

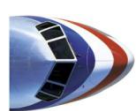
Pension Proposal to APA

New Hire Retirement Program

- ❑ Close the A Plan to New Hires
- ❑ B Plan and 401(k) Plan (C Plan)
 - Graded contribution scale that increases with service; total contribution rate capping at 16%

Service (yrs.)	Total Contribution Rate
12+	16%
11	15%
10	14%
9	13%
>1-8	12%
0-1	0%

- The portion of contributions above 11% will go to the C Plan
- Pilot hired after DOS but on disability, then 5% Company Contribution to Super Saver (or per phase in schedule if less)

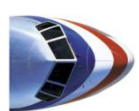


A Plan Proposal for Continuing Actives

□ A Plan – Hard Freeze Choice

Age at Date of Choice	Company Contribution
30+	5%
35+	6%
40+	7%
45+	8%
50+	9%
55+	10%
60+	11%

- Company contribution rate determined by pilot age at date of choice and remains fixed for balance of career and will be deposited into Super Saver plan
- Current pilots who elect Hard Freeze choice will receive appropriate % based on age at time of choice
- Current pilots who elect to stay in A plan, no change to current book



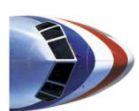
A Plan Proposal for Continuing Actives

- ❑ No change to Normal Retirement Age of 60
 - Independent of normal retirement age, Plan to provide, to the extent allowed by law, unreduced benefit at age 60 with no change to current early retirement factors and reduction from age 60

- ❑ Allow QPSA waiver for all married participants

- ❑ Non-vested terminated pilots lump sum benefit
 - Terminated pilots eligible for a lump sum can receive at anytime after termination

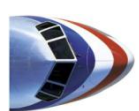
- ❑ One time choice window for all active and inactive pilots: contribution rate determined on age at close of option selection period (four months after DOS)



B Plan Proposal

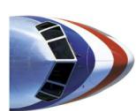
- ❑ Provide one-time in-service distribution on or after age 60
 - Available to active pilots anytime on or after age 60 (excludes pilots on disability)
 - No Look-Back or Lock-In; units valued at unit value in effect for the month in which the withdrawal request is received
 - Full account balance withdrawals only (no partial withdrawals)
 - Option to receive as cash or roll into 401(k) or personal IRA
 - Will offer option for lump sum and annuity forms of payment

- ❑ For New Contributions only:
 - Look-Back/Lock-In Feature no longer available (all participants, includes Supp. B)
 - Annuity based on the applicable mortality table pursuant to section 417(e)(3) of the Internal Revenue Code and the regulations promulgated thereunder as of date of signing



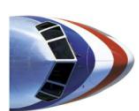
B Plan Proposal (cont'd)

- ❑ Allow different forms of payment for units from contributions after date of signing and units from contributions prior to date of signing
 - For example: a pilot could elect an annuity payment for old units and a lump sum payment for new units
- ❑ Allow QPSA waiver for all married participants
- ❑ Allow terminated pilots eligible for lump sum to receive at anytime after termination
- ❑ LTD benefits cease if participants retires or elects an in-service distribution from the Pilot B plan



Super Saver

- ❑ TDF is a fiduciary decision that will be made by PAAC
- ❑ By directing company contribution to invest in TDF, this eliminates full participant control. If the PAAC adds TDF into the plan, investment elections are all participant directed



Administration

- ❑ If Contributions exceed IRS limits (\$49,000 currently), difference paid to participants in cash
- ❑ Grievances:
 - 99-050: B Plan expenses to be arbitrated
 - 08-011: Canada – withdraw with prejudice
 - 09-026: Supp F1 – withdraw without prejudice
 - 09-027: Supp F4 – withdraw with prejudice
- ❑ Pension Data
 - Company to abide by current schedule for providing pension data
 - Exclude pension data request from CBA

