

## **MEMORANDUM OF UNDERSTANDING**

### **Special Voluntary Early Out Program**

This Agreement is entered into by and among PSA Airlines ("PSA" or the "Company") and the Association of Flight Attendants - CWA ("AFA or the Association") (collectively, the "parties").

As a result of large scale schedule changes due to the COVID 19 pandemic the parties agree in mutual interest to jointly and successfully navigating impacts of the COVID-19 virus and the current lack of industry demand due to the COVID-19 pandemic. The program described herein is not being provided generally going forward but have been agreed to by PSA and the Association on a one-time basis to address the impact of the COVID-19 pandemic. The Parties agree the below Special Voluntary Early Out Program are not comparable and are in addition to any existing leaves provided under the Collective Bargaining Agreement or any other leave currently provided by the Company.

#### **Voluntary Early Out (VEO)**

##### **A. Eligibility**

The Company may offer the VEO to Flight Attendants who are in active status when the VEO is offered and who have a minimum of three (3) years of seniority as a Flight Attendant. Active status will include Family Medical Leave (FML), Military Leave (MIL), Voluntary Leaves and Pandemic Leave. The Company shall have discretion with respect to the number of VEOs which will be offered, and VEOs will be awarded in seniority order. Once accepted, a VEO may not be revoked or rescinded by the Company or Flight Attendant.

##### **B. VEO Terms**

###### **1. Option 1**

Flight Attendants who bid and are awarded a VEO option 1:

- a. Will receive twenty five (25) hours of monthly pay at the Flight Attendants's applicable hourly rate from the beginning of VEO for six (6) months (payments while on VEO shall be considered eligible compensation for all purposes, including Company 401K contributions and profit sharing). Flight Attendants will not accrue longevity while on the VEO.
- b. will have no availability obligations following the completion of last trip in August which may include carryover days in September.
- c. will continue to be eligible for all benefits for which the Flight Attendant is enrolled in or eligible for at the time the leave commences, and all such benefits will continue to be offered throughout the leave period at active employee rates. Flight Attendants on VEO shall be treated the same as an active Flight Attendant for ongoing enrollment, changes within, and participation in available benefits plans.

- During the 6 months of leave, benefits will be as an active employee, the Flight Attendant is responsible for paying the employee portion of the premiums. Premiums will be payroll deducted unless the Flight Attendant's VEO payment would not cover the premiums.
  - At the end of the 6 months the Flight Attendant will be separated from the company and must enroll in COBRA to remain eligible for Company medical. The COBRA rate will be at the full COBRA rates for the 18 months of COBRA eligibility. At any point during the period of COBRA eligibility the Flight Attendant or her/his spouse becomes eligible for Medicare, Medicare will become the primary benefit.
  - A Flight Attendant's failure to make timely premium payments may result in the loss of coverage, subject to the company's regular premium collections process.
- d. will be provided travel benefits under Company policy as D2R status for five (5) years post separation and be awarded 250K AADvantage miles.
  - e. At time of separation, if the Flight Attendant meets the eligibility criteria (65 points plan), they would be eligible to participate in retiree travel benefits as provided
  - f. will not accrue monthly sick or vacation
  - g. will not be eligible to use sick or vacation during the period of the VEO
  - h. any accrued vacation for use in 2020, not used as a result of the VEO upon separation will be paid at the end of the VEO.

## **2. Option 2**

Flight Attendants who bid and are awarded a VEO option 2:

- a. Will receive twenty five (25) hours of monthly pay at the Flight Attendants's applicable hourly rate from the beginning of VEO for three (3) months (payments while on VEO shall be considered eligible compensation for all purposes, including Company 401K contributions and profit sharing). Flight Attendants will not accrue longevity while on the VEO.
- b. will have no availability obligations following the completion of last trip in August which may include carryover days in September.
- c. will continue to be eligible for all benefits for which the Flight Attendant is enrolled in or eligible for at the time the leave commences, and all such benefits will continue to be offered throughout the leave period at active employee rates. Flight Attendants on VEO shall be treated the same as an active Flight Attendant for ongoing enrollment, changes within, and participation in available benefits plans.
  - During the 3 months of leave, benefits will be as an active employee, the Flight Attendant is responsible for paying the employee portion of the premiums. Premiums will be payroll deducted unless the Flight Attendant's VEO payment would not cover the premiums.

- At the end of the 3 months the Flight Attendant will be separated from the company and must enroll in COBRA to remain eligible. The COBRA rate will be subsidized and the Flight Attendant will only pay the employee contribution rate that active Flight Attendants pay, for the 18 months of COBRA eligibility. At any point during the period of COBRA eligibility the Flight Attendant or her/ his spouse becomes eligible for Medicare, Medicare will become the primary benefit.
  - A Flight Attendant's failure to make timely premium payments may result in the loss of coverage, subject to the company's regular premium collections process.
- d. will be provided travel benefits under Company policy as D2R status for ten (10) years post separation and be awarded 350K AADvantage miles.
- e. At time of separation, if the Flight Attendant meets the eligibility criteria (65 points plan), they would be eligible to participate in retiree travel benefits as provided
- f. will not accrue monthly sick or vacation
- g. will not be eligible to use sick or vacation during the period of the VEO
- h. any accrued vacation for use in 2020, not used as a result of the VEO upon separation will be paid at the end of the VEO.

**Effective Date and Duration:** This MOU will become effective on the date of signing by both PSA and AFA and shall remain in full force per the terms of the this letter.

IN WITNESS WHEREOF the parties have signed this Memorandum of Understanding this 24<sup>th</sup> day of July, 2020.

For PSA Airlines, Inc.



Keith Stamper  
Vice President, Air Operations

For the Association of Flight Attendants - CWA



Sara Nelson  
International President



Lee Wilkes  
MECP/LECP