

Pensions - Handbooks (company)

AMERICAN AIRLINES, INC.

Retirement Benefit Plan*

for non-pilot personnel.

(On and After January 1, 1956)



[New York, 1956]

*For Non-Pilot Personnel

AMERICAN AIRLINES, INC.

100 PARK AVENUE • NEW YORK 17, N. Y.

What are the benefits which will be available to me after I have qualified for retirement from active service with American Airlines? That is a question which is of interest to all of us.

This booklet, intended to tell you about the new and revised Retirement Benefit Plan, should provide the answers to your questions. We have tried to write the booklet in everyday language. In the background of the Plan there are, of course, a lot of mathematics, to make sure that the Plan is fundamentally sound. Those have been checked and are in good shape. We will not trouble you with their detail; instead the principal objective of this booklet is to give you a clear understanding of its benefits.

We recommend this Plan as a good one. It is, I believe, fair to say that it is one of the best in the industry. You will see from your reading of the booklet that the potential benefits are much better than the plan which preceded it. The company has invested and will continue to invest substantial sums in the new Plan, with the objective that your continued welfare will be better assured.

Read the booklet with care. If it does not answer your questions, ask your supervisor for additional information. Either he will have it or he will be prepared to secure it for you.

This is OUR Plan, for our joint contributions make it possible. I am sure that you will understand and like it.

Sincerely yours,

A handwritten signature in black ink, appearing to read "C. R. Smith". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

PRESIDENT

A Guide to Your Pension Plan

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IMPORTANT

The material contained in Part I briefly explains and illustrates the Non-Pilot Plan. The full terms and conditions of the Non-Pilot Plan are set forth in Part II which is entitled "Full Text of the Non-Pilot Plan." If there is any conflict between Part I and such Plan as set forth in Part II, the terms and conditions of such Plan will govern.

Highlights of the Non-Pilot Plan

RETIREMENT INCOME FOR LIFE

The Plan provides for the payment of an income to you as long as you live after retirement.

IN ADDITION TO SOCIAL SECURITY

Benefits provided under this Plan are independent of and additional to your Social Security benefits.

INCREASES WITH EARNINGS AND SERVICE

The amount of your retirement income from this Plan will be governed by (a) the length of your service with American while a participant in the Non-Pilot Plan and the previous Plan and (b) your rate of earnings each year.

FLEXIBLE RETIREMENT AGE

Retirement may be required at 65 but the Company presently intends as a matter of policy, but with right of change, to treat 68 as the normal retirement age. However, earlier retirements are provided for, at the option of the employee, in some circumstances. Service after age 65 does not count for pension purposes and no contributions are permitted or required after that age.

PENSION FOR YOUR WIDOW

If you arrange to accept a reduced retirement income, payments will be continued after your death to your surviving widow (or other beneficiary).

OTHER FORMS OF RETIREMENT INCOME

The Plan provides other alternative forms in which you can elect to take your retirement benefits.

HOW COSTS ARE SHARED

You will pay, monthly, 3% of the first \$350 (or whatever maximum earnings may be covered by Social Security) of your normal rate of compensation determined at least every six months, and 6% of your normal rate of compensation above this amount.

Over the period of your participation, your Company will pay more than you will pay in respect of your basic retirement benefits.

DISABILITY BENEFIT

If you become totally and permanently disabled (non-work incurred) after you have attained age 50 and completed 15 years of service under the Plan, whether before or after January 1, 1956, you qualify, so long as disabled, except under unusual circumstances such as self-inflicted injuries, for a monthly disability income that stops at 65 when retirement income begins.

REFUNDS ON DEATH

In the event of your death while a member, or shortly after retirement, your required contributions will be refunded, together with 2% interest on such contributions made since January 1, 1956, but reduced by any benefits already paid to you. If you die prior to normal retirement age under the Plan in effect previously and were a participant, your death benefit will be at least as much as would have been payable if you had died on December 31, 1955 as a participant in that Plan.

HOW YOUR PLAN IS FUNDED

The benefits called for under the Plan will be funded through an insurance company and/or a separate trust into which will be paid your contributions and those of the Company.

The actuarial soundness of the funding arrangements will be checked and certified each year by an independent actuary.





Questions and Answers

WHAT IS THE PURPOSE OF THIS NON-PILOT PLAN?

The purpose of this Plan is to make it easier for you to enjoy security and independence in your later years.

WHAT IS ITS EFFECTIVE DATE?

This Plan, as it is described in this booklet, becomes effective as of January 1, 1956, subject to the approval of the Internal Revenue Service. It improves the Retirement Benefit Plan which was first established as of October 1, 1941.

WHO IS INCLUDED IN THIS PLAN?

This Plan, as described in this booklet, covers all regularly employed personnel (except those having a status as pilots and co-pilots) of American Airlines, Inc., Sky Chefs, Inc., or any other subsidiary which may hereafter be designated by the Board of Directors, who have attained at least age 25 and completed at least one year of service (or 2 years in the case of Sky Chefs, Inc.), and who have elected to join the Plan. If you are already included in the Retirement Plan, your participation will be continued if you authorize your increased contributions to be deducted from your pay checks and waive rights under the previous Plan except as incorporated into this Plan.

HOW MUCH WILL I GET WHEN I RETIRE?

If you retire at or after age 65, you will receive a monthly retirement income in an annual amount as follows:

(i) For Service After January 1, 1956:

1¼ % of the first \$4,200 of your annual normal rate of compensation plus 2% of any portion of such compensation above \$4,200 annually, in respect of which you have made contributions on and after January 1, 1956,
plus

(ii) *For Service Prior to January 1, 1956:*

The amount of benefit which you had already accrued prior to January 1, 1956 as a result of your participation previous to that date.

(Note: If the maximum compensation counted for Social Security purposes is increased above \$4,200 annually, a simultaneous and corresponding increase will be made in the portion of your compensation on which you will accrue benefits at the 1¼ % rate. This change will also apply to your contributions under the Plan which you will be paying toward the cost of these benefits.)

WHEN DOES MY RETIREMENT INCOME COMMENCE?

Your retirement income will commence when you *actually retire*, provided your retirement is in accordance with this Plan.

WHAT IS NORMAL RETIREMENT?

Under the Plan the Company may require retirement at 65 but presently intends, as a matter of policy, to treat 68 as the normal retirement age. You may, however, retire at any time after 65 at your own option. It is in any event mandatory upon the Company to retire you at age 70.

DOES SERVICE AFTER AGE 65 COUNT FOR MY PENSION?

No; contributions will cease at age 65, and no further service will thereafter be counted toward your pension.

MAY I RETIRE BEFORE AGE 65?

You may retire before age 65, but only within 10 years of your applicable normal retirement date, if you have had 15 years of service under the Non-Pilot Plan or 10 years of service in any capacity if this includes some service under the previous Plan.

HOW MUCH WILL I GET IF I RETIRE EARLY?

If you retire before age 65, the amount of your pension will be reduced both on account of your shorter service, and also



because your pension will be payable over a longer period. (See Table A on Page 16. See also Example II on page 21.)

WHAT IF I AM DISABLED?

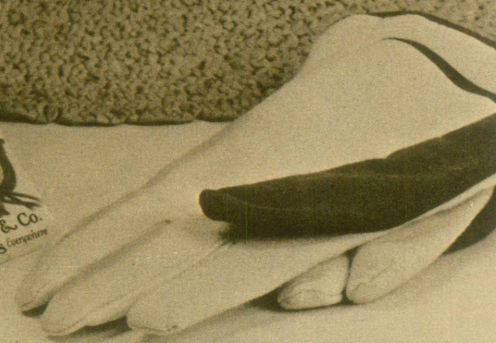
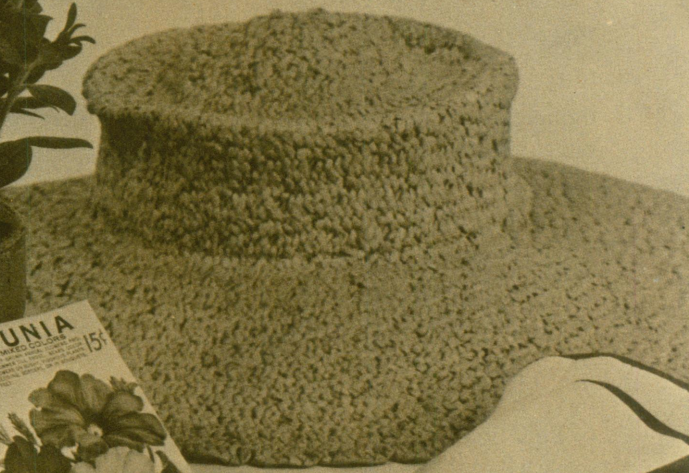
If you become totally and permanently disabled (non-work incurred) after you have attained at least age 50 but not 65, and have completed at least 15 years of service under this Plan and the previous Plan, you may qualify for a monthly disability benefit payable to age 65 in the following amounts:

15% of your average normal rate of compensation during the 3 years prior to your disability, increased by 1% of such compensation for each year of service under a Retirement Benefit Plan (to time of disability) above 15 years but not above 25 years. Minimum benefit: \$65 monthly.

This disability benefit is necessarily subject to various conditions and limitations set forth in Article IX of the Plan. It continues only as long as disability continues or until you reach age 65, at which time your normal retirement income will be payable.

WHAT IS THE "NORMAL FORM" OF MY RETIREMENT INCOME?

Your retirement income will be paid monthly, commencing when you actually retire and continuing until your death, the first payment being due as of the first of the month next following your actual retirement, provided you have made application to receive your retirement income. In the event of your death before you have received benefits at least equal to the full amount of your own required contributions with 2% interest on contributions made since 1/1/56, the balance will be payable to your beneficiary or estate as a death benefit.



CAN I TAKE MY PENSION IN ANY OTHER FORM?

If you wish to take your pension otherwise than in the “normal form” (as above), you may make application at least one year before your retirement for an “optional form” of retirement income.

For example, you can elect a retirement income which will benefit your widow after your death. Or, you can arrange to have the payment of your pension guaranteed to continue for at least 10 years. Or, if you retire early, you can arrange to receive larger payments to age 65, when your Social Security benefits commence.

If you make your application within less than one year before your retirement, your election can become operative only if you produce evidence of good health.

WHAT CAN I DO TO PROTECT MY WIDOW?

You may, if you wish, elect to receive a “joint and survivor” income in favor of your surviving spouse (or other beneficiary). Under this type of benefit, you will receive a monthly income for life, and payments will *continue after your death* to your widow for life if she survives you. This extra benefit is granted in exchange for a reduction in the amount of monthly income payable to you during your lifetime. (See Table B on Page 17.)

You have the choice of arranging for this type of income to be paid to your beneficiary at the rate of either three-quarters, two-thirds, or one-half (or some lesser proportion) of your own retirement income. The amount of your own income is adjusted accordingly. (See Example III on Page 22.)

WHAT OTHER FORMS OF BENEFITS CAN I ELECT?

You can arrange to receive an income which will be guaranteed to continue for at least 10 years after your retirement, regardless of whether you survive this period or not. If you survive the guaranteed period, your income will keep right on being paid until your death, no matter how long you live.

Or, you may request that your benefit be paid in some other form more suited to your individual circumstances, but having the same actuarial value.

WHAT IS THE “LEVEL INCOME OPTION”?

This form of benefit may be especially helpful to you if you

retire early, or to a widow entering upon a survivor benefit before becoming entitled to Social Security benefits. Under this form of benefit, an *increased* monthly income is payable prior to the time when Social Security benefits commence, in exchange for a reduction in the income payable after that time, so that the total income, including both the adjusted income payable under this Plan and the Social Security benefit, will be as nearly uniform as possible both before and after commencement of Social Security benefits.

WHO PAYS FOR ALL OF THESE BENEFITS?

You contribute at the following rates:

- First \$350 (or other maximum earnings covered from time to time by Social Security) of your monthly normal rate of compensation 3%
- Normal rate of compensation over this amount..... 6%

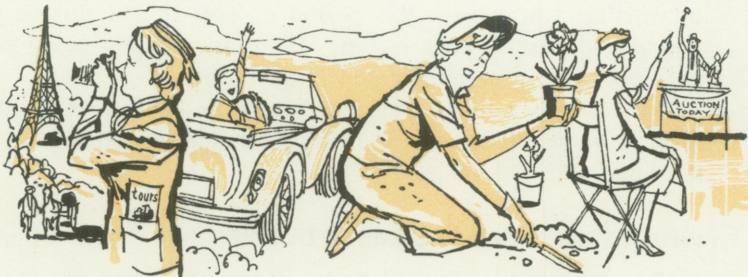
These contributions pay for *less than half* of the cost of the benefits provided by the Plan.

Your Company pays the *entire remaining costs* arising under the Plan which are not met from employee contributions, including also the cost of administration.

Your contributions cease at age 65, regardless of whether you retire. (See note on Page 6 also.)

MAY I DISCONTINUE OR WITHDRAW MY CONTRIBUTIONS WHILE ACTIVELY EMPLOYED?

Once you become included in the Plan you may not discontinue or withdraw your contributions at any time prior to your normal or earlier actual retirement date, or the termination of your employment, except that, in cases of extreme hardship, the Company



may, in its discretion and only if it deems appropriate in all of the circumstances, permit such discontinuance or withdrawal in special cases. In such event, at least five years must elapse before further contributions may again be made and further retirement credits accrued.

WHAT HAPPENS IF I AM ON LEAVE OR LAY-OFF?

Your service credits accrued up to the time you proceed on leave or lay-off will be preserved, but not further accumulated, until you again resume your active employment with your Company and resume making contributions to the Plan.

IS THERE ANY DEATH BENEFIT?

In the event of your death while a participant under this Plan either before or after your retirement, a death benefit will be payable in an amount at least equal to your own contributions together with interest on contributions made after January 1, 1956, *less* any retirement payments previously paid to you or for your benefit.

Minimum Death Benefit: If you were included in the previous Plan and die prior to the normal retirement date under that Plan, your death benefit will in no event be less than the amount which would have been payable if you had died on December 31, 1955 as a participant in the previous Plan.

SHOULD I NOMINATE A BENEFICIARY?

This Plan is for your benefit, and all of the payments made under it will be made directly for your own benefit or to your beneficiary. Unless you have nominated your beneficiary, it may not be possible for you to secure the maximum advantages of the Plan. If you have not designated your beneficiary, or if there is no beneficiary surviving when you die, any death benefit which is due will be paid to your executors or administrators, except that your Company may, at its option, authorize payments to be made instead to one or more of your surviving relatives.

CAN I CHANGE MY BENEFICIARY?

Yes; you may at any time change a beneficiary whom you had previously nominated. The procedure is to submit your nomination on a form which you can obtain from your supervisor.



WHAT IF MY EMPLOYMENT TERMINATES?

Your continuous employment will be broken, and all previous service credits forfeited, in the event of your resignation or quitting, discharge, failure to return to work at the end of your leave (or absence without leave), or failure to return to work on recall after lay-off, or if you lose your seniority while on lay-off.

In any of these cases, your benefits will be as follows:

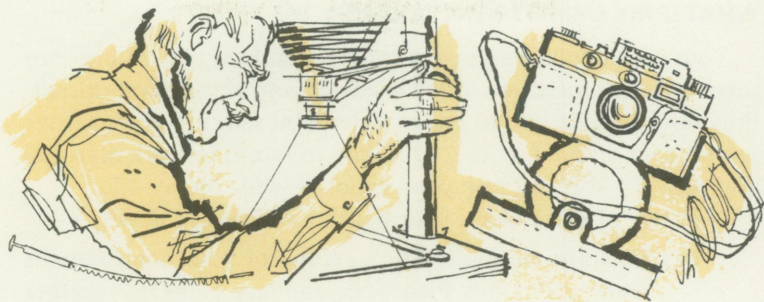
- (a) You will be entitled to a refund of your contributions made under this Plan since January 1, 1956, together with compound interest at the rate of 2% annually, *plus* any contributions made prior to January 1, 1956.
- (b) If your employment terminates after you have completed at least 15 years of service under either the previous Plan or the Non-Pilot Plan or both, *or* if you have attained at least age 45 and completed at least 10 years under the previous Plan or the Non-Pilot Plan or both, you may elect, in lieu of the cash payment described in (a) above, to leave your contributions in the Pension Fund and to receive a deferred retirement income commencing at age 65. The amount of this deferred income is based on your service and earnings while covered under the Plan, to the following extent:

Years as Participant Since First Satisfying Above Age and Service Requirements	Your Percentage of Pension Credits Accrued Prior to Termination
0	50%
1	60%
2	70%
3	80%
4	90%
5 or more	100%

Minimum Vested Benefit: If you were a member of the previous Plan, your benefits will be 100% vested when you attain age 45 and have 10 years of service with the Company.

MAY I BORROW AGAINST MY BENEFITS?

No. The purpose of this Plan would be defeated if it were to be used for any purpose other than the direct provision of retirement and similar benefits, and the Plan specifically prohibits any assignment of your benefits.



WILL THERE ALWAYS BE A RETIREMENT BENEFIT PLAN?

Your Company hopes and expects that it will be possible to continue the Plan indefinitely. You will understand, however, that due to unforeseeable conditions in the future the Company cannot safely make an unqualified commitment to maintain the Plan without change forever, and the Plan therefore necessarily includes provisions reserving to the Company the right to amend or terminate it at any time. No change will, however, deprive any person of his right to the benefits which have accrued to his credit up to the time of such change.

The provisions of this Plan or any amendment thereto will only become effective upon approval by the Internal Revenue Service. Should any amendments be necessary or advisable to obtain such approval you will be advised with respect thereto and the effects, if any, upon your rights hereunder.

TABLES AND EXAMPLES

- Notes:* (1) The following tables are intended for illustrative purposes. Factors for intermediate and fractional ages will be supplied on request.
- (2) These factors are based on actuarial tables which depend on estimates of interest and mortality rates. Some changes may be found necessary if these underlying estimates change through time.



TABLE A

Table Showing Percentages Applicable to Basic Retirement Annuity Upon Early Retirement

Age at Date Early Retirement Payments Begin	Percentage of Basic Retirement Annuity Accrued to Early Retirement Date
65	100.0%
64	92.0%
63	84.8%
62	78.4%
61	72.7%
60	67.6%
59	62.9%
58	58.7%
57	54.9%
56	51.4%
55	48.2%

TABLE B**Percentage of the Basic Retirement Annuity
Payable to a Retired Participant Who is to
Receive a Joint and Survivor Annuity**

Age of Participant at Date Op- tion Pay- ments Begin	Wife 5 Years Older than Participant	Wife Same Age as Participant	Wife 5 Years Younger than Participant	Wife 10 Years Younger than Participant
Annuity Continuing at $\frac{1}{2}$ Rate to Wife				
65 or more	89.5%	85.2%	80.6%	76.1%
60	90.3%	86.5%	82.7%	79.0%
55	91.0%	87.9%	84.7%	81.6%
Annuity Continuing at $\frac{2}{3}$ Rate to Wife				
65 or more	86.5%	81.2%	75.7%	70.5%
60	87.4%	82.8%	78.2%	73.8%
55	88.3%	84.5%	80.6%	76.8%
Annuity Continuing at $\frac{3}{4}$ Rate to Wife				
65 or more	85.1%	79.3%	73.4%	67.9%
60	86.1%	81.1%	76.1%	71.4%
55	87.1%	82.9%	78.7%	74.7%

TABLE C

**Percentage of the Basic Retirement Annuity
Payable to a Retired Participant Who is to
Receive an Optional Annuity for a Guaranteed
Period of 10 Years and for Life Thereafter**

Age of Participant at Date Payments Begin	Percentage of Normal Annuity Otherwise Payable at Age 65 or Earlier Retirement
65 or over	92.1%
64	93.0%
63	93.8%
62	94.6%
61	95.3%
60	95.9%
59	96.4%
58	96.9%
57	97.3%
56	97.7%
55	98.0%

The following Examples show how the Plan operates for our typical employee whose age is 35 on January 1, 1956.

He has been a member of the previous Plan since 1949 and has already accrued a pension of \$20.00 per month payable from age 65.

On January 1, 1956, normal rate of compensation is \$350 per month. Thereafter, monthly normal rate of compensation continues to increase reaching

\$375 at age 40

\$400 at age 50

\$450 at age 55

from which point normal rate of compensation remains constant.

EXAMPLE I Normal Retirement

Suppose retirement occurs at age 68. Basic retirement benefits will be as follows:

- (1) For service prior to January 1, 1956:

The basic pension accrued to that date is \$ 20.00 monthly

- (2) For service after January 1, 1956:

Total normal compensation after
January 1, 1956, and up to age
65 is:

Subject to 3%	
contribution	\$126,000
Subject to 6%	
contribution	18,000
Total	<u>\$144,000</u>

Annual pension for service after
January 1, 1956, would be:

1¼ % of amount subject to 3%	
contribution (i.e. 1¼ % of	
\$126,000)	\$1,575.00
2% of amount subject to 6%	
contribution (i.e. 2% of	
\$18,000)	360.00
	<u>\$1,935.00</u>

Basic monthly pension for service after
January 1, 1956 = $\frac{1}{12}$ of \$1,935.00, or..\$161.25

Total of Basic Pension: (1) plus (2).....\$181.25 monthly

- (3) In addition, primary Social Security benefit
will be 108.50

Making a total retirement income of.....\$289.75 monthly

Note: If the employee's wife qualifies for Social Security purposes,
or if he had dependent children when he retired, retirement
income would be *further increased*.

EXAMPLE II Early Retirement

Suppose retirement occurs at age 62. At that time total normal compensation since January 1, 1956, and up to early retirement date, would be:

Subject to 3% contribution.....	\$113,400
Subject to 6% contribution.....	14,400
Total	<u>\$127,800</u>

Accrued annual pension for service after January 1, 1956, and due to begin at normal retirement would be:

1¼ % of amount subject to contribution (i.e. 1¼ % of \$113,400)	\$1,417.50
2% of amount subject to 6% contribution (i.e. 2% of \$14,400)	288.00
Total	<u>\$1,705.50</u>

Basic monthly pension for service *after* January 1, 1956, accrued to early retirement date would therefore be ½ of \$1,705.50..... \$142.12 monthly

Basic monthly pension accrued for service *prior* to January 1, 1956, is..... 20.00

Accrued basic pension beginning at normal retirement is thus \$162.12 monthly

Basic early retirement benefit *beginning at age 62* is calculated as follows:

Table A shows that the early retirement factor for retirement at age 62 is 78.4%

Pension beginning at early retirement is (\$162.12 times 78.4%) \$127.10

In addition, primary Social Security benefit commencing at age 65 will be, say..... \$104.50 monthly

Making a total retirement income after age 65 of \$231.60 monthly

Note: If the employee's wife qualifies for Social Security purposes, or if he had dependent children when he reached age 65, retirement income would be further increased.

EXAMPLE III Joint and Survivor Annuity

Suppose our typical employee retires normally at age 68, as in Example I, but has elected the joint and two-thirds survivor annuity option as provided in the Plan.

Assume that the contingent annuitant is his wife and that she is 5 years younger than he.

The benefits payable would be as follows:

Example I shows:

Basic monthly pension for service
prior to January 1, 1956..... \$ 20.00 monthly

Basic monthly pension for service ac-
crued after January 1, 1956..... 161.25

Total basic pension \$181.25 monthly

Table B shows that for a male aged 68
with wife 5 years younger, the factor
to be applied is 75.7%. Pension pay-
able to the employee himself is
\$181.25 times 75.7% or..... \$137.21 monthly

In addition, primary Social Security benefit will
be \$108.50

Making a total retirement income to the em-
ployee for life of..... \$245.71 monthly

If his wife survives him, she will be-
come entitled to $\frac{2}{3}$ of \$137.21 for
the remainder of her life, or..... \$ 91.47 monthly

In addition, if she qualifies for a survivor benefit
under Social Security she will receive..... \$ 81.40 monthly

Making a total income to the widow for life of \$172.87 monthly

Note: Under the joint and survivor option there is no death benefit other than the pension to the contingent annuitant if she survives the participant.

EXAMPLE IV Death Benefit After Retirement

If the employee were to die *after retirement* and before receiving basic annuity payments at least as great as his own required contributions to the Plan made after January 1, 1956, with interest, plus his contributions to the Plan as it existed prior to January 1, 1956, the balance would become payable immediately in a lump sum.

For example, suppose contributions to the Plan were:

Basic contributions prior to January 1, 1956	\$ 674.00
Basic contributions after January 1, 1956, with interest at 2%	<u>6,393.59</u>
Total accumulated contributions	<u><u>\$7,067.59</u></u>

Suppose the employee dies after receiving his pension for a total of 2 years and 3 months (27 months) i.e. after receiving a total of 27 times \$181.25, or \$4,893.75 (See Example I)

His beneficiary would then be entitled to receive a death benefit determined as follows:

Total <i>required</i> contributions with interest	\$7,067.59
Total <i>basic</i> pension payments	<u>4,893.75</u>
Balance payable to beneficiary immediately in a lump sum	<u><u>\$2,173.84</u></u>

Death Benefit Before Retirement

If the employee were to die before retirement he would be entitled to a death benefit calculated according to the same principles. Furthermore, if he had been a member of the previous Plan and his death occurred prior to the normal retirement date provided under that Plan, the death benefit in any case will not be less than if he had died on December 31, 1955.

Full Text of the Plan

ARTICLE I

Scope and Purpose.

Effective as of January 1, 1956 the Retirement Benefit Plan of American Airlines, Inc. as applicable to employees other than pilots is amended so as to provide the benefits and obligations hereafter set forth.

ARTICLE II

Definitions.

1. *Board of Directors.* The Board of Directors of the Company.
2. *Company.* American Airlines, Inc., its wholly-owned subsidiary Sky Chefs, Inc. and any other subsidiary or affiliated corporation designated as a part of the Company for purposes of The Plan by the Board of Directors of the Company.
3. *Rate of Compensation.* The annualized regular rate of pay during the first pay period ending in the month preceding each interval (not exceeding 6 calendar months as the Company may determine) for which a Rate of Compensation may be required for purposes hereof, shall be the Rate of Compensation for such interval when the regular rate of pay is based solely on hourly or other periods of time as the case may be, but otherwise shall be for any such interval the actual remuneration paid during the first 12 of the 13 months preceding such interval in which he received remuneration. In respect to any such interval when no remuneration is paid but a Rate of Compensation is to be assumed for purpose of contributions under The Non-Pilot Plan, the Rate of Compensation last applicable will be applied.
4. *Credited Interest.* Compound interest at the rate of 2% annually in respect to contributions required to be made hereunder by Non-Pilot Employees on and after January 1, 1956 in respect to a Basic Retirement Annuity, compounded from the end of the calendar year in which made to the first of the month preceding or coinciding with the date of death, retirement or refund of contributions, as applicable.
5. *Member.* Any Non-Pilot Employee who is or becomes a Member of The Non-Pilot Plan as provided in Article III hereof.
6. *Non-Pilot Employee.* Any person regularly employed by the Company and not having a recognized status as pilot or co-pilot.
7. *Service.* Service rendered to the Company while a Non-Pilot Employee including leaves of absence approved by the Company or obligated to be granted (which shall not include statutory rights to re-employment by reason of military service) as furloughs, vacations or sick leaves.
8. *The Non-Pilot Plan.* The Non-Pilot Plan shall mean those features and provisions of The Plan hereinafter set forth.
9. *The Plan.* Such Plan as was on December 31, 1955 in effect as The Retirement Benefit Plan of the Company applicable to pilots and other personnel of the Company and as thereafter amended or modified, including the modifications herein provided for Non-Pilot Employees.

ARTICLE III

Membership.

1. Every Non-Pilot Employee who was a participant in The Plan on the date The Non-Pilot Plan is approved pursuant to Article XV and every Non-Pilot Employee who had never been a participant in The Plan but was eligible to be a participant in The Plan on June 30, 1956, may become a Member of The Non-Pilot Plan (as of January 1, 1956 in the case of those who were at that time participants in The Plan and as of June 30, 1956 in the case of those who became participants in The Plan on that date) if he shall have elected so to do on an appropriate application form within ninety days from the date on which the Company will have mailed to all Non-Pilot Employees so eligible to become Members such application form and copy of The Non-Pilot Plan and if he shall have waived in writing all rights accrued up to January 1, 1956 by reason of previous participation in The Plan as it existed on December 31, 1955. In addition, every other Non-Pilot Employee of the Company shall be eligible for membership as of the first day of the month (or other interval not exceeding 6 months as determined by the Company) next following his completion of the following eligibility requirements (except in the case of an employee who was a participant in the Plan when he became a Non-Pilot Employee and such an employee shall be considered eligible, subject only to the requirements of subdivision (c) hereafter, as of the first day of the month following the month in which he became a Non-Pilot Employee):

- (a) He shall have attained the age of at least 25;
- (b) He shall have completed at least one year of service in any capacity (except in the case of an employee of Sky Chefs, Inc. where the requirement shall be two such years of service); and
- (c) He shall have made application to the Company to become a Member on appropriate forms providing such information as the Company may require for records pertinent to The Non-Pilot Plan and authorizing appropriate payroll deductions for the contributions required to be made by him on a current basis except for liquidation over a period ending June 30, 1957 of any contributions due in respect to the prior period beginning January 1, 1956 as well as accepting the terms and conditions of The Non-Pilot Plan. The Company shall notify him of his eligibility and provide the appropriate application forms.

Once a Non-Pilot Employee has become a Member, he may discontinue his required contributions while continuing as a Non-Pilot Employee with a right to resume contributions only in the event the Company concurs in any request so to discontinue or resume by reason of hardship due to circumstances beyond his control and peculiar to the individual Member so as not to affect a class or classes of Members. Complete withdrawal from membership entitling the Member to refunds of his contributions pursuant to Article IX while continuing as a Non-Pilot Employee is likewise only permissible if the Company determines a request so to do is appropriate by reason of hardship due to circumstances beyond his control and peculiar to the individual Member so as not to affect a class or classes of Members. Such employee may not be reinstated to membership for five years from the date of withdrawal and then only with the consent of the Company and as if he were a new Non-Pilot Employee, except that a member who withdrew while on furlough may become a new Member when recalled to active Service.

2. Membership shall continue for the period of Service but contributions shall not be required nor permitted (unless the Company in its discretion otherwise agrees) either of the Company or the Member during, or in respect to, any period of Service when the Member is on furlough or approved leave of absence.

3. Membership shall terminate

- (a) upon the death of a Member, subject to the payment of the death payments as provided in Article VIII, or
- (b) upon withdrawal of a Member by his request if the Company consents by reason of hardship due to circumstances beyond his control, and peculiar to the individual member so as not to affect a class or classes of Members, subject to payment to him in accordance with Article IX, or
- (c) at such time as Service ceases (unless waived by the Company), which shall include, among other things, resignation or quitting, discharge, and failure to return to work
 - (i) when absence is not authorized by law or by the Company, or
 - (ii) on expiration of approved leave of absence, or
 - (iii) on recall after layoff, or
 - (iv) upon expiration of a furlough without prior recall, subject to payment to him of any amounts due pursuant to Article IX.

4. Notwithstanding anything herein contained to the contrary, in the case of a Member who, prior to or after becoming a Member of The Non-Pilot Plan, was or is a participant in The Plan, service as other than a Non-Pilot Employee while a participant in The Plan for periods in respect to which contributions were made by such Member pursuant to The Plan and not withdrawn will be considered as Credited Service hereunder for purposes of vesting rights under Article X hereof and optional withdrawal rights under Article IX hereof, but amounts payable hereunder shall nevertheless be based on what would otherwise be Credited Service on or after January 1, 1956 under The Non-Pilot Plan, except for payments under subdivision (a) of Section 2 of Article VI to be made hereunder if he retires when a Member of The Non-Pilot Plan and he shall not be entitled to such payments under the Pilot Plan.

ARTICLE IV

Credited Service.

Every Member shall be credited with the number of years and completed calendar months of Service rendered since he first became a participant in The Plan and up to the last date of the month preceding his normal retirement date during any period or periods in respect to which contributions were made by the Company and by him or for his account in accordance with The Plan and not withdrawn.

ARTICLE V

Retirement.

1. The normal retirement date which shall be applicable to each Non-Pilot Employee shall be the first day of the month coinciding with or next following his 65th birthday. Employment with the Company may continue thereafter and up to the end of the month in which his 70th birthday falls but only with the consent of the Company and on such terms and conditions as the Company in its absolute discretion may determine. Retirement as a Non-Pilot Employee shall be mandatory at age 70. In the event of employment beyond age 65, no retirement benefits otherwise payable hereunder in accordance with Article VI shall be payable during the period of such employment, and the basic retirement benefits which shall be payable during retirement shall be the same as if retirement had occurred at such normal retirement age of 65. The retirement benefits to which a Member shall be so entitled at normal retirement at age 65 are as set forth in Article VI.

2. Any Member may elect to retire within the ten-year period immediately preceding his normal retirement date, if the Member shall have completed, at the end of the month in which the Member desires to retire, at least 15 years of Credited Service. If the Member were a participant in The Plan as it existed on December 31, 1955 and has completed ten years of service with the Company in any capacity he may elect to retire at an age within ten years of the normal retirement date fixed in The Plan as it existed on December 31, 1955. In either of the foregoing events he shall be entitled to the Retirement Benefits provided in Section 3 of Article VI.

ARTICLE VI

Retirement Benefits.

1. Upon retirement, in accordance with Article V, each Member shall be entitled, beginning with his normal retirement date, to a Basic Retirement Annuity.

2. A Basic Retirement Annuity shall be payable monthly for life in an annual amount determined as follows:

(a) A Member who was a participant in The Plan on December 31, 1955 shall continue to be entitled to a Basic Retirement Annuity of which the monthly amount at normal retirement date shall be equal to the monthly annuity which has already accrued to his credit on or before December 31, 1955 (including any benefits based on employment with the Company prior to December 31, 1941, and all benefits accrued in respect to the first \$600 of annual compensation);

(b) In respect of Credited Service after January 1, 1956:

(i) 1.25% of the aggregate amount in respect to which the employee shall have made contributions, during the period of Credited Service, towards such Basic Retirement Annuity pursuant to Section 1 of Article XI plus

(ii) 2% of the aggregate amount in respect to which the employee shall have made contributions, during the period of Credited Service, towards such Basic Retirement Annuity pursuant to Section 2 of Article XI.

3. In the event of early retirement pursuant to Section 2 of Article V a Member shall, at his election and in lieu of the Basic Retirement Annuity hereinabove provided, become entitled to a Basic Retirement Annuity as though his early retirement date were his normal retirement date at age 65 but actuarially reduced in recognition of the shorter period of accumulation of reserves and the longer period over which the annuity will be payable except that the amounts payable by reason of subdivision (a) of Section 2 hereof shall not be reduced below those theretofore payable in the case of those Non-Pilot Employees whose normal retirement date had been at age 60 under The Plan, as it existed on December 31, 1955.

ARTICLE VII

Optional Form of Retirement Benefits.

1. In lieu of the Basic Retirement Annuity payable to a Member pursuant to Section 2 of Article VI, such Member may elect to receive retirement benefit of actuarially equivalent value in any one of the following forms:

(a) A joint and survivor income, in a reduced amount, to continue during the lifetime of the retired Member, and further to continue after his death at three-quarters, two-thirds, or one-half rate (according to the election of the Member) to a surviving spouse, or other designated beneficiary, during the lifetime of such person after the death of the retired Member;

- (b) A reduced income payable during the lifetime of the retired Member and guaranteed to continue to the retired Member or to a designated beneficiary or to the estate of the last to die of the retired Member and the beneficiary, for at least 10 years after the retirement of the Member regardless of whether the Member survives such period;
- (c) In the case of a Member who has retired before age 65 or a beneficiary under the joint and survivor income option who becomes entitled, before becoming eligible for Social Security benefits, to Retirement Benefits hereunder, in each instance after providing evidence of good health satisfactory to the Company, such Member or beneficiary may elect to receive his respective benefits in the form of an adjusted income of equivalent actuarial value payable in a greater amount during the period before becoming eligible for Social Security benefits, and a correspondingly reduced amount, actuarially determined, after becoming eligible for Social Security benefits, such that the total Basic Retirement Annuity and primary Social Security benefits shall be as nearly uniform as possible both before and after entry upon Social Security benefits.
- (d) A straight life annuity, in an increased amount, to continue during the lifetime of the Member and to terminate at his death, with the provision that there will be no residual death benefit for death occurring after his retirement date.
- (e) In lieu of any of the foregoing options, the Member may, with the consent of the Company, elect a benefit in some other form to the extent that the actuarial value of any such elected benefit is no greater than the actuarial value of the Basic Retirement Annuity to which the Member would otherwise be entitled.

2. The options provided in this Article VII may be elected by an appropriate written notice filed with and received by the Company. Any such election shall become irrevocable on the normal retirement date or earlier actual retirement date of the Member, whichever first occurs, (a) if made at least one year prior thereto, or (b) if made within one year prior thereto and such notice is accompanied by evidence satisfactory to the Company of normal health for his attained age; provided, however, that in each instance the Member shall, prior to the date when the option became irrevocable, provide evidence satisfactory to the Company of the age of any contingent beneficiary. Once made, an election of an optional form of benefit may be revoked at any time prior to the date when it otherwise becomes irrevocable, and shall automatically be revoked in the event of the death of the contingent beneficiary prior to such date. Notwithstanding the foregoing, if the Member shall remain in the active service of the Company or become reemployed by the Company after the date upon which the option becomes irrevocable, his option shall nevertheless continue in force, and if the Member shall die before retiring, his beneficiary shall receive the amount of income which would be payable to such beneficiary in accordance with such option, as if such Member had retired on the date of his death, and if the beneficiary shall die before the Member shall actually retire, such Member shall be entitled, after retiring, to receive only the reduced income payable to him in accordance with such option.

ARTICLE VIII

Death Benefits.

1. If a Member shall die before he shall have received Basic Retirement Annuity payments in an aggregate amount at least equal to (a) his own contributions thereto plus (b) Credited Interest thereon, a single sum shall be payable to such beneficiary as he may have designated on form provided for that purpose by the Company or, if he shall not have so designated a beneficiary, then as the Com-

pany may in its discretion determine to any one or more among his executors, administrators, spouse, mother, father, children, brothers or sisters in an amount equal to the total of such contributions by the Member plus Credited Interest less the aggregate amount of any Basic Retirement Annuity payments which shall have been previously paid to him or for his benefit provided, however, that if the Member shall have elected an optional form of Basic Retirement Annuity pursuant to Article VII, such amount shall be further reduced or eliminated by actuarial adjustment if and to the extent such option reduces or eliminates such death benefits. No payments made pursuant to this Section 1 shall, in the case of a Member who dies prior to the normal retirement date applicable under The Plan as it existed on December 31, 1955 and was a participant therein until becoming a Member of the Non-Pilot Plan, be less than the amount payable had he died on December 31, 1955 as a Member of The Plan.

ARTICLE IX

Withdrawal Rights upon Termination of Membership.

1. Upon termination of membership for other than death, the Member shall upon such termination have the right to receive an amount equal to the sum of his contributions towards the Basic Retirement Annuity provided in Article VI with Credited Interest.

2. In lieu of the benefits described in the preceding Section, a terminating Member, if he shall either (i) have completed at least 15 years of Credited Service or (ii) be at least 45 years of age and have completed at least 10 years of Credited Service, may elect to waive his rights pursuant to such Section, and to receive instead a Basic Retirement Annuity commencing at age 65, or earlier pursuant to Section 3 of Article VI, if the Member has attained the age of earlier optional retirement pursuant to Section 2 of Article V, based upon his annuity credits accrued at the time of his termination, as described in Section 2 of Article VI, determined by the application of a percentage factor as follows:

<i>Completed Years of Credited Service After Satisfying (i) or (ii) Above</i>	<i>Percentage Factor</i>
0	50%
1	60%
2	70%
3	80%
4	90%
5	100%

provided, however, that in the case of a Member who was a participant in The Plan as it existed on December 31, 1955 until becoming a Member of The Non-Pilot Plan, has completed ten years of service with the Company in any capacity and terminates after age 45, the percentage factor which shall be applied to his Basic Retirement Annuity shall in all cases be 100%.

3. If Service as a Non-Pilot Employee shall have terminated by reason of total and permanent disability arising after December 31, 1955 at or after attainment of age 50 and completion of 15 years of Credited Service, and if no benefit is payable in respect of such disability under Workmen's Compensation pursuant to which the Company is required to make payments for coverage of such disability such Member shall be entitled to receive a monthly disability income benefit, the annual amount of which shall be 15% of the average Rate of Compensation of the Member in respect to the 3 years prior to disability, increased by 1% of such average Rate of Compensation in respect of each year of Credited Service to time of disability in excess of 15 years but not in excess of 25 years, but in no event less than \$65 monthly and without the right to receive benefits otherwise payable prior to age 65 under Section 2 of this Article IX so long as such disability payments are being made pursuant thereto, subject to the following conditions and modifications:

- (a) The above benefit shall, however, be *reduced* on account of any benefit in the form of an income benefit provided, pursuant to law or otherwise, by the Company either directly or through insurance or otherwise (including a weekly or monthly income or indemnity benefit, but not including reimbursement or indemnity for hospital costs, surgical fees or similar medical expenses) to the following extent: In the case of an income benefit *wholly* provided by the Company, by the *full* amount of such income benefit; in the case of an income benefit to which *both* the Company and the Member have contributed or would have contributed had the Member exercised his right to contribute for the benefit, by *one-half* of the amount of such income benefit.
- (b) In no event shall the disability benefit be payable concurrently with wages or salary payable to the Member from any source nor shall the disability benefit be payable concurrently with other disability income paid for in whole or in part by the Company except in a reduced amount in accordance with the principles stated in condition (a) above.
- (c) In determining whether or not a Member is totally and permanently disabled, the Company may at any reasonable time, and from time to time, require such Member to submit himself to a physical examination by one or more physicians approved by the Company and refusal to submit to such physical examination shall be deemed to constitute a bar to further disability benefits.
- (d) Benefits shall be payable only as long as disability continues, as determined by the Company, or until attainment of age 65, at which time the Member shall become entitled to a Basic Retirement Annuity determined as provided in Article VI.
- (e) For purposes of this Article IX, total and permanent disability shall mean disability which permanently and wholly prevents the Member from engaging in any occupation or performing any work for remuneration or profit; *provided that* this term shall *not* include any disability which (i) resulted from or consists of habitual drunkenness or addiction to narcotics, or (ii) was contracted, suffered or incurred while the Member was engaged in, or resulted from his having engaged in, a criminal enterprise, or (iii) was intentionally self-inflicted, or (iv) arose while the Member was on leave of absence without pay, or was on lay-off, or was absent without leave, or (v) arose out of service in the armed forces of any country.

ARTICLE X

Vesting.

1. Each Member (a) who has attained age 65 while a Member, or (b) has completed at least 20 years of Credited Service, or (c) has completed at least 15 years of Credited Service and has attained age 50, or (d) was a participant in The Plan as it existed on December 31, 1955 and until becoming a Member of The Non-Pilot Plan, has completed ten years of service in any capacity with the Company and has attained age 45, or (e) whose service terminates as a result of Total and Permanent Disability, and who has not withdrawn his own contributions toward his Basic Retirement Annuity, shall in each such case be entitled to a full and vested interest in the Basic Retirement Annuity accrued to him under Section 2 of Article VI.
2. Each Member who is not included within the terms of Section 1 above, but who has (i) completed 15 years of Credited Service under The Plan or (ii) completed 10 years of Credited Service under The Plan and has attained age 45, shall be entitled to a vested interest in a portion of the Basic Retirement Annuity accrued to him pursuant to subdivision (b) of Section 2 of Article VI determined by applying the appropriate percentage provisions of Section 2 of Article IX.

ARTICLE XI

Contributions.

1. After January 1, 1956, a Member shall, monthly during each calendar year, contribute in respect to his Basic Retirement Annuity an amount equal to one-twelfth of 3% of the first \$4,200 or such higher amount of his Rate of Compensation as is subject to required contributions or tax payments by the Company under any Social Security laws.

2. After January 1, 1956, a Member shall, monthly during each calendar year, contribute in respect to his Basic Retirement Annuity an amount equal to one-twelfth of 6% of his Rate of Compensation in excess of the Rate of Compensation on which contributions are made pursuant to Section 1 above.

3. The Company shall, no less frequently than annually, make contributions in respect to the Basic Retirement Annuities toward which Members have contributed pursuant to Sections 1 and 2 hereof in such amounts and such manner as, in the opinion of an independent actuary selected by the Company and given annually, constitutes the funding on an actuarially sound basis of the benefits provided in The Non-Pilot Plan.

4. An appropriate authorization must be given to the Company if a Member is actually rendering Service, for appropriate deductions to cover the contributions required under this Article XI. A Member who still remains an employee of the Company may discontinue, but not withdraw, contributions pursuant to Section 1 or Section 2 hereof only if he discontinues as to contributions under both Sections and if the Company determines that such discontinuance is appropriate by reason of hardship due to circumstances beyond his control and peculiar to the individual Member so as not to affect a class or classes of Members. In the case of a Member so discontinuing, he may resume his contributions upon application so to do, if the Company determines that the reasons of hardship no longer exist but without any right retroactively to make contributions in respect to the period of discontinuance. No Member continuing as an employee of the Company shall have any right to both discontinue and withdraw amounts that would otherwise be payable to him were his membership terminated by reason of severance of his employment with the Company unless the Company determines to permit any such requested withdrawal by reason of hardship due to circumstances beyond his control and peculiar to the individual Member so as not to affect a class or classes of Members but if the Company so determines and consents, he shall be paid the entire amounts that would be payable pursuant to Section 1 of Article IX upon termination of membership for other than death, and shall not be eligible to become a Member of The Plan for five years from the date of such withdrawal and then only with the consent of the Company as if an employee then becoming eligible for membership under The Plan for the first time except that a Member who withdrew while on furlough may become a new Member when recalled to active service. No contribution shall or may be made to The Non-Pilot Plan after age 65 has been attained.

5. The Company may fund the amount paid or payable by Members and by the Company under The Plan in respect to Basic Retirement Annuities through a trust fund or trust funds or pursuant to arrangements with an insurance company or companies, or otherwise irrevocably set aside amounts to provide for such Annuities, as the Company may from time to time elect, prospectively or retroactively, but under and pursuant to The Plan.

ARTICLE XII

Administration of The Non-Pilot Plan.

1. The Non-Pilot Plan shall be administered solely by the Company.
2. The Company, its officers, directors and employees shall be entitled to rely upon all tables, valuations, certificates, reports, opinions, determinations or directions furnished or made by the Actuary selected by the Company pursuant to Section 3 of Article XI or by any accountant or counsel appointed by the Company for purposes hereof. In so doing, the Company, its officers, directors and employees shall be fully protected against any liability in respect to any action taken in good faith in reliance thereon, and no officer, director or employee of the Company shall be personally liable by virtue of any instrument executed by him or on his behalf, or for any mistake of judgment made by him or any other such employee, officer or director of the Company, as the case may be, or for any neglect, omission or wrongdoing of any other employee, officer or director of the Company, as the case may be, or for any loss whatever, unless resulting from his own gross negligence or wilful misconduct.
3. If the Company shall receive satisfactory evidence that a person entitled to receive any benefit under this Non-Pilot Plan is, at the time when such benefit becomes payable, physically unable or mentally incompetent to receive such benefit and to give a valid release therefor, and that another person or an institution is then maintaining or has custody of such person, and that no guardian, committee or other representative of the estate of such person shall have been duly appointed, the Company may authorize payment of such benefit otherwise payable to such person or institution, and the release of such other person or institution shall be a valid and complete discharge for the payment of such benefit.
4. If the Company is unable within 5 years after any benefit becomes due hereunder to a person to authorize payment because the identity or whereabouts of such person cannot be ascertained, the Company may direct that such benefit and all further benefits with respect to such person shall be forfeited and all liability for the payment thereof shall terminate. In any such case, the funds released as a result of such forfeiture shall be dealt with in the same manner as in the case of termination of service prior to vesting.
5. If any Non-Pilot Employee or Member or beneficiary in his application to participate in The Non-Pilot Plan, or in making any election thereunder, or in response to any request of the Company for information, makes any statement which is erroneous or omits any material fact or fails before receiving his first payment to correct any information that he previously incorrectly furnished to the Company for its records, the amount of any benefit payable shall be adjusted on the basis of the facts, and the amount of any overpayment theretofore made hereunder shall be deducted from any succeeding payments as the Company shall direct. Similarly, if there shall have been a miscalculation in respect to payments made to or by any person, later payments made hereunder may be adjusted accordingly to rectify such miscalculations as well as correct future payments.
6. In the event that any benefit payable monthly pursuant to The Non-Pilot Plan would be payable in an amount of less than \$10 monthly, such benefit may, at the discretion of the Company, be payable quarterly or through a lump sum settlement of actuarial equivalent value in full discharge of all liability in respect of such benefit.

ARTICLE XIII

Miscellaneous.

1. No benefit payable under The Non-Pilot Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any action by way of anticipating, alienating, selling, transferring, assigning, pledging, encumbering or charging the same shall be void and of no effect; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit, except as specifically provided in The Non-Pilot Plan.

2. If any Member or beneficiary under The Non-Pilot Plan shall become bankrupt or attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit, except as specifically provided in The Non-Pilot Plan, then such benefit shall, in the discretion of the Company, cease and terminate. In that event, the Company shall direct the application of the benefit or any part thereof to or for such Member or beneficiary, his spouse, children or other dependents, or any of them, in such manner and in such proportions as the Company shall in its sole discretion determine.

3. The establishment of The Non-Pilot Plan shall not be construed as conferring any rights upon any employee for a continuation of employment nor as in any way affecting such employment, nor shall it be construed as limiting in any way the right of the Company to discharge any employee or to treat him without regard to the effect which such treatment might have upon him as a Member of The Plan.

4. All payments provided to be made hereunder shall be in lawful money of the United States.

5. The obligation of the Company under The Non-Pilot Plan shall be limited to obligations specifically assumed by it hereunder. To the extent the Company has funded or caused to be funded with an insurance company or companies or with a trust or trusts contributions made by Members in respect to Basic Retirement Annuities and contributions made by or for its account hereunder pursuant to Section 3 of Article XI, such that in the opinion of the Actuary selected by the Company pursuant to Section 3 of Article XI and given annually, the amounts so funded are sufficient to constitute a funding of the benefits payable hereunder on an actuarially sound basis, the Company shall not be liable in any way as guarantor of payment of benefits obligated to be paid by such insurance company or companies or such trust or trusts except to the extent, if any, that such contractual arrangements with an insurance company or companies or the terms of a trust or trusts fail to take into account any benefits set forth in The Non-Pilot Plan.

6. Wherever applicable, the masculine pronoun as used herein shall mean the feminine, and the singular the plural.

ARTICLE XIV

Modification or Discontinuance.

1. The Company expects to continue The Plan indefinitely, but necessarily reserves the right to modify, suspend, or discontinue it at any time, including, but without limiting the generality of the foregoing, modification, suspension or discontinuance in its entirety or with respect to any feature thereof such as The

Non-Pilot Plan. However, any modification, suspension or discontinuance shall not adversely affect the benefits accrued under The Non-Pilot Plan for any Member or beneficiary as of the date of such modification, suspension or discontinuance except as affected by Section 4 of this Article XIV.

2. If The Non-Pilot Plan is discontinued, no further contributions will be made by either the Members or the Company. In the event that the Company's contributions hereunder shall be suspended and The Non-Pilot Plan shall thereafter be discontinued before resumption of such payments, Members who shall have terminated employment during the period of the suspension shall be entitled to participate in the application of funds provided for in the next succeeding section as if the discontinuance had occurred upon the date of the suspension of contributions.

3. (a) In the event that The Plan shall be discontinued the amounts paid by the Company and employees in respect to Basic Retirement Annuities under The Plan, including The Non-Pilot Plan, and already funded shall, subject to any priority already existing by reason of annuities already purchased pursuant to The Plan from an insurance company, be applied in the following order, all persons in each class being entitled to their respective proportions and shares:

- (i) provision to participants in The Plan, whether or not Non-Pilot Employees, who have contributed in respect to Basic Retirement Annuities, and any beneficiaries thereof, of benefits of such character based on contributions made by the participants in respect thereto the extent that such benefits may be derived from such contributions;
- (ii) provision to participants in The Plan already retired, whether or not Non-Pilot Employees, and their beneficiaries, of the remainder of the Basic Retirement Annuity benefits not otherwise provided, to which they are entitled on the basis of contributions by them or by the Company;
- (iii) provision to participants in The Plan, whether or not Non-Pilot Employees, who have not retired but have vested rights to Basic Retirement Annuity benefits under The Plan, of the remainder of the Basic Retirement Annuity benefits to which they have vested rights;
- (iv) provision to participants in The Plan, whether or not Non-Pilot Employees, of the remainder of Basic Retirement Annuity benefits to which they do not have vested rights under The Plan were all such benefits vested; and
- (v) any surplus remaining after satisfaction of the foregoing rights upon discontinuance shall, subject to the applicable provisions of Federal or State law, be returnable to the Company.

(b) In the event The Non-Pilot Plan only shall be discontinued the amounts paid by the Company and Non-Pilot Employees under The Non-Pilot Plan, and already funded, determined by proportionate allocation or otherwise, shall, subject to any priority already existing by reason of annuities already purchased from an insurance company pursuant to The Plan, be applied in the following order, all persons in each class being entitled to their respective proportions and shares:

- (i) provision to Members of The Non-Pilot Plan who have contributed in respect to Basic Retirement Annuities, and any beneficiaries thereof, of benefits of such character based on contributions made by such Members in respect thereto, to the extent that such benefits may be derived therefrom;
- (ii) provision to Members of The Non-Pilot Plan already retired, and their beneficiaries, of the remainder of the Basic Retirement Annuity benefits under The Non-Pilot Plan, not otherwise provided, to which they are entitled on the basis of contributions by them or by the Company;

- (iii) provision to Members of The Non-Pilot Plan who have not retired but have vested rights to Basic Retirement Annuity benefits under The Non-Pilot Plan, of the remainder of the Basic Retirement Annuity benefits to which they have vested rights;
- (iv) provision to Members of The Non-Pilot Plan of the remainder of the Basic Retirement Annuity benefits to which they do not have vested rights under The Non-Pilot Plan were all such benefits vested; and
- (v) any surplus remaining after satisfaction of the foregoing rights upon discontinuance shall, subject to the applicable provisions of Federal or State law, be returnable to the Company.

4.(a) In the event that either The Non-Pilot Plan shall be terminated or the full current cost of The Non-Pilot Plan shall not have been met, within 10 years after January 1, 1956, then anything contained in The Non-Pilot Plan to the contrary notwithstanding except in the various paragraphs of this Section 4, the following limitations shall apply to the amount contributed by the Company which may be used for the benefits arising from the increased rate of benefit accrued as a result of the establishment of The Non-Pilot Plan in respect thereto of any of the following persons:

As to any Non-Pilot Employee who on January 1, 1956 shall have been among the 25 highest-paid Non-Pilot Employees of the Company, and whose anticipated annual retirement benefits payable under The Non-Pilot Plan on normal retirement exceeds \$1,500, if such event should occur within 10 years following January 1, 1956, such amount shall not exceed the greater of:

- (i) \$20,000; or
- (ii) An amount equal to 20% of the Non-Pilot Employee's average Rate of Compensation, but not in excess of \$10,000, multiplied by the number of years of Credited Service on and after January 1, 1956.

(b) If the full current cost of The Non-Pilot Plan shall not have been met, but The Non-Pilot Plan shall not have been terminated, at any time within 10 years following January 1, 1956, the limited amount of current monthly retirement benefits allowable to any person under sub-section (a) of this Section 4 shall be increased to the extent necessary to provide the full monthly benefit otherwise allowable under The Non-Pilot Plan, provided however, that the aggregate of such additional monthly payments in the calendar year then current to all such persons does not exceed the aggregate contributions of the Company already made under The Non-Pilot Plan in the year then current. If the aggregate of such contributions would be so exceeded, the additional payments to which any such person would otherwise be entitled shall be reduced in the proportion that the aggregate of such contributions bears to the aggregate of such additional payments.

(c) As to any Non-Pilot Employee who shall have been among the 25 highest-paid Non-Pilot Employees of the Company as of January 1, 1956, and who shall cease to be a Member of The Non-Pilot Plan or who shall withdraw from participation therein when the full current costs thereof have been met, the funds or benefits which he may receive from the contributions of the Company (including any funds or benefits he has already received) shall not, at any time within 10 years from January 1, 1956, exceed the maximum benefits permissible at that time, computed in accordance with subsection (a) of this Section 4.

(d) If the benefits of any person shall have been suspended in part in accordance with subsection (a) of this Section 4 because the full current costs of The Non-Pilot Plan shall not then have been met, and if the full current cost thereafter shall have been met, the full amount of the benefit payable to him shall be resumed and the part of any benefit which shall have been suspended shall then be paid in full.

(e) In the event that it should subsequently be determined by statute, court decision, ruling by the Commissioner of Internal Revenue, or otherwise, that the provisions of this Section 4 are no longer necessary to qualify The Non-Pilot Plan under the Internal Revenue Code, this Section 4, to the extent so rendered unnecessary, shall be ineffective without amendment to The Non-Pilot Plan.

ARTICLE XV

Internal Revenue Approval.

The provisions of The Non-Pilot Plan as set forth herein or hereafter amended shall be effective only upon approval thereof as part of a qualified Pension Plan pursuant to the provisions of the Internal Revenue Code of 1954, as amended.

