_\_\_

\_\_\_\_\_  
Retiree or Surviving Dependent's  
Signature

\_\_\_\_\_  
Print Name

**If the retiree or surviving dependent has no other dependents presently enrolled and eligible for retiree medical benefits, the retiree/surviving dependent should complete the following:**

I certify that I have no dependents who are or may be eligible for benefits under the BA Pre-65 Retiree Medical Program or BA Modified Pre-65 Retiree Medical Program.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

**IF THE RETIREE OR SURVIVING DEPENDENT HAS DEPENDENTS PRESENTLY ENROLLED OR ELIGIBLE FOR RETIREE MEDICAL BENEFITS UNDER THE BA PRE-65 RETIREE MEDICAL PROGRAM, EACH SUCH DEPENDENT OVER THE AGE OF 18 MUST SIGN ON THE NEXT PAGE.**

I am over the age of 18, am a dependent of the above-named Retiree or Surviving Dependent and am currently enrolled or eligible for benefits. I have carefully read this Agreement, I fully understand what it means, and I am joining with the above Retiree or Surviving Dependent, choosing to enter into this Agreement voluntarily.

Date \_\_\_\_\_

\_\_\_\_\_  
Dependent's Signature

\_\_\_\_\_  
Print Name

I am over the age of 18, am a dependent of the above-named Retiree or Surviving Dependent and am currently enrolled or eligible for benefits. I have carefully read this Agreement, I fully understand what it means, and I am joining with the above Retiree or Surviving Dependent, choosing to enter into this Agreement voluntarily.

Date \_\_\_\_\_

\_\_\_\_\_  
Dependent's Signature

\_\_\_\_\_  
Print Name

I am over the age of 18, am a dependent of the above-named Retiree or Surviving Dependent and am currently enrolled or eligible for benefits. I have carefully read this Agreement, I fully understand what it means, and I am joining with the above Retiree or Surviving Dependent, choosing to enter into this Agreement voluntarily.

Date \_\_\_\_\_

\_\_\_\_\_  
Dependent's Signature

\_\_\_\_\_  
Print Name

I am over the age of 18, am a dependent of the above-named Retiree or Surviving Dependent and am currently enrolled or eligible for benefits. I have carefully read this Agreement, I fully understand what it means, and I am joining with the above Retiree or Surviving Dependent, choosing to enter into this Agreement voluntarily.

Date \_\_\_\_\_

\_\_\_\_\_  
Dependent's Signature

\_\_\_\_\_  
Print Name



# ATTACHMENT 1

June 30, 2016

Dear all,

As you know, British Airways has a history of providing competitive and comprehensive medical benefits to its employees and retirees. Last year, British Airways spent over \$16.5 million in the US on active and retiree medical costs. On pre-65 retiree medical alone the company spent over \$3.5 million. Currently, only 28% of large US employers offer retiree medical to their pre-65 retirees (and only 21% offer coverage to their post-65 retirees).

As part of a company-wide review of our business aimed at ensuring our ongoing competitiveness in an ever-changing industry, we have been reviewing the provision of medical plans. Since 2014, the Affordable Care Act has also increased the options available. As a result, effective January 1st, 2017, British Airways will no longer offer pre-65 (pre-Medicare eligible) retirees a medical plan.

To bridge the transition to another healthcare plan, British Airways will offer an annual stipend in the form of a Retiree Reimbursement Arrangement (RRA) to eligible pre-65 retirees in the amount of \$4,000 annually, in both 2017 and 2018. UnitedHealthcare will provide comprehensive and individualized assistance in choosing the best health plan for each retiree (including their dependents) -- either via a private or public insurance exchange. As of January 1, 2019, British Airways will no longer offer eligible US pre-65 retirees an RRA. The post-65 retiree medical program remains in effect at this point until it ends on January 1, 2023.

Comprehensive information will be sent in early October while enrollment materials from UnitedHealthcare will be sent in the beginning of November to all current and soon to be eligible pre-65 retirees. A call center for your questions will be available after November 1, 2016. The enrollment period for pre-65 retiree medical will begin November 1, 2016.

No action is required at this time. We understand that this news may have a personal impact for you and your families and encourage you to learn all you can about your options.

Sincerely yours,



Michelle Ehrlich  
SVP, People, Americas



*British Airways Retiree Health Program for Those Not Yet Eligible for Medicare*  
**Answers to Frequently Asked Questions (FAQs)**

**General**

1. **Will British Airways help me pay for coverage?**  
Yes, British Airways will make an annual tax-free contribution of \$4,000 to a Retiree Reimbursement Arrangement (RRA) account in your name, as long as you continue to be enrolled in medical coverage offered through UnitedHealthcare by any of the insurance companies participating in their exchange. See the RRA section of these FAQs for more information.
2. **Will my plan be the same as the British Airways plan I have now?**  
With the new program, you will have a choice of a variety of plans. Your UnitedHealthcare advisor will help you find a plan that may work for you and your family, including one that may be similar to the plan you have now. You are responsible for choosing the plan that best suits your needs.
3. **With the new coverage, will I be required to choose a new doctor?**  
It depends on the plan you choose. If it features a network of doctors, it would depend on whether your doctor is in the network. Your UnitedHealthcare advisor will help you find a plan that works with your doctor.
4. **What if I don't want retiree health coverage?**  
You can decline coverage by calling UnitedHealthcare in November and speaking with a advisor to let them know you want to decline coverage. However, if you decline coverage, no RRA will be set up for you by British Airways, and you will not receive a British Airways RRA contribution. Think carefully about your needs before you decline coverage, because once you decline coverage, you will not be permitted to re-enroll at a later date.
5. **What if I don't enroll?**  
If you do not sign up online or call to enroll for coverage through UnitedHealthcare, you will not have coverage beginning January 1, 2017, and you will not have a British Airways RRA.
6. **Are my dependents eligible for coverage?**  
Yes, if your spouse and dependent children are currently covered, you can continue to cover them, with dependent coverage for children available up through age 26. Please note the RRA subsidy is only provided for the retiree, one per family.
7. **Can I decline coverage but enroll my dependents?**  
No. A retiree must continue coverage to cover any dependents. The only exception is a surviving spouse of a retiree, or retiree who is over 65 but has a dependent under 65.

8. **What if I or my eligible spouse becomes eligible for Medicare?**  
Call UnitedHealthcare at the number provided in the materials you will receive in October and let them know. They will help you or your spouse transition to Medicare coverage.
9. **Will I have an opportunity to change my coverage choice each year and enroll in a new plan?**  
Yes. There will be an annual enrollment period in the fall of each year. During the enrollment period, you can choose a different plan.

#### UnitedHealthcare

10. **What is British Airways' role with respect to UnitedHealthcare?**  
British Airways is working with UnitedHealthcare to provide retirees access to health coverage and to administer the RRA. British Airways will no longer sponsor any of the US retiree healthcare plans.
11. **Why do I have to enroll through UnitedHealthcare in order to be eligible for an RRA?**  
UnitedHealthcare offers you access to a large number of available individual healthcare plans both on and off the public health insurance exchanges. Enrolling in one of the available plans is an eligibility requirement for the British Airways-sponsored RRA. It's not administratively practical for British Airways to coordinate with the many insurers sponsoring individual plans. Relying on a single marketplace simplifies administration and enables British Airways to offer the RRA program efficiently and have UnitedHealthcare support retirees throughout the year with claims issues, reimbursement requests and other questions.

#### The Retiree Reimbursement Arrangement (RRA)

12. **Can I use my RRA for any health expense?**  
Your RRA is governed by IRS rules which allow the amounts credited to an RRA to be used toward certain eligible healthcare expenses (for example, your monthly premiums and other eligible out-of-pocket healthcare expenses including co-pays, co-insurance, and deductibles). An RRA can only be used for eligible expenses. Your UnitedHealthcare advisor can answer questions about eligible expenses.
13. **How much will my health coverage cost? If I am eligible for an RRA, how much will it cover?**  
The cost of your health (medical, prescription drug, dental and/or vision) coverage will vary based on the plan(s) you choose. You must enroll in a medical plan to be eligible for the RRA. You will pay the full premium cost under the plan(s) you enroll in. Then, you can be reimbursed for these premiums (or other qualified out-of-pocket costs) using the amount credited to your RRA. Your UnitedHealthcare advisor can work with you to set up automatic reimbursement for your premium payments. Please remember that your RRA may not be large enough to cover all of your premium payments and other medical expenses. In order to make sure that your insurance remains in force, you will need, as part of your financial planning, to budget for premiums for which you might not receive reimbursement.

- 14. Can I take British Airways' contribution in cash instead of having an RRA?**  
No. The Company will not provide any cash contributions toward individual coverage. British Airways has decided to establish an RRA program because using an RRA allows eligible participants access to an RRA without incurring income tax on the credited amounts.
- 15. Can I make contributions to my RRA?**  
No. IRS rules prohibit a participant from making contributions to an RRA. However, any reimbursements you receive from your RRA for eligible expenses are not taxable to you.
- 16. Can unused amounts credited to my RRA be used in a subsequent year?**  
Yes. Unused amounts in your RRA roll over from one year to the next and can be used for future eligible expenses within the two year period that ends December 31, 2018. Any amount left in your pre-65 (pre-Medicare eligible) RRA will be forfeited as of January 1, 2019.
- 17. Does my RRA account earn interest?**  
No.
- 18. What is the deadline for filing claims for reimbursement from my RRA?**  
You have three (3) months from the end of the year to file claims for reimbursement for that year. For example, if you have an expense during 2017 that you want reimbursed, you must file your claim for reimbursement by March 31, 2018.
- 19. What happens if I die?**  
Any remaining balance in your RRA will be forfeited and revert back to British Airways. It is not available to your estate.

#### The Affordable Care Act (ACA) and Tax Credits

- 20. How could changes to the ACA affect retiree medical coverage?**  
ACA coverage is offered through public health exchanges that are designed to allow individuals to shop for health insurance coverage. Under the ACA, some individuals may be eligible for a tax credit under the United States Internal Revenue Code to help pay for coverage. In addition, the ACA provides for tax penalties that may apply if an individual who is not eligible for Medicare does not have coverage. Changes to the ACA through the courts or through legislative action could affect the public exchanges and tax credits in the future. Your UnitedHealthcare advisor can assist you with how ACA applies in your personal situation.
- 21. If I accept the tax credit, do I still receive the RRA?**  
No. IRS regulations prohibit an individual from receiving tax credits and an RRA. You may only accept one or the other. If you accept the federal tax credit available under ACA, you will permanently lose your RRA eligibility. Your UnitedHealthcare advisor can help you with this decision.



# BRITISH AIRWAYS

September 29, 2016

Dear Retiree Plan Participant:

**Your current British Airways employee health insurance plan with Aetna will end December 31, 2016.**

After a thorough review of insurance industry options, British Airways has engaged UnitedHealthcare Connector Model to support you through this transition.

Connector Model provides an exclusive service to individuals transitioning from their employer's coverage to the individual health insurance market. You will have the advantage of education and enrollment services to help you select the right coverage for you and your family.

Connector Model offers you plan options from a variety of national and regional carriers, including:

- Public "Marketplace" plans—healthcare coverage offered through federal or state government exchanges.
- "Off-Marketplace" plans—healthcare coverage directly through an individual insurer.

## Help with Plan Costs

British Airways will help with your medical premiums for two years. British Airways will provide a stipend of \$4,000.00 each year for 2017 and 2018. This amount will go through a Retirement Reimbursement Arrangement (RRA). An RRA is similar to a flexible spending account. You can use the RRA to reimburse yourself for a number of plan costs. These costs may include medical and prescription drug plan premiums, co-pays or deductibles.

You will need to choose a plan through UnitedHealthcare Connector Model in order to receive the RRA deposit.

For 2017, if you enroll in a plan through Connector Model, you will get:

- \$4,000.00 RRA credit per year per family for a maximum of two years.
- If you are married and your spouse is age 65 years or older, that person will receive an RRA sum based on the current post-65 RRA program.



2 Park Avenue, Suite 1100, New York, NY 10016-5606

British Airways Plc Registered Office: Waterside, P.O. Box 365, Harmondsworth, UB7 0GB Registered in England No. 1777777

### **Federal Premium Tax Credit**

You may qualify for a federal Premium Tax Credit to use toward monthly premiums with a Marketplace plan. (If you are under age 65, you will not be able to receive both the Premium Tax Credit and the British Airways RRA contribution).

You may choose a Marketplace plan, even if you do not qualify for a federal Premium Tax Credit.

### **Help for You in Choosing a Plan**

Choosing a new plan can be challenging. Connector Model is here to help. When it is time to enroll, UnitedHealthcare licensed Product Advisors can assist you with:

- Getting all of your questions answered.
- Finding a plan that is right for you, your health and your budget.
- Estimating if you may qualify for a federal Premium Tax Credit with a Marketplace plan.
- Enrolling in coverage.

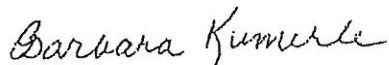
*There is no cost to you for this service.*

### **You Do Not Need to Act Now**

You will get more information in the upcoming weeks. It will include plan details and how to sign up.

You can ask questions and learn more about your choices. Call Connector Model toll-free at 1-877-776-1457, TTY 711.

Sincerely,



Barbara Kumerle  
Director of Reward

# My Health Care Plan Changes

## Why is British Airways switching to individually owned health insurance plans?

Currently, British Airways sponsors a health insurance plan for their retirees, spouses and dependents. While this plan offers comprehensive, quality coverage, it serves a diverse retiree population with different health care needs and budgets. In order to best accommodate the spectrum of needs that exist British Airways would like to give their retirees the option to enroll in a health insurance plan that best meets their needs. UnitedHealthcare has been chosen to assist Pre-65 British Airways retirees with additional coverage options through the UnitedHealthcare Connector Model. Today's Health Insurance Marketplace offers a variety of medical coverage at a broad range of costs, giving retirees the freedom to choose their best overall fit.

## What is UnitedHealthcare's role relative to the Health Insurance Marketplaces?

The individual market can be overwhelming with numerous options, a wide variety of carriers, and the added complexity of the Affordable Care Act (ACA). The Connector Model guides Pre-65 retirees through a smooth and positive transition from group to individual health insurance plans. UnitedHealthcare offers choice for retirees through a multi-carrier shopping experience. Support during this transition includes education and enrollment services to help British Airways retirees select a plan(s) through the public Health Insurance Marketplaces ("Marketplace" plan) or directly through a private health insurance carrier ("Off-Marketplace" plan). Retirees are able to speak with a licensed Product Advisor to help them find a plan that best fits their needs from a variety of options through UnitedHealthcare or other reputable insurance carriers. These plans offer a variety of health insurance options at competitive rates which may be a cost-benefit savings to eligible retirees.

## What is a Health Insurance Marketplace?

A Health Insurance Marketplace (or "exchange") is a way for people to shop for and buy health insurance. The public Health Insurance Marketplaces were created as a result of the Affordable Care Act (ACA) and are operated by the federal government or individual states. This document refers to the health insurance plans offered on these public marketplaces as "Marketplace" plans. There are also insurance plans available in some states to people without going through the public marketplaces — referred to in this document as "Off-Marketplace" plans.

## What are Marketplace Plans?

"Marketplace Plans" (sometimes called "On-Exchange" plans) refer to plans available through the federally or state-run Health Insurance Marketplaces. With Marketplace plans, depending upon your household size and income, you may be eligible for federal subsidies to help reduce the cost of your plan premium. See the "Subsidy Information" section of this document for more information about the subsidy options available to you. Your licensed



Product Advisor from UnitedHealthcare can assist you with questions or enrollment in these plans.

### **What are Off-Marketplace Plans?**

Off-Marketplace Plans are sold outside of the government-established Marketplaces by insurance producers and directly from insurance companies. These plans must meet the same ACA requirements as plans sold on the Marketplaces. **No federal subsidy for the payment of premium is available with Off-Marketplace Plans.** Your licensed Product Advisor from UnitedHealthcare can assist you with questions or enrollment directly into these plans.

# Enrollment Decisions:

## What health insurance options will I have to choose from?

Depending on where you live, most British Airways retirees will have access to multiple insurers and plan options through the Federal or State Facilitated Marketplaces ("Marketplace" plans) — and additional options available Off-Marketplace. This gives you the freedom to choose a level of insurance protection that meets your current needs. It also gives you the flexibility to use federal subsidies (if you qualify) or the British Airways-provided RRA, depending upon which provides you with greater value based on your financial situation. Your licensed Product Advisor from UnitedHealthcare can assist you in determining which option is the best overall fit.

## What are the health plan categories?

Health care reform has organized ACA-compliant individual medical plans into several metallic level plans. The metallic level indicates the overall percentage of covered expenses the plan pays. Generally, Bronze plans have the least expensive premium, but have the highest out-of-pocket costs. These metallic level plans are offered through both the Marketplace and Off-Marketplace plans and availability may vary by carrier and state.

Bronze Plans	Silver Plans	Gold Plans	Platinum Plans
<ul style="list-style-type: none"><li>• Lowest premiums</li><li>• Highest out-of-pocket costs</li></ul>	<ul style="list-style-type: none"><li>• Higher premiums than Bronze plans</li><li>• Lower out-of-pocket costs than Bronze plans</li></ul>	<ul style="list-style-type: none"><li>• Higher premiums than Silver or Bronze plans</li><li>• Lower out-of-pocket costs than Silver or Bronze plans</li></ul>	<ul style="list-style-type: none"><li>• Highest premiums</li><li>• Lowest out-of-pocket costs</li></ul>

## Plan Cost Scale

Generally, plans with lower monthly premiums have higher out-of-pocket costs and vice versa.

## What are Cost Sharing Reduction Plans?

Depending on your household size and income, you may qualify for a "cost sharing reduction". Cost sharing reduction plans lower the amount you have to pay for out-of-pocket expenses without added premium costs and are available with Silver Marketplace plans.

If your household income falls within certain ranges, you may save on out-of-pocket costs for deductibles, co-insurance and co-payments. The lower your income within these ranges, the more you may save on out-of-pocket costs. Your licensed Product Advisor from UnitedHealthcare can assist you with determining eligibility and questions on these options.

Health Plan Category	Bronze	Silver	Gold	Platinum
What the insurer pays for the health costs	60%	70%	80%	90%
What you pay for health costs	40%	30%	20%	10%

### Which plan most resembles our current British Airways coverage?

Plan options will vary by geographical location, so UnitedHealthcare provides you with the dedicated, highly trained Product Advisors to help you choose the plan that best suits your current and future needs. That plan might, or might not, be similar to your current British Airways plan.

### When will I need to make my decision on coverage for the 2017 plan year?

In order for your 2017 plan coverage to begin on January 1, 2017, and ensure no gap in healthcare coverage, you must enroll by **December 15th, 2016**. However, you may still enroll after that date and have your plan start in either February or March 2017 depending on your enrollment date.

If you qualify for the Special Enrollment Period, you may have other options. Your licensed Product Advisor from UnitedHealthcare can assist you in determining if you qualify for other Special Enrollment effective date options.

### What is the individual mandate?

In 2015 and beyond, everyone, with a few exceptions, must be covered by minimum essential health insurance coverage or face a tax penalty. The ACA has established a yearly Open Enrollment Period for individual health insurance. In most cases, you must enroll in minimum essential coverage within that period to avoid a penalty. However, if you experience a Qualifying Life Event, you may be able to enroll during a Special Enrollment Period. Some examples of qualifying life events that may qualify you for Special Enrollment include: getting married, moving to a new permanent residence, or having a change in income or household status that affects eligibility for federal premium subsidies or cost-sharing reductions. Your UnitedHealthcare Product Advisor can answer any questions you may have around the Special Enrollment Period should you have further inquiries.

## **Coverage for my Spouse and/or Dependents:**

### **How should I secure coverage for my spouse and/or dependents?**

Your eligible spouse and/or dependent children are also able to use the Connector Model services to research plan options and enroll in health care coverage. You may select an insurance policy as a family or separate policies for individual family members, depending upon your family's health care needs.

### **My spouse is over age 65 and is Medicare-eligible. Can s/he enroll through the UnitedHealthcare Connector Model too?**

Not yet, but soon. The UnitedHealthcare Connector Model will become a one-stop shop for British Airways retirees and their spouses. We are working with UnitedHealthcare to implement coverage options for retirees eligible for Medicare. More information about that will be provided as we draw nearer to the planned effective date of January 1, 2017.

## **Insurance Policy:**

### **Where do I submit my pre-65 medical plan premium payments?**

Pre-65 medical plan premiums will no longer be collected by British Airways, nor will payments be deducted from your pension payment. You will pay your individual plan premiums directly to your chosen carrier with whom you were issued a health care plan.

### **Is this a policy that I will own?**

Yes, once you apply for and are issued a plan that is a good fit for your needs, you will be the owner of the plan policy and will pay plan premiums directly to your chosen carrier.

### **Can I be denied coverage due to my medical history?**

The ACA eliminated the ability for health insurance providers to deny coverage due to preexisting conditions.

### **Can I keep my Primary Care Physician (PCP)?**

That depends upon the plan option you elect. While shopping across multiple carriers and plans, you should consider if the network of the plan you are interested in includes your Primary Care Physician. It is likely that your PCP participates in one or more of the plans offered through the Connector Model. Make sure you discuss with your UnitedHealthcare Product Advisor which doctors you want to be able to see. They can assist you with either selecting a plan where your preferred doctors are included in the plan's network or you may choose to change doctors — which may save you a substantial amount of money by switching to a plan with different doctors in their network.

### **How can I find out about specific policies?**

All Issuers of health insurance are required to provide consumers with clear, consistent and comparable information about their health plan benefits and coverage — called a Summary of Benefits and Coverage (SBC). The SBC is like a nutritional label for a health insurance plan. The eight-page form displays information about a health plan in a simple question-and-answer format. It answers questions like:

- What is the overall deductible?
- Is there an out-of-pocket limit on my expenses?
- Does this plan use a network of providers?
- Are there services this plan does not cover?

Remember, you will also have a highly trained Product Advisor to support you and answer your questions through this process.

### **What tools will I have to help me compare options and determine whether or not I am eligible for a federal subsidy?**

You will be able to investigate on your own through an online web portal and speak with licensed Product Advisors dedicated to eligible British Airway retirees. Either of these services are available for you to research and compare insurance plans, compare subsidy options while determining possible federal premium subsidy eligibility, and subsequently enroll in a plan that best meets your needs.

## **Subsidy Information:**

### **Will I have financial help in paying the cost of the premiums for the insurance I choose?**

Yes, you may have two options for financial assistance; a potential federal premium subsidy or a British Airways sponsored Retiree Reimbursement Account (RRA). However, if you qualify for both the RRA and a federal premium subsidy, you must choose between the two.

With Marketplace plans, you may be eligible for a federal premium subsidy provided by the federal government. The amount you could receive is based on the size of your household and your annual income. If you would like assistance in determining your potential eligibility, you can call one of our highly trained Product Advisors or visit the UnitedHealthcare Connector Model web site [myconnectorplans.com/britishairways](http://myconnectorplans.com/britishairways).

For either Marketplace or Off-Marketplace plans, British Airways has provided financial assistance for paying qualifying health care expenses, including insurance premiums, in the form of a Retiree Reimbursement Account (RRA).

Our highly trained Product Advisors can assist you in determining which of these available options is the best fit for you.

### **How will the British Airways RRA work?**

Starting in 2017, British Airways will provide an employer contribution amount to a Retiree Reimbursement Arrangement (RRA) in the retiree's name each year, for 2017 and 2018. You will receive only one RRA for each retiree household.

### **Who administers my RRA account?**

UnitedHealthcare administers your RRA account. Although British Airways will make funds available to your account, UnitedHealthcare will process your reimbursements and answer any questions once the account is established.

### **Are the credits British Airways deposits into my RRA account taxable?**

No. A RRA is a tax-advantaged account; therefore credits deposited by British Airways are not taxable as long as the funds are used to pay for qualified health care costs, including health insurance premiums.

### **Can unused funds in my RRA be used in a subsequent year?**

Any remaining funds that have not been used for your 2017 health care costs will carry over to the following year, 2018. At the end of each year you will be given 90 days to submit any remaining claims for your 2017 and 2018 plan year expenses.

### **How do I submit expenses for reimbursement?**

Following enrollment into a health plan, you will receive a RRA kit (including claim forms you can use to submit your expenses). Once your payment has been made, complete and submit a claim form to UnitedHealthcare requesting reimbursement from the RRA.

Be sure to include the supporting documents or receipts showing:

- Date of premium payment
- Name of the medical insurance carrier
- Patient Name
- Your premium amount paid

Reimbursements can be made to you by direct deposit or by check — it's your choice.

## **More Information and/or Questions:**

### **Who should I speak to with any questions?**

You may call our toll-free phone number and speak with a highly trained, licensed Product Advisor to review your coverage options, help you find and enroll in the best fit for your overall needs, and answer any questions you may have. These Product Advisors are available from October 1, 2016 from 8:00 a.m. to 8:00 p.m. local time, 7 days a week by calling 1-877-776-1457, TTY 711. It is important to note, however, 2017 plan details and rates are not available until November 1<sup>st</sup>.

December 5, 2016

Dear Plan Participant:

**Important Reminder**

**Your current British Airways employee health insurance plan with Aetna will end December 31, 2016.**

As we most recently advised you in our September 29, 2016 communication, a copy of which is enclosed, British Airways has engaged UnitedHealthcare® to support you through this transition.

The UnitedHealthcare Connector Model offers you plan options from a variety of national and regional carriers, including:

- Public “Marketplace” plans—healthcare coverage offered through federal or state government exchanges.
- “Off-Marketplace” plans—healthcare coverage directly through an individual insurer.

**Help with Plan Costs**

Unless you receive a federal premium subsidy for a Public Marketplace plan, British Airways will help with your medical premiums for two years. British Airways will provide a stipend of \$4,000.00 each year for 2017 and 2018. This amount will go through a Retirement Reimbursement Account (RRA), which is similar to a flexible spending account. You can use the RRA to reimburse yourself for a number of plan costs. These costs may include medical and prescription drug plan premiums, co-pays or deductibles.

If eligible, you will need to choose an insurance plan and provide proof of insurance in order to receive your RRA deposit. Proof of insurance will be evidence of payment and policy number of your plan. Please e-mail the scanned documents to [Americas.People@ba.com](mailto:Americas.People@ba.com).

For 2017, if you enroll in a plan through the Connector Model or the Public Marketplace, you will get:

- **\$4,000.00** RRA credit per year per family for a maximum of two years.
- If you are married and your spouse is age 65 years or older, that person will receive an RRA sum based on the current post-65 RRA program.



**Federal Premium Tax Credit**

You may qualify for a federal Premium Tax Credit to use toward monthly premiums with a Public Marketplace plan. (If you are under age 65, you will not be able to receive both the Premium Tax Credit and the British Airways RRA contribution).

You may choose a Public Marketplace plan, even if you do not qualify for a federal Premium Tax Credit. In that event, you will still be eligible for the British Airways RRA contribution.

**Help for You in Choosing a Plan**

Choosing a new plan can be challenging. The Connector Model is here to help. When it is time to enroll, UnitedHealthcare licensed Product Advisors can assist you with:

- Getting all of your questions answered.
- Finding a plan that is right for you, your health and your budget.
- Estimating if you may qualify for a federal Premium Tax Credit with a Marketplace plan.
- Enrolling in coverage.

*There is no cost to you for this service.*

**You Need to Act Now – You must sign up for an insurance plan by December 15, 2016 in order to have insurance effective January 1, 2017.**

Please call the UnitedHealthcare Connector Model toll-free at **1-877-776-1457**, TTY 711, 8 am to 8 pm, 7 days per week..

Sincerely,

Barbara Kumerle  
Director of Reward

# ATTACHMENT 2



# BRITISH AIRWAYS

## Dear British Airways Retiree:

British Airways demonstrates its commitment to the health and wellbeing of its retirees by offering comprehensive medical benefits to retirees of all ages. Beginning April 1, 2013, these retiree medical benefits will change in order to help manage the rising cost of providing this important benefit.

In 2012, British Airways spent over \$9.2 million in retiree medical expenses – a cost that is simply unsustainable. We are not alone. Rapid medical cost inflation is affecting most other employers in the U.S. – jeopardizing retiree medical plans and the financial wellbeing of the companies that offer them.

According to the 2011 Mercer National Survey of Employer-Sponsored Health Plans, the number of large employers offering retiree medical plans has steadily fallen from nearly 50 percent in 1993 to 24 percent in 2012 (only 16 percent offer plans for Medicare-eligible retirees). Of the companies that still offer retiree medical plans, more than 80 percent require retirees to pay some or all of the cost of coverage.

While many companies are eliminating retiree medical benefits as a first response, British Airways is working to find alternatives. This letter and the enclosed FAQ and notice outline the changes we are making to retiree medical benefits in 2013 and beyond. Please read them carefully to see how the changes may affect you. You will receive additional information in the coming weeks to help you understand the changes and help you select your 2013 benefits. For retirees age 65 and over, there will also be meetings and teleconferences during which you can learn more and ask questions before you enroll in a plan.

### Action Required!

You must make an election during the Open Enrollment period in order to have retiree medical coverage beginning April 1, 2013. Open Enrollment periods are:

- For retirees under age 65: February 13 – February 28, 2013
- For retirees age 65 or older: February 11 – March 15, 2013

**If you do nothing, your retiree medical coverage will end on March 31, 2013.**

### If You Are a Retiree Under Age 65

Beginning April 1, 2013, you will have two medical plan options:

- Aetna Managed Choice POS Plan with increased deductibles, copayments and coinsurance (retirees without access to the POS network may enroll in the Aetna Traditional Choice plan – also called the Indemnity Plan).
- **New!** Aetna Select Health Savings Account Plan. This plan uses the same provider network as the POS Plan, with no monthly premiums and a higher deductible. The health savings account feature of this plan is designed to help you pay and save – tax free – for eligible out-of-pocket medical expenses, including the deductible.

If you choose to stay in the POS Plan, you and British Airways will share the cost of retiree medical coverage beginning April 1, 2013. See the attached FAQ for more information. You will receive plan summaries and a side-by-side comparison of benefits before the enrollment period begins in February. Please note that we are moving to a calendar year benefit plan schedule in 2014 and will host another Open Enrollment period in the fall for your 2014 benefit elections. The elections you make now will be effective through December 31, 2013.

(continued)



## If You Are a Retiree Age 65 or Over

British Airways extensively researched retiree medical plan practices and alternatives in the marketplace with the objective of providing choices that provide value at competitive rates. Beginning April 1, 2013, the current Aetna group medical plan will be discontinued and you may purchase new, individual coverage from several options provided through UnitedHealthcare®. To help you pay for your new coverage, British Airways will open a Retiree Reimbursement Account (RRA) on your behalf. This approach allows you to choose the coverage that is best suited to your health care needs and personal budget. British Airways' contributions to your RRA are designed so that you will pay no more for your plan premium in 2013 than you pay now for your current coverage, assuming you choose similar new coverage. British Airways' contributions to your RRA will be gradually phased out over the next ten years.

We chose to work with UnitedHealthcare because it is one of the largest providers of Medicare plans, with millions of insured members and a large number of plan options. Please note that AARP membership is required for participation in a Medicare Supplement Insurance Plan; if you are not already a member of AARP, please read the enclosed FAQ for information on how membership and annual dues will be handled.

You will receive a separate package from UnitedHealthcare that will help you understand the different types of plans offered. You may, however, choose to select coverage from another carrier and will still be able to use your RRA to help pay the premiums.

## Split Families (one person under age 65 and the other age 65 or older)

In the case of a split family with a British Airways retiree and a covered dependent, where one covered individual is eligible for Medicare and the other is not, medical benefits will be based on each person's age. The person under age 65 will be eligible for the two plans shown above under "Retirees Under Age 65." The person age 65 or over may select a UnitedHealthcare plan and have access to an RRA as shown above under "Retirees Age 65 or Over."

## If You Reach Age 65 During the 2013 Plan Year

Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health plan options offered by UnitedHealthcare and how to enroll.

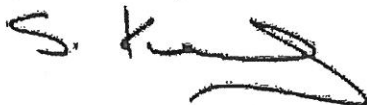
## What You Need to Do

1. **Mark Your Calendar** – the enrollment periods are **February 13 - February 28 for retirees under age 65 and February 11 - March 15 for retirees age 65 and older**. You will receive more information and reminders prior to the enrollment period.
2. **Read the Accompanying FAQ and Notice** – the FAQ and notice that accompany this announcement contain details on the changes that will go into effect on April 1, 2013. You should read them carefully.
3. **Read the Information to Come**. Review the enrollment materials that will be mailed to you in February and take advantage of all available resources.
4. **Enroll**. Follow the instructions in your enrollment materials. **Remember, if you do not act by the end of your enrollment period, you will have no retiree medical coverage beginning April 1, 2013.**

## In Closing

As has always been the case, the Company reserves the right to amend, modify or terminate its retiree medical program at any time in its sole discretion. British Airways has put much time and thought into redesigning the retiree medical program so that you have access to health care plans that are affordable for you and the Company. We understand that these changes have a personal impact on you and your family and we encourage you to learn all you can about your options and choose the plan that is best for you.

Yours sincerely,



Stuart Kennedy  
Senior Vice President, People Americas

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BRITISH AIRWAYS

# Frequently Asked Questions

Changes to British Airways Retiree Medical Benefits  
January 2013

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## British Airways Retiree Medical Plan FAQ

### For All Retirees

#### How are my retiree medical benefits changing?

Benefit changes are based on your age – whether you are under age 65 or age 65 or older (Medicare-eligible). See the appropriate section below for the changes that will affect you beginning April 1, 2013.

#### Why is British Airways making these changes?

In 2012, British Airways spent over \$9.2 million in retiree medical expenses – a cost that is simply unsustainable. We are not alone; rapid medical cost inflation is affecting many other employers in the U.S. While many companies are eliminating retiree medical benefits as a first response, British Airways is looking for alternatives that provide access to health care plans that are affordable for you and the company.

#### What do retirees pay at other companies that offer retiree medical benefits?

The number of companies that offer retiree medical benefits has steadily fallen in recent years, and retiree contributions for companies that still offer coverage have steadily risen. According to the 2011 Mercer National Survey of Employer-Sponsored Health Plans:

- For retirees under age 65 – Of the 24% of companies that offer pre-65 retiree medical coverage, only 16% pay the full cost of coverage. Most companies either share the premium cost with retirees or require the retiree to pay the full cost, with an average retiree contribution of 37%.
- For retirees age 65 and older – Of the 16% of companies that offer retiree medical coverage to Medicare-eligible retirees, only 18% pay the full cost of coverage. The rest either share the premium cost with retirees or require the retiree to pay the full cost of coverage, with an average retiree contribution of 38%.

British Airways must manage retiree medical costs, and to do so we are making changes that will gradually bring our benefits and costs in line with national trends.

#### What do I need to do?

1. Mark Your Calendar – the enrollment periods are February 13 through February 28 for retirees under age 65 and February 11 through March 15 for retirees age 65 and older. You will receive more information and reminders prior to the enrollment period.
2. Read the information to come. Review your enrollment materials that will be mailed to you in February and take advantage of all available resources.
3. Enroll by Your Deadline:
  - Retirees under age 65 – enroll by February 28, 2013
  - The elections retirees under age 65 make now will be effective through December 31, 2013. Please note that we are moving to a calendar year benefit plan schedule in 2014 and will host another Open Enrollment period in the fall for 2014 benefit elections.
  - Retirees age 65 and older – enroll by March 15, 2013

Follow the instructions in your enrollment materials. Remember, if you do not act by the deadline, you will have no retiree medical coverage beginning April 1, 2013.

#### How can I learn more?

You will receive additional information in the coming weeks designed to help you understand the upcoming changes and select your 2013 benefits. Customer service representatives will also be available by phone during the enrollment period. For Medicare-eligible retirees age 65 and over, there will also be meetings and teleconferences with UnitedHealthcare where you can learn more and ask questions before you enroll in a plan.

#### I am over 65 and my covered dependent is under 65. What coverage will we have?

In a family with a British Airways retiree and a dependent, when one individual is eligible for Medicare and the other is not, medical benefits will be based on each person's age. The person under age 65 will be eligible for the coverage shown below under "For Retirees Currently Under Age 65." The person age 65 or over may select a UnitedHealthcare plan and have access to a Retiree Reimbursement Account (RRA) as shown below under "For Retirees Age 65 or Over."

#### How do I notify British Airways of address changes or other personal changes?

Please contact State Street directly at 1-877-276-0286 if your address changes. Representatives are available Monday through Friday, 9 a.m. to 5 p.m. EST. You may also manage your personal details online at <https://baunypenpay.com>. If you have not received login credentials, please contact State Street.

### For Retirees Currently Under Age 65

#### What medical benefits will be available in 2013?

Beginning April 1, 2013, the benefits British Airways offers you are changing and you will have two medical plan options:

- Aetna Managed Choice POS Plan with increased deductibles, copayments and coinsurance (retirees without access to the POS network may enroll in the Aetna Traditional Choice Plan, also called the Indemnity Plan).
- The new Aetna Select Health Savings Account Plan. This plan uses the same provider network as the POS plan, with no monthly premiums in 2013 and a higher deductible. It also features a tax-advantaged health savings account to help you pay eligible out-of-pocket medical expenses, including the deductible.

You will receive plan summaries and a side-by-side benefits comparison before the enrollment period begins in February.

#### When will I have to enroll again?

You will enroll for your 2014 benefits during an Open Enrollment period in the 4th quarter of 2013. We are moving to a calendar year benefit plan schedule in 2014.

#### Will British Airways continue to pay the full cost of my current POS Plan coverage?

No. If you choose to stay in the POS Plan, you and British Airways will share the cost of your retiree medical coverage beginning April 1, 2013. Your contributions will be deducted from your monthly pension check (or paid by check if your contributions exceed your pension amount). British Airways will pay approximately 85% and you will pay 15% of the total monthly cost of your health care coverage in 2013, which is well below the national average of 37% where retiree coverage is offered.

#### How much will I pay for coverage?

Your monthly cost will be based on the plan you choose and whether you cover any eligible dependents:

Monthly Retiree Cost Beginning April 1, 2013			
Health Savings Account Plan	POS Plan	Indemnity Plan*	
Retiree Only	\$75	\$75	
Retiree and Spouse	\$158	\$158	
Retiree and Spouse and Child	\$240	\$240	

\*The Indemnity Plan (Traditional Choice Plan) is only available to retirees without access to the POS network



**I am currently in the Aetna Traditional Choice Plan (Indemnity Plan). What will happen to my benefits?**  
Beginning April 1, 2013, copayments for prescription drugs will change to match the POS plan. Other benefit levels will not change. You will, however, begin paying retiree contributions for your coverage as shown above. You will find complete details in the enrollment newsletter you'll receive prior to the enrollment period.

**Why is British Airways changing the POS Plan?**

The POS Plan provides a generous level of benefits, more generous than most retiree medical plans. Faced with rising costs, we are increasing the amounts you pay for some in-network and out-of-network services. Still, the benefits remain richer than most retiree medical plans. Further, although you will begin sharing the cost of coverage in 2013, the retiree share – approximately 15% of the total cost of premiums – is well below the national average.

**What are the changes to the Aetna Managed Choice POS Plan?**

Beginning April 1, 2013, the deductible for in-network services will be \$250 per person and \$500 per family per year. After meeting the deductible, you will pay 20% coinsurance and the plan will pay 80%. Copayments for office visits will not change – they will remain at \$25 per visit. Specialist copayments will be \$40 per visit. Copayments do not count toward the deductible. The payment limit (excluding copayments and deductibles) for in-network services will be \$1,000 per person and \$2,000 per family per year. The following chart shows benefit levels for 2013:

POS Plan 2013 Highlights	
\$250 individual, \$500 family Covered at 100%, no deductible	\$750 individual, \$1,500 family Covered at 60% of R&C after deductible
\$25 copayment	Covered at 60% of R&C after deductible
\$40 copayment	Covered at 60% of R&C after deductible
Covered at 80% after deductible	Covered at 60% of R&C after deductible
\$10 generic	Not covered
\$30 formulary brand-name	Not applicable
\$50 non-formulary brand-name no deductible	
\$20 copayment generic with tiering	
\$60 copayment formulary brand-name non-formulary brand-name	
\$100 copayment	
\$1,000 individual, \$2,000 family (excludes deductible and copayments)	\$3,000 individual, \$6,000 family (excludes deductible and copayments)

A more detailed summary will be included in your enrollment materials.

**What is the Health Savings Account Plan?**

The new Health Savings Account Plan gives you an additional choice for your health care coverage. It covers the same services as the POS Plan and uses the same provider network. The Health Savings Account Plan is different in that it typically has lower retiree contributions and a higher deductible than the POS Plan. For 2013, there will be no monthly retiree plan contributions. Another advantage of the Health Savings Account Plan is the tax-advantaged health savings account, an account that you can use to pay for eligible health care expenses now and in the future.

These features can make the Health Savings Account Plan a cost-effective alternative to the POS plan for certain retirees, especially if you approach health care buying decisions as an informed consumer.

**How do the POS Plan and the Health Savings Account Plan compare?**

The following chart shows similarities and differences between the two plans:

POS Plan	Health Savings Account Plan
Higher than the Health Savings Account Plan	\$0 at all levels of coverage for 2013
Same as the Health Savings Account Plan	Same as the POS Plan
Required	Not required
Lower than the Health Savings Account Plan	Higher than the POS Plan
Lower than the Health Savings Account Plan	Higher than the POS Plan
You pay less when you use in-network providers	You pay less when you use in-network providers
Covered at 100% with no copayment when you use in-network providers	Covered at 100% with no deductible when you use in-network providers
You pay a flat dollar copayment when you use in-network providers	You generally pay coinsurance (a percentage of the cost considered reasonable and customary) after the deductible
You generally pay coinsurance based on reasonable and customary charges	You generally pay coinsurance based on reasonable and customary charges
You pay a flat copayment with no deductible	You pay a flat copayment after the deductible
Not available	Available



**What are the benefits under the Health Savings Account Plan?**

Plan Category	Health Savings Account Plan 2013 Highlights	Out-of-Network
Prescription	Covered at 100% no deductible	Covered at 60% after deductible
Self-insured	\$1,250 individual, \$2,500 family	\$2,500 individual, \$5,000 family
General	Covered at 80% after deductible	Covered at 60% after deductible
Prescription	\$10 generic	A fee deductible
Prescription	\$30 non-formulary brand-name after deductible	you pay an additional 20% above the in-network copayments
Prescription	\$50 non-formulary brand-name after deductible	
Prescription	\$20 generic	Not covered
Prescription	\$60 non-formulary brand-name after deductible	
Prescription	\$100 non-formulary brand-name after deductible	
Prescription	\$2,500 individual, \$5,000 family (excludes deductible, copayments and coinsurance)	\$5,000 individual, \$10,000 family (excludes deductible, copayments and coinsurance)

A more detailed summary will be included in your enrollment materials.

**What is a health savings account and how does it work?**

A health savings account is a tax-advantaged account available only if you enroll in the Health Savings Account Plan. You can use the account to pay for eligible health care expenses, such as deductibles and your share of the cost of services. You may make contributions up to the maximums allowed by law (see below). When you use the funds in your health savings account and how you use them to pay for eligible medical expenses is entirely up to you.

Category	Annual Maximum
Funding a Health Savings Account	
Individual coverage	\$3,250
Family coverage	\$6,450
Additional \$1,000 if you are age 55 or older in 2013	

**Important features of a health savings account include:**

- You generally pay no taxes on the money you take from your health savings account to pay for eligible health care expenses.
- The funds in the account roll over from year to year; there's no "use it or lose it."
- You own your health savings account. If you drop your British Airways coverage in the future, you may take your account with you.
- You cannot have both a health savings account and a health care flexible spending account (FSA).
- You and any of your covered dependents cannot be covered by other health insurance (such as through your spouse) unless it is a high deductible health plan like the Health Savings Account Plan.

**How do I know which plan is right for me?**

You'll receive more information before the enrollment period that may help you determine the right plan based on your health care needs and personal budget.

**What happens when I reach age 65?**

Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health care options offered by UnitedHealthcare and how to enroll.

**What should I do if I'm turning age 65 in May or June of this year?**

If you are currently age 64 and will become Medicare-eligible in May or June, you should enroll in a Pre-65 retiree medical plan by the February 28 deadline. Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health care options offered by UnitedHealthcare and how to enroll.

**For Retirees Age 65 and Over**

**What changes will affect me in 2013?**

Beginning April 1, 2013, British Airways will change the way it provides benefits to Medicare-eligible retirees. The current Aetna group medical plan will be discontinued and you may purchase a new, individual health care plan. Your options include plans provided to British Airways retirees through UnitedHealthcare. UnitedHealthcare offers AARP Medicare Supplement plans, Medicare Advantage plans and Medicare Part D prescription drug plans. Or, you may purchase an individual plan through another carrier of your choice.

**How much will my new coverages cost?**

The cost of the plans will vary depending on the benefits provided and the state where you live. You can review the plans and pricing before the enrollment period in the materials you will receive from UnitedHealthcare before you enroll.

**If I am electing a Medicare Supplemental Plan, do I need to be a member of AARP?**

Yes, AARP membership is required in order to participate in a Medicare Supplemental Plan. AARP membership requires annual dues of \$16 per household. If you elect a Medicare Supplemental Plan, here is how membership will be handled:

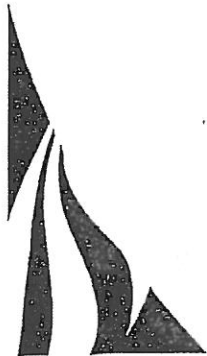
- If you are currently a member of AARP, no action is required on your part.
- If you are not currently a member of AARP and you reside in New York State, you will pay the first year's annual AARP membership dues in accordance with New York State statute.
- If you are not currently a member of AARP and you reside outside of New York State, UnitedHealthcare will pay the first year's annual AARP membership dues (assuming you elect a Medicare Supplemental Plan through UnitedHealthcare).

Note: AARP membership is not required if you are electing a Medicare Advantage Plan or a standalone Medicare Part D Prescription Drug Plan (without an accompanying Medicare Supplemental Plan).

**Will British Airways help me pay for coverage?**

Yes. To help you pay for your new coverage, British Airways will open a Retiree Reimbursement Account (RRA) on your behalf. British Airways will credit your RRA with an annual contribution that can be used to pay premiums and certain out-of-pocket medical expenses. Your 2013 contribution will be made on April 1; contributions will be made on January 1 in subsequent years as shown in the chart below. Whether you choose UnitedHealthcare or another carrier, you will pay your premiums directly to the carrier and then request reimbursement from the RRA administrator.





**How much will British Airways credit to my RRA?**

On April 1, 2013, British Airways will contribute \$2,300 to RRA accounts of all retirees except those residing in the Miami Florida area. Miami-area retirees will receive a \$3,000 contribution, reflecting the significantly higher premium rates in that area. Please see the enclosed list of Miami-area zip codes that are subject to the higher credit.

How much will I pay for coverage that is similar to what I have now?

British Airways' initial RRA contribution in 2013 is based on the average premium of the United-Healthcare a plan that most closely resembles the current Aetna group plan; it is designed to cover the full cost of an individual plan, less the \$60 per month (\$720 per year) contribution you are currently making.

United-Healthcare "Plan N" is a Medicare Supplement Plan that is similar to the current Aetna Group Plan. "Preferred Part D" is a corresponding prescription drug plan. Here is an estimate of what you might pay in 2013 for those plans based on where you live:

	Plan N Medicare Supplement Premium	Preferred Part D Premium	Total Annual Premium	British Airways' 2013 RRA Credit	Retiree 2013 Premium Cost*	Retiree Current Premium Cost*
California	\$2,441	\$575	\$3,016	\$2,300	\$716	\$720
Florida	\$2,076	\$497	\$2,573	\$3,000	\$273	\$720
Other	\$3,186	\$524	\$3,710	\$3,000	\$710	\$720

\*Most retirees will pay less in 2013 than they are paying now for Medicare Plan N and Preferred Part D.

Keep in mind that Plan N is just one of several options from United-Healthcare. You will receive details on all available plans and pricing prior to the enrollment period. Depending on the plan you choose, you could pay more or less than the amount shown above.

**Will British Airways continue to provide the RRA contribution in future years?**

Yes. British Airways will provide contributions for ten years. The amount of British Airways' RRA contribution will decrease each year until 2023, when it will be discontinued, as follows:

British Airways RRA Annual Contribution (Per Plan Participant)										
Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
California	\$2,300	\$1,920	\$1,540	\$1,150	\$775	\$400	\$0	\$0	\$0	\$0
Florida	\$3,000	\$2,500	\$2,000	\$1,500	\$1,000	\$500	\$0	\$0	\$0	\$0
Other	\$3,000	\$2,500	\$2,000	\$1,500	\$1,000	\$500	\$0	\$0	\$0	\$0

Retiree and spouse/domestic partner age 65 or older will each receive a contribution, for a total of twice the amount shown above.

Note: If your legal residence changes from or to one of the Miami-area zip codes on the enclosed list after April 1, 2013, your RRA contribution amount will be adjusted on the following April 1. Amounts will not be pro-rated.

**Will a deduction still be taken from my pension check?**

No. For retirees age 65 and older, there will no longer be a deduction from your pension check for retiree medical coverage. The British Airways RRA subsidy was adjusted to take this into account. You will pay premiums directly to United-Healthcare and be reimbursed from your RRA.

**Why is British Airways discontinuing the group medical plan for retirees over age 65?**

Retiree medical plans were first offered years ago by many employers to address coverage gaps in Medicare and the lack of quality Medicare supplemental coverage in the marketplace. Since then, the Medicare marketplace has begun to offer an increased number and variety of supplemental coverage options.

Today, outside of employer retiree medical plans, Medicare-eligible retirees can find:

- A broader choice of Medicare supplemental coverage options than is offered by the typical employer plan
- Prescription drug coverage through Medicare Part D
- The increased flexibility to switch among plans each year, and
- The potential for more cost stability, the result of marketplace competition, and the ability of plans in the marketplace to pool risks among a greater number of participants than small plans like the British Airways retiree medical plan.

By continuing a benefit in the form of the RRA, British Airways continues to provide retirees with financial support and discontinues the part of the benefit that can be delivered more efficiently and cost-effectively in the open marketplace. Opening up the choice to all of the coverage options available in today's market may give you access to better value and the chance to manage and, in many cases, even lower your cost of health care coverage.

**Why is British Airways switching to United-Healthcare's individually owned Medicare insurance plans?**

As a way to provide greater flexibility and coverage choices for our retirees, we have chosen to work with United-Healthcare starting in 2013. United-Healthcare's AARP Medicare Supplement, Medicare Part D and Medicare Advantage plans have millions of insured members and a large number of plan options. Providing you with additional choices at competitive rates is the key reason for this change.

**Will this change impact Medicare Part A or Part B that I already have?**

No. This change only impacts the Medicare supplement and prescription drug coverage offered by British Airways under the current retiree medical plan.

**What options will I have to choose from?**

In nearly every state, there are up to seven AARP Medicare Supplement Insurance plans to choose from. Medicare Advantage and Medicare Part D prescription drug plans are also available.

**What are the standard Medicare supplement insurance plans?**

All Medicare supplement insurance plans offer the same basic benefits, no matter which insurance company sells them. They are designed to help pay some or all of your out-of-pocket costs that original Medicare Parts A and B do not pay. United-Healthcare offers up to seven AARP Medicare Supplement Insurance plans in most states, and they can be used nationwide. Benefit levels vary by plan, so you can choose the coverage to meet your healthcare needs.

**Which Medicare supplement insurance plan most resembles our current British Airways coverage?**

"Plan N" is a Medicare Supplement Plan that is similar to the current Aetna Group Plan. "Preferred Part D" is a corresponding prescription drug plan.



#### What are Medicare Advantage plans?

Medicare Advantage plans combine Medicare Parts A and B with additional benefits in one plan that typically includes prescription drug coverage. UnitedHealthcare's Medicare Advantage plans are approved by Medicare. These plans are less expensive than most Medicare supplement plans. They offer regional provider networks and generally cannot be used nationwide.

#### Can I continue to use my current doctors?

If you enroll in a Medicare Supplement plan, you can see any doctor that treats Medicare patients. Some Medicare Advantage plans, on the other hand, may utilize networks that impact the amount the plan pays for health care services. Before enrolling in a Medicare Advantage plan, you may contact the UnitedHealthcare customer service center to see if your current doctors participate in the plan. Contact information will be included in the package you receive from UnitedHealthcare before you enroll.

#### Do I have to get new prescriptions?

No. If you enroll in a UnitedHealthcare Part D plan you will receive a new ID Card that you will present to the pharmacy the next time you need to have a prescription filled or refilled.

#### Is this a policy that I will own? Who will I pay premiums to?

Once you select the plan that best suits your needs, you will be the owner of the policy. You will pay plan premiums directly to UnitedHealthcare and request reimbursement from your RRA. There will no longer be a deduction from your British Airways pension check.

#### Can I change my coverage in the future?

Yes. Information on how to change plans will be provided by UnitedHealthcare.

#### If I select a Medicare Supplement plan, can my policy ever be cancelled by UnitedHealthcare?

No – as long as you pay the required plan premiums on time.

#### What if I don't want to purchase coverage through UnitedHealthcare?

You may choose your own coverage from another carrier. However, if you "opt-out" and choose coverage outside of UnitedHealthcare, you must pay your premiums directly to that carrier, then request reimbursement from your RRA.

#### How much will I receive in my Retirement Reimbursement Account?

In 2013, you will receive \$2,300 if you are not a Miami-area resident. Miami-area residents will receive a credit of \$3,000 to reflect significantly higher medical premiums in that area. Please see the enclosed list of Miami-area zip codes that are subject to the higher credit.

#### Will my Medicare-eligible spouse have his/her own Retirement Reimbursement Account?

Yes. If you and your spouse are both Medicare eligible, you will each have a separate Retirement Reimbursement Account credited by British Airways.

#### What type of expenses can be paid with RRA funds?

You can use your RRA to reimburse yourself for various out-of-pocket healthcare expenses including:

- Part B premiums
- Part D premiums
- Medicare supplement premiums
- Co-pays, deductible and co-insurances with the exception of prescription drug copayments

#### Can I use my spouse's Retirement Reimbursement Account for my out-of-pocket expenses?

No. Individual RRA accounts can only be used for out-of-pocket healthcare expenses for the account holder.

#### Who administers my Retirement Reimbursement Account?

UnitedHealthcare administers your Retirement Reimbursement Account. Although British Airways will make contributions to your account as necessary, UnitedHealthcare will process your reimbursements and answer any questions once the account is established.

#### Are the credits British Airways deposits into my Retirement Reimbursement Account taxable?

No. A Retiree Reimbursement Account is a tax-advantaged account. Notional credits deposited by British Airways are not taxable to you.

#### Am I taxed when I receive reimbursement for out-of-pocket expenses from my Retirement Reimbursement Account?

No. You pay no taxes on credits used to pay for eligible out-of-pocket healthcare expenses.

#### Can I contribute to my Retirement Reimbursement Account with tax-free dollars?

No. Only employer contributions are permitted.

#### How do I submit expenses for reimbursement?

You will receive a Retirement Reimbursement Account kit, which will include claim forms you can use to submit your expenses. After completing the claim form, attach proof of your eligible retiree healthcare expenses and mail to UnitedHealthcare. UnitedHealthcare will then process your reimbursement. You may also set up reimbursements to be direct deposited into your bank account or you may submit claims online.

#### Can unused credits in my Retirement Reimbursement Account be used in a subsequent year?

Yes. Unused amounts carry forward from year to year.

#### What will happen to unused credits in my Retirement Reimbursement Account in the case of death?

The balance will be forfeited.

#### Are the changes to plans that will take effect April 1, 2013 final?

Yes, the changes described in this FAQ will go into effect on April 1, 2013. However, as has always been the case, the Company reserves the right to amend, modify or terminate its retiree medical program at any time in its sole discretion.

Note: This FAQ provides highlights of changes British Airways is making to its retiree medical program in 2013. Contribution and benefit levels will be reviewed on an annual basis and British Airways reserves the right to modify or terminate benefits or modify contribution requirements in whole or in part at any time.

# ATTACHMENT 4



# BRITISH AIRWAYS

## Dear British Airways Retiree:

British Airways demonstrates its commitment to the health and wellbeing of its retirees by offering comprehensive medical benefits to retirees of all ages. Beginning April 1, 2013, these retiree medical benefits will change in order to help manage the rising cost of providing this important benefit.

In 2012, British Airways spent over \$9.2 million in retiree medical expenses – a cost that is simply unsustainable. We are not alone. Rapid medical cost inflation is affecting most other employers in the U.S. – jeopardizing retiree medical plans and the financial wellbeing of the companies that offer them.

According to the 2011 Mercer National Survey of Employer-Sponsored Health Plans, the number of large employers offering retiree medical plans has steadily fallen from nearly 50 percent in 1993 to 24 percent in 2012 (only 16 percent offer plans for Medicare-eligible retirees). Of the companies that still offer retiree medical plans, more than 80 percent require retirees to pay some or all of the cost of coverage.

While many companies are eliminating retiree medical benefits as a first response, British Airways is working to find alternatives. This letter and the enclosed FAQ and notice outline the changes we are making to retiree medical benefits in 2013 and beyond. Please read them carefully to see how the changes may affect you. You will receive additional information in the coming weeks to help you understand the changes and help you select your 2013 benefits. For retirees age 65 and over, there will also be meetings and teleconferences during which you can learn more and ask questions before you enroll in a plan.

### Action Required!

You must make an election during the Open Enrollment period in order to have retiree medical coverage beginning April 1, 2013. Open Enrollment periods are:

- For retirees under age 65: February 13 – February 28, 2013
- For retirees age 65 or older: February 11 – March 15, 2013

**If you do nothing, your retiree medical coverage will end on March 31, 2013.**

### If You Are a Retiree Under Age 65

Beginning April 1, 2013, you will have two medical plan options:

- Aetna Managed Choice POS Plan with increased deductibles, copayments and coinsurance (retirees without access to the POS network may enroll in the Aetna Traditional Choice plan – also called the Indemnity Plan).
- **New!** Aetna Select Health Savings Account Plan. This plan uses the same provider network as the POS Plan, with no monthly premiums and a higher deductible. The health savings account feature of this plan is designed to help you pay and save – tax free – for eligible out-of-pocket medical expenses, including the deductible.

If you choose to stay in the POS Plan, you and British Airways will share the cost of retiree medical coverage beginning April 1, 2013. See the attached FAQ for more information. You will receive plan summaries and a side-by-side comparison of benefits before the enrollment period begins in February. Please note that we are moving to a calendar year benefit plan schedule in 2014 and will host another Open Enrollment period in the fall for your 2014 benefit elections. The elections you make now will be effective through December 31, 2013.

(continued)



## If You Are a Retiree Age 65 or Over

British Airways extensively researched retiree medical plan practices and alternatives in the marketplace with the objective of providing choices that provide value at competitive rates. Beginning April 1, 2013, the current Aetna group medical plan will be discontinued and you may purchase new, individual coverage from several options provided through UnitedHealthcare®. To help you pay for your new coverage, British Airways will open a Retiree Reimbursement Account (RRA) on your behalf. This approach allows you to choose the coverage that is best suited to your health care needs and personal budget. British Airways' contributions to your RRA are designed so that you will pay no more for your plan premium in 2013 than you pay now for your current coverage, assuming you choose similar new coverage. British Airways' contributions to your RRA will be gradually phased out over the next ten years.

We chose to work with UnitedHealthcare because it is one of the largest providers of Medicare plans, with millions of insured members and a large number of plan options. Please note that AARP membership is required for participation in a Medicare Supplement Insurance Plan; if you are not already a member of AARP, please read the enclosed FAQ for information on how membership and annual dues will be handled.

You will receive a separate package from UnitedHealthcare that will help you understand the different types of plans offered. You may, however, choose to select coverage from another carrier and will still be able to use your RRA to help pay the premiums.

## Split Families (one person under age 65 and the other age 65 or older)

In the case of a split family with a British Airways retiree and a covered dependent, where one covered individual is eligible for Medicare and the other is not, medical benefits will be based on each person's age. The person under age 65 will be eligible for the two plans shown above under "Retirees Under Age 65." The person age 65 or over may select a UnitedHealthcare plan and have access to an RRA as shown above under "Retirees Age 65 or Over."

## If You Reach Age 65 During the 2013 Plan Year

Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health plan options offered by UnitedHealthcare and how to enroll.

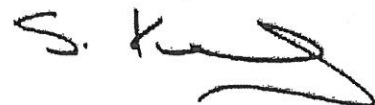
## What You Need to Do

1. **Mark Your Calendar** – the enrollment periods are **February 13 - February 28 for retirees under age 65 and February 11 - March 15 for retirees age 65 and older**. You will receive more information and reminders prior to the enrollment period.
2. **Read the Accompanying FAQ and Notice** – the FAQ and notice that accompany this announcement contain details on the changes that will go into effect on April 1, 2013. You should read them carefully.
3. **Read the Information to Come**. Review the enrollment materials that will be mailed to you in February and take advantage of all available resources.
4. **Enroll**. Follow the instructions in your enrollment materials. **Remember, if you do not act by the end of your enrollment period, you will have no retiree medical coverage beginning April 1, 2013.**

## In Closing

As has always been the case, the Company reserves the right to amend, modify or terminate its retiree medical program at any time in its sole discretion. British Airways has put much time and thought into redesigning the retiree medical program so that you have access to health care plans that are affordable for you and the Company. We understand that these changes have a personal impact on you and your family and we encourage you to learn all you can about your options and choose the plan that is best for you.

Yours sincerely,



Stuart Kennedy  
Senior Vice President, People Americas

BA-AL

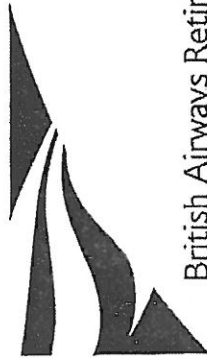


# Frequently Asked Questions

Changes to British Airways Retiree Medical Benefits  
January 2013

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## British Airways Retiree Medical Plan FAQ

### For All Retirees

#### How are my retiree medical benefits changing?

Benefit changes are based on your age – whether you are under age 65 or age 65 or older (Medicare-eligible). See the appropriate section below for the changes that will affect you beginning April 1, 2013.

#### Why is British Airways making these changes?

In 2012, British Airways spent over \$9.2 million in retiree medical expenses – a cost that is simply unsustainable. We are not alone; rapid medical cost inflation is affecting many other employers in the U.S. While many companies are eliminating retiree medical benefits as a first response, British Airways is looking for alternatives that provide access to health care plans that are affordable for you and the company.

#### What do retirees pay at other companies that offer retiree medical benefits?

The number of companies that offer retiree medical benefits has steadily fallen in recent years, and retiree contributions for companies that still offer coverage have steadily risen. According to the 2011 Mercer National Survey of Employer-Sponsored Health Plans:

- For retirees under age 65 – Of the 24% of companies that offer pre-65 retiree medical coverage, only 16% pay the full cost of coverage. Most companies either share the premium cost with retirees or require the retiree to pay the full cost, with an average retiree contribution of 37%.
- For retirees age 65 and older – Of the 16% of companies that offer retiree medical coverage to Medicare-eligible retirees, only 18% pay the full cost of coverage. The rest either share the premium cost with retirees or require the retiree to pay the full cost of coverage, with an average retiree contribution of 38%.

British Airways must manage retiree medical costs, and to do so we are making changes that will gradually bring our benefits and costs in line with national trends.

#### What do I need to do?

1. Mark Your Calendar – the enrollment periods are February 13 through February 28 for retirees under age 65 and February 11 through March 15 for retirees age 65 and older. You will receive more information and reminders prior to the enrollment period.
2. Read the information to come. Review your enrollment materials that will be mailed to you in February and take advantage of all available resources.
3. Enroll By Your Deadline:

- Retirees under age 65 – enroll by February 28, 2013

The elections retirees under age 65 make now will be effective through December 31, 2013. Please note that we are moving to a calendar year benefit plan schedule in 2014 and will host another Open Enrollment period in the fall for 2014 benefit elections.

- Retirees age 65 and older – enroll by March 15, 2013

Follow the instructions in your enrollment materials. Remember, if you do not act by the deadline, you will have no retiree medical coverage beginning April 1, 2013.

#### How can I learn more?

You will receive additional information in the coming weeks designed to help you understand the upcoming changes and select your 2013 benefits. Customer service representatives will also be available by phone during the enrollment period. For Medicare-eligible retirees age 65 and over, there will also be meetings and teleconferences with UnitedHealthcare where you can learn more and ask questions before you enroll in a plan.

#### I am over 65 and my covered dependent is under 65. What coverage will we have?

In a family with a British Airways retiree and a dependent, when one individual is eligible for Medicare and the other is not, medical benefits will be based on each person's age. The person under age 65 will be eligible for the coverage shown below under "For Retirees Currently Under Age 65." The person age 65 or over may select a UnitedHealthcare plan and have access to a Retiree Reimbursement Account (RRA) as shown below under "For Retirees Age 65 or Over."

#### How do I notify British Airways of address changes or other personal changes?

Please contact State Street directly at 1-877-276-0285 if your address changes. Representatives are available Monday through Friday, 9 a.m. to 5 p.m. EST. You may also manage your personal details online at <https://ba.mypaypay.com>. If you have not received logon credentials, please contact State Street.

### For Retirees Currently Under Age 65

#### What medical benefits will be available in 2013?

Beginning April 1, 2013, the benefits British Airways offers you are changing and you will have two medical plan options:

- Aetna Managed Choice POS Plan with increased deductibles, copayments and coinsurance (retirees without access to the POS network may enroll in the Aetna Traditional Choice Plan, also called the Indemnity Plan).
- The new Aetna Select Health Savings Account Plan. This plan uses the same provider network as the POS plan, with no monthly premiums in 2013 and a higher deductible. It also features a tax-advantaged health savings account to help you pay eligible out-of-pocket medical expenses, including the deductible.

You will receive plan summaries and a side-by-side benefits comparison before the enrollment period begins in February.

#### When will I have to enroll again?

You will enroll for your 2014 benefits during an Open Enrollment period in the 4th quarter of 2013. We are moving to a calendar year benefit plan schedule in 2014.

#### Will British Airways continue to pay the full cost of my current POS Plan coverage?

No. If you choose to stay in the POS Plan, you and British Airways will share the cost of your retiree medical coverage beginning April 1, 2013. Your contributions will be deducted from your monthly pension check (or paid by check if your contributions exceed your pension amount). British Airways will pay approximately 85% and you will pay 15% of the total monthly cost of your health care coverage in 2013, which is well below the national average of 37% where retiree coverage is offered.

#### How much will I pay for coverage?

Your monthly cost will be based on the plan you choose and whether you cover any eligible dependents.

Category	Monthly Retiree Cost Beginning April 1, 2013		
	Health Savings Account Plan	POS Plan	Indemnity Plan
Employee	\$0	\$75	\$75
Spouse/Dependent	\$0	\$158	\$158
Family	\$0	\$240	\$240

\*The Indemnity Plan (Traditional Choice Plan) is only available to retirees without access to the POS network



I am currently in the Aetna Traditional Choice Plan (Indemnity Plan). What will happen to my benefits?  
 Beginning April 1, 2013, copayments for prescription drugs will change to match the POS plan. Other benefit levels will not change. You will, however, begin paying retiree contributions for your coverage as shown above. You will find complete details in the enrollment newsletter you'll receive prior to the enrollment period.

**Why is British Airways changing the POS Plan?**

The POS Plan provides a generous level of benefits, more generous than most retiree medical plans. Faced with rising costs, we are increasing the amounts you pay for some in-network and out-of-network services. Still, the benefits remain richer than most retiree medical plans. Further, although you will begin sharing the cost of coverage in 2013, the retiree share – approximately 15% of the total cost of premiums – is well below the national average.

**What are the changes to the Aetna Managed Choice POS Plan?**

Beginning April 1, 2013, the deductible for in-network services will be \$250 per person and \$500 per family per year. After meeting the deductible, you will pay 20% coinsurance and the plan will pay 80%. Copayments for office visits will not change – they will remain at \$25 per visit. Specialist copayments will be \$40 per visit. Copayments do not count toward the deductible. The payment limit (excluding copayments and deductibles) for in-network services will be \$1,000 per person and \$2,000 per family per year. The following chart shows benefit levels for 2013:

POS Plan 2013 Highlights		Out-of-Network
Individual, \$500 family	Covered at 100%, no deductible	\$750 individual, \$1,500 family
\$25 copayment		Covered at 60% of R&C after deductible
\$40 copayment		Covered at 60% of R&C after deductible
Covered at 80% after deductible		Covered at 60% of R&C after deductible
\$10 generic		Not covered
\$30 formulary brand-name		
\$50 non-formulary brand-name		
\$20 copayment generic		
\$100 copayment		
\$60 copayment formulary brand-name		
non-formulary brand-name		
\$1,000 individual, \$2,000 family (excludes deductible and copayments)		\$3,000 individual, \$6,000 family (excludes deductible and copayments)

A more detailed summary will be included in your enrollment materials.

**What is the Health Savings Account Plan?**

The new Health Savings Account Plan gives you an additional choice for your health care coverage. It covers the same services as the POS Plan and uses the same provider network. The Health Savings Account Plan is different in that it typically has lower retiree contributions and a higher deductible than the POS Plan. For 2013, there will be no monthly retiree plan contributions. Another advantage of the Health Savings Account Plan is the tax-advantaged health savings account, an account that you can use to pay for eligible health care expenses now and in the future.

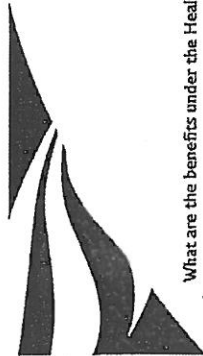
These features can make the Health Savings Account Plan a cost-effective alternative to the POS plan for certain retirees, especially if you approach health care buying decisions as an informed consumer.

**How do the POS Plan and the Health Savings Account Plan compare?**

The following chart shows similarities and differences between the two plans:

	POS Plan	Health Savings Account Plan
Monthly Plan Contribution	Higher than the Health Savings Account Plan	\$0 at all levels of coverage for 2013
Provider Network	Same as the Health Savings Account Plan	Same as the POS Plan
Primary Care Physician Selected	Required	Not required
Specialist Referral	Lower than the Health Savings Account Plan	Higher than the POS Plan
Annual Payment Limit	Lower than the Health Savings Account Plan	Higher than the POS Plan
Out-of-Network Copayment	You pay less when you use in-network providers	You pay less when you use in-network providers
Out-of-Network Copayment	Covered at 100% with no copayment when you use in-network providers	Covered at 100% with no deductible when you use in-network providers
Out-of-Network Copayment	You pay a flat dollar copayment when you use in-network providers	You generally pay coinsurance (a percentage of the cost, considered reasonable and customary) after the deductible
Out-of-Network Copayment	You generally pay coinsurance based on reasonable and customary charges	You generally pay coinsurance based on reasonable and customary charges
Out-of-Network Copayment	You pay a flat copayment with no deductible	You pay a flat copayment after the deductible
Out-of-Network Copayment	Not available	Available





## What are the benefits under the Health Savings Account Plan?

	In-Network	Out-of-Network
Coverage	Covered at 100% no deductible	Covered at 60% after deductible
Individual	\$1,250 individual, \$2,500 family	\$2,500 individual, \$5,000 family
Copayments	Covered at 80% after deductible	Covered at 60% after deductible
Prescription drugs	\$10 generic \$30 formulary brand-name \$50 non-formulary brand-name after deductible	After deductible, you pay an additional 20% above the in-network copayments
Prescription drug	\$20 generic \$60 non-formulary brand-name after deductible	Not covered
Out-of-pocket	\$2,500 individual, \$5,000 family (excludes deductible, copayments and coinsurance)	\$5,000 individual, \$10,000 family (excludes deductible, copayments and coinsurance)

A more detailed summary will be included in your enrollment materials.

## What is a health savings account and how does it work?

A health savings account is a tax-advantaged account available only if you enroll in the Health Savings Account Plan. You can use the account to pay for eligible health care expenses, such as deductibles and your share of the cost of services. You may make contributions up to the maximums allowed by law (see below). When you use the funds in your health savings account and how you use them to pay for eligible medical expenses is entirely up to you.

## Funding a Health Savings Account

- \$3,250 for individual coverage
- \$6,450 for family coverage
- An additional \$1,000 if you are age 55 or older in 2013

## Important features of a health savings account include:

- You generally pay no taxes on the money you take from your health savings account to pay for eligible health care expenses.
- The funds in the account roll over from year to year, there's no "use it or lose it"
- You own your health savings account. If you drop your British Airways coverage in the future, you may take your account with you.
- You cannot have both a health savings account and a health care flexible spending account (FSA).
- You and any of your covered dependents cannot be covered by other health insurance (such as through your spouse) unless it is a high deductible health plan like the Health Savings Account Plan.

## How do I know which plan is right for me?

You'll receive more information before the enrollment period that may help you determine the right plan based on your health care needs and personal budget.

## What happens when I reach age 65?

Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health care options offered by UnitedHealthcare and how to enroll.

## What should I do if I'm turning age 65 in May or June of this year?

If you are currently age 64 and will become Medicare-eligible in May or June, you should enroll in a Pre-65 retiree medical plan by the February 28 deadline. Prior to your 65th birthday, you will receive a package from UnitedHealthcare detailing your health care options offered by UnitedHealthcare and how to enroll.

## For Retirees Age 65 and Over

### What changes will affect me in 2013?

Beginning April 1, 2013, British Airways will change the way it provides benefits to Medicare-eligible retirees. The current Aetna group medical plan will be discontinued and you may purchase a new, individual health care plan. Your options include plans provided to British Airways retirees through UnitedHealthcare. UnitedHealthcare offers AARP Medicare Supplement plans, Medicare Advantage plans and Medicare Part D prescription drug plans. Or, you may purchase an individual plan through another carrier of your choice.

### How much will my new coverage cost?

The cost of the plans will vary depending on the benefits provided and the state where you live. You can review the plans and pricing before the enrollment period in the materials you will receive from UnitedHealthcare before you enroll.

### If I am electing a Medicare Supplemental Plan, do I need to be a member of AARP?

Yes, AARP membership is required in order to participate in a Medicare Supplemental Plan. AARP membership requires annual dues of \$16 per household. If you elect a Medicare Supplemental Plan, here is how membership will be handled:

- If you are currently a member of AARP, no action is required on your part.
- If you are not currently a member of AARP and you reside in New York State, you will pay the first year's annual AARP membership dues in accordance with New York State statute.
- If you are not currently a member of AARP and you reside outside of New York State, UnitedHealthcare will pay the first year's annual AARP membership dues (assuming you elect a Medicare Supplemental Plan through UnitedHealthcare).

Note: AARP membership is not required if you are electing a Medicare Advantage Plan or a standalone Medicare Part D Prescription Drug Plan (without an accompanying Medicare Supplemental Plan).

### Will British Airways help me pay for coverage?

Yes. To help you pay for your new coverage, British Airways will open a Retiree Reimbursement Account (RRA) on your behalf. British Airways will credit your RRA with an annual contribution that can be used to pay premiums and certain out-of-pocket medical expenses. Your 2013 contribution will be made on April 1; contributions will be made on January 1 in subsequent years as shown in the chart below. Whether you choose UnitedHealthcare or another carrier, you will pay your premiums directly to the carrier and then request reimbursement from the RRA administrator.



**How much will British Airways credit to my RRA?**

On April 1, 2013, British Airways will contribute \$2,300 to RRA accounts of all retirees except those residing in the Miami Florida area. Miami-area retirees will receive a \$3,000 contribution, reflecting the significantly higher premium rates in that area. Please see the enclosed list of Miami-area zip codes that are subject to the higher credit.

**How much will I pay for coverage that is similar to what I have now?**

British Airways' initial RRA contribution in 2013 is based on the average premium of the UnitedHealthcare a plan that most closely resembles the current Aetna group plan; it is designed to cover the full cost of an individual plan, less the \$60 per month (\$720 per year) contribution you are currently making.

UnitedHealthcare "Plan N" is a Medicare Supplement Plan that is similar to the current Aetna Group Plan. "Preferred Part D" is a corresponding prescription drug plan. Here is an estimate of what you might pay in 2013 for those plans based on where you live:

	Plan N Medicare Supplement Premium	Preferred Part D Premium	Total Annual Premium	British Airways' 2013 RRA Credit	Retiree 2013 Premium Cost*	Retiree Current Premium Cost*
California	\$2,441	\$575	\$3,016	\$2,300	\$716	\$720
New York	\$2,076	\$497	\$2,573	\$2,300	\$273	\$720
Massachusetts	\$3,186	\$524	\$3,710	\$3,000	\$710	\$720

\*Most retirees will pay less in 2013 than they are paying now for Medicare Plan N and Preferred Part D.

Keep in mind that Plan N is just one of several options from UnitedHealthcare. You will receive details on all available plans and pricing prior to the enrollment period. Depending on the plan you choose, you could pay more or less than the amount shown above.

**Will British Airways continue to provide the RRA contribution in future years?**

Yes. British Airways will provide contributions for ten years. The amount of British Airways' RRA contribution will decrease each year until 2023, when it will be discontinued, as follows:

British Airways RRA Annual Contribution (Per Plan Participant)												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
California	\$2,300	\$2,300	\$1,920	\$1,920	\$1,540	\$1,540	\$1,150	\$1,150	\$775	\$775	\$0	\$12,970
New York	\$3,000	\$3,000	\$2,500	\$2,500	\$2,000	\$2,000	\$1,500	\$1,500	\$1,000	\$1,000	\$0	\$18,750

Retiree and spouse/domestic partner age 65 or older will each receive a contribution, for a total of twice the amount shown above.

Note: If your legal residence changes from or to one of the Miami-area zip codes on the enclosed list after April 1, 2013, your RRA contribution amount will be adjusted on the following April 1. Amounts will not be pro-rated.

**Will a deduction still be taken from my pension check?**

No. For retirees age 65 and older, there will no longer be a deduction from your pension check for retiree medical coverage. The British Airways RRA subsidy was adjusted to take this into account. You will pay premiums directly to UnitedHealthcare and be reimbursed from your RRA.

**Why is British Airways discontinuing the group medical plan for retirees over age 65?**

Retiree medical plans were first offered years ago by many employers to address coverage gaps in Medicare and the lack of quality Medicare supplemental coverage in the marketplace. Since then, the Medicare marketplace has begun to offer an increased number and variety of supplemental coverage options.

Today, outside of employer retiree medical plans, Medicare-eligible retirees can find:

- A broader choice of Medicare supplemental coverage options than is offered by the typical employer plan
- Prescription drug coverage through Medicare Part D
- The increased flexibility to switch among plans each year, and
- The potential for more cost-stability, the result of marketplace competition and the ability of plans in the marketplace to pool risks among a greater number of participants than small plans like the British Airways retiree medical plan.

By continuing a benefit in the form of the RRA, British Airways continues to provide retirees with financial support and discontinues the part of the benefit that can be delivered more efficiently and cost-effectively in the open marketplace. Opening up the choice to all of the coverage options available in today's market may give you access to better value and the chance to manage and, in many cases, even lower your cost of health care coverage.

**Why is British Airways switching to UnitedHealthcare's individually owned Medicare insurance plans?**

As a way to provide greater flexibility and coverage choices for our retirees, we have chosen to work with UnitedHealthcare starting in 2013. UnitedHealthcare's AARP Medicare Supplement, Medicare Part D and Medicare Advantage plans have millions of insured members and a large number of plan options. Providing you with additional choices at competitive rates is the key reason for this change.

**Will this change impact Medicare Part A or Part B that I already have?**

No. This change only impacts the Medicare supplement and prescription drug coverage offered by British Airways under the current retiree medical plan.

**What options will I have to choose from?**

In nearly every state, there are up to seven AARP Medicare Supplement insurance plans to choose from. Medicare Advantage and Medicare Part D prescription drug plans are also available.

**What are the standard Medicare supplement insurance plans?**

All Medicare supplement insurance plans offer the same basic benefits, no matter which insurance company sells them. They are designed to help pay some or all of your out-of-pocket costs that original Medicare Parts A and B do not pay. UnitedHealthcare offers up to seven AARP Medicare Supplement Insurance plans in most states, and they can be used nationwide. Benefit levels vary by plan, so you can choose the coverage to meet your healthcare needs.

**Which Medicare supplement insurance plan most resembles our current British Airways coverage?**

"Plan N" is a Medicare Supplement Plan that is similar to the current Aetna Group Plan. "Preferred Part D" is a corresponding prescription drug plan.



#### What are Medicare Advantage plans?

Medicare Advantage plans combine Medicare Parts A and B with additional benefits in one plan that typically includes prescription drug coverage. UnitedHealthcare's Medicare Advantage plans are approved by Medicare. These plans are less expensive than most Medicare supplement plans. They offer regional provider networks and generally cannot be used nationwide.

#### Can I continue to use my current doctors?

If you enroll in a Medicare Supplement plan, you can see any doctor that treats Medicare patients. Some Medicare Advantage plans, on the other hand, may utilize networks that impact the amount the plan pays for health care services. Before enrolling in a Medicare Advantage plan, you may contact the UnitedHealthcare customer service center to see if your current doctors participate in the plan. Contact information will be included in the package you receive from UnitedHealthcare before you enroll.

#### Do I have to get new prescriptions?

No. If you enroll in a UnitedHealthcare Part D plan you will receive a new ID Card that you will present to the pharmacy the next time you need to have a prescription filled or refilled.

#### Is this a policy that I will own? Who will I pay premiums to?

Once you select the plan that best suits your needs, you will be the owner of the policy. You will pay plan premiums directly to UnitedHealthcare and request reimbursement from your RRA. There will no longer be a deduction from your British Airways pension check.

#### Can I change my coverage in the future?

Yes. Information on how to change plans will be provided by UnitedHealthcare.

#### If I select a Medicare Supplement plan, can my policy ever be cancelled by UnitedHealthcare?

No – as long as you pay the required plan premiums on time.

#### What if I don't want to purchase coverage through UnitedHealthcare?

You may choose your own coverage from another carrier. However, if you "opt-out" and choose coverage outside of UnitedHealthcare, you must pay your premiums directly to that carrier, then request reimbursement from your RRA.

#### How much will I receive in my Retirement Reimbursement Account?

In 2013, you will receive \$2,300 if you are not a Miami-area resident. Miami-area residents will receive a credit of \$3,000 to reflect significantly higher medical premiums in that area. Please see the enclosed list of Miami-area zip codes that are subject to the higher credit.

#### Will my Medicare-eligible spouse have his/her own Retirement Reimbursement Account?

Yes. If you and your spouse are both Medicare eligible, you will each have a separate Retirement Reimbursement Account credited by British Airways.

#### What type of expenses can be paid with RRA funds?

You can use your RRA to reimburse yourself for various out-of-pocket healthcare expenses including:

- Part B premiums
- Part D premiums
- Medicare supplement premiums
- Co-pays, deductible and co-insurance with the exception of prescription drug copayments

#### Can I use my spouse's Retirement Reimbursement Account for my out-of-pocket expenses?

No. Individual RRA accounts can only be used for out-of-pocket healthcare expenses for the account holder.

#### Who administers my Retirement Reimbursement Account?

UnitedHealthcare administers your Retirement Reimbursement Account. Although British Airways will make contributions to your account as necessary, UnitedHealthcare will process your reimbursements and answer any questions once the account is established.

#### Are the credits British Airways deposits into my Retirement Reimbursement Account taxable?

No. A Retiree Reimbursement Account is a tax-advantaged account. Notional credits deposited by British Airways are not taxable to you.

#### Am I taxed when I receive reimbursement for out-of-pocket expenses from my Retirement Reimbursement Account?

No. You pay no taxes on credits used to pay for eligible out-of-pocket healthcare expenses.

#### Can I contribute to my Retirement Reimbursement Account with tax-free dollars?

No. Only employer contributions are permitted.

#### How do I submit expenses for reimbursement?

You will receive a Retirement Reimbursement Account kit, which will include claim forms you can use to submit your expenses. After completing the claim form, attach proof of your eligible retiree healthcare expenses and mail to UnitedHealthcare. UnitedHealthcare will then process your reimbursement. You may also set up reimbursements to be direct deposited into your bank account or you may submit claims online.

#### Can unused credits in my Retirement Reimbursement Account be used in a subsequent year?

Yes. Unused amounts carry forward from year to year.

#### What will happen to unused credits in my Retirement Reimbursement Account in the case of death?

The balance will be forfeited.

#### Are the changes to plans that will take effect April 1, 2013 final?

Yes, the changes described in this FAQ will go into effect on April 1, 2013. However, as has always been the case, the Company reserves the right to amend, modify or terminate its retiree medical program at any time in its sole discretion.

Note: This FAQ provides highlights of changes British Airways is making to its retiree medical program in 2013. Contribution and benefit levels will be reviewed on an annual basis and British Airways reserves the right to modify or terminate benefits or modify contribution requirements in whole or in part at any time.