

**LETTER OF AGREEMENT**  
**Between**  
**HAWAIIAN AIRLINES, INC.**  
**And**  
**THE FLIGHT ATTENDANTS**  
**In the service of**  
**HAWAIIAN AIRLINES, INC.**  
**As represented by**  
**THE ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO**

HAWAIIAN AIRLINES 2005 REORGANIZATION AGREEMENT

THIS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between HAWAIIAN AIRLINES, INC. (hereinafter referred to as the "Company") and the flight attendants in the service of the Company, as represented by the ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO (hereinafter referred to as the "Union").

**A. Purpose and Participation**

1. The purpose of this Letter of Agreement is to accommodate Hawaiian Airlines' emergence from bankruptcy protection by making certain modifications to the existing Flight Attendant Agreement.
2. The provisions of this Letter of Agreement are predicated on agreements being reached by all other labor groups at Hawaiian Airlines. To become effective, ratification (or Court Imposition) of agreements by the IAM, ALPA and TWU as well as the AFA must occur, unless expressly agreed otherwise by AFA.
3. The provisions of the May 1, 2001-November 1, 2004, Agreement between the parties, the 2003 Hawaiian Airlines Restructuring Agreement, together with all side letters, grievance settlements and other agreements between the parties will remain in effect except as modified by this Agreement. Any provision of the current Flight Attendant Agreement not specifically altered by this Letter of Agreement remains in full force and effect.

**B. Amendments to Current Agreement**

1. Training:
  - a. In lieu of the requirements of Section 26.C.2.a.(1.) and (2.), Flight Attendants will be paid five (5) hours pay for each day of Recurrent Training or be paid and credited three (3) hours for each day of Recurrent Training. This provision shall be in effect only from the

first day of the first month after the date this agreement becomes effective until November 1, 2007, at which time, notwithstanding the Status Quo provisions of the Railway Labor Act, the pay for recurrent training shall revert (snap back) to eight (8) hours pay per day of training or (5) hours pay and credit per day of training. The snap-back pay for training in November 2007 and December 2007 will be paid retroactively in January 2008. All training after December 31, 2007 will be paid under the snapback provisions.

- b. The one-half (1/2) hour lunch break for recurrent training will be on an unpaid basis and grievance 07-03 will be withdrawn with prejudice.
  - c. Minimum rest following two (2) consecutive days of training reduced from eighteen (18) hours to twelve (12) hours.
2. Doctor's note as referenced in the 2003 Restructuring Agreement shall be required for all sick occurrences in excess of seven (7) calendar days. Such note must be provided upon return to work or within ten (10) calendar days of the first day of a sick occurrence, whichever is earlier.
3. Section 1.F. "Change of Control" is amended, see Attachment F. In exchange for agreeing to this "me-too" provision the Hawaiian Airlines Flight Attendants will receive stock in Hawaiian Airlines as set forth in Paragraph D.3.a.-c. below.
4. Extended Range Flight Staffing
- a. An extended range (ER) flight is a flight segment that is eight or more hours aloft. Currently, Sydney is the only ER flight being operated by Hawaiian Airlines.
  - b. During grouping construction, after this agreement becomes effective, if the monthly load factor for the following month is less than 75%, the company may build ER groupings with one (1) less Flight Attendant than required in Section 7.C.2.b., reducing from nine (9) to eight (8).
  - c. During grouping construction, when passenger bookings equal or exceed 75% of the passenger load capacity, the grouping containing such segment will be fully crewed.
  - d. On the day prior to grouping operation, any flight segment with a crew reduced in accordance with 4.b. above where the expected load factor has grown to exceed 80% of the aircraft passenger capacity, the Company may, at its discretion, either add a reserve or dispatch the flight with a short crew and pay understaffing pay. However, it is not

the intent of this provision to dispatch a flight short staffed if there are reserves available.

- e. Any ER flight that has, in actual operation, a load factor of more than 80% (including non-revenue passengers) and a reduced crew complement will be paid understaffing.
- f. The Company agrees, as stated in Attachment B to this agreement, that the enacting of this provision shall not result in any flight attendant being furloughed.
- g. This provision shall be effective until November 1, 2007, after which time, notwithstanding any Status Quo provisions of the Railway Labor Act, all Sydney flights will once again be fully crewed with nine (9) flight attendants.
- h. After November 1, 2007, the company may utilize the reduced staffing provisions on any new ER flight for a period not to exceed one (1) year from the date of the inaugural flight for such new ER flight.
- i. Crew rest seats on ER routes flown by 767 aircraft will be moved to the last row of seats C,E,G,H, and J. The feasibility of curtaining off the C,E and G seats will continue to be explored.
- j. For the purpose of calculating 75% of load factor, aircraft passenger capacity shall be determined by taking the actual number of passenger seats minus six (6) seats designated as crew rest seats. See Attachment "A".

5. Ticket Taking

One (1) Flight Attendant from an International flight may be required to take tickets from boarding passengers, if there exists a jetway for boarding and the FAA minimum crew requirement remain on board. This Flight Attendant may give baggage check tickets to passengers as appropriate, but no other duties may be required off the aircraft. The Flight Attendant performing these duties will be the most senior Flight Attendant on the crew who chooses to do so, in accordance with procedures to be established between the company and union.

6. Change in Calendar Months

The Company may adjust up to six (6) bid months in a calendar year as follows:

- a. 30-day Months:  
January (1/1-1/30); February (1/31-3/1); March (3/2-3/31); April (4/1-4/30); July (7/2-7/30); August (8/1-8/30); December (12/2-12/31).
  - b. 31-day Months:  
May (5/1-5/31); June (6/1-7/1), September (8/31-9/30); October (10/1-10/31); November (11/1-12/2).
  - c. Such adjustments must take place at the time of Vacation Bid Posting. (September 1 of the prior year.)
  - d. The Company may make one (1) change (involving two (2) months) after the calendar year has started but such change must be made prior to providing preliminary bid pairings to the Union for the first month effected by the change.
  - e. If a change made pursuant to paragraph d. above impacts a flight attendant's awarded vacation period(s) by creating, deleting or otherwise involving a vacation overlap from one month to the next, she/he may, at her/his sole discretion, slide the vacation period one (1) day in either direction. Such discretion must be exercised before final bid awards in order to effectuate the change.
7. Pay Dates  
The Company may change pay dates from 5<sup>th</sup> and 20<sup>th</sup> to the 7<sup>th</sup> and 22<sup>nd</sup> of each month if, and only if, all labor groups agree to such change. The company will give at least ninety (90) notice prior to making the change.
8. AFA Banks:  
Section 22.D. preamble and 22.D.2. will be amended to reflect that the Company will pay 600 hours per month for AFA business. Any time not used will be accrued up to a maximum of 2,500 hours. There will be no change to the language in 22.D.2.c. Section 22.L. and other accruals (e.g. MMG) will be deleted.
9. Modified Duty-OCC.
- a. For Flight Attendants who do not live in or near a domicile, modified ground duty may be assigned at a charitable organization (e.g. United Way) or a public institution (e.g. local school board), subject to HA's policy. Such flight attendant will be provided with a list of such organizations and, where possible, the company will consider the Flight Attendant's suggestions, (e.g.- child's school.)
  - b. Within ninety (90) days of the implementation, the parties will meet to establish the parameters for ground duty and travel while on OCC.

- 10. Furlougee Travel
  - a. Furlougee travel privileges shall be reduced to sixty (60) days. However, qualified furlougees will have jumpseat privileges for one (1) year from date of furlough, subject to seniority and availability.
  - b. Should any other group's furlougee travel privileges be improved, such improvement shall also apply to furloughed flight attendants.
- C. Health and Welfare and Continuation of Benefits (Changes to take effect as soon as practicable after emergence from bankruptcy, however not prior to July 1, 2005, provided the same changes are agreed to in all other collective bargaining agreements)

Amend and Attach Section 32 Insurance & Benefits.

- 1. Orthodontia Coverage.
  - a. Orthodontia Coverage for flight attendants and dependents hired prior to February 18, 2005 shall remain unchanged.
  - b. For individuals hired after February 18, 2005, orthodontia coverage shall only be available for dependents.
- 2. Effective July 1, 2005, only HMSA-Preferred Provider B Plan and Kaiser Plan will be the health care plans available to Flight Attendants. Flight Attendants will make the following contributions by way of payroll reduction to the cost of their health care plan(s): The monthly contribution not to exceed the lesser of:
  - a. 1.5% (for single coverage) or 2% (for two-party or family coverage) of his or her monthly compensation; or
  - b. "Dollar caps" to be applied as set forth in the chart below:

Effective date	Single	Two-Party	Family
7-1-05	\$50	\$120	\$150
6-1-06	\$55	\$135	\$165
6-1-07	\$60	\$150	\$180

- 3. Notwithstanding paragraph 2 above, the Company will continue to offer the Health Plus Plan (or its alternative) for Flight Attendants residing in Washington State as long as, and on the same terms as, the plan is available to pilots domiciled in Washington state.
- 4. Prescription Drug Coverage Provisions: HMSA- \$2/Generic and \$5/Brand name. Kaiser (No change.)

5. Vision Coverage Improvements: Kaiser- No Change. HMSA- 80% for eye exam.
6. Effective July 1, 2005, the Company-provided health coverage will include acupuncture and chiropractic coverage if available.
7. The Company shall continue to pay for medical, dental, life and AD&D insurance coverage for Flight Attendants (and their eligible dependents) who are on occupational injury/illness leave as long as she/he is receiving compensation, in any form (e.g. salary continuance, sick leave etc.), from the Company, and for six (6) months thereafter. Thereafter, the Flight Attendant may continue the coverage(s) at her/his own expense under the provisions of COBRA.

D. Returns

1. Performance Bonus- As per Attachment E to this agreement.
2. Profit Bonus- As per Attachment E to this agreement.
3. Stock Allocation – Letter of allocation to be drafted.
  - a. For agreeing to eliminate the “Change in Control” provision the Company agrees to give 1.5 million shares of stock in Hawaiian Airlines to be divided amongst all employee groups. The stock will be distributed in three (3) installments beginning with the emergence from bankruptcy.
  - b. The first installment, upon emergence from bankruptcy will be allocated to employees with 100 shares to each full-time employee and 50 shares to each part-time employee. The first installment will be placed in each Flight Attendant’s 401k plan.
  - c. Subsequent installments will be granted in equal amounts on May 1, 2006 and May 1, 2007, based on a pro-rata basis of W-2 earnings. These installments will be placed in the 401k plan unless the Flight Attendant notifies the Company to issue the stock directly to the employee.
4. Pay Rates
  - a. The wage rates found in Section 3.A.1. shall be modified to include the one dollar (\$1.00) override applicable to each of those wage rates as previously agreed.
  - b. The rates of pay set forth in the Flight Attendant Agreement dated May 1, 2001- November 1, 2004, as amended, shall be

increased by 1% across the board on November 1, 2005; November 1, 2006; and October 31, 2007, as shown in the table below.

	<u>Current</u>	1% November 1, 2005	1% November 1, 2006	1% October 31, 2007
1 <sup>st</sup> 6 months	\$19.71	\$19.91	\$20.11	\$20.31
2 <sup>nd</sup> 6 months	21.48	21.69	21.91	22.13
2 <sup>nd</sup> Year	25.11	25.36	25.61	25.87
3 <sup>rd</sup> Year	28.00	28.28	28.56	28.85
4 <sup>th</sup> Year	29.79	30.09	30.39	30.69
5 <sup>th</sup> Year	35.87	36.23	36.59	36.96
6 <sup>th</sup> Year	36.81	37.18	37.55	37.93
7 <sup>th</sup> Year	37.77	38.15	38.53	38.92
8 <sup>th</sup> Year	38.84	39.23	39.62	40.02
9 <sup>th</sup> Year	40.00	40.40	40.80	41.21
10 <sup>th</sup> Year	40.93	41.34	41.75	42.17
11 <sup>th</sup> Year	41.89	42.31	42.73	43.16
12 <sup>th</sup> Year	42.30	42.72	43.15	43.58
13 <sup>th</sup> Year	42.69	43.12	43.55	43.99
14 <sup>th</sup> Year	43.13	43.56	44.00	44.44
15 <sup>th</sup> Year	43.60	44.04	44.48	44.92
18 <sup>th</sup> Year	44.14	44.58	45.03	45.48
20 <sup>th</sup> Year	44.68	45.13	45.58	46.04

E. Other Considerations:

1. PBS

a. The Association agrees to NavTech as the new product for PBS. Such product must comply with all contractual parameters and other agreed upon parameters. The PBS system may be programmed to build partial lines after all regular bid lines have been built, as long as this does not restrict a Flight Attendant's ability to bid for days off based upon her/his seniority. Prior to final implementation of the NavTech product, the Union must sign off on the product and such sign off will not be unreasonably withheld. During parallel bidding pay protection and scheduling will be based on SBS awards.

b. The Company agrees that any new PBS system purchased will address the recurring seniority violations. In addition the new system will build partial lines (reserve lines with projected trips) for reserve Flight Attendants.

c. The Company agrees to add NavTech Real Time Trade/Pick-Up Board to the PBS system.

d. Following implementation of the NavTech product, the Company may reduce the AFA PBS Representative to half-time if the work allows for said reduction.

2. Flight Attendants may trade/pick-up flights to create a hub turn, if the flights in question are scheduled with a minimum of one (1) between block in to block out.

3. When a Flight Attendant receives only one paycheck in a month, the full monthly Union dues will be deducted from that check.

4. Parking for Flight Attendants in the LAX domicile will be returned to Lot D.

5. The Company will work with AFA to develop health and safety programs for flight attendants.

6. All outstanding grievances will be resolved within six (6) months of ratification.

7. The AFA Negotiating Committee and the Company agree to resolve recurring scheduling issues and memorialize such resolutions in writing within six (6) months of ratification.

8. All changes pursuant to this document will be incorporated into the body of the Agreement. Additionally, during that process the parties agree to clean up and correct current contract language including typographical errors.

9. Focus Groups, per Attachment C, to hear issues Reserve Flight Attendants are encountering with Crew Scheduling and Crew Resource in order to identify problems, determine a means of addressing the issues and to educate all parties concerning the issues/resolutions.

10. Company to assume expenses for these negotiations per Attachment D.

F. Effective Date


This Agreement shall become effective when the Ranch Capital Reorganization plan becomes effective, provided that agreements that maintain the agreed upon cost limitations are in place for all other unions, either by ratification or U.S. Bankruptcy Court imposition.

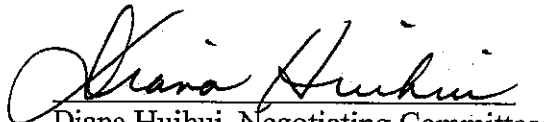


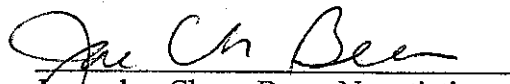
IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement, this  
12 day of Jan, 2006.

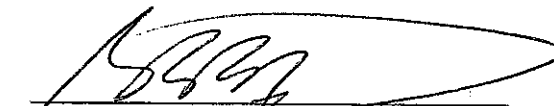
FOR THE ASSOCIATION:

  
Patricia Friend, International President


  
Sharon Soper, MEC President

  
Diana Huihui, Negotiating Committee  
Chairperson

  
Jacquelyn Chryn-Bean, Negotiating  
Committee

  
Mark B. Bigelow, Associate General Counsel

FOR THE COMPANY:

  
Louis Saint-Cyr, Vice President  
Inflight Services

# HAWAIIAN AIRLINES 2005 REORGANIZATION AGREEMENT

## ATTACHMENT LIST

<u>ATTACHMENT</u>	<u>DESCRIPTION</u>
A	767 Load Factor Staffing Chart
B	No Layoff Letter
C	Reserve Focus Groups Letter
D	Negotiations Expenses
E	Profit Sharing, Stock, Performance Bonus
F	Change in Control Language
G	HMSA Benefits Chart
Section 32	Insurance and Benefits

ATTACHMENT "A"

	Capacity**	<u>246</u> (252-6)	<u>253</u> (259-6)	<u>258</u> (262-6)
75%		184	189	193
80%		196	202	206

**\*\* - The numbers in this chart are based on the 767 aircraft seating configurations currently in the Hawaiian Airlines System.**



**HAWAIIAN**  
— AIRLINES —

**B**

January 9, 2006

Sharon Soper  
M.E.C. President  
AFA Hawaiian Airlines

Dear Sharon

**Ref.: Lay-offs as a result of Crewing to Load on SYD**

The purpose of this letter is to confirm that crewing to load on SYD will not lead to any lay-offs during the life of the current agreement.

Sincerely,

Louis Saint-Cyr  
Vice President, In-flight Services  
Hawaiian Airlines



**HAWAIIAN**  
— AIRLINES. —

C

January 12, 2006

Sharon Soper  
M.E.C. President  
AFA Hawaiian Airlines

Dear Sharon

**Ref.: Reserve Focus Groups**

As a result of our last round of bargaining and continued discussions with AFA regarding Reserves and flying in HNL and LAX, the company has agreed to pay for focus groups with employees in order to explore solutions relative to issues of immediate concern. The union and the company will agree on a later date as to the parameters of these discussions.

Sincerely,

Louis Saint-Cyr  
Vice President, In-flight Services  
Hawaiian Airlines



D

January 12, 2005

Ms. Sharon Soper  
MEC President

Re: Tentative Agreements with AFA

Dear Ms. Soper:

This will confirm our discussions that as part of the tentative agreement reached between Hawaiian Airlines, Inc. and the Flight Attendants in the service of Hawaiian Airlines, Inc. as represented by The Association of Flight Attendants, on receipt of proof of expenses incurred by the Union in connection with the negotiations, agrees to pay up to \$60,000 for expenses related to the bankruptcy. Obviously this is conditional on procuring a ratified agreement.

Yours sincerely,

Bronach R. Cole  
Senior Director, Labor Relations

## HAWAIIAN AIRLINES PROFIT SHARING, STOCK & PERFORMANCE BONUSES

Hawaiian employees would receive cash bonuses if:

- Hawaiian's pre-tax income exceeds target goals, or
- Hawaiian as an airline meets performance goals for on-time performance, safety, etc.

In addition, employees will receive 1.5 million shares of Hawaiian Holdings stock (current market value as of January 12, 2004 approximately \$10 million).

### Performance Bonus

Each year, the company will establish performance goals for on-time performance, safety, etc. Based on the yearly goals, quarterly goals will be set. These performance goals will be discussed with all unions and brought to the attention of all employees. For each quarter that the performance goals are met, each active full-time employee will receive a bonus of \$150, a potential total of \$600 per year, and each active part-time employee will be eligible for a quarterly bonus of \$75 per quarter, a potential total of \$300 per year. Any bonus payments will be reduced by applicable taxes and pre-tax deferral deductions. If goals are not met, no performance bonus will be paid for that quarter. Performance bonus payments will be paid regardless of company profitability.

### Profit Bonus

The total potential profit bonus will be 5% of annual pretax profits (excluding extraordinary items and charges) from \$15 million-\$30 million, 10% from \$30 million - \$60 million, and 5% of such profits in excess of \$60 million. Before being allocated among employee groups, the total potential profit bonus will be reduced dollar-for-dollar by the performance bonuses paid for the year. The Company may, at its discretion, pay the profit bonus on a quarterly, rather than an annual basis.

The net profit bonus will first be divided among all employee groups (ALPA, AFA, IAM, nonrepresented, etc.) on the basis of each group's pro rata share of W-2 wages for the year. Within each group, the bonus will then be allocated

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based on regular W-2 wages<sup>1</sup>(as defined below) of each eligible member of the group, or another basis if that is agreed upon. Profit bonuses paid will be less applicable taxes and pre-tax deferral deductions.

### **Example**

If Hawaiian's 2005 pre-tax profit were \$70 million (similar to 2004), the total potential bonus payment would be \$4.25 million (5% of \$70 million less \$60 million + 10% of \$60 million less \$30 million + 5% of \$30 million less \$15 million). If the Performance Bonuses paid out for the year totaled \$1.2 million, then up to \$3.05 million would be allocated among employee groups and individual employees in the manner described above.

### **Employee Stock**

Hawaiian employees will be granted 1.5 million shares of Hawaiian Holdings common stock. On exit from bankruptcy, each eligible full time employee (as defined below) will have 100 shares deposited in their 401(k) account (part-time will be 50 shares), subject to applicable legal limitations. Remaining shares will be distributed in two equal distributions on May 1, 2006 and May 1, 2007\*. The allocation will be first on the basis of each group's pro rata share of W-2 wages for the tax year. Shares will be deposited directly to the 401 (k) unless by February 15, 2006 and 2007 the union advises the Company that they be issued directly to the employees (in which case the shares would be subject to tax at the time distributed to the employee). The two later distributions of stock will be allocated to employee groups based on W-2 wages as defined below for the tax year preceding the year of each distribution. Within employee groups, shares will be allocated to individual eligible employees based on prior tax year W-2 wages as defined below, unless a different arrangement is agreed upon.

\* Prior to the distribution in 2006 and 2007, the company and union representatives will discuss and agree to the details of the allocation and distribution.

### **General Provisions**

Eligible employees are defined as active employees during the applicable period with accumulated W-2 wages in excess of \$500 per quarter unless,

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<sup>1</sup> The company would have discretion to set a minimum amount payable to any individual.



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before the time of payout or issuance of shares, they were involuntarily terminated or voluntarily resigned. The plan would apply to all employees meeting these criteria, except corporate officers.

For purposes of the plans, W-2 wages shall mean regular earnings as reported in Box 5 including employee pre-tax deferrals (e.g. 401(k) employee contributions) on previous year's IRS Form W-2 and exclude bonuses, vacation payoffs, insurance, layoff severance and other similar non-regular earnings even if otherwise reported in Box 5 on Form W-2.

Payments described herein will not be treated as covered compensation for 401(k) or pension plan purposes.

If renegotiated agreements take effect by April 1, 2005, the Bonus Plan would be effective as of January 1, 2005 for all eligible employees.

For each group of bargaining unit employees, participation in the Profit Bonus and Performance Bonus programs shall continue until the contract becomes amendable. If the applicable CBA becomes amendable during a year, the amount of the bonus to that group using the formulas described above will be multiplied by a fraction, the numerator of which is the number of whole months in the year through the amendable date and the denominator of which is 12. The resulting amount will then be distributed among members of that group based on allocation rules that have been agreed upon (described above).

Section 1.F. is amended to read:

In the event a "Change of Control" occurs and within two (2) years of the Change of Control the person(s) exercising such control (i) replaces a majority of the directors of the Company or of Hawaiian Holdings, Inc. ("Holdings"), excluding replacements as the result of death, disability or reaching of retirement age, or (ii) through making shareholder proposals or initiating proxy solicitations, directs Holdings' board and/or influences the operations of the Company (a "Change of Control Event"), then: (a) the Association shall have the right in its sole discretion to extend the duration of the Agreement for up to two (2) years from the date of the Change of Control Event; and (b) Holdings and the Company shall at Holdings' option either (i) issue to flight attendants common shares of Holdings having an aggregate market value of \$1,500,000 at the time of the Change of Control Event, or (ii) pay \$1,500,000 in cash. If Holdings elects to issue common stock it shall be issued within five (5) business days after the date of the Change of Control Event, and the number of shares to be issued shall be \$1,500,000 divided by the average closing price for the five (5) business days preceding the third business day after the date of Change of Control Event. If Holdings elects to issue cash, it shall do so no later than eight (8) business days following the date of the Change of Control Event. The stock or cash shall be allocated based on W-2 wages for the tax year immediately preceding the issuance of the stock. A "Change of Control" occurs when a purchaser or a group of purchasers acting in concert (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder), through a single transaction or a series of related transactions, (i) acquires more than 40% of the capital stock of Holdings or the Company on a fully diluted basis, or (ii) obtains the right to elect the majority of Holdings' directors.

An "Adverse Transaction" shall mean: (a) any changes made in operations within two (2) years after either the Effective Date of the Joint Plan or a Change of Control, that reduce the total number of block hours flown by the Company during any 12 month period by 15% or more compared to the prior 12 month period or that reduce the number of the Company's aircraft to fewer than twenty (20) (an "Operational Reduction"); (b) a sale of all or substantially all of the equity securities or assets of the Company (a "Sale"); or (c) a merger of the Company with or into another entity, regardless of which entity is the surviving entity and which merger is used to implement an acquisition of the Company by another airline (a "Merger"). In the event that an "Adverse Transaction" occurs then, in addition to all other rights and remedies specified in the Agreement or otherwise available at law, the Association shall have the right in its sole discretion to (A) extend the duration of the Agreement for up to two (2) years past the Change of Control date, in the event of an Operational Reduction, or two (2) years past the Adverse Transaction date in the event of a Sale or Merger; and (B) obtain an agreement from the Company pursuant to which no active flight attendants (less the number of flight attendants on leave) who are on the seniority list on the date of the Adverse Transaction shall be furloughed from the date the Adverse Transaction through the amendable date, as it may be extended hereunder, except for furloughs that occur in the ordinary course for reasons such as but not limited to seasonality and aircraft placed out of service except as a result of the Adverse Transaction. In addition, Holdings and the Company shall at Holdings' option either (i) issue to flight attendants common shares

of Holdings having an aggregate market value of \$1,500,000 at the time of the Adverse Transaction, or (ii) pay \$1,500,000 in cash. If Holding elects to issue common stock it shall be issued within five (5) business days after the effective date of the Adverse Transaction, and the number of shares to be issued shall be \$1,500,000 divided by the average closing price for the five (5) business days preceding the third business day after the date the Adverse Transaction is publicly announced. If Holdings elects to issue cash, it shall do so no later than eight (8) business days following the effective date of the Adverse Transaction. The stock or cash shall be allocated based on W-2 wages for the tax year immediately preceding the issuance of the stock. In the event of a Merger, the furlough protection provided in (B) herein shall only be required of the Company until such time as the seniority lists and collective bargaining agreements of the merged companies are combined, and the Company hereby agrees to make such operational integration of the two carriers a condition of such Merger. The Company agrees that it shall provide the Association with sufficiently detailed information regarding a prospective Adverse Transaction on which to make the determination described herein, on or before the later of (x) 30 days prior to the effective date of the proposed Adverse Transaction, or (y) as soon as legally practicable based on advise of counsel to Holdings.

For purposes of this Section 1.F., any reference to the Company or Holdings shall be deemed to include any successor or parent entity of either the Company or Holdings; provided, however, in no event shall a single transfer or disposition of assets or equity securities of the Company, Holdings or any successor or predecessor of either the Company or Holdings trigger both a Change of Control Event and an Adverse Transaction for purposes of this Section 1.F., whether or not coupled with a replacement of a majority of the directors of the Company or Holdings in connection with a Sale or Merger, as both are defined above.

**H M S A B E N E F I T S C H A R T****PREFERRED PROVIDER PLAN**

BENEFIT PROVISION	PARTICIPATING PROVIDERS	NON-PARTICIPATING PROVIDERS
Annual Deductible	None, except for other specified services.	\$100/person - Maximum \$300/family
Hospital Deductible per Confinement	None	\$200
Annual Copayment Maximum	<b><i>\$2,500 per person; Maximum \$7,000 per family.</i></b> If one of these maximums is reached, benefits for that person or family will increase to 100% of eligible charges for covered services for the rest of the calendar year and the next calendar year.	
Lifetime Maximum	\$5,000,000.00 per person Annual Renewal: \$10,000	
Major Medical Expense Supplement	This is a comprehensive medical plan which incorporates both Basic and Major Medical benefits.	
Physician office visits	90%	70% after annual deductible
Hospital Visits, Intensive Care & In-hospital Physician visits	90%	70% after annual deductible
Hospital Room & Care	90% of semiprivate room rate; unlimited number of days	70% of Eligible Charges based on semiprivate room rate after annual and hospital deductibles, unlimited number of days
Isolation Care Unit	90% of Isolation Care Unit rate	70% of Eligible Charges after annual and hospital deductibles
Intermediate Care Unit	90% of Intermediate Care Unit rate	70% of Eligible Charges after annual and hospital deductibles.
Intensive Care Coronary Care Ancillary Services, Inpatient Laboratory & X-ray	90% of charges	70% of Eligible Charges after annual and hospital deductibles.
<b>*Surgery, Maternity and Anesthesiologist</b>	90%	70% after annual deductible
BENEFIT PROVISION	PARTICIPATING PROVIDERS	NON-PARTICIPATING PROVIDERS
Non-cutting Surgical Services	80%	70% after annual deductible
Routine Circumcision	Not a benefit	Not a benefit
<b>**Out-patient laboratory and X-ray services for injuries within 48 hours, diagnostic services &amp; radiotherapy for malignancies &amp; non-malignancies</b>	80%	70% after annual deductible
Mental Health and Alcohol or Drug Dependence Services	Approval from the HMSA Benefits Manager is required for Mental Health Services and Alcohol/Drug Rehabilitation, or a \$300 penalty will apply. However, this requirement is waived if the Flight Attendant is participating in the AFA EAP	

## Attachment G

	Program. AFA EAP Program referrals shall be paid in accordance with Preferred Provider Plan Benefits and guidelines.	
Mental Health/Alcohol, Drug Rehabilitation Hospital & Facility Services (30 days maximum per calendar year)	Regular Plan Benefits	Regular Plan Benefits
Psychiatrist & Psychologist services Inpatient limited to 30 visits per calendar year. Outpatient limited to 12 visits per calendar year.	90%	70% after annual deductible
	90%	70% after annual deductible
Emergency Room	90%	70% after annual deductible
Hospice Care Services up to 150 days of care for a terminal illness (in lieu of other covered services for such illness)	100%	Not a benefit
Nurse Midwife Services/ Birthing Center Services	100%	70% after annual deductible

\* Most Participating Providers agree to accept HMSA's payment as payment in full.

\*\* Most Participating Providers agree to accept HMSA's payment as payment in full.

BENEFIT PROVISION	PARTICIPATING PROVIDERS	NON-PARTICIPATING PROVIDERS
Skilled Nursing Facility -No prior confinement in hospital is required - 120 days per calendar year	90% of Eligible Charges based on semiprivate room rate.	70% of Eligible Charges based on semiprivate room rate after annual and hospital deductibles.
Other Services Appliances & Equipment Chemotherapy Evaluations for use of Hearing Aids, Speech Therapy	80% after annual deductible	70% after annual deductible
Allergy Testing	80% after annual deductible	70% after annual deductible
Air Ambulance Limited to inter-island transportation within Hawaii	80% after annual deductible	70% after annual deductible
Organ Donor Services	80% after annual deductible only if recipient is a member	70% after annual deductible only if recipient is a member
Screening of Organ Donor Limited to screening expenses of actual donor only	80% after annual deductible	70% after annual deductible
Physical Therapy No prior confinement in hospital required; Maximum of 10 visits per illness or injury; Additional visits are available with prior authorization from HMSA	80% after annual deductible	70% after annual deductible
Private Duty Nursing	Not a benefit * Private Duty Nursing benefits shall be retained by any Flight Attendant or by any Flight Attendant's dependent who is currently utilizing the services of a private duty nurse as of December 31, 1993. This coverage under Plan 4 shall	

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	be grand-fathered until the private duty nursing services related to the current incident or illness are no longer required.	
Blood, Dialysis & Supplies and Outpatient Injections	80% after annual deductible	70% after annual deductible
Managed Care: Pre-admission Review, Surgical Appropriateness Review & Concurrent Review	Any benefits otherwise payable will be reduced by \$300 if required review is not performed. If Second Surgical opinion is not obtained, the penalty will be the lesser of \$300 or the full cost of surgery.	
Health Pass - Health Risk Assessment	100% of charges from a Program Provider only. Flight Attendant and spouse are entitled to receive a free annual health risk assessment that evaluates health and lifestyle.	
Diagnostic screening tests and health maintenance physical examinations	50% of Eligible Charges from a Program Provider only	
Wellness counseling and health education programs when needed as determined by HMSA Health Pass	Special Member rates with no Annual Deductible - from a Program Provider only	

Note: All plan payments on the PPP Chart on the preceding pages shown as a percent relate to a percentage of eligible charges.

Benefit chart for Kaiser Health Plan B (HMO) to be inserted.

## SECTION 32: Insurance and Benefits

### A. Group Life

1. Effective July 1, 2001, the Company will provide to all full-time Flight Attendants who have been employed by the Company for more than one hundred and eighty (180) days, Group Life coverage and Accidental Death and Dismemberment insurance in the amounts noted below at no cost to the employee. The amount of insurance provided will be adjusted at the beginning of each calendar year to reflect any salary or wage increases which the employee may have received during the year just completed. These benefits shall be on a twenty-four (24) hour basis including coverage while acting in the capacity of a crew member for Hawaiian Airlines, Inc.

<u>If Annual Salary is:</u>	<u>Basic Life</u>	<u>AD &amp; D</u>
\$9,000 & Under	\$36,000	\$36,000
9,001 - \$10,000	40,000	40,000
10,001 - 11,000	44,000	44,000
11,001 - 12,000	48,000	48,000
12,001 - 13,000	52,000	52,000
13,001 - 14,000	56,000	56,000
14,001 - 15,000	60,000	60,000
15,001 - 16,000	64,000	64,000
16,001 - 17,000	68,000	68,000
17,001 - 18,000	72,000	72,000
18,001 - 19,000	76,000	76,000
19,001 - 20,000	80,000	80,000
20,001 - 21,000	84,000	84,000
21,001 - 22,000	88,000	88,000
22,001 - 23,000	92,000	92,000
23,001 - 24,000	96,000	96,000
24,001 - 25,000	100,000	100,000
25,001 & over	104,000	104,000

2. An accelerated death benefit provision shall be added to the group life insurance plan effective July 1, 2001. This provision will provide a pay out of not less than fifty percent (50%) of a Flight Attendant's basic and optional group life insurance benefit if life expectancy is six (6) months or less as certified by a doctor and as approved by the insurance company.

3. Flight Attendants may purchase optional Life and Accidental Death and Dismemberment coverage in amounts noted above. If the Company procures rates for either the present or additional optional insurance at lesser rates than at present, the Company will charge Flight Attendants the lesser rate for optional insurance.

4. For Flight Attendants on long-term disability, medical leave of absence or Workers' Compensation, basic Group Life insurance premiums will continue to be paid by the Company for up to nine (9) months of continuous disability or after sick leave has been exhausted, whichever is later. If the Flight Attendant becomes disabled

## SECTION 32: Insurance and Benefits

before age sixty-five (65), she/he may make application to the insurance carrier for waiver of premium benefit after nine (9) months of continuous disability. If the application is approved, coverage is continued at no cost to the Flight Attendant for the duration of the disability, up to the earlier of retirement or the age at which LTD benefits cease to be payable under the plan, as long as the disability is certified each year and the coverage is in compliance with applicable law. If a waiver of premium application is denied, the Flight Attendant, at her/his own expense, shall be permitted to continue coverage at the Company's group rates for as long as she/he is on the Flight Attendants' System Seniority List.

5. Beginning with the month following application therefore, an eligible employee may purchase, through payroll deduction, \$5,000 of Group Life insurance for her/his spouse and \$2,000 for each dependent child at the best group rate the Company can obtain. Children are covered for the first six (6) months of life for \$100. Thereafter, they are covered for \$2,000 up to their 20th birthday. Seventy-five percent (75%) of the eligible employees must sign up for this coverage before it will become effective.

### B. Long Term Disability (LTD)

1. The Company will provide to all Flight Attendants covered by this Agreement, who have been employed in a full-time capacity for a period of three (3) continuous months, Long Term Disability (LTD) insurance in accordance with the following benefit structure.

#### 2. Core LTD Benefits

a. Effective June 1, 2001, the Company shall provide core LTD benefits equal to fifty percent (50%) of the Flight Attendant's average basic monthly salary (for the purpose of LTD, average basic monthly salary shall be defined as W2 and tax deferred earnings, less imputed life, taxable domestic partner benefits, per diem, waiver of medical premiums, bonus/profit sharing, and/or any one-time, non-recurring item) earned for the twelve (12) months (exclusive of leaves) immediately prior to the date of disability (benefits not to exceed two thousand dollars (\$2,000) per month) for all disabilities not covered by Workers Compensation.

b. Company provided self-insured core LTD benefits shall be paid to an eligible disabled Flight Attendant starting with the ninety-first (91st) day after her/his last day of active employment due to disability or at the expiration of sick leave benefits, whichever occurs later, and continuing until the two hundred seventieth (270th) day. Thereafter, an eligible Flight Attendant's core LTD benefit coverage will be administered by the Company's LTD insurance carrier. Receipt of core LTD benefit payments under the Company's self-insured benefit program does not necessarily guarantee that the Company's LTD



## **SECTION 32: Insurance and Benefits**

insurance carrier will approve a Flight Attendant's disability application for continuation of core LTD benefits after the initial two hundred seventy (270) days of coverage.

### **3. Optional LTD Benefits**

Effective April 1, 2002, Flight Attendants may elect to purchase either one of the following optional LTD coverages. Optional LTD benefits are effective two hundred seventy one (271) days after the last day of active employment due to disability or at the expiration of sick leave benefits, whichever occurs later. Optional LTD benefits are administered by the Company's LTD insurance carrier. Receipt of core LTD benefit payments under the Company's self-insured benefit program does not necessarily guarantee that the Company's LTD insurance carrier will approve a Flight Attendant's disability application for payment of optional LTD benefits.

Option 1: Sixty percent (60%) of average basic monthly salary (as defined in 32.B.2.a.) up to a maximum of three thousand dollars (\$3,000) per month.

Option 2: Sixty-six and two-thirds percent (66-2/3%) of average basic monthly salary (as defined in 32.B.2.a.) up to a maximum of three thousand five hundred dollars (\$3,500) per month.

4. LTD benefit payments shall continue with the earlier of two (2) years, retirement or age sixty-five (65) (or later if required by law), or the age at which LTD benefits cease to be payable under the plan, whichever occurs first, if the Flight Attendant is unable to perform the job held at the time of disability. If the Flight Attendant is unable to perform any type of gainful employment, LTD benefit payments shall continue until the earlier of retirement or age sixty-five (65) (or later if required by law), or the age at which LTD benefits cease to be payable under the plan, whichever occurs first.

5. Core and optional LTD benefit payments will be reduced by any amount received through the Social Security program or any other government or Company provided disability payments other than payments under the Flight Attendant 401(k) Plan.

6. A Flight Attendant disabled, as defined in the Long Term Disability program, shall be provided hospital, medical, surgical, and any applicable major medical coverage for her/him and eligible dependents provided in accordance with Subsection C. below for a period of six (6) months after exhaustion of sick

## SECTION 32: Insurance and Benefits

leave benefits. Thereafter, at her/his own expense, she/he may continue such coverage at the Company's group rates for as long as she/he is on the Flight Attendants' System Seniority List.

7. Flight Attendants who are disabled due to pregnancy shall have their Long Term Disability (LTD) benefits adjusted if they apply for and are authorized State/Federal Unemployment Benefits. Flight Attendants who receive LTD and unemployment benefits shall not exceed the maximum compensation provided by the LTD plan.

**Example:** A pregnant Flight Attendant is disabled and qualifies for LTD. Her average compensation is \$4,200 per month. Therefore, she is eligible for a core LTD payment of \$2,000 per month ( $50\% \times \$4,200$ , to a maximum of \$2,000). If the Flight Attendant collects unemployment benefits at \$200 per week, or \$800 per month, she shall be eligible for not more than \$1,200 from her core LTD benefits for a total combined compensation of \$2,000 per month.

**LTD Option 1:** The same Flight Attendant purchased Option 1 with a maximum buy up of \$3,000 per month. Therefore, she is eligible to receive combined core and buy-up LTD benefits of \$2,520 per month ( $60\% \times \$4,200$ , to a maximum of \$3,000). If the Flight Attendant collects unemployment benefits at \$200 per week, or \$800 per month, she shall be eligible for \$1,720 per month ( $\$2,520$  less \$800) per month. A portion of the LTD benefit is taxable and a portion of the LTD benefit is non-taxable based on the Company's overall premium allocation.

**LTD Option 2:** The same Flight Attendant purchased Option 2 with a maximum buy up of \$3,500 per month. Therefore, she is eligible to receive combined core and buy-up LTD benefits of \$2,800 per month ( $66\frac{2}{3}\% \times \$4,200$ , to a maximum of \$3,500). If the Flight Attendant collects unemployment benefits at \$200 per week, or \$800 per month, she shall be eligible for \$2,000 ( $\$2,800$  less \$800) per month. A portion of the LTD benefit is taxable and a portion of the LTD benefit is non-taxable based on the Company's overall premium allocation.

## SECTION 32: Insurance and Benefits

### C. Health and Dental

1. In the event the amount paid by a Flight Attendant, either on her/his behalf or on behalf of one or more of her/his dependents, exceeds one thousand five hundred dollars (\$1,500) with respect to a calendar year covered by the medical insurance, such medical program under which the Flight Attendant is covered shall pay one hundred percent (100%) of the excess of that year's payments. This coverage shall be limited to each calendar year. Such insurance shall apply only to expenses which are covered and included as part of the medical plan.

#### 2. Medical

a. The Company will offer the medical plan options as set forth below.

- (1) HMSA Preferred Provider Plan (PPP) - Hawaii and, effective January 1, 2002, California based Flight Attendants
- (2) Kaiser Health Plan B (HMO) - Hawaii and California based Flight Attendants
- ~~(3) Health Plan Hawaii Plus (HPHP) - Hawaii based Flight Attendants only, effective January 1, 2002~~
- ~~(4) Kaiser Added Choice - Hawaii based Flight Attendants only, effective January 1, 2002~~
- (3) Health Plus (HMO) - Flight Attendants who reside in the state of Washington only

b. In order to be considered within the HMSA PPP extended network outside of the state of Hawaii, the plan must achieve a penetration level of fifty percent (50%) with respect to all hospitals and licensed doctors within a Flight Attendant's geographical area.

(1) Until the HMSA PPP extended network is activated, Flight Attendants would continue to pay the same monthly contribution as the Flight Attendants in Hawaii pay for their HMSA PPP medical coverage.

(2) HMSA PPP eligible charges will be determined based upon charges within the Flight Attendant's geographical area only and when

**SECTION 32: Insurance and Benefits**

available in such Flight Attendant's geographical area.

(3) A geographical area shall be defined as the State in which the Flight Attendant's primary residence is found.

c. For eligible and medically necessary services rendered outside the State of Hawaii, HMSA will pay benefits based on eligible charges for the same or substantially similar services rendered in the State of Hawaii.

d. When the eligible charge for a covered service rendered outside the State of Hawaii is less than the provider's actual charge for that service, HMSA may increase the benefits to pay the average percentage of charges paid by HMSA for the same or similar services rendered in the State of Hawaii.

e. Eligible dependents shall include spouse and Dependent children up to the age of nineteen (19) and through age twenty-four (24) if unmarried and a full-time student.

f. Effective July 1, 2001, the lifetime maximum Limitation under the HMSA PPP, and Health Plus shall be five million dollars (\$5,000,000) per person, with an annual renewal of ten thousand dollars (\$10,000) implemented on a prospective basis.

g. **Effective June 1, 2005, the Company-provided health coverage will include acupuncture and chiropractic coverage if available.**

**h. Flight Attendant Contributions**

(1) Effective January 1, 1993, Flight Attendants will make contributions by way of payroll reduction to the cost of their health care plan(s). Contributions shall be deducted on a pre-tax basis based on IRS guidelines.

(2) A Flight Attendant participating in a HMO alternative plan will pay the same monthly contribution as a Flight Attendant participating in the HMSA PPP.

(3) Flight Attendants will make the following contributions by way of payroll deduction to the cost of their health care plan(s). The monthly contribution not to exceed the lesser of:

**SECTION 32: Insurance and Benefits**

(a) 1.5% (for single coverage) or 2% (for two-party or family coverage) of his or her monthly compensation; or

(b) "Dollar caps" to be applied as set forth in the chart below:

Effective date	Single	Two-Party	Family
7-1-05	\$50	\$120	\$150
6-1-06	\$55	\$135	\$165
6-1-07	\$60	\$150	\$180

(4) The Company agrees that the terms and conditions of Flight Attendant contributions to the health plan shall be the same as those for all employees, including those represented by the International Association of Machinists and the Airline Pilots Association provided that if another employee group negotiates terms and conditions that are more onerous to the employee than those stated in this subsection, Flight Attendants shall not pay more than the amounts set forth in this subsection.

(5) The Company further agrees that if at any time, any other contract or non-contract employee group is not required to contribute to the premium(s) for their health plan(s), the provisions of this subsection shall drop dead, and Flight Attendant contributions shall cease concurrently with the date of the other group's cessation of premium contribution(s).

**3. Medical Waiver Program**

a. Upon meeting eligibility requirements in the program a Flight Attendant who elects to waive medical plan coverage through the Company would be eligible for annual taxable payments as follows:

(1) Five hundred dollars (\$500) for single coverage.

(2) One thousand dollars (\$1,000) for a Flight Attendant with one (1) eligible dependent.

(3) One thousand five hundred dollars (\$1,500) for family coverage.

b. Guidelines for the Medical Waiver Program will be established by the Company based on requirements of the Hawaii Prepaid Health Care Act.

## SECTION 32: Insurance and Benefits

Effective May 1, 2001, reimbursement for waiver of single coverage will apply to eligible Flight Attendants whose spouse is also an employee of Hawaiian Airlines.

### 4. Premium Conversion and Flexible Spending Plans

a. All eligible Flight Attendants will be able to participate in a Health Care Expense Account which allows them to be reimbursed on a pre-tax basis for eligible medical, prescription drug, vision and dental expenses not paid for by insurance up to a maximum of five thousand dollars (\$5,000) per year (subject to Internal Revenue Code limits).

b. All eligible Flight Attendants will be able to participate in a Dependent Care Assistance Account which allows them to be reimbursed on a pre-tax basis for eligible expenses such as day care for their dependent children up to a maximum of five thousand dollars (\$5,000) per year (subject to Internal Revenue Code limits).

c. The health and dependent care flexible spending arrangements were established in accordance with Code Sections 105(b), 125 and 129.

d. Effective January 1, 1993, the Company established a premium conversion plan (in accordance with IRS Code Section 125) which allows eligible Flight Attendants to pay for medical premium contributions on a pre-tax basis.

### 5. Drug and Vision Care

The Company shall continue to provide the drug and vision care programs available under either Hawaii Medical Service Association, Kaiser Foundation Health Plan, or Health Plus, depending under which health plan the individual Flight Attendant is presently covered. The cost of the drug and vision plan will be borne by the Company. Effective July 1, 2001 vision benefit coverage for lenses, frames and contacts shall be as follows:

a. One hundred percent (100%) of lenses for glasses

b. Forty dollars (\$40.00) for frames

c. Forty-five dollars (\$45.00) for contact lenses

**d. Eye exam- 80% coverage**

### 6. Dental Care Plan

## SECTION 32: Insurance and Benefits

The Company will provide all full-time Flight Attendants who have been employed for a period of twelve (12) months, and their eligible dependents, the Hawaii Dental Service Plan at no cost to the Flight Attendant. Part-time Flight Attendants shall be covered by this program after accruing one (1) year of seniority. In determining when the twelve (12) month service requirement has been met, each two (2) months of service as a part-time Flight Attendant will count as one (1) month of full-time service.

a. Effective July 1, 2001, or as noted, the Company shall provide the following dental coverage as provided by the Hawaii Dental Service and Delta Dental of California for eligible Flight Attendants and their eligible dependents:

- (1) 100% of Usual Customary and Reasonable (UCR) fees for:  
Examination (once every 12 months)  
Bitewing x-rays (2 x-rays every 6 months)  
Other x-rays  
Prophylaxis (once every 6 months)  
Palliative Treatment
- (2) 70% UCR for: (75% effective January 1, 2003)  
Stannous Fluoride (once every 12 months through age 17)  
Restorative Dentistry  
Oral Surgery  
Endodontics  
Periodontics
- (3) 50% UCR for:  
Prosthodontics - Bridges, partial and full dentures  
Crowns and gold restorations
- (4) 60% UCR for:  
Orthodontia for dependent children with a lifetime maximum of \$1,500 per case
- (5) Effective July 1, 2001, the annual dental maximum was eliminated.

b. The Company will provide to Flight Attendants at their own expense orthodontic coverage at least equal to that provided for dependents. Effective 7/1/05, only Flight Attendants on the System Seniority List as of

**SECTION 32: Insurance and Benefits**

**February 18, 2005 shall be eligible for this provision.**

7. The Company shall continue to provide, for furloughed Flight Attendants, who have been employed by the Company for more than one hundred and eighty (180) days, the medical coverage in effect as of the date of such furlough for a period of up to sixty (60) days. Thereafter, such coverage shall be extended at the Flight Attendant's expense for as long as she/he remains on the seniority list and makes current payment of premiums as they become payable. Payment for such coverage must be received in the Employee Benefits Department by the twentieth (20th) of the month prior to the month covered.

8. Flight Attendants working part-time shall have the option of obtaining health coverage and, after accruing one (1) year of longevity, dental coverage by paying one-half (½) of the premium directly to the Employee Benefits Department by the twentieth (20th) of the month prior to the month covered. The Company shall pay one-half (½) of the premiums for Flight Attendants electing such coverage.

9. The Company will continue to extend for sixty (60) days the medical coverage to the surviving eligible dependents of a Flight Attendant who dies while in the service of the Company, as in effect as of the date of her/his death, including any improvements for as long as they maintain their dependent status. Thereafter, such group coverage shall be extended at the survivors' expense for as long as they maintain their eligible dependent status and make payments of premiums as they become payable. Payment of such coverage must be received by the Employee Benefits Department by the twentieth (20th) of the month prior to the month covered.

10. The Company shall continue to pay for medical, dental, life and AD&D insurance coverage for Flight Attendants (and their eligible dependents) who are on occupational injury/illness leave **for six (6) months after the Flight Attendant has stopped receiving compensation in any form from the Company (e.g. salary continuance, sick leave, vacation, light duty compensations). Thereafter, the Flight Attendant may continue the coverage(s) at her/his own expense under the provisions of COBRA.**

11. Any medical or dental services requested by the Company shall be paid for in full by the Company.

D. **Domestic Partner Benefits**



## SECTION 32: Insurance and Benefits

Effective October 1, 2001, same sex domestic partners of Flight Attendants will be eligible for dependent coverage under Medical/Dental/Dependent Life Insurance/Bereavement/FMLA/HFLL and COBRA. The Flight Attendant will be responsible for all applicable taxes. Guidelines for eligibility for Domestic Partner coverage will be established by the Company.

### E. Retired Flight Attendant Benefits

1. The Association and the Company agree that when a Flight Attendant retires at age sixty (60) or older, all unused sick leave hours that the Flight Attendant has accumulated shall be converted into extended medical premium coverage under the Company group plan(s), at no cost to the Flight Attendant, for the Flight Attendant, her/his spouse, and eligible dependents. The conversion of sick leave hours shall be as follows:

- a) All accumulated sick leave hours multiplied by the Flight Attendant's hourly rate, shall establish an account from which the cost of medical coverage (full monthly premium) shall be paid, for the retiring Flight Attendant, her/his spouse, and eligible dependents. This provision shall in no way reduce or diminish any benefit or right (i.e. COBRA, ERISA, etc.) to which the Flight Attendant may be entitled under the law.
- b) The duration of medical insurance premium coverage shall be for no longer than twelve (12) months. At the end of the twelve (12) month period, the remainder of the account shall revert to the Company.
- c) The Company shall use every means available to eliminate, if not minimize all or any taxes, for Flight Attendants participating in the program converting sick leave hours for extended medical insurance coverage, as provided above. However, should there be any Federal or State tax liability, the Flight Attendant shall incur such expense.

2. A Flight Attendant may purchase at her/his own expense health, dental, drug and vision coverage through the Company's group insurance programs for herself/himself and eligible dependents if she/he remains in service and retires on her/his normal retirement date. Upon reaching her/his 60th birthday, she/he may purchase, at rates then available to the Company, coverage available from Hawaii Medical Service Association or Kaiser Health Plan which, when coordinated with Medicare benefits, will provide her/him with a level of benefits approximating those available to active Flight Attendants.

## SECTION 32: Insurance and Benefits

3. Flight Attendants who retire on or after their Normal Retirement Date may, at their expense, purchase from the Company \$25,000 of basic life insurance. Thereafter, once each year on the retirement anniversary date, the amount of life insurance shall be reduced by \$3,000. However, in no event will such retiree life insurance be less than \$10,000.

4. a. Effective July 1, 2001, if a Flight Attendant retires between the ages of fifty-five (55) and sixty (60) with thirty (30) or more years of service, the Company will pay on-half (1/2) the cost of the medical insurance for the Flight Attendant and her/his spouse until the Flight Attendant reaches age sixty-five (65).

b. Further, if a Flight Attendant retires between the ages of sixty (60) and sixty-four (64) with thirty (30) or more years of service, the Company will pay all of the cost of the medical insurance for the Flight Attendant and her/his spouse until the Flight Attendant reaches age sixty-five (65).

### 5. Retiree Death Benefit

The Company will provide death benefit coverage of five thousand dollars (\$5,000) for Flight Attendants who remain in the service of the Company and on the Flight Attendants' System Seniority List until on or after their normal retirement age and retire.

### F. Long Term Care Option

Effective March 1, 2002, the Company will offer an Optional Long Term Care (LTC) Program at Flight Attendant expense. Flight Attendants will be given the choice of two (2) options. Features of the Program will be agreed to by the Association and the Company.

### G. 401(k)

1. Commencing with the first day of the month following a Flight Attendants completion of one (1) year of service the Company (as defined under the 401(k) plan) the Company will contribute each month five percent (5%) of the Flight Attendant's compensation to the Hawaiian Airlines, Inc. 401(k) Plan for Flight Attendants (hereinafter known as the "401(k) Plan"). The Company will also contribute to the 401(k) Plan an amount equal to the amount of salary deferral contributions of each eligible Flight Attendant, provided that such Matching Contribution shall not exceed two percent (2%) of the eligible Flight Attendant's compensation.

2. A Flight Attendant shall always be 100% vested in her/his Flight Attendant investment and salary reduction contribution accounts. A Flight Attendant shall be 100% vested in her/his participating employer contributions

**SECTION 32: Insurance and Benefits**

and Matching Contribution upon the earliest of (i) attaining her/his normal retirement age, (ii) attaining her/his early retirement age, (iii) her/his incurring a disability, or (iv) her/his death. Effective June 1, 2001, if a Flight Attendant terminates employment prior to becoming 100% vested under the prior sentence, she/he shall vest in her/his employer and Matching Contribution in accordance with the following schedule:

<b>Percent of Vesting</b>	<b>Years of Vesting Service</b>
0%	Less than 2
25%	2 but less than 3
50%	3 but less than 4
75%	4 but less than 5
100%	5 or more

H. Nothing herein shall be construed to reduce any benefit or coverage in effect as of the effective date of this Agreement. If the modifications described herein would otherwise result in a decreased benefit with respect to any change, expense or loss, the provisions of the coverage in force immediately prior to the execution of this Agreement shall apply.

