Voluntary Early Out Program

10 OR MORE YEARS OF WORKGROUP SENIORITY

Navigating your next chapter

APPLY BY JULY 31, 2020, AT 11:59 PM CT
These are challenging times.

And all of us are doing the best we can as we navigate the right path forward.

American is offering the new and enhanced voluntary early out program for team members, developed with input from our union partners. These are major decisions to make, but we’re here to give you as much information as possible as you consider your options.

We are calling this offer the **Voluntary Early Out Program (VEOP)**.

**THE WINDOW FOR APPLYING FOR THIS ENDS JULY 31, 2020, AT 11:59 PM CT.**
Eligibility

Active,¹ U.S.-based mainline represented team members, excluding pilots, who have 10 or more years of workgroup seniority as of July 15, 2020.

Seniority is defined as follows:

- **Flight Attendants**
  - Occupational seniority

- **Mechanic & Related and Fleet Service**
  - Classification seniority

- **Passenger Service and Reservations**
  - Passenger service seniority

- **Dispatchers**
  - Occupational seniority

- **FCTI/SIMP**
  - Occupational seniority

- **FSE**
  - Classification seniority

¹ Absent exceptions required by law, active status for the purpose of this program is defined as a team member on payroll receiving pay from the company, such as paid sick/vacation, salary continuance, a previously offered PVLOA or VLOA, FMLA, or military leave.

² If you want to change or withdraw your selection, you can submit another application and select your preferred choice, or the “withdraw” option prior to the window closing.

³ The application with the latest time stamp will be used as your final application. Once the application window has closed, no changes can be made.
VEOP Options

Choose what works best for you.

12-month payout period or Lump sum

If you elect this VEOP, here's what you will receive.

Pay
Six months of pay

Medical
30 months of healthcare coverage at active rates

RHRA
Retiree Health Reimbursement Arrangement
(Available with this VEOP if you are also 65-point plan eligible)

Travel
Non-rev travel privileges for a period of time, and eight positive-space round-trip tickets

Savings
401(k) and pension plans

Let's take a look at these things in detail. >
Pay

12-month payout period

You receive your six months of pay paid out over a 12-month period, starting Sept. 28, 2020. Your payments will end when you separate from the company on September 27, 2021.

Lump sum

You receive your six months of pay in a one-time lump sum payment no later than Aug. 15, 2021. You will separate from the company on September 30, 2020.

Workgroup

<table>
<thead>
<tr>
<th>Workgroup</th>
<th>What is 6 months of pay?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight Attendants</td>
<td>38 hours of pay, per month</td>
</tr>
<tr>
<td>Fleet Service, Passenger Service and Reservations</td>
<td>20 hours a week for full-time and 10 hours a week for part-time, per month</td>
</tr>
<tr>
<td>Mechanic &amp; Related, FSE</td>
<td>20 hours a week for full-time, per month</td>
</tr>
<tr>
<td>FCTI, SIMP</td>
<td>50% of regularly scheduled days, per month</td>
</tr>
<tr>
<td>Dispatchers</td>
<td>50% of the minimum monthly salary</td>
</tr>
</tbody>
</table>

What is 6 months of pay?

| Flight Attendants                            | 38 hours of pay, per month                    |
| Fleet Service, Passenger Service and Reservations | 20 hours a week for full-time and 10 hours a week for part-time, per month |
| Mechanic & Related, FSE                      | 20 hours a week for full-time, per month      |
| FCTI, SIMP                                   | 50% of regularly scheduled days, per month   |
| Dispatchers                                  | 50% of the minimum monthly salary            |

1 Pay doesn’t include premiums, shift differential, holiday pay, or overtime and will remain the same throughout the 12-month pay period.

2 If you select the 12-month payout period option, your union dues will continue to be deducted from your paycheck.

3 If you elect the lump-sum payment, union dues will not be deducted from the lump sum.
If you elect this VEOP, you will get 30 months of healthcare coverage — which includes medical, dental and vision. This coverage will be offered at the same rates active team members pay. But you must enroll to get coverage.

How does it work?

**Paycheck deductions**
Health benefits will be deducted from your paycheck while you’re still receiving pay from the company. After separation, you’ll pay the active rates directly to the Benefits Service Center on a monthly basis.

**12-month payout period**
First 12 months: receive active team member coverage at active team member rates.

**Lump sum**
After you separate from the company on Sept. 30, 2020: enroll in COBRA coverage for 30 months and receive medical coverage at active team member rates.

After you separate from the company on Sept. 27, 2021: enroll in COBRA coverage for an additional 18 months paying active team member rates.

If you’re eligible for Medicare, COBRA coverage runs secondary to Medicare.
**RHRA**

*(Retiree Health Reimbursement Arrangement)*

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**Eligibility**

If you elect this VEOP, and you have 10 or more years of work-group seniority AND are 65-point eligible by the time of separation from the company, you will have access to RHRA credits.

**65-point plan**

65-point plan eligibility is calculated as at least 10 years of company seniority and your age plus years of service must equal at least 65.

**Here's how much you get**

based on the number of years until you become eligible for Medicare benefits.

<table>
<thead>
<tr>
<th>RHRA value</th>
<th>Number of years(^1) until eligible for Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>More than 4 years</td>
</tr>
<tr>
<td>$140,000</td>
<td>More than 3 years but less than or equal to 4 years</td>
</tr>
<tr>
<td>$130,000</td>
<td>More than 2 years but less than or equal to 3 years</td>
</tr>
<tr>
<td>$120,000</td>
<td>More than 1 year but less than or equal to 2 years</td>
</tr>
<tr>
<td>$110,000</td>
<td>Less than or equal to 1 year</td>
</tr>
<tr>
<td>$100,000</td>
<td>Eligible for Medicare</td>
</tr>
</tbody>
</table>

\(^1\) Number of years will be calculated using retirement date.

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12-month payout period

UP TO $150,000

Which you can access after separation on Sept. 27, 2021.

Lump sum

UP TO $150,000

Which you can access after separation on Sept. 30, 2020
RHRA
(Retiree Health Reimbursement Arrangement)

Debit card
You will be issued an Alight Smart-Choice Accounts debit card (if you don’t already have one). When you go to pay for eligible medical expenses at participating retailers and medical providers, you can swipe your card as you would any other debit card.

Reimbursement
You may pay for these eligible expenses out of pocket and then submit a claim for reimbursement from American.

Eligible for Medicare?
If you’re eligible for Medicare, you can use your RHRA to pay for:
- Medicare Part A (hospital) expenses
- Premiums for Medicare Part B, Medicare Part D or supplemental plans
- Reimbursement for out-of-pocket medical expenses not covered by Medicare

Things to consider
- Reimbursements are tax-free and there is no annual limit.
- You do not have to be enrolled in an American health plan to be eligible for the RHRA.
- Your account can be used to cover COBRA coverage or premiums for health plans purchased on the healthcare exchange or the individual market.
- Should you be rehired by American at any point, you will forfeit the remaining balance in your account.
- Your spouse can continue to use any of the remaining RHRA balance upon your death.
- Expenses for dependent children are included.

Expenses
For a complete list of eligible expenses, visit the American Airlines Benefits Service Center.
Travel

Ticket details
Team members, eligible family members, and registered companions can travel using the positive space tickets. Travelers listed as D3s in your travel profile will also be permitted to use the tickets if they travel with you.

12-month payout period
You keep your active team member travel privileges for 12 months, until you separate from the company. Plus, you will receive eight positive space round-trip tickets — which you can use within five years from the commencement of your VEOP.

Lump sum
You will receive eight positive space round-trip tickets — which you can use within five years from the commencement of your VEOP.

65-point plan
65-point plan eligibility is calculated as at least 10 years of company seniority and your age plus years of service must equal at least 65.

For both options, your travel status upon separation from the company depends on the following:

- If you’ll be 65-point plan eligible at the time of separation: You’ll transition to retiree travel (D2R status) after you separate from the company, per the company policy.

- If you’re not 65-point plan eligible at the time of separation: You’ll receive two years of non-rev travel privileges at the amended D2R status.
## Travel Amended D2R status details

<table>
<thead>
<tr>
<th>Included under amended status</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>D2R status for you</td>
</tr>
<tr>
<td>Yes</td>
<td>D2R status for spouse / domestic partner / registered companion</td>
</tr>
<tr>
<td>Yes</td>
<td>D2R status for qualified children</td>
</tr>
<tr>
<td>No</td>
<td>Annual D1 allotment</td>
</tr>
<tr>
<td>No</td>
<td>Annual D3 allotment</td>
</tr>
<tr>
<td>No</td>
<td>D2P parent travel</td>
</tr>
<tr>
<td>No</td>
<td>OAL / ZED travel privileges</td>
</tr>
<tr>
<td>No</td>
<td>A9 emergency / bereavement travel</td>
</tr>
<tr>
<td>Yes</td>
<td>AA20 discount for you, spouse / domestic partner / registered companion, and qualifying children</td>
</tr>
<tr>
<td>No</td>
<td>AA20 discounts for parents</td>
</tr>
<tr>
<td>Applies to all travelers</td>
<td>Imputed income</td>
</tr>
</tbody>
</table>

Children added during the two-year travel separation period will be eligible; verification may be required prior to travel.

Reminder
This amended status applies to team members who will not be 65-point plan eligible by the time of separation.
Savings

401(k)

Loan payments
401(k) loan payments will continue to be required as outlined in the loan agreement.

You can still contribute to your 401(k) over the 12-month period and receive company contributions and/or match from American until you separate from the company.

You may leave your money in the Company 401(k) plan and continue to benefit from potentially low fees. You may also set-up automatic withdrawals and create a paycheck environment from your 401(k) savings.

Pension

IAM Pension: You’ll still get company contributions, until you separate.

LAA Pension: You can withdraw after you separate from the company. If you’re eligible and want to activate your pension after your separation date, you can. You need to request a pension kit by the 15th of the month prior to your desired commencement month. You may request a kit online via the Pension Service Center or by calling 1-800-447-2000.

LUS Pension: You should check eligibility with the Pension Benefit Guaranty Corporation at 1-800-400-7242 from 8 a.m. to 5 p.m. ET, Monday through Friday.