

**ARTICLE 16
HEALTH & WELFARE BENEFITS**

1. Health and Welfare Benefits.

A. TEAMCARE. Effective on [date to be determined], the Company shall participate in and will contribute to the Central States, Southeast Areas Health and Welfare Fund (hereinafter referred to as “TEAMCARE”) for all Employees (including Technicians and Related and Flight Simulator Technicians and Related) now or hereafter covered under this Agreement (excluding Guam-based Employees). Notwithstanding the foregoing, however, Employees who had opted out of and were therefore not covered for any one or more of medical, dental, and/or vision benefits from the Company immediately prior to the effective date of this Agreement may choose not to be covered by TEAMCARE benefits, but they may elect to opt into and receive TEAMCARE benefits any time after [date to be determined] during any subsequent annual enrollment period or in the event of a qualifying family status change. However, no Employee who opts out of TEAMCARE benefits as described in the previous sentence shall be eligible for Company-sponsored medical, dental, or vision benefits on or after [date to be determined]. Employees who were covered for medical, dental, and vision benefits (all three) from the Company immediately preceding the effective date of this Agreement and all Employees who begin working under this Agreement after the effective date of this Agreement will be covered for medical, dental, and vision benefits provided by TEAMCARE on or after [date to be determined], as applicable. Once covered under TEAMCARE, an Employee will be permitted to change coverage tier but will not be permitted to completely opt out of TEAMCARE coverage and must maintain at a minimum Employee Only coverage. The Union shall appoint a representative to assist Employees with any TEAMCARE issues and to serve as the Union and the Employees’ liaison with TEAMCARE.

B. Guam-based Employees. Guam-based Employees will continue to participate in Company provided medical, dental and vision plans. The actuarial value of benefits for Guam-based Employees will be no less than the benefits provided by the Company in calendar year 2015. The Employee contribution for Guam-based Employees will be twenty percent (20%) of the total contribution rate for such coverage. Rates for Guam-based Employees will be determined based upon the claims experience of all Guam-based employees of the Company covered under Guam-based medical plans. In no event shall the Employee contribution for Guam-based Employees increase by more than nine percent (9%) year-over-year. The Plans provided by the Company will take the place of TEAMCARE for the purposes of Article 16.9.B. Guam-based Employees will also be eligible for Extended Illness Status (hereinafter referred to as “EIS” benefits under Article 16.8. Unless prohibited by applicable law, Guam-based Employees will be eligible to participate in the HRA/RHA VEBA Plan under Section 16.13.

2. TEAMCARE Trust Agreement and Governing Documents. The Company and Union agree to be bound by the TEAMCARE Trust Agreement and all amendments thereto subsequently adopted, as well as all rules and regulations presently in effect or subsequently adopted by the TEAMCARE Board of Trustees, and accept the respective Employer and Employee Trustees and their successors. The Company and Union will likewise sign and be bound by the terms of a Participation Agreement required by the TEAMCARE Board of Trustees, and such Participation Agreement shall be incorporated by reference into this Agreement. Notwithstanding the foregoing, the Company's agreement to the terms of this Article 16 is conditioned upon agreement by the TEAMCARE Board of Trustees to the following provisions of this Section 16.2. Under no circumstances shall the Company (or any member of its controlled group or any successor) be responsible for the payment of contributions to TEAMCARE or any other amounts for the provision of TEAMCARE benefits for any individual who is not an Employee covered by this Agreement, or is not a retired Employee of the Company under this Agreement, or is not an eligible dependent of an employee or retiree of the Company. The Company and Union shall have the right to jointly audit TEAMCARE'S claims and rate setting records on an annual basis and share in the results of such audit. Subject to Section 16.6, TEAMCARE shall provide the Company and Union annual notice of rates for the following plan year no later than six (6) months prior to the start of the following plan year. Employees/retirees shall be required to pay the required Employee/retiree contribution in order to maintain benefit coverage.

3. TEAMCARE United Airlines, Inc. Benefit Plan Coverage. Employees and their eligible dependents covered by TEAMCARE pursuant to this Agreement shall receive all three benefits - medical, dental, and vision - in accordance with the terms of the TEAMCARE United Airlines, Inc. Benefit Plan (the "United Plan"). TEAMCARE coverage limited to one or two of the TEAMCARE benefits (e.g., medical only, or medical and dental only) will not be permitted. Medical, dental, and vision benefits provided by the United Plan shall consist of: (1) medical benefits provided through a national preferred provider organization ("PPO") network and, where available, through certain health maintenance organizations (HMOs); (2) dental and vision benefits; (3) extended illness benefits, and (4) retiree medical benefits for eligible retirees.

4. Total Contribution. Following [date to be determined], the Company shall be required to pay monthly contributions to TEAMCARE for the provision of the health and welfare benefits provided through the United Plan in accordance with the provisions set forth below. Beginning with [date to be determined] the Company shall, on a monthly basis, be required to pay the contributions required under Sections 16.6 (medical) and 16.7 (dental and vision) for all Employees covered under TEAMCARE who are on active status on and after [date to be determined], as well as for all Employees who are eligible for Extended Illness Status and for all Employees who retire on and after [date to be determined] who are eligible for TEAMCARE retiree medical benefits. Such contribution shall hereinafter be referred to as the "Total Contribution."

5. Employee Contribution. Following [date to be determined], Employees shall be required to contribute towards their TEAMCARE medical, dental, and vision benefits coverage in accordance with Sections 16.6 (medical) and 16.7 (dental and vision), and such amount shall be hereafter referred to as the “Employee Contribution.” Continued eligibility for coverage is conditioned upon the Employee making the required contributions. Whenever possible, the Employee Contribution shall be paid directly to the Company by Employee payroll deduction. Such deduction shall be spread evenly over the payroll periods. Any employee in any month who is on unpaid leave of absence or otherwise does not have sufficient pay and is directly billed for the Employee Contribution by the Company, shall be responsible for remitting their Employee Contribution directly to the Company, and the Company shall not be required to make payment to TEAMCARE of the Total Contribution if the employee fails to pay the Employee Contribution. TEAMCARE may terminate the coverage of such employee pending receipt of payment in accordance with the terms of its rules and regulations. References to “twenty percent (20%)” in this Article 16 shall be changed to “fifteen percent (15%)” during any period in which any other work group of the Company has more than 3,000 participants in TEAMCARE, and any applicable Employee Contributions under this Article 16 shall be reduced accordingly.

6. TEAMCARE Medical Benefits. The amounts, percentages, and Employer and Employee contribution provisions relating to TEAMCARE medical benefits are as follows:

A. Medical Component Rates of Total Contribution. With respect to TEAMCARE medical benefits, benefit rates are set by the TEAMCARE Board of Trustees on a four-year cycle. For the first plan year and second plan year of the initial four-year cycle, the amount of the medical component rates of the Total Contribution for each of the four tiers of coverage provided shall be as follows:

<u>FIRST PLAN YEAR</u>			
<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$608.00</u>	<u>\$1,264.70</u>	<u>\$1,110.20</u>	<u>\$1,776.20</u>
<u>SECOND PLAN YEAR</u>			
<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$650.00</u>	<u>\$1,352.40</u>	<u>\$1,187.20</u>	<u>\$1,903.10</u>

Employees may change their tier of medical coverage provided by TEAMCARE in accordance with TEAMCARE’s rules and regulations. For the third and fourth plan years of the of participation in TEAMCARE under this Agreement, the Total Contribution shall not increase by more than nine percent (9%) of the Total Contribution in effect during the immediately preceding year.

B. Rate Setting/Subsequent Four-Year Cycles. Following the first four-year cycle, rates shall be reset in subsequent four-year cycles, with the first two plan years of the four-year cycle having set rates established by the TEAMCARE Board of Trustees, followed by two years that are each subject to a percentage cap determined by the TEAMCARE Board of Trustees. TEAMCARE shall provide the reset rates for the subsequent four-year cycle by the end of year 3 of the current cycle. If the four-year average of the medical component rates of the Total Contribution for any subsequent four-year cycle (assuming the rates in years 3 and 4 of the cycle will increase at the maximum allowable rate) increases at a rate that is at least two (2) percentage points higher than the average percentage increase in rates for the Company’s medical plans for all domestic employees not covered by this Agreement over the prior two (2) plan years, then either the Company or the Union may terminate participation in TEAMCARE effective at the end of the last day prior to the commencement of the applicable four-year cycle. The comparison shall be adjusted to remove the impact of changes in plan designs, demographics, and geography over the applicable period. The Union shall have the right to review the Company’s actuarial calculations and challenge those calculations, as well as the underlying termination decision, through the expedited dispute procedures set forth in Article 1 (recognizing that the process is subject to availability of a qualified arbitrator). Notice of termination to TEAMCARE is required no later than five (5) months prior to the termination date.

C. Medical Component Rates of Employee Contribution. The Employee Contribution for medical coverage provided by TEAMCARE shall be twenty percent (20%) of the Total Contribution. This means that for the first and second plan years, the amount of the medical component rates of the Employee Contribution for each of the four tiers of coverage provided shall be as follows:

<u>FIRST PLAN YEAR</u>			
<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$121.60</u>	<u>\$252.94</u>	<u>\$222.04</u>	<u>\$355.24</u>
<u>SECOND PLAN YEAR</u>			
<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$130.00</u>	<u>\$270.48</u>	<u>\$237.44</u>	<u>\$380.62</u>

For the third and fourth plan years of participation in TEAMCARE under this Agreement, the Employee Contribution shall not increase by more than nine percent (9%) of the Employee Contribution in effect during the immediately preceding year.

7. TEAMCARE Dental and Vision Benefits. The amounts, percentages, and Employer and Employee contribution provisions relating to TEAMCARE dental and vision benefits are as follows:

A. Dental and Vision Component Rates of Total Contribution. For the first five years, the TEAMCARE dental and vision component rates of the Total Contribution for each of the four tiers of coverage provided shall be as follows:

<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$25.55</u>	<u>\$54.10</u>	<u>\$34.10</u>	<u>\$78.15</u>

B. Dental and Vision Component Rates of Employee Contribution. The Employee Contribution for dental and vision coverage provided by TEAMCARE shall be twenty percent (20%) of the rates in Article 16.7.A above. For the first five years, the TEAMCARE dental and vision Employee contributions shall be as follows:

<u>Employee</u>	<u>Employee+Spouse</u>	<u>Employee+Children</u>	<u>Family</u>
<u>\$5.11</u>	<u>\$10.82</u>	<u>\$6.82</u>	<u>\$15.63</u>

8. Extended Illness Benefits. The following provisions shall apply with respect to Employees who are placed on EIS (as provided for in Article 10 of this Agreement) on and after the Effective Date of this Agreement.

A. First Six (6) Months of EIS. During the first six months that an Employee is on EIS, the Employee and eligible dependents shall continue to receive health and welfare benefit coverage through the TEAMCARE United Plan. During such 6-month period, while the Employee remains on EIS, the Company shall not be required to pay a Full Total Contribution to TEAMCARE on behalf of such Employee and the affected Employee shall not be required to pay a Full Employee Contribution. The cost of providing such health and welfare benefits to the affected Employee shall be borne exclusively by the TEAMCARE United Plan for the first six (6) months that the affected Employee is on EIS.

B. Next Twelve (12) Months of EIS. If the affected Employee remains on EIS beyond six (6) months, then, beginning with the seventh (7th) month and ending after the completion of the eighteenth (18th) month following the month the employee went on EIS, the Employer shall pay the Total Contribution, and the affected Employee shall pay the Employee Contribution, for each month the affected Employee remains on EIS. This subsection B shall also apply prior to the seventh (7th) month with respect to any Employee on EIS prior to the effective date of the Company's participation in TEAMCARE.

9. Retiree & Survivor Medical Benefits.

A. TEAMCARE Retiree Medical Benefits. TEAMCARE will provide retiree medical benefits to Employees who retire on or after [date to be determined] (including their eligible dependents) and who are eligible to participate in the Retiree Bridge Medical Plan as described in Section 16.9.B, below. The Employer shall pay the Retiree Contribution to TEAMCARE on behalf of each eligible retiree, including such retiree's

dependents. The amount of the Retiree Contribution shall be equal to the aggregate medical, dental and vision Total Contribution as described in Sections 16.6 and 16.7.

B. Retiree Bridge Medical Plan. Each Employee covered by this Agreement shall be eligible to participate in a Retiree Bridge Medical plan, which shall allow such retirees to elect to continue their TEAMCARE benefits coverage under the following conditions:

(1) Participants must be between the ages of sixty (60) and Medicare eligibility age, be retired, and have at least ten (10) years of Company service at the time of retirement.

(2) At the time of retirement the balance in an Employee's sick bank will permit the Employee to maintain TEAMCARE benefits coverage as a retiree by using eleven (11) hours of sick leave for each month of continued participation. Payment of the eleven (11) hours of sick leave shall be accepted as the retiree's complete payment obligation to the Company for the Company to pay the Retiree Contribution to TEAMCARE on behalf of such retiree and any eligible dependents for each such month of TEAMCARE benefits coverage.

(3) If a retiree has insufficient sick leave remaining in his or her bank to purchase continued participation in the TEAMCARE benefit coverage, the retiree will incur a COBRA qualifying event and may elect to pay COBRA to maintain coverage under the TEAMCARE United Plan for up to twenty-four (24) months. The COBRA rate shall be the same as the Retiree Contribution rate that would be required to maintain such coverage.

(4) Coverage for the retiree terminates when the retiree becomes eligible for Medicare. Spouse/dependent coverage will be available on the same basis, but must terminate when the spouse/dependent becomes eligible for Medicare or the retiree dies (except that upon the retiree's death, the spouse/dependent may elect to use any remaining sick leave in the manner described above, and then will be eligible for COBRA coverage).

(5) Once an Employee becomes an eligible retiree and elects to participate in the Retiree Bridge Medical plan, the termination of the Retiree Bridge Medical plan will not affect the retiree's continued eligibility.

C. Company Directly-Provided Retiree and Survivor Medical Benefits. The Company will continue to provide retiree medical benefits to Employees who retired prior to [date to be determined] (including their eligible dependents and survivors) under the terms of the applicable prior collective bargaining agreement. The foregoing includes, but is not limited to, those surviving spouses or qualified Domestic Partners (including eligible dependents) of active employees or employees on Extended Illness Status who had 10 or

more years of Company Seniority on the date of death and were eligible for such survivor coverage as of [date to be determined] under the prior sub-UA CBA. Coverage will continue under the terms of the applicable prior sub-UA or sub-CO CBA. The plan options available to such retirees and survivors shall be those Company-wide plan options available to active employees not covered by this Agreement (or, in the case of post-Medicare benefits, those generally available to post-Medicare retirees not covered by this Agreement) as in effect from time to time.

10. Maintenance of Benefits. In the event the TEAMCARE Board of Trustees reduces the benefits set forth under this Agreement, the Company shall, for a period of two years from the date of such reduction, pay additional contributions in an amount necessary to preserve and maintain all existing benefits provided by the TEAMCARE United Plan and in order to prevent any alteration, reduction, or diminishment of such benefits, provided that such additional contributions shall not exceed five percent (5%) of the Total Contribution otherwise required under this Agreement. Any additional amount required to bring the level of benefits back up to the pre-reduction level shall be included in the Employee Contribution. However, the Company and the Union may agree to accept the benefit reduction (in whole or in part) and forego the corresponding additional contributions set forth above. If the Company and the Union do not reach agreement prior to the end of the two-year period described above regarding how to address the benefit reductions and additional contributions in future years, then the Company may terminate participation in TEAMCARE effective at the end of the two-year period or any later date elected by the Company. Notice of termination to TEAMCARE is required no later than five (5) months prior to the termination date.

11. Termination of TEAMCARE Participation. If the Company ceases to be a participating employer in TEAMCARE, Employees and retirees covered under this Agreement shall be eligible to participate in the Company-sponsored medical, dental, and vision benefit options available to active pilots as in effect at that time (the “Replacement Plans”) with the Employee portion of the rate being twenty percent (20%) of the total contribution, unless otherwise agreed to by the Company and the Union.

If Employees and retirees enter the Replacement Plans, the Company shall conduct analysis to determine whether the Replacement Plan with the highest actuarial value (the “Highest Value Replacement Plan”) is actuarially equivalent to the original TEAMCARE medical plan. The Union shall have the right to review and challenge the Company’s analysis through the expedited dispute procedures set forth in Article 1 (recognizing that the process is subject to availability of a qualified arbitrator).

(1) If the actuarial value of the Highest Value Replacement Plan and the TEAMCARE medical plan is within 2.0% (above or below), the plans shall be considered to be actuarially equivalent and no adjustment will be required.

(2) If the actuarial value of the Highest Value Replacement Plan and the TEAMCARE medical plan is not within 2.0% (above or below), then:

(a) the Company shall create a new plan that is actuarially equivalent to the TEAMCARE medical plan (the “Actuarially Equivalent Plan”), which shall be offered to Employees instead of the Replacement Plans with the Employee portion of the rate being twenty percent (20%) of the total contribution; and

(b) if the actuarial value of the Highest Value Replacement Plan is more than 2.0% lower than the actuarial value of the TEAMCARE medical plan, then to compensate Employees for the period prior to implementation of the Actuarially Equivalent Plan, the percentage difference in actuarial value between the Highest Value Replacement Plan and the TEAMCARE medical plan shall be multiplied times the aggregate Employer contributions paid for the Replacement Plans during such period, and the product shall be distributed pro rata (in proportion to the Total Contribution) to all affected Employees as a credit against future medical premiums and all affected retirees as a taxable cash payment.

For example, assume the period between termination of participation in TEAMCARE and implementation of the Actuarially Equivalent Plan is 6 months. During that period, the Employer contributions for Employees and retirees under this Agreement total \$70 million. If the actuarial value of the Highest Value Replacement Plan is 3% lower than the actuarial value of the TEAMCARE medical plan, then \$70 million times 3% is \$2.1 million. So \$2.1 million is divided pro rata (in proportion to the Total Contribution) across all affected Employees and retirees.

The Replacement Plans will take the place of TEAMCARE for the purposes of Articles 16.9.B, 16.13.B.(1), and 16.13.B.(4). EIS benefits under Article 16.8 will continue under the Replacement Plans and/or Actuarially Equivalent Plan, as applicable.

12. Flexible Spending Account Plans. Each employee will be eligible to participate in the Company’s flexible spending account (FSA) plans for health expenses and dependent care expenses by making an election to contribute a portion of pay. Reimbursement will be available for expenses incurred during the plan year and following the plan year through the date currently permitted by law (or later if legally permissible and administratively feasible). Forfeitures will be used to defray the administrative expenses of the program.

A. Health Care FSA. The maximum election for health expenses will be the lesser of the statutory limit (e.g., currently \$2,550 for 2015) or \$10,000. For any Employee who participates in both the Health Care FSA and the Health Reimbursement Account (HRA), disbursements from the Health Care FSA and HRA shall be ordered in a manner that complies with Federal law (currently Health Care FSA first, followed by HRA).

B. Dependent Care FSA. The maximum election for reimbursement for dependent care expenses will be the maximum statutorily permissible election.

13. Health Reimbursement Account (HRA) and Retiree Health Account (RHA) Plans. There shall be established a Health Reimbursement Account Plan (“Active HRA Plan”) and a separate Retiree Health Account Plan (“Retiree RHA Plan”), as of the Effective Date of this Agreement. The purpose of the Active HRA Plan and Retiree RHA Plan is to provide reimbursement of health care expenses allowed by law, including Employee-paid contributions for their medical benefits.

A. Establishment of VEBA Trust. Contributions under this Section 16.13 for each Employee will be deposited into a voluntary employees’ beneficiary association (VEBA) trust that is intended to comply with the requirements of Internal Revenue Code section 501(c)(9). Each Employee will have an Active Coverage HRA Account (“Active Account”) and a Retiree Coverage RHA Account (“Retiree Account”).

B. Benefits. The VEBA will be used to fund benefits under the Active HRA Plan and the separate Retiree HRA Plan as follows:

(1) Active HRA Plan. The Active HRA Plan will be integrated with the TEAMCARE United Plan, in accordance with IRS rules and so the following rules will apply:

(a) Use of Active Account While Enrolled in Pre-retiree Medical. Each Employee who is enrolled in and a participant of the TEAMCARE United Plan will be a participant in the Active HRA Plan. As a participant in the Active HRA Plan, the Employee may use the funds in his or her Active Account to pay for qualified medical expenses under Section 213(d) of the Internal Revenue Code, including the Employee Contribution required under TEAMCARE.

(b) Suspension of Active Account While Not Enrolled in Active Medical. An Employee who is not enrolled in the TEAMCARE United Plan may not utilize the funds in his or her Active Account for dates of medical service in which the Employee was not enrolled in TEAMCARE. If the Employee again enrolls in the TEAMCARE United Plan, the Employee can utilize any funds in his or her Active Account for dates of medical service during which the Employee is enrolled in TEAMCARE. In addition, if the Employee leaves the Company, funds again become available as described in Section 16.13.B(1)(c).

(c) Transfer of Active Account to Retiree Account. Once an Employee leaves the Company due to retirement or for any other reason, the Employee

ceases participation in the Active HRA Plan and instead becomes a participant in the Retiree RHA Plan. Any remaining funds in the employee's Active Account will be transferred to the Employee's Retiree Account to fund benefits under the Retiree RHA Plan. The timing and manner of transfer is subject to legal and administrative requirements as determined by the Company.

(2) Retiree RHA Plan. The Retiree RHA Plan will be a retiree-only plan available to Employees who retire or leave the Company for any other reason on and after the Effective Date of this Agreement. When an Employee leaves the Company for any reason, the Employee will become an active participant in the Retiree RHA Plan and may use the funds in their Retiree Account to pay for qualified medical expenses under Section 213(d) of the Internal Revenue Code. Funds in an Employee's Retiree Account cannot be transferred to an Active Account (e.g., in the event of rehire).

(3) Additional Rules:

(a) Dependents. Benefits will be payable with respect to the Employee and the Employee's eligible dependents as determined in accordance with Section 152 of the Internal Revenue Code (that is, they must qualify as tax dependents under IRS rules).

(b) Surviving Dependents. If the Employee dies, the surviving eligible dependents will remain eligible for the benefits described above paid from the Employee's Active Account or Retiree Account, as applicable.

(c) Reallocation. Once the Employee and all of the Employee's surviving eligible dependents have died or ceased to be eligible, the remaining portion of the Employee's Active Account or Retiree Account, as applicable, will be forfeited and re-allocated per capita among the accounts of the remaining participants in the VEBA.

(d) Direct Payment of Premiums. The Active HRA Plan may provide, if administratively feasible, for direct payment of Employee contributions for pre-retiree medical coverage under this Article 16.

(e) Employees on Furlough or Long-Term Disability. For an Employee on furlough or who is receiving long-term disability benefits, once five (5) years from the Employee's last day worked has passed, the balance of the Employee's Active Account will be transferred to the Employee's Retiree Account within sixty (60) days; provided, however, that the Employee may make a one-time election prior to that date to transfer the balance of the Employee's Active Account to the Employee's Retiree Account (i.e., cease

participation in the Active HRA Plan and commence participation in the Retiree RHA Plan). Funds in an Employee's Retiree Account cannot be transferred to an Active Account (e.g., in the event of rehire).

- (4) Employer Contributions. On and after the effective date of the Company's participation in TEAMCARE, the Company shall make employer contributions to the VEBA for each Employee at a set rate per contractually compensable hour of pay. The Union shall notify the Company no later than thirty days (30) following the Effective Date of this Agreement of such set rate, and the hourly basic pay rates for each eligible Employee shall be reduced by the amount of such set rate. If the Employee is enrolled in TEAMCARE, contributions will be made to the Employee's Active Account in the Active HRA Plan. If the Employee is not enrolled in TEAMCARE, contributions will be made to the Employee's Retiree Account in the Retiree RHA Plan.
- (5) Timing of Contributions. Contributions will be made bi-weekly by the Company, or weekly for locations where Employees are paid on a weekly basis.
- (6) Employee Contributions. An Employee is not permitted to make contributions to the Active HRA Plan or the Retiree RHA Plan.
- (7) Administration and Investments. The Company will be responsible for all costs and expenses related to the administration of the Active HRA Plan and the Retiree RHA Plan and the investment of funds held in the VEBA and shall be the fiduciary with respect to such matters (or shall appoint one or more fiduciaries). Funds held in the VEBA shall be invested conservatively with the goal of preserving principal.
- (8) Program Conditioned Upon IRS Ruling. Following implementation of the program described above, the Company shall file with the Internal Revenue Service a request for qualification of the VEBA and a private letter ruling on the design of the program. If the IRS determines that any portion of the program is impermissible under Federal law, the Company and the Union shall meet to discuss modifications to the program in order to bring the program into compliance with Federal law. If modifications cannot be reasonably made, then the parties shall agree upon a reasonable replacement program of comparable value.

14. Company-Provided Life, Disability & Accident Insurance

A. Company-Provided Benefits. Effective on [date to be determined], each Employee will be eligible for life, disability & accident insurance as follows:

- (1) Company Paid Basic Life: 1 x annual base pay
- (2) Company Paid Personal Accident Insurance: \$4,000 maximum
- (3) Company Paid Business Travel Accident Insurance: \$250,000 maximum
- (4) Long Term Disability Insurance (50% Company Paid), Employee may elect:
 - (a) 50% monthly base pay, \$10,000/mo. maximum, 180 day waiting period;
 - (b) 60% monthly base pay, \$10,000/mo. maximum, 180 day waiting period; or
 - (c) 60% monthly base pay, \$10,000/mo. maximum, 120 day waiting period.

B. Additional Voluntary Company-Provided Benefits.

Except as otherwise expressly provided herein, covered Employees shall be eligible to participate in other Company-wide programs on the terms and conditions established in such programs for such Employees' participation. These programs will not be altered or diminished for such Employees unless done so on a Company-wide basis. Before any changes are made, the Company will notify the Union in writing in advance of the effective date of such change(s). Upon request by the Union, the Company will meet to explain the change(s). Furthermore, the Company shall provide a payroll slot for administration of such voluntary benefits as the Union deems to make available to its members.

Other Company-wide programs presently include, but not limited to:

- Pass Travel Programs
- On-Time Bonus Program
- Quarterly Customer Satisfaction Bonus Program
- Group life insurance
- Personal Accident Insurance (PAI)

15. Profit Sharing. For profit sharing for covered employees effective for 2016 profit sharing paid in 2017 and subsequent years of this Agreement, the profit sharing plan for Employees under this Agreement shall be funded with five percent (5%) of pre-tax profit up to a pre-tax margin of six and nine-tenths percent (6.9%) plus ten percent (10%) of pre-tax profit in excess of a pre-tax margin of six and nine-tenths percent (6.9%). Special and unusual items shall be excluded from pre-tax profit when making these calculations.