

Julie Hedrick, National President  
Association of Professional  
Flight Attendants  
1004 West Eules Boulevard  
Eules, TX 76040-5018

**RE: July 2020 Voluntary Early Out Program**

Dear Julie:

This Letter of Agreement (“Letter”) is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between American Airlines, Inc. (“American” or the “Company”) and the Flight Attendants in the service of American Airlines, Inc., as represented by the Association of Professional Flight Attendants (“Union” or the “Association”), with both the Company and Union referred to as the “Parties.”

The below Special Voluntary Early Out Program is not being provided generally going forward but has been agreed to by American and the Union on a one-time basis to address the impact of the COVID-19 pandemic. The Parties agree the below Special Voluntary Early Out Program is not comparable and is in addition to any existing program provided pursuant to the Joint Collective Bargaining Agreement (“JCBA”) or any other program provided by the Company. Moreover, the time period to apply for the below Special Voluntary Early Out Program shall be limited.

**Voluntary Early Out Program**

The Parties agree that the Voluntary Early Out Program (“VEOP”) will be subject to the following terms and conditions:

**VEOP Benefits**

- A Flight Attendant who (i) meets the eligibility requirements for the particular options described below; (ii) during the application period timely applies for one of the VEOP options described below; (iii) is awarded one of the VEOP options by the Company; (iv) executes the general release prepared by the Company; and (v) satisfies all other conditions of the VEOP program as set forth in this Letter, will receive the following benefits (consistent with her/his option election):

**Option A – Ten (10) Years or More of Occupational Seniority – No Lump Sum**

- Eligibility – Flight Attendants with ten (10) or more years of Occupational seniority that are in an “active status,” as determined by the Company, as of July 15, 2020 shall be eligible to bid for this VEOP option. Flight Attendants awarded a VEOP are subject to the existing Flight Attendant Attendance and Performance Program until the commencement of the VEOP.

- Pay – The equivalent of six (6) months of pay paid out over twelve (12) months of time as follows: 38:00 hours of pay per month at the Flight Attendant’s applicable JCBA hourly rate only for a period of twelve (12) months beginning on the date the VEOP commences. The JCBA hourly rate will be based on the Flight Attendant’s JCBA hourly rate of pay at the commencement of the VEOP. No other pay will be provided (e.g., no minimum guarantees or premiums of any sort will be paid). Such pay will be divided and paid out on the pay dates provided in Section 3.N.1 & 3 of the JCBA. Pay will be subject to tax withholding as required by law.
- Travel – A one-time allotment of eight (8) round-trip positive space passes (E Inventory) to be used within five (5) years of the commencement of the VEOP. Travel as active from the commencement of the VEOP through the twelve (12) months of pay as described above.

For those that qualify under the 65 Point Plan as the date of separation (i.e. the expiration of the pay period described above) retiree travel will continue in accordance with Company policy. Eligibility for the 65 Point Plan will be determined as of the date of separation from the Company (i.e., expiration of the twelve (12) month pay period).

Those who do not qualify under the 65 Point Plan as of the date of separation (i.e., upon expiration of the twelve (12) month pay period described above) will receive twenty-four (24) months of travel privileges at D2R status, in accordance with Company policy, beginning as of the date of separation from the Company (i.e., upon expiration of the twelve (12) month pay period).

- Vacation Payout – Any accrued vacation for use in 2020/2021 and/or 2021/2022, not used as a result of an employee’s VEOP, will be paid out as soon as practicable, but in no case later than the 15<sup>th</sup> of the subsequent month, following the expiration of the twelve (12) month period of pay described above unless otherwise required by law.
- Health Benefits – Eligibility for medical, dental & vision benefits at active rates for thirty (30) months following the commencement of the VEOP. During the thirty (30) months following the commencement of the VEOP, a Flight Attendant on a VEOP will be responsible for payment of the employee portion of all premiums, which will be payroll deducted (or billed pursuant to Company practice for the remainder if earnings are insufficient). A Flight Attendant’s failure to make timely premium payments may result in the loss of coverage, subject to the Company’s regular premium collection process. COBRA benefits will run concurrently beginning in the thirteenth (13<sup>th</sup>) month following the commencement of the VEOP.
- For Flight Attendants With 65 Points ONLY – Retiree Health Reimbursement Arrangement (“RHRA”) – For those Flight Attendants who meet all eligibility requirements of the VEOP and who have 65 points under the 65-point plan as of the date of retirement from the Company, the Company will establish a Retiree Health Reimbursement Arrangement (“RHRA”) for the Flight Attendant, as soon as is administratively practicable following the Flight Attendant’s retirement from the

Company, and credit to a notional HRA the value indicated in the chart below. The RHRA credits may be used for qualified medical expenses, as that term is defined in Code Section 213(d), for any qualified medical plan. The RHRA credits may only be used to reimburse a Flight Attendant for unreimbursed, substantiated, qualified medical expenses, and qualified premiums as specified in Code Section 213(d) of the Flight Attendant and/or eligible dependents up to the Flight Attendant’s RHRA credit balance. Upon retiree’s death, the Flight Attendant’s surviving spouse is eligible to continue to use any remaining credits, and may use such credits for eligible dependent qualified expenses. All RHRA credits will be forfeited: (1) upon death of retiree Flight Attendant with no surviving spouse; (2) upon death of surviving spouse who became eligible to continue RHRA usage after death of retiree; and (3) if retiree Flight Attendant is rehired by American Airlines. The RHRA must comply with all applicable laws and regulations. The Company will be responsible for drafting and maintaining the RHRA plan documents(s), will have discretion over all plan-related items not addressed in this Letter, and will be responsible for any operating costs associated with the RHRA. The Company shall have the right to amend any provision of the HRA plan that is required by applicable law or is necessary to maintain the tax qualified status of the plan.

Years (Y) Until Employee Medicare Eligible (as of Retirement/Separation Date)	RHRA Credit Value
Y > 4	\$150,000
3 < Y <= 4	\$140,000
2 < Y <= 3	\$130,000
1 < Y <= 2	\$120,000
Y <= 1	\$110,000
Medicare Eligible as of Retirement Date	\$100,000

**Option B – Ten (10) or More years of Occupational Seniority – Lump Sum**

- Eligibility – Flight Attendants with ten (10) or more years of Occupational seniority that are in an “active status,” as determined by the Company, as of July 15, 2020 shall be eligible to bid for this VEOP option. Flight Attendants awarded a VEOP are subject to the existing Flight Attendant Attendance and Performance Program until the commencement of the VEOP.
- Pay – 456 hours of pay at the Flight Attendant’s JCBA hourly rate only (i.e., no premiums) paid as a one-time lump sum no later than August 15, 2021. The lump sum payment will be subject to tax withholding as required by law. The JCBA hourly rate will be based on the Flight Attendant’s JCBA hourly rate of pay at the commencement of the VEOP.
- Travel – A one-time allotment of eight (8) round-trip positive space passes (E Inventory) to be used within five (5) years of the commencement of the VEOP. Those who do not qualify under the 65 Point Plan will receive twenty-four (24) months of travel privileges at D2R status, in accordance with Company policy, beginning upon the commencement of

the VEOP. Those who qualify under the 65 Point Plan as of the commencement of the VEOP will receive retiree travel in accordance with Company policy, beginning upon the commencement of the VEOP.

- Vacation Payout – Any accrued vacation for use in 2020/2021 and/or 2021/2022, not used as a result of an employee’s VEOP, will be paid out as soon as practicable, but in no case later than the 15<sup>th</sup> of the subsequent month, following the commencement of the VEOP unless otherwise required by law.
- Health Benefits – Eligibility for medical, dental & vision benefits at active rates for thirty (30) months through COBRA following the commencement of the VEOP. During the thirty (30) months following the commencement of the VEOP, a Flight Attendant on a VEOP will be responsible for payment of the employee portion of all premiums, which will be payroll deducted (or billed pursuant to Company practice for the remainder if earnings are insufficient). A Flight Attendant’s failure to make timely premium payments may result in the loss of coverage, subject to the Company’s regular premium collection process. COBRA benefits will run concurrently beginning upon the commencement of the VEOP.
- For Flight Attendants With 65 Points ONLY – Retiree Health Reimbursement Arrangement (“RHRA”) – For those Flight Attendants who meet all eligibility requirements of the VEOP and who have 65 points under the 65-point plan as of the date of retirement from the Company, the Company will establish a Retiree Health Reimbursement Arrangement (“RHRA”) for the Flight Attendant, as soon as is administratively practicable following the Flight Attendant’s retirement from the Company, and credit to a notional HRA the value indicated in the chart below. The RHRA credits may be used for qualified medical expenses, as that term is defined in Code Section 213(d), for any qualified medical plan. The RHRA credits may only be used to reimburse a Flight Attendant for unreimbursed, substantiated, qualified medical expenses, and qualified premiums as specified in Code Section 213(d) of the Flight Attendant and/or eligible dependents up to the Flight Attendant’s RHRA credit balance. Upon retiree’s death, the Flight Attendant’s surviving spouse is eligible to continue to use any remaining credits, and may use such credits for eligible dependent qualified expenses. All RHRA credits will be forfeited: (1) upon death of retiree Flight Attendant with no surviving spouse; (2) upon death of surviving spouse who became eligible to continue RHRA usage after death of retiree; and (3) if retiree Flight Attendant is rehired by American Airlines. The RHRA must comply with all applicable laws and regulations. The Company will be responsible for drafting and maintaining the RHRA plan documents(s), will have discretion over all plan-related items not addressed in this Letter, and will be responsible for any operating costs associated with the RHRA. The Company shall have the right to amend any provision of the HRA plan that is required by applicable law or is necessary to maintain the tax qualified status of the plan.

Years (Y) Until Employee Medicare Eligible (as of Retirement Date)	RHRA Credit Value
$Y > 4$	\$150,000
$3 < Y \leq 4$	\$140,000
$2 < Y \leq 3$	\$130,000
$1 < Y \leq 2$	\$120,000
$Y \leq 1$	\$110,000
Medicare Eligible as of Retirement/Separation Date	\$100,000

**Option C – Fewer Than Ten (10) Years of Occupational Seniority**

- Eligibility – Flight Attendants with fewer than ten (10) years of Occupational seniority who are in an “active status,” as determined by the Company, as of July 15, 2020 shall be eligible to bid for this VEOP option. Flight Attendants awarded a VEOP are subject to the existing Flight Attendant Attendance and Performance Program until the commencement of the VEOP.
- Pay – None.
- Travel – For a period of twenty-four (24) months upon the commencement of the VEOP, travel privileges at D2R status, in accordance with Company policy.
- Vacation Payout – Any accrued vacation for use in 2020/2021 and/or 2021/2022, not used as a result of an employee’s VEOP, will be paid out as soon as practicable, but in no case later than the 15<sup>th</sup> of the subsequent month, following the commencement of the VEOP unless otherwise required by law.
- Health Benefits – Eligibility for medical, dental & vision benefits at active rates for six (6) months following the commencement of the VEOP. During the six (6) months following the commencement of the VEOP, a Flight Attendant on this VEOP will be responsible for payment of the employee portion of all premiums, which will be direct-billed to the Flight Attendant. A Flight Attendant’s failure to make timely premium payments may result in the loss of coverage, subject to the Company’s regular premium collection process. COBRA benefits will run concurrently beginning upon the commencement of the VEOP. At any point during the period of COBRA eligibility if the Flight Attendant or her/his spouse becomes eligible for Medicare, Medicare will become the primary benefit.

**VEOP Other Considerations for All Options**

- The Company will determine the starting dates and total number of VEOPs that will be offered. VEOPs will be awarded by occupational system seniority order. The Company will make a reasonable effort to release all Flight Attendants who elected the VEOP within twelve (12) months following the awards.

- A Flight Attendant awarded a VEOP will not be subject to involuntary furlough.
- Any Flight Attendant who participates in the VEOP shall not be eligible for any other form of severance pay (other than as described above) and shall be released from the Company upon commencement of the VEOP and removed from payroll upon expiration of the period of pay benefits, as applicable (Option A: removal twelve (12) months after commencement of the VEOP; Options B and C: removal upon commencement of the VEOP).
- If the Company receives a request for information from a state or local agency with responsibility for unemployment compensation claims, the Company will respond by providing factually accurate information regarding an employee's status. However, the Company will not actively contest an employee's claim for unemployment compensation benefits.
- Flight Attendants on any of the VEOP options will not accrue vacation or sick time after the commencement of the VEOP, and will not accrue occupational seniority or longevity seniority following the commencement of the VEOP. A Flight Attendant may not use her/his paid sick or vacation at any time after the commencement of the VEOP, but any unused paid sick time will be paid out pursuant to JCBA Section 26.D.5, if eligible.
- Participation in the VEOP is entirely voluntary on the part of any Flight Attendant who wishes to receive benefits and such Flight Attendant shall execute a general release of all claims in a form to be prepared by the Company. The Company will make the general release available for review during the period the VEOP is open for consideration.
- Once awarded, a VEOP must be accepted by the Flight Attendant.
- Although the Company has not yet determined whether or to what extent involuntary furloughs will be necessary, the options provided in this Letter shall satisfy all requirement of Section 23.B.1 of the JCBA, the terms of those options, as well as when such options must be offered if involuntary furloughs are required within 6 months from the date of this Letter.

This Letter does not change, alter, or modify the provisions of any AA/APFA Joint Collective Bargaining Agreement, except as expressly provided herein. The terms or existence of this Letter will not be construed against any Party.

**Signatures on following page.**

IN WITNESS WHEREOF, the Parties have signed this Letter this 14th day of July, 2020.

**Cindi Simone**  
Managing Director  
Labor Relations, Flight Service



FOR THE ASSOCIATION OF  
PROFESSIONAL FLIGHT ATTENDANTS

FOR THE COMPANY

A handwritten signature in blue ink that reads "Cindi Simone".

A handwritten signature in blue ink that reads "Julie Hedrick".

---

JULIE HEDRICK  
NATIONAL PRESIDENT

---

CINDI SIMONE  
MANAGING DIRECTOR, LABOR  
RELATIONS