



Your American Airlines, Inc. 401(k) Plan



Agenda



- **General 401(k) Information**
- **Investment Fund Choices**
- **Plan Options While Active**
- **CARES Act Withdrawals and Loans**
- **Plan Options Once Retired/Separated**
- **Not Meeting the Match**
- **Contact Information**



GENERAL 401(K) INFORMATION

Contributions Limits for 2020



Limits*	U.S. Based Team Members
Team Member Regular Contributions	\$19,500
Catch-up Contributions (age 50+)	\$6,500
Total Contributions	\$57,000
Total Contributions with Catch-up (age 50+)	\$63,500
Maximum Compensation	\$285,000

All contributions made through both regular payroll checks and special payroll checks are aggregated for purposes of limit monitoring in the payroll system.

The terms of the plan documents govern the benefits and this presentation is intended to highlight those benefits. If there is a conflict between this presentation and the plan document, the plan document will govern the actual benefit.

Contributions Percentages – Team Member



Team Member Contribution Elections	
<u>Regular Elections</u>	
Pre-tax	1 – 100%
Roth	1 – 100%
After-tax	1 – 100%
<u>Catch-up Elections</u>	
Pre-tax catch-up	1 – 100%
Roth catch-up	1 – 100%
Combined Regular and Catch-up elections cannot exceed 100%. Catch-up Elections are deducted concurrently with Regular Elections.	

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Contribution Comparison



	Pre-tax	Roth	After-tax
Based on gross plan eligible compensation			
Contributions	Before income taxes are taken from pay	After income taxes are taken from pay	After income taxes are taken from pay
Annual Maximum	Subject to \$19,500 annual maximum (aggregate with Roth contributions)	Subject to \$19,500 annual maximum (aggregate with Pre-tax contributions)	Subject to \$57,000 annual maximum (aggregate with all other team member and employer contributions)
Match Eligible	Contributions are match eligible	Contributions are match eligible	Contributions are not match eligible
Earnings	Will be taxed upon distribution	Generally grow tax free	Will be taxed upon distribution

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Contribution Comparison Example

	Pre-tax Contributions	Roth Contributions	After-tax Contributions
Gross Plan Eligible Compensation	\$50,000	\$50,000	\$50,000
10% Contributions	<u>-\$5,000</u>	<u>-\$5,000</u>	<u>-\$5,000</u>
Taxable Income	\$45,000	\$50,000	\$50,000
20% Income Taxes	<u>-\$9,000</u>	<u>-\$10,000</u>	<u>-\$10,000</u>
After-tax Income	\$36,000	\$40,000	\$40,000
Take Home Pay	\$36,000	\$35,000	\$35,000

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Employer Contributions



Eligibility

- One Year of Service
- Company match and/or company contribution* based upon Eligible Compensation

Vesting

- Two Years of Service
- Own 100% of the Company match and/or company contribution* in your account

All prior Mainline or Regional service is credited towards Years of Service requirements.

*Currently a 9% monthly company contribution. Effective 01/01/2021, will move to 4% match and 5% company contribution schedule.

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INVESTMENT FUND CHOICES



Investment Fund Choices – Tiers 1 through 3



Tier 1

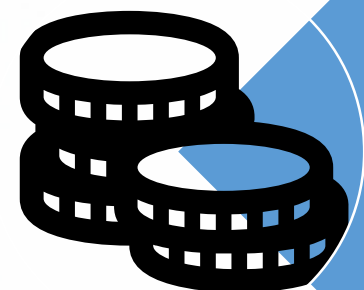
Target Date Funds

11 fund choices

Our Fund Expense Ratio range is 0.13% to 0.18%

Compare to the Median Expense Ratio* range of 0.41% to 0.56%

*Refer to Appendix for more details



Tier 2

Index Funds

5 fund choices

Our Fund Expense Ratio range is 0.01% to 0.09%

Compare to the Median Expense Ratio* range of 0.12% to 0.27%

*Refer to Appendix for more details



Tier 3

Actively Managed Funds

8 fund choices

Our Fund Expense Ratio range is 0.00% to 0.38%

Compare to the Median Expense Ratio* range of 0.40% to 0.95%

*Refer to Appendix for more details

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Fidelity BrokerageLink®



A self-directed brokerage account within your 401(k) plan account

Access to thousands of mutual funds and other investment options beyond those offered in Tiers 1, 2, and 3

Additional fees may apply

Invest up to 95% of your vested account balance in your self-directed brokerage account

Before investing, consider the funds' investment objectives, risks, charges, expenses, and available share classes. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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Plus: Professional Management from Financial Engines



- Can elect to have Financial Engines provide ongoing 401(k) account management



- Will choose investments based on your situation, goals and risk tolerance, and career stage



- Will monitor and rebalance your account as needed and as your situation changes



- Asset-based Fees apply
 - 20 bps on the first \$50,000
 - 30 bps on the next \$200,000
 - 40 bps on \$250,000 +

Advisory services, including Professional Management and Online Advice, are provided by Financial Engines Advisors L.L.C., a federally registered investment advisor. Financial Engines® is a registered trademark of Edelman Financial Engines, LLC. Used with permission. Financial Engines is not affiliated with Fidelity Investments or its affiliates. Results are not guaranteed.

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PLAN OPTIONS WHILE ACTIVE



In-Service Withdrawals

Available to active team members, including those on LOA

After-tax

Source-specific

- Withdrawal of After-tax contributions and their earnings
- Subject to taxes on earnings portion of distribution

Rollover

Source-specific

- Withdrawal of Rollover contributions and earnings
- Subject to taxes

Age 59 1/2

All sources

- Withdrawal of contributions and earnings
- Source-specific withdrawals available
- Subject to taxes

A 20% mandatory Federal withholding will apply to the taxable amount. An additional 10% penalty tax will generally apply if the team member has not reached age 59 ½.

There are tax implications with any in-service withdrawal. We recommend team members consult with a qualified tax advisor.

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Active Team Members (including those on LOA)	
Loan Details	Loan Repayment Details
Loan types: <ul style="list-style-type: none"> • General Purpose • Primary Residence 	Repayment of principal plus interest using After-tax dollars
Up to two (2) loans outstanding – maximum of one outstanding principal residence loan permitted	Pay back period <ul style="list-style-type: none"> — Up to 60 months for general purpose — Up to 30 years for primary residence
Can borrow up to the lesser of: <ul style="list-style-type: none"> • \$50,000 (-) minus the highest outstanding loan balance during the last 12 months • 50% of vested account balance 	For Active team members: Requires payroll deducted repayments For LOA team members: Direct pay while on unpaid leave
	Repayment suspension – if on LOA – up to 12 months
	30-day waiting period may apply for a new loan

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***CARES ACT
WITHDRAWALS AND LOANS***



Coronavirus Aid, Relief, and Economic Security (CARES) Act

Team members affected by the coronavirus (COVID-19) pandemic currently have two CARES Act options within the 401(k) plan.

- **CARES Act withdrawals – available until Dec. 30, 2020**
 - Request withdrawals of up to \$100,000 from their 401(k) vested account at any time until market close on Dec. 30, 2020.
 - No 10% tax penalty for withdrawing early.
 - Will pay taxes on the withdrawal, but the CARES Act permits team members to spread out the taxation over a three-year period.
- **New CARES Act loans – expired Sept. 22, 2020**
 - Team members were permitted to borrow the lesser of \$100,000 or 100% of their vested account balance and repay over 12 – 60 months.
 - Loan repayments as a result of CARES Act were automatically suspended through Dec. 31, 2020. As of January 2021, loan repayments must begin. Payroll deductions will begin and are amortized based on the loan repayment period. Separated team members must work directly with Fidelity to set up loan repayments.
- **Existing loans under CARES Act – available until Dec. 31, 2020**
 - For previously existing loans, team members can opt-in to suspend loan repayments through Dec. 31, 2020.
 - Interest on your outstanding loan balance will accrue during the suspension period.
 - Loan repayments must resume in January 2021, and will be re-amortized based on an updated loan repayment schedule.

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CARES Act Financial Relief Eligibility

To qualify for CARES Act withdrawals and loans, team members must self-certify with Fidelity that they meet one of the following criteria:

- Be diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention (CDC).
- Have a spouse or dependent diagnosed with COVID-19 by a test approved by the CDC.
- Experience adverse financial consequences as a result of:
 - Being quarantined, furloughed or laid off or having work hours reduced.
 - Being unable to work due to a lack of child care.



PLAN OPTIONS ONCE RETIRED/SEPARATED



Your 401(k) Account Upon Retirement/Separation

Vested Account Balance	Account Status
\$5,000 and greater	Account can remain invested in the 401(k) plan
At least \$1,000, but less than \$5,000	Roll to a Fidelity Rollover IRA
Under \$1,000	Cash distribution which is subject to taxes and penalty tax, if applicable

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Your 401(k) Account Upon Retirement/Separation

For vested account balances remaining in the 401(k) plan, you can take a distribution(s) in the form of:

Income Stream in Retirement	Periodic Withdrawals	Lump Sum Distribution
<ul style="list-style-type: none">• Set up installment payments• Receive a check based on the amount and frequency you choose• Continue to direct your investments	<ul style="list-style-type: none">• Partial withdrawals• At your request when you need it• Continue to direct your investments	<ul style="list-style-type: none">• Full account distribution

Distributions, including CARES Act withdrawals, may be requested after 30 days from the retirement or separation date

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Loans at Retirement/Separation

Loans Upon Leaving the Company

Team members may continue to pay on outstanding loans as long as a 401(k) account balance remains

Team members can have monthly loan repayments deducted from a bank account automatically

Separated Team Members Eligible to Continue Loan Repayments

- Team members remain in the 401(k) plan
- Team members who set up an Income Stream in Retirement through installment payments
- Team members who request partial withdrawals

Loan Default Events

- Full 401(k) account distribution*
- Non-repayment

*A full distribution of your 401(k) account balance upon retirement/separation will cause the loan to be classified as a deemed distribution. Team members should speak to a customer service representative or qualified tax advisor to understand the tax consequences.



Distributions in Retirement/Separation

Required Minimum Distributions (RMD)

- All distributions can be deferred until age 72
- Upon separating and reaching age 72, a portion of your account will be distributed to you under the IRS's RMD rules
- Team members can still direct their investments and choose from the options available within the plan

Distribution upon Death

- Your vested account balance will be paid to the beneficiary(ies) as soon as administratively feasible
 - Spousal beneficiary – may defer payment until the team member would have reached age 72
 - Non-spousal beneficiary(ies) – generally, the account must be paid no later than Dec. 31 of the fifth year after the team member's death



NOT MEETING THE MATCH

Not Meeting the Match – TWU Designated

Of the 20,662 match eligible TWU Designated team members, 3,221 are contributing less than 4.0% in Pre-Tax and/or Roth contributions.

Contributing Under 4.0%	
Pre-Tax and/or Roth total election	Count
0%	974
1 – 2.9%	459
3%	1,760
3.1 – 3.9%	28
Total Contributing Under 4.0%	3,221

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Not Meeting the Match – TWU Designated

Of the 3,221 team members contributing less than 4.0% in Pre-Tax and/or Roth contributions, 57 team members' match eligible elections plus catch-up elections are above the match rate.

Contributing Under 4.0%	
Pre-Tax and/or Roth with Catch-up elections	Count
0%	926
1 – 2.9%	456
3%	1,754
3.1 – 3.9%	28
4 – 100%	57
Total Contributing Under 4.0%	3,221

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Not Meeting the Match – TWU Designated

Of the 3,221 team members contributing less than 4.0% in Pre-Tax and/or Roth contributions, 148 team members' are contributing above the match rate when totaling all 401(k) contribution elections.

Contributing Under 4.0%	
All Contribution Elections	Count
0%	864
1 – 2.9%	431
3%	1,752
3.1 – 3.9%	26
4 – 100%	148
Total Contributing Under 4.0%	3,221

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Not Meeting the Match – TWU Designated by hub location

In the major hubs, as of 09/28/2020, the TWU Designated population still contributing less than 4.0% in Pre-Tax and/or Roth contributions is:

	Contributing Under 4.0%	Contributing Under 5.5%	
Location	As of 09/28/2020	As of 09/06/2019	As of 09/06/2018
BOS	41	73	77
DFW	870	1,180	1,304
JFK/LGA	233	334	362
LAX	276	342	383
MIA	533	742	777
ORD	353	426	512
SFO	50	67	89
TUL	581	761	734

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CONTACTS



Contacts

- **Access your 401(k) account online**
 - www.netbenefits.com/aa
 - Download the NetBenefits® app to your smart phone or tablet
- **American Airlines 401(k) Service Center at Fidelity**
 - Call (800) 354-3412
 - Representatives are available Monday through Friday from 8:30 am to midnight ET
- **Edelman Financial Engines**
 - Call (877) 401-5762 and ask for a Financial Engines representative
- **American Airlines 401(k) team**
 - Email us at my401k@aa.com



QUESTIONS?



APPENDIX



- **Team Member Contribution Election** – This is the percentage of your salary that is contributed from your pay to your 401(k) plan account
- **Investment Election** – This is how you choose your investments for your current balance and future contributions
- **Asset Allocation** – This describes how your investments are divided between stocks, bonds, and other investments
- **Beneficiary Designation** – This is where you choose to leave your account when you've passed away



- **Target Date Funds – Tier 1** – A fully diversified portfolio of investments that gradually grows more conservative as the target date nears and risk tolerance falls.
- **Index Funds – Tier 2** – A fund that uses a specific market index to determine what to invest in. The fund goal is to mirror the performance of the specific market. Because the fund manager does not actively decide what securities the fund invests in, index funds tend to be a cheaper investment option.
- **Actively Managed Funds – Tier 3** – A fund in which a fund manager or team of managers that tracks to a specific market to attempt to outperform the market. While actively managed funds seek to beat the market index, there is a greater risk of underperformance with these investment options. These investment funds tend to have higher expense ratios as a result of fund manager research.
- **BrokerageLink® – Tier 4** – Fidelity’s self-directed brokerage account in which team members can invest in stocks, bonds, mutual funds, etc. that are available in the retail market.

Tier 1 (Custom Target Date Funds) Expense Ratio Summary



Fund Name	Fund Expense Ratio	Median Expense Ratio*
American Target Date Post-Retirement Fund	.13%	.45%
American Target Date Fund 2015	.13%	.41%
American Target Date Fund 2020	.15%	.45%
American Target Date Fund 2025	.16%	.48%
American Target Date Fund 2030	.17%	.50%
American Target Date Fund 2035	.18%	.55%
American Target Date Fund 2040	.18%	.56%
American Target Date Fund 2045	.18%	.50%
American Target Date Fund 2050	.18%	.54%
American Target Date Fund 2055	.18%	.50%
American Target Date Fund 2060	.18%	.50%

* Source: Aon Investments Mutual Fund Expense Analysis. Compiled from December 31, 2018 Data. Represents peer group of unique strategies requiring a minimum initial purchase of \$1 million or less. All mutual fund information was created using Morningstar annual expense ratio data as of December 31, 2018 with the exception of mixed asset peer groups (mostly target date funds), which utilized prospectus net expense ratio data due to the nature of these assets classes and the prevalence of fund-of-fund structures. Stable Value expense information was sourced from Hueler and is also as of December 31, 2018 (and includes wrap fees).

Tier 2 (Index Funds) Expense Ratio Summary



Fund Name	Style Description	Fund Expense Ratio	Median Expense Ratio**
U.S. Bond Index	U.S. Core Fixed Income Passive	.02%	.12%
U.S. Large Cap Stock Index	S&P 500 Index	.01%	.20%
U.S. Small Mid Cap Stock Index	U.S. SMID Cap Passive	.01%	.23%
International Developing Markets Stock Index	International Equity All Passive	.03%	.27%
Emerging Markets Stock Index	Emerging Markets Equity Passive	.09%	.22%
World ex-U.S. Stock Index*	International Equity All Passive	.05%	.27%

* The World ex-US Stock Index Fund is not offered as a standalone option and is utilized by the American Airlines Custom Target Date Funds

** Source: Aon Investments Mutual Fund Expense Analysis. Compiled from December 31, 2018 Data. Represents peer group of unique strategies requiring a minimum initial purchase of \$1 million or less. All mutual fund information was created using Morningstar annual expense ratio data as of December 31, 2018 with the exception of mixed asset peer groups (mostly target date funds), which utilized prospectus net expense ratio data due to the nature of these assets classes and the prevalence of fund-of-fund structures. Stable Value expense information was sourced from Hueler and is also as of December 31, 2018 (and includes wrap fees).

Tier 3 (Actively Managed Funds) Expense Ratio Summary



Fund Name	Style Description	Fund Expense Ratio	Median Expense Ratio*
American Airlines Federal Credit Union	U.S. Credit Union	.00%	N/A
American Airlines Stable Value	Stable Value	.32%**	.47%
Diversified Bond Fund	U.S. Core Fixed Income	.16%	.48%
Inflation Protection Fund	U.S. TIPS	.02%	.40%
U.S. Large Cap Value Stock Fund	U.S. Large Cap Value	.27%	.69%
U.S. Large Cap Growth Stock Fund	U.S. Large Cap Growth	.33%	.80%
U.S. Small Mid Cap Stock Fund	U.S. SMID Cap Equity	.57%	.95%
International Stock Fund	International Equity All	.38%	.91%
AAL Stock Fund	Company Stock Fund	.00%	N/A

* Source: Aon Investments Mutual Fund Expense Analysis. Compiled from December 31, 2018 Data. Represents peer group of unique strategies requiring a minimum initial purchase of \$1 million or less. All mutual fund information was created using Morningstar annual expense ratio data as of December 31, 2018 with the exception of mixed asset peer groups (mostly target date funds), which utilized prospectus net expense ratio data due to the nature of these assets classes and the prevalence of fund-of-fund structures. Stable Value expense information was sourced from Hueler and is also as of December 31, 2018 (and includes wrap fees).

** Includes wrap fees