

guarantee that no excise tax or other penalty will apply, the Company shall have the right to terminate the availability of the Affected Option to the Flight Attendants. If, under the preceding sentence, the Company has terminated or would have the right to terminate the availability to the Flight Attendants of the Standard and/or Core Option, the arbitrator will be empowered to designate an alternative Option design (a "New Option") that is available from the Company provider and that replicates the provisions of the Core Option to the greatest possible extent without causing the New Option to become subject to any excise tax or other penalty. In the event that the arbitrator has not issued a determination prior to the excise tax or penalty becoming due or if such penalty or excise tax is otherwise owed for any reason, notwithstanding any contrary provision of law, the Company shall be permitted to implement such modifications to the design of the Affected Option as it considers to be necessary to avoid the excise tax or penalty. The Company shall have a reasonable period of time following the issuance of the arbitrator's determination to implement the New Option. Notwithstanding the foregoing, the provisions of Paragraph B shall not be effective if, after the effective date of this Agreement, the Company enters into any new or amended collective bargaining agreement having a term of three (3) years or more with any union group that does not contain a provision substantially similar to this Paragraph.

If any Option is modified or eliminated pursuant to Paragraph B, the parties will meet and confer to determine how the savings, if any, from such modifications will accrue to Flight Attendants. The avoidance of any excise tax that would have otherwise been applied will not be considered in the calculation of any savings. If the parties cannot agree on whether cost savings exist or how to distribute said savings, the matter may be referred to an arbitrator as specified by the process in this Paragraph. The arbitrator's authority shall be limited to the issue of determining whether such savings exist and, if so, how such savings are to be distributed. The arbitrator shall have no other authority, and in no event shall the arbitrator order modifications to or reinstatement of a plan.

14. Flight Attendants will be required to timely pay for all benefits, including Flexible Spending Account contributions, in order to maintain coverage, including while on a Leave of Absence, through payroll deduction, the direct bill process or other collection process as applicable.

C. DISABILITY COVERAGE

The Company agrees to offer, at the employee's expense, an Optional Short Term Disability Plan, a Long Term Disability Plan and Optional Voluntary Personal Accident Insurance (VPAL).

D. RETIREE HEALTH CARE

Retiree Medical Coverage for Flight Attendants (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2016)

1. Notwithstanding any other collective bargaining agreement provisions, and all other agreements, past practices, and arbitration awards between the parties, the Company is not required to maintain, fund, or provide for retiree medical or retiree life insurance benefits.
2. Retiree Medical Coverage For Flight Attendants Ages 55 through 64 (LAA Retiring On or After November 1, 2012 and LUS Retiring On or After January 1, 2016)

Flight Attendants retiring on or after age fifty-five (55) and through age sixty-four (64) will have access to a Company-sponsored retiree medical option. Retiree contribution rates for this coverage will be one hundred percent (100%) of projected annual expenses (which includes administrative expenses) using data, assumptions, and methodologies for calculating future retiree healthcare costs. Although it is the Company's intention to continue to make available access to medical coverage for retirees from age fifty-five (55) through age sixty-four (64), the Company reserves the right to modify, amend, or terminate