

RETIREMENT PLAN FOR FLIGHT ATTENDANTS OF ALOHA AIRLINES, INC.

NOTICE OF PENSION PAYMENT OPTIONS

To: Plan Participant

This Notice explains the options you have for receiving payment of your benefit under the Retirement Plan for Flight Attendants of Aloha Airlines, Inc. ("Plan") and describes the relative values of the alternative forms of payment compared to your account balance in the Plan.

A. Form and time of payment

1. **Automatic form of payment.** Your automatic form of payment depends on whether you are single or married as of your benefit commencement date.
 - (a) **Single Participants.** If you are not married as of your benefit commencement date, you will receive your benefit in the form of a single life annuity. A single life annuity provides monthly payments to you for your lifetime only, ending with the payment due for the month of your death.
 - (b) **Married Participants.** If you are married as of your benefit commencement date, you will receive your benefit in the form of a Qualified Joint and Survivor Annuity (QJSA). A QJSA provides (1) monthly payments to you for your lifetime and, (2) after your death, monthly payments to your surviving spouse for the remainder of his or her life equal to 50% of the annuity payment you were receiving before your death. (For this purpose, your spouse means the spouse to whom you were married as of your benefit commencement date.)
2. **Optional forms of Payment.** If you do not wish to receive your benefit in the automatic form described above, you may waive the automatic form and elect to receive your distribution in one of the following forms instead. However, if you are married and desire to waive the automatic QJSA form of payment, your spouse must irrevocably consent in writing to the waiver in the presence of a notary. The optional forms are as follows.
 - (a) **Lump Sum.** Under this option, your account balance will be paid in a single lump sum in lieu of an annuity.
 - (b) **Life Annuity.** The single life annuity provides monthly payments to you for your lifetime only, ending with the payment immediately prior to your death.
 - (c) **Joint & Survivor Annuity.** The joint and survivor annuity provides (1) monthly payments to you for your lifetime and, (2) after your death, monthly payments to your surviving spouse for the remainder of his or her life. The spouse's monthly payment may be 50%, 66-2/3%, 75%, or 100% (as elected) of the annuity payment you were receiving before your death. If either you or your spouse shall

die after election of this optional form but prior to the annuity commencement date, the election of this optional form shall be null and void.

- (d) **Cash Refund Annuity.** A cash refund annuity provides monthly payments to you for your lifetime only, ending with the payment immediately prior to your death. However, if the sum of your monthly payments made under the annuity is less than the value of the annuity at benefit commencement, the difference will be paid to your beneficiary.
- (e) **Life Annuity with Payments for a Period Certain.** A life annuity with payments for a period certain provides for monthly payments to you and ending with the payment immediately prior to your death. However, if you die before either 60, 120, or 180 payments (as elected) are paid, the payments shall continue to your beneficiary until the total designated number of payments has been made. In no event shall the guaranteed payments period exceed your life expectancy.
- (f) **Life Annuity with Social Security Adjustments.** A life annuity with Social Security adjustment provides for monthly payments to you and ending with the payment immediately prior to your death. Such payments will be decreased once, at a date and by an amount that you specify. It is intended that the date and amount of the reduction shall be estimated so that, as nearly as possible, you will receive a level income when estimated Social Security benefits and your monthly payments are combined.
- (g) **Annuity Certain.** An annuity certain provides monthly payments for a specified period of time. If you die before the designated number of payments has been made, payments shall continue to your beneficiary until the total designated number of payments has been made. In no event shall the payment period exceed your life expectancy at the time of your election.

Please note that except for the Lump Sum option, all annuity options will be made under an annuity contract purchased from an insurance company. The actual monthly payments will depend on your age, and if you are married, your spouse's age at the time distribution begins, and the amount of your account balance when the annuity is purchased. In addition, your account will be charged for the cost incurred for the purchase of the annuity contract.

B. **Financial effect and comparison of relative value**

Under new pension rules, we are required to provide you with information describing the financial effect and comparing the relative value of the various benefit options available under the Plan. Relative values are intended to compare the total value of distributions paid in different forms.

1. **Lump Sum.** This is the value of your account balance.
2. **Life Annuity and Joint & Survivor Annuity.** The tables below provide annuity factors to estimate the monthly Life Annuity and the monthly Joint & 50% Survivor Annuity alternative forms of payment at various ages. You can estimate the monthly annuity

payment amounts by dividing your account balance by the appropriate annuity factor. For example, assume that you are age 45 and your spouse is the same age, and your vested account balance is \$10,000. If you elect the Life Annuity, based on the table below, your monthly payment is \$50.04 [\$10,000 divided by 199.85]. If you elect the Joint & 50% Survivor Annuity, based on the table below, your monthly payment is \$48.24 [\$10,000 divided by 207.28].

(a) **Annuity Factor Table for Single Participants**

<u>Age</u>	<u>Single Life Factor</u>
35	216.46
45	199.85
55	174.89
65	141.53

(b) **Annuity Factor Table for Married Participants**

<u>Participant Age</u>	<u>Spouse Age</u>	<u>Joint and 50% Survivor Factor</u>
35	35	221.64
45	45	207.28
55	55	185.23
65	65	154.31

(c) **Annuity Factor for Annuity Certain**

The table below provides annuity factors to estimate the Annuity Certain alternative form of payment for different guaranteed periods. You can estimate the monthly annuity payment amounts by dividing your account balance by the appropriate annuity factor. For example, if you elect a 20-year period and your vested account balance is \$10,000, based the table below, your monthly payment is \$65.72 [\$10,000 divided by 152.16].

<u>Period In Years</u>	<u>Factor</u>
10	94.67
20	152.16
30	187.06

(d) **Annuity Factors for other annuity options**

For this Notice, due to the complexity of the calculations and the variations in the other forms of benefits, annuity factors have not been provided. As examples, for a participant who is age 55, the monthly payment under the Life Annuity With Payments For A 10 Year Period Certain is different from the Life Annuity by less than 10%. Also for a participant who is age 55, the monthly payment under the Cash Refund Annuity is different from the Life Annuity by less than 10%.

The Life Annuity with Social Security Adjustments will depend on the amounts of your life annuity payment and your Social Security payment. If your Social Security payment exceeds your life annuity payment, your life annuity will end when your Social Security payments begin.

3. **Assumptions.** The annuity factors shown above are determined based on the following actuarial assumptions: (i) the 1994 Group Annuity Reserving Table (GAR-94) and (ii) an interest rate of 5%. Please note that the insurance company from which the annuity contracts are purchased may use different factors. Different factors will produce a different monthly payment.

The comparisons are provided for illustration purposes only. The comparisons are based on average life expectancies, assumed ages and other variables.

4. **Precise benefits on request.** The Plan will provide more precise benefits, if you so request based on an insurance company quote. You may submit such a request in writing to the Plan Administrator.