

APPENDIX A

As discussed in Item 6 of the Class Notice,¹ the Court has ordered that each Class Member be provided with an explanation of how individual damages will be calculated as prescribed by the Court's opinions and orders dated May 13, 2019, June 25, 2019, August 27, 2019, September 4, 2019, and November 4, 2019.

To determine whether Class Members are entitled to an award of damages as a result of the replacement of the Variable Benefit with the 0/1/2 COLA and, if so, in what amount, the actuaries will calculate the difference (if any) between: (1) the estimated present value of total Variable Benefit increases that would have been paid beginning January 2011 and for all subsequent years during each Class Member's life expectancy and that of the Class Member's beneficiary; and (2) the estimated present value of the total 0/1/2 COLA increases that are expected to be paid for the same time period.

If the present value of the total of all expected Variable Benefit increases is higher than the present value of the total of all 0/1/2 COLA increases, Class Members who do not opt out of the Class will receive in damages the net amount of the difference, including pre-judgment interest at a rate of 6% per annum (commencing for each Variable Benefit increase on the date on which the Variable Benefit payment would have been made to the Class Member had Ordinance 10-306 not been enacted effective June 30, 2010). If the present value of the sum total of the 0/1/2 COLA increases for any Class Member is an amount higher than the present value of the sum total of all expected Variable Benefit increases, then that Class Member has not been damaged by the loss of the Variable Benefit under the methodology adopted by the Court.

¹ Unless otherwise stated, the capitalized terms used in this Appendix A (*i.e.*, "Class Notice," "Class Member," "0/1/2 COLA," etc.) refer to those terms defined in the Class Notice document to which this document is attached.

The calculations to determine whether you have damages and, if so, the amount of any damages, will take several months to perform. These calculations will not be completed before you will be required by the Court to make a decision and to provide notice should you decide to opt out of this Class Action. Rather, the Court has directed that you be provided with a description of the methodology for these calculations to aid in your decision to either: (1) opt out of the Class Action; or (2) stay in the lawsuit and receive the damages, if any, that you are due as is ultimately determined after all appeals have been decided. If you take no action, then you will be bound by the results of the appeals to be filed by Plaintiffs and the City in this case.

BACKGROUND

The 0/1/2 COLA provided by Ordinance 10-306 (effective June 30, 2010) is an annual fixed-percentage benefit increase based upon age. Eligible retirees while under age 55 receive no COLA, eligible retirees while aged 55 to 64 receive a 1% annual increase, and eligible retirees age 65 and older receive a 2% annual increase for the rest of their lives.

Unlike a fixed COLA, the Variable Benefit was calculated each year based upon, among other things, investment returns. In the past, some years saw no Variable Benefit increase, some years saw a small Variable Benefit increase, and some years saw a substantial Variable Benefit increase. After Ordinance 10-306 replaced the Variable Benefit with the 0/1/2 COLA, the Plan actuary no longer had reason to calculate the Variable Benefit each year. Accordingly, in order to compute damages in this case, actuaries employed by the parties must estimate investment returns on Plan assets. During the period June 30, 2010 to the present, the Plan's actual investment returns can be determined from Plan records. Of course, no one knows what investment returns will be in the future. This means that, for purposes of computing damages, the actuaries must make certain assumptions about future investment returns.

The methodology approved by the Court assumes, solely for purposes of computing damages, that the pre-Ordinance 10-306 Plan continued only for those members who were retired or retirement-eligible as of June 30, 2010, and only with the assets attributable to those members (“the Closed Plan”). This Appendix provides a summary of the relevant factors, assumptions, and methods used in the calculation of the Variable Benefit increases under this Closed Plan methodology, as ordered by the Court’s opinions and orders dated May 13, 2019, June 25, 2019, August 27, 2019, September 4, 2019, and November 4, 2019.

CALCULATIONS

As noted above, the Court ordered the calculation of damages by comparing the benefits retired Class Members would have been expected to receive had the Variable Benefit remained in place with the benefits Class Members have received and will continue to receive from the 0/1/2 COLA. For Retirement-Eligible Members, the Court ordered that they are assumed to have received Variable Benefit increases when such increases would have been paid after their retirement for the purpose of calculating damages.²

1) HOW WAS THE VARIABLE BENEFIT INCREASE CALCULATED?

The Variable Benefit increase in any given year was an increase, applied to the sum of the Basic Benefit³ and all prior year pension increases, for all eligible⁴ retirees. These increases were triggered only in years during which the investment returns produced what the Plan referred to as “net excess investment earnings” (“Excess Earnings”). For example, if the Excess Earnings produced a 3% Variable Benefit increase in a particular year, every eligible retiree would have

² The Court ordered that Plan members not eligible to retire as of June 30, 2010 and members hired after June 30, 2010 are not entitled to receive damages and, therefore, are not part of these calculations.

³ As used herein, the term “Basic Benefit” refers to the “Retirement Allowance” defined in Section 30(15) of the Plan and is the sum of the “annuity” and the “pension.” The Basic Benefit is equal to the annuity benefit derived from member contributions, plus the pension benefit derived from City contributions.

⁴ Eligible retirees were those with more than 2.5 years in retirement as of the date of the increase. In certain circumstances, time spent in DROP was counted towards the 2.5 year waiting period.

received a one-time 3% pension increase payable for the rest of his or her life (as well as the life of his or her surviving beneficiary), although this amount was not guaranteed by the City.

Here is a highlight of the steps for calculating whether there would have been a Variable Benefit increase in a particular year and, if so, what the percentage increase would have been.

Step One: Determine the Excess Earnings. Excess Earnings refer to net investment returns that exceeded 7.5%, but were less than 10%, plus one-half of all net investment returns in excess of 10% on Plan assets called the Pension Reserve Fund and the Annuity Reserve Fund (collectively, “Retiree Funds”), which are the assets set aside to fund the Basic Benefit.

Step Two: Convert Any Excess Earnings into a Percentage Increase. In a year where there were Excess Earnings, the total Excess Earnings provided a pool of money (in dollars) that was converted into a percentage increase for every eligible retiree.

2) **FACTORS AFFECTING THE AMOUNT OF VARIABLE BENEFIT INCREASES**

A number of factors affected the Variable Benefit calculation. The factors fall into two general categories: (1) those that helped determine the Excess Earnings (a dollar value); and (2) those that helped determine how the Excess Earnings were converted into a percentage increase.

Excess Earnings: The annual investment return used to calculate the pool of Excess Earnings was a primary driver of the size of any Variable Benefit increase. Two elements are important to consider here:

1. The percentage return on investments that the Plan achieved in any given Fiscal Year; and
2. The amount that was actually in the Retiree Funds on which an investment return could have been earned:

a. If the Retiree Funds fell below the amount needed to fund the Basic Benefit, then the pool of Excess Earnings assets would also fall, because there were fewer retiree assets to generate Excess Earnings.

b. As an example, assume there was \$100 in the Retiree Funds, and the Retiree Funds earned 10% in a given year. Under the Variable Benefit, 2.5% of those earnings would have been available to pay a Variable Benefit increase to eligible members that year. This would have created a pool of \$2.50 (2.5% x \$100) to provide a Variable Benefit increase. However, if there was only \$50 in assets in the Retiree Funds, then the same 10% investment return would have only generated a pool of \$1.25 (2.5% x \$50) to provide a Variable Benefit increase.

All other things being equal, fewer assets in the Retiree Funds meant a smaller pool of dollars for Variable Benefit increases.

Annuity Conversion Rate: There were a number of steps involved in converting the Excess Earnings pool (a dollar amount) into a Variable Benefit increase (a percentage increase in an eligible retiree's pension). First, the Plan actuary calculated the cost in dollars of each 1% increase to the pension of all eligible retirees. Once the cost of each 1% increase was calculated, the Plan actuary determined how large a percentage increase the Excess Earnings pool would "buy." An interest rate factor, sometimes referred to as the "Annuity Conversion Rate," was used to calculate the cost of each 1% increase.⁵ The higher the Annuity Conversion Rate, the

⁵ Under the methodology approved by the Court, the Annuity Conversion Rate for calculating damages is based on the expected earnings that could be earned on an investment pool of high-quality fixed income bonds. As noted above, Variable Benefit increases were not guaranteed by the City; in the event the funds supporting the increase ran out, the previously granted Variable Benefit increases could no longer have been paid. Therefore, before Ordinance 10-306 was adopted, the Plan Board of Trustees decided to invest funds set aside to pay Variable

lower the dollar cost of each 1% increase to the pension, and the larger the benefit increase. As an illustration, using a 6.8% Annuity Conversion Rate would have produced a larger Variable Benefit increase than using a 5% Annuity Conversion Rate. All other things being equal, the lower the Annuity Conversion Rate, the lower the Variable Benefit increase.

3) **APPLYING THE COURT-ORDERED ASSUMPTIONS TO THE CLOSED PLAN TO DETERMINE WHETHER YOU SUFFERED DAMAGES**

As just discussed, there are two categories of assumptions: (1) assumptions affecting the size of the Excess Earnings pool; and (2) assumptions affecting the conversion of that pool into a percentage increase (including the Annuity Conversion Rate).

The assumptions affecting the Excess Earnings pool are: (a) what is the investment return each year from 2010 until many years into the future; and (b) how large is the pool of Retiree Funds available to generate an investment return?

Calculating Past and Future Investment Returns: For some, but not all, past years beginning in 2010, we know what the Plan earned on the Retiree Funds. For future years, we need to make estimates. There are generally three different periods of time that require different approaches.

1. 2010 to 2016 – The returns on the Retiree Funds are available from the Plan’s records for the period July 1, 2009⁶ through June 30, 2016 and will be used for the Variable Benefit calculations.

2. 2017 to 2019 – By the end of the Plan’s fiscal year ending June 30, 2017, the Plan Board of Trustees had commingled the assets previously set aside

Benefit increases into conservative instruments, like fixed-income bonds, which earned a fixed amount of money each year.

⁶ The reason for going back to 2009 is that we need to know the investment return from July 1, 2009 to June 30, 2010 to calculate the Variable Benefit increase that would have been due on January 1, 2011.

to ensure continuation of past Variable Benefit increases with all other assets in the Plan. For those three years, the actuaries will use the actual return percentages on all Plan-invested assets.

3. After 2019 – No one knows what investment returns will be in the future, so we need a way to estimate future investment returns. The Court has directed that a standard investment modeling tool called a “Monte Carlo Simulation” be used to estimate future returns. Basically, this is a mathematical projection based on an assumption about what the average future investment return will be, and how much it will fluctuate.

Determining the Amount of Assets in the Retiree Funds: The assets in the Retiree Funds are constantly changing. The assets go down as benefits are paid out or as the Retiree Funds lose money on investments. The assets go up as the Retiree Funds earn money on investments and as people retire, at which time an amount equal to the net present value of their expected lifetime pension benefit (if available) is moved from the Plan’s pre-retirement accumulation funds to the Retiree Funds.

The following section describes the procedure for calculating the City’s contribution as used for purposes of computing damages.

Overview: The Court adopted the City’s proposed procedure for calculating the assets in the Retiree Funds. In 2018, the City’s expert projected that the Closed Plan would run out of money around 2033.⁷ When the Closed Plan runs out of money to pay benefits, the opportunity for Variable Benefit increases declines to zero, because there are no Retiree Funds (or

⁷ This does not mean that the actual Plan will run out of money to pay benefits.

investments) left to generate an investment return. The exact date at which the Closed Plan is presumed to run out of money has not yet been determined.

Starting Point in 2010: The procedure adopted by the Court separates Plan assets as of June 30, 2010, for the reasons stated on page 3.

City Contributions: The annual City contribution to the Plan pays for: (1) the amount of additional pension benefits earned each year by active employees (called the “normal cost”); and (2) past actuarial losses (including asset losses and liability increases from Plan experience and assumption changes).

Phasing in Past Investment Losses: The City does not make a large, one-time contribution each year to make up for all past investment losses. Rather, the City makes a contribution necessary to cover such losses over time, similar to paying the minimum balance on a credit card. In calculating this payment, the City phases in the losses over many years to create something called the “Actuarial Value of Assets.” For purposes of calculating damages, the Court has directed that the City’s annual contribution be based on the Actuarial Value of Assets, rather than the current market value of assets. This means that the large investment losses suffered by the Plan, such as those prior to June 30, 2010, are phased in over a period of years. As is the case with many other cities’ plans, the Closed Plan uses some form of an Actuarial Value of Assets to calculate the City’s contributions.

20-year Open Amortization: For purposes of calculating damages, the Court has directed that the City’s assumed annual Plan contribution will be based on the amortization methodology in place prior to Ordinance 10-306 for the Plan covering all members, which was an “open” 20-year amortization period. In an open 20-year amortization, the City starts in the first year to pay the prior investment loss over 20 years, resulting in a payment of just over 9% of

the total prior investment loss (called an “unfunded actuarial liability”) being paid in that year. In the second and future years, the City restarts the 20-year period each year, thus paying just over 9% of the remaining unfunded actuarial liability, but never really paying off the original balance. In addition, as new investment or liability losses or gains are incurred each year, the unfunded actuarial liability is adjusted.

Earnings Assumption: For purposes of calculating damages, the Court directed that the City’s assumed annual Plan contribution be based on the valuation assumptions that were in effect immediately before passage of Ordinance 10-306. These assumptions include earnings of 8.25% on funds prior to retirement and earnings of 6.80% after retirement.

The Closed Plan, as approved by the Court, is expected to pay more in member benefits each year than the sum of investment earnings and the City contribution. Thus, the amount in the Retiree Funds reduces each year until the Closed Plan runs out of assets, which is expected to occur around 2033.

As the Closed Plan assets decline, the dollar amount of potential Excess Earnings shrinks, reducing the Excess Earnings pool at a faster rate than the decline in retiree liabilities (the present value of the Basic Benefit), and potential Variable Benefit increases decline until the Closed Plan assets are gone. As the assets shrink to zero, new Variable Benefit increases also shrink to zero.

Annuity Conversion Rate: As discussed, the Annuity Conversion Rate was the rate used to convert the pool of Excess Earnings into a one-time Variable Benefit increase. All other things being equal, if the Annuity Conversion Rate increases, the size of the Variable Benefit increases. If the Annuity Conversion Rate decreases, the resulting Variable Benefit increase will be smaller.

Consistent with the practice since 2005, the Court has directed that damages calculations utilize an Annuity Conversion Rate based on Moody's Aaa bond yield of 4.85% for the 2011 Variable Benefit increase, falling to 4.20% in 2019, and then increasing to 6.8% by 2025.⁸

Aggregation of Participants and Beneficiaries: For purposes of calculating damages, the Court has directed the aggregation of damages for the retiree and his or her beneficiary.

Comparison of the value of the Variable Benefit increases to the value of the 0/1/2 COLA is not a year-by-year calculation, but rather, is based on an aggregate number, which is the present value in 2019 dollars of expected payments over the life of the member and his or her beneficiary.

For each Class Member, damages will be based on the difference between the benefits expected to be paid both before and after the Court enters final judgment. The final judgment date has not been determined; however, for damages calculation purposes, the most recent Plan census data as of June 30, 2019 will be used. Payments after June 30, 2019 will be estimates based on the expected mortality of the Class Members and their beneficiaries. The mortality assumptions used post-June 30, 2019 are based on the assumptions used by the Plan actuary in 2009.

Retired Members alive on January 1, 2011 (the date of the first missed Variable Benefit increase following the effective date of Ordinance 10-306) who have, or are expected to have, a beneficiary, will have their gain (if any) aggregated with any gain expected for their beneficiaries. Retired Members alive on June 30, 2019 will be assumed to have a living spouse

⁸ While Plaintiffs agree that this rate should be used for calculations in accordance with the Court's opinions and orders, the underlying question whether to use the corporate bond rate or the pre-2006 rate used by the Plan is one of the issues Plaintiffs intend to appeal.

entitled to the regular 50% survivor benefit based on percent married assumptions agreed upon by the City's and the Plaintiffs' actuarial experts.

In cases where both the member and the beneficiary have died prior to June 30, 2019, the calculation will end at the last date of death. Depending on when the member retired and the member's and beneficiary's ages and when the member or beneficiary died, the estates of these members or beneficiaries may be much more likely to be entitled to a payment of damages than the average retiree because investment returns vary each year.

Pre-judgment Interest and Discount to Present Value: The Court has ordered that, for purposes of calculating damages, 6% pre-judgment interest as provided by Maryland law will be added to all calculations attributable to periods before June 30, 2019.

The Court has also ordered the use of a 5% discount rate assumption when determining the present value of future gains and losses.

NO ASSURANCE CAN BE GIVEN ABOUT THE ACCURACY OF THE ESTIMATED AMOUNT OF DAMAGES UNTIL THESE AMOUNTS ARE CALCULATED BY ACTUARIES FOR THE PARTIES AT SOME FUTURE DATE AND A FINAL DETERMINATION HAS BEEN APPROVED BY THE COURT. AT THAT TIME, THE AMOUNT OF DAMAGES (IF ANY), BASED UPON THAT CLASS MEMBER'S INDIVIDUAL CIRCUMSTANCES, WILL BE KNOWN.

4) ESTIMATED VARIABLE BENEFITS

The Actuaries' Current Estimates: The Variable Benefit increases shown below are based on the current estimates from the City's actuary, based on the assumptions described above. The calculations are not yet complete; we expect there will be changes that will impact these estimates. The ages are determined as of June 30, 2010 for Retired Members who retired

on or before June 30, 2008 or would have otherwise been eligible for the January 1, 2011 Variable Benefit increase. Plaintiffs will post additional information on the class website identified in the Class Notice as soon as it becomes available.

Increase in Pension COLA by Year Comparison of Variable Benefit Increase to Age-based COLA for Class Members Retired by June 30, 2008 Age as of June 30, 2010						
	(a) Estimated Annual Variable Benefit Increase	(b) Estimated Cumulative Variable Benefit Increase	(c) Cumulative Age-based COLA at Age 50	(d) Cumulative Age-based COLA at Age 55	(e) Cumulative Age-based COLA at Age 60	(f) Cumulative Age-based COLA at Age 65
2011	2.97%	2.97%	0.00%	0.00%	0.00%	2.00%
2012	4.95%	8.06%	0.00%	1.00%	1.00%	4.04%
2013	0.00%	8.06%	0.00%	2.01%	2.01%	6.12%
2014	1.83%	10.04%	0.00%	3.03%	3.03%	8.24%
2015	2.33%	12.60%	0.00%	4.06%	4.06%	10.41%
2016	0.00%	12.60%	1.00%	5.10%	6.14%	12.62%
2017	0.00%	12.60%	2.01%	6.15%	8.26%	14.87%
2018	1.14%	13.89%	3.03%	7.21%	10.43%	17.17%
2019	0.32%	14.25%	4.06%	8.29%	12.64%	19.51%
2020	0.00%	14.25%	5.10%	9.37%	14.89%	21.90%
2021	0.60%	14.94%	6.15%	11.56%	17.19%	24.34%
2022	0.78%	15.83%	7.21%	13.79%	19.53%	26.82%
2023	1.26%	17.28%	8.29%	16.06%	21.92%	29.36%
2024	0.64%	18.04%	9.37%	18.38%	24.36%	31.95%
2025	0.95%	19.15%	10.46%	20.75%	26.85%	34.59%
2026	0.35%	19.57%	12.67%	23.17%	29.39%	37.28%
2027	0.19%	19.80%	14.92%	25.63%	31.97%	40.02%
2028	0.55%	20.46%	17.22%	28.14%	34.61%	42.82%
2029	0.40%	20.95%	19.57%	30.71%	37.31%	45.68%
2030	0.31%	21.32%	21.96%	33.32%	40.05%	48.59%
2031	0.16%	21.51%	24.40%	35.99%	42.85%	51.57%
2032	0.33%	21.91%	26.89%	38.71%	45.71%	54.60%
2033	0.10%	22.03%	29.42%	41.48%	48.62%	57.69%
2034	0.34%	22.44%	32.01%	44.31%	51.60%	60.84%
2035	0.21%	22.71%	34.65%	47.20%	54.63%	64.06%
2036	0.08%	22.81%	37.35%	50.14%	57.72%	67.34%
2037	0.13%	22.96%	40.09%	53.14%	60.88%	70.69%
2038	0.00%	22.96%	42.89%	56.21%	64.09%	74.10%

5) **CONSIDERATIONS WHEN DECIDING WHETHER TO OPT OUT**

As you can see by comparing column (b) to columns (c)-(f) in the above estimate of Variable Benefit increases, many Class Members will likely be better off under the age-based 0/1/2 COLA, because the future 0/1/2 COLA is expected to exceed future Variable Benefit increases under the Closed Plan methodology approved by the Court when applied over a member's lifetime. **THE AGES PROVIDED IN THE GUIDELINES BELOW ARE BASED ON CURRENT ESTIMATES AND WILL BE DIFFERENT WHEN THE CALCULATIONS ARE COMPLETED.** Right now, we cannot determine exactly the amount of damages Class Members will receive, if any.

Below you will find some guidance concerning the potential availability of damages to certain groups of Class Members. The age cut-off depends partly on when a Class Member was first eligible to receive Variable Benefit increases and whether the Class Member and his or her beneficiary were living on June 30, 2019. These estimates use the Variable Benefit increases shown in the table above. **NOTE THAT ANY CHANGES IN THE VARIABLE BENEFIT INCREASES THAT MAY RESULT FROM APPLYING FINAL ASSUMPTIONS DESCRIBED IN THIS APPENDIX A TO THE CALCULATIONS CAN CHANGE THE CUT-OFF AGE TO A HIGHER OR LOWER AGE. IF THERE ARE SUBSTANTIAL CHANGES TO THE GUIDANCE BELOW BEFORE THE OPT-OUT DEADLINE, THOSE CHANGES WILL BE POSTED ON THE WEBSITE IDENTIFIED IN THE CLASS NOTICE.**

Here are some examples implementing the Closed Plan to aid your understanding:

1. **Service retired or disabled member eligible for a Variable Benefit increase on January 1, 2011 and alive on June 30, 2019.**

Retired Members who were age 55 or older on June 30, 2010 are very likely to receive higher total benefit payments under the 0/1/2 COLA than the Variable Benefit over the member's and beneficiary's (if any) lifetime, and the member is not likely to receive a payment of damages.

Retired Members who were younger than age 51 on June 30, 2010 may receive higher total benefit payments under the Variable Benefit over the member's and beneficiary's (if any) lifetime, and the member may receive a payment of damages. These members may be better off remaining in the Class (*i.e.*, not opting out).

At this point, it is difficult to say with certainty for those Retired Members who were between ages 51 and 55 on June 30, 2010 whether he or she will be better or worse off under the 0/1/2 COLA or the Variable Benefit.

2. Beneficiary eligible for a Variable Benefit increase on January 1, 2011 and alive on June 30, 2019.

Beneficiaries who were age 55 or older on June 30, 2010 and were eligible to receive a Variable Benefit increase on January 1, 2011 are likely to receive higher total benefit payments under the 0/1/2 COLA than the Variable Benefit over their lifetime, and the beneficiary is not likely to receive a payment of damages.

Beneficiaries who were younger than age 51 on June 30, 2010 may receive higher total benefit payments under the Variable Benefit over their lifetime, and the beneficiary may receive a payment of damages. These beneficiaries may be better off remaining in the Class (*i.e.*, not opting out).

At this point, it is difficult to say with certainty for those beneficiaries who were between ages 51 and 55 on June 30, 2010 whether he or she will be better or worse off under the 0/1/2 COLA or the Variable Benefit.

3. **Service retired or disabled member eligible for a Variable Benefit increase on January 1, 2011, who died prior to June 30, 2019, and whose spouse is alive and receiving benefits on June 30, 2019.**

The date of death and the ages of the retiree and spouse described in the heading above impact the calculations significantly and we are not able to provide individualized calculations in the Class Notice or this Appendix A.

4. **Service retired or disabled member eligible for a Variable Benefit increase on January 1, 2011, who died prior to June 30, 2019 and had (i) a spouse who began receiving benefits and died prior to June 30, 2019, or (ii) no spouse or beneficiary who was receiving benefits on June 30, 2019.**

Retired Members described in the heading above who were younger than age 63 on June 30, 2010 are likely to have received higher total benefit payments under the Variable Benefit than the 0/1/2 COLA over the member's and beneficiary's (if any) lifetime. The estate of these members and/or the estate of these beneficiaries may be better off remaining in the Class (*i.e.*, not opting out).

Retired Members who were age 63 or older on June 30, 2010 may or may not have received higher total benefit payments under the Variable Benefit than the 0/1/2 COLA over the member's and beneficiary's (if any) lifetime. The date of death and the ages of both the member and the beneficiary impact the calculations and we are not able to provide individualized calculations in the Class Notice or this Appendix A.

5. **Service retired or disabled member not eligible for a Variable Benefit increase on January 1, 2011.**

A Retired Member must have spent 2.5 years in retirement to have been eligible to receive the Variable Benefit. Retired Members who were either (i) first eligible for a Variable Benefit increase on January 1, 2012 and age 49 or older on June 30, 2010, or (ii) first eligible for a Variable Benefit increase on January 1, 2013 and age 44 or older on

June 30, 2010, are likely to receive higher total benefit payments under the 0/1/2 COLA than the Variable Benefit over the member's and beneficiary's (if any) lifetime, and the member is not likely to receive a payment of damages.

Retired Members who were either (i) first eligible for a Variable Benefit increase on January 1, 2012 and younger than age 49 on June 30, 2010, or (ii) first eligible for a Variable Benefit increase on January 1, 2013 and younger than age 44 on June 30, 2010, are likely to receive higher total benefit payments under the Variable Benefit than the 0/1/2 COLA over the member's and beneficiary's (if any) lifetime, and these members may receive a payment of damages. These members may be better off remaining in the Class (*i.e.*, not opting out).

NOTE: The death of a Retired Member or the death of both the member and the beneficiary in this category may result in different age cut-offs and may affect the entitlement to a payment of damages. The date of death and the ages of both the member and the beneficiary impact the calculations and we are not able to provide individualized calculations in the Class Notice or this Appendix A.

6. Retirement-Eligible Members who began receiving benefits between January 1, 2011 and June 30, 2019.

For the members described in the heading above, it is very likely that the 0/1/2 COLA will provide higher total benefit payments over the member's and beneficiary's (if any) lifetime than the Variable Benefit, and the member is not likely to receive a payment of damages if he or she elects to remain in the Class by not opting out.

7. Retirement-Eligible Members who have not begun receiving benefits by June 30, 2019.

For the members described in the heading above, it is very likely that the 0/1/2 COLA will provide higher total benefit payments over the member's and beneficiary's (if

any) lifetime than the Variable Benefit, and the member is not likely to receive a payment of damages if he or she elects to remain in the Class by not opting out.

Important Note About The Estimates Above: The guidance described above applies to many possible Class Members, but when the final Variable Benefit increases are calculated and individual calculations are prepared, the results will likely be different. The age cut-offs used herein are likely to change, probably significantly, as a result of the changes to the calculations described above, among other factors. A website has been established to provide you with information regarding the Class Notice and this Appendix A, which can be accessed at www.baltimorepensionlitigation.com. The claims administrator, Settlement Services, Inc., may be reached by telephone by dialing (844) 329-9816.

**UPDATED INFORMATION WILL BE POSTED ON THE WEBSITE IDENTIFIED IN
THE CLASS NOTICE WHEN IT BECOMES AVAILABLE.**