

ARTICLE 1 – SCOPE (1.3)

- Modify the Eagle ASM letter outlined in **Attachment 1.5 – SEAT MILES SCHEDULED BY COMMUTER AIR Carriers**
 - Modify the 6% to 12% and the current counting methodology, exclusions, report and measurement period will remain as is provided under the current letter of agreement
- The Company proposes Section (l) Scope protection language as attached.
- Modify letter of agreement dated March 10, 2004 to allow greater flexibility of scheduling “A” and “I” checks at International stations (See Attachment #1)
- Contracting Out Proposal – See Article 1(d)
- Expansion of the utilization of Vendor Managed Inventory (VMI) (See Attachment #2)

ARTICLE 4 – COMPENSATION (4.1)

- Pensionable lump sum of 7.0% on DOS for Base employees only (except CMS)
Formula: FT: 2080 x (\$21.16 + \$.30) \$21.46 = \$44,367 x .07 = \$3106
- Structural increase of 3.0% eff. DOS.
- Structural increase of 1.5% eff.. DOS + 12 months
- Structural increase of 1.5% eff.. DOS + 24 months
- Structural increase of 2.0% eff. DOS + 36 months
- Increase Higher Capacity Premium from \$1.75/hr to \$2.75/hr eff. DOS.
- Create a Hazardous Material premium of \$0.75/hr. for Line and Base CMS effective DOS
- Create Weekend Shift Premium for Overhaul Bases as follows: effective DOS
 - A premium of \$0.50/hr. will be paid for shifts beginning 2100 Friday & 2100 Sunday.
- New Profit Sharing (Continental match)
 - 15% of pre-tax income excluding special, unusual and non-recurring items (1st dollar).

- The above percentage will create a fund from which awards are distributed to all participating employees. Individual awards will be distributed March 15 of the following year. Payments are not pensionable. Each employee's award will be determined by the percentage of their earnings relative to overall payroll participants.
 - This plan replaces the existing profit sharing plan.
 - This plan also replaces the financial component of the AIP.
- Base Employee Gain Sharing plan: Mutually commit to develop a variable compensation plan and implemented within 180 days from DOS.
 - In the event the parties are unable to reach a resolution, a neutral third party will be retained to facilitate a resolution.

ARTICLE 5 – SHIFT DIFFERENTIAL (5.1)

- Current book

ARTICLE 6 – OVERTIME (6.2)

- The Company and the TWU will modify the overtime guidelines at each location so as to align with the fundamental principle of Article 6(c): “as equitable as practicable” and in exchange the Company will agree to Article 6(a) 1, 2 and 3a and 3b and Article 6(b) 1, 2, 3, 4a and 4b of the TWU's Article 6.3 proposal dated March 10, 2011.
- Eliminate the 40 hours worked requirement in 6(b).

ARTICLE 7 – HOLIDAYS (7.4)

- Increase the number of observed holidays from five (5) to ten (10) and change the rate of pay for holiday work from 1.5X to 2X.
 - The added observed holidays are:
 - President's Day, Good Friday, Memorial Day, Columbus Day and the Friday following Thanksgiving
- Modify holiday provision from “automatically off” unless required to “automatically required” except at base maintenance locations. (All Line local guidelines or agreements for holiday work or off will be considered null and void.) The Company and the Local TWU agree to meet to establish new guidelines or agreements.

ARTICLE 8 – VACATIONS (8.3)

- Provide two (2) “personal days” effective DOS (payable and accumulated in hours based on work schedules and status).
- Jointly create procedures for the selection and utilization of these hours within ninety (90) days from date of signing.
- Allow the employee to receive pay in lieu of taking the “personal days”. Unused days will be paid out as eight (8) hours for full time and four (4) hours for part time (as of your status on 12/31) by January 31st of the following year.
- Employee must have one year of company service as of December 31 for use in the following year.
- Modify Article 8(a)(2) table to reflect two (2) weeks for those employees with less than five (5) years of service.

ARTICLE 34 - SICK LEAVE (34.2)

- Increase the SK leave accrual rate from five (5) days per year to eight (8) days (5.3 hours/month) per year effective January 1, 2012.

ARTICLE 36 – MEAL PERIODS (36.4)

- Current Book

ARTICLE 40 – PENSION (40.2)

- Craft a defined contribution plan for new hires in lieu of participation in the defined benefit plan.

Following one year of eligibility service, the employee will receive an automatic 2.5% Company contribution based on qualified pensionable earnings as defined under the defined benefit plan with no employee contribution required.

Following one year of eligibility service, the Company will match employee contributions on a dollar for dollar basis for all contributions above the employee 2.5% contribution up to a maximum of 3.0% such that Company contribution does not exceed 5.5%.

Terms of the Defined Contribution plan (DC) will be no less favorable than those offered to management.

ARTICLE 41 – BENEFITS (41.2)

The Company proposes the following relative to the contractual benefit plans for active employees represented by TWU:

1. The Company proposes to convert the current three-tier employee contribution structure (employee only, employee + 1 dependent, and employee + 2 or more dependents) to a four tier structure, as follows:

Current Coverage Tiers	Multiplier	Company Proposal	Multiplier
Standard Plan			
Employee Only	1	Employee Only	1
Employee + 1	2	Employee + Spouse/Domestic Partner	2.3
Employee + 2 or more	2.65	Employee + Child(ren)	1.8
		Employee + Family	3.1

2. The Company proposes a new contractual PPO plan with a \$300 deductible with an in-network / out-of network differential. The \$300 Deductible Plan will be non-grandfathered under PPACA rules. The plan will provide in-network preventive care coverage at 100% and will offer pharmacy coinsurance at the point of sale.
3. The Company also proposes a no employee contribution health plan option (the Core Plan), with plan design subject to change at Company discretion. The Core Plan will provide the option for members to contribute to a Health Savings Account (HSA).
4. The Company proposes elimination of the \$150 Deductible Major Medical Plan (\$150 Contract Plan) and the \$1,000 deductible plan.
5. TWU represented employees hired after [DOS] will default to the Core Plan and will be eligible to select from other voluntary medical options at the same contribution rates as other TWU represented employees.
 - Attachment #3 – Plan Design Matrix

Retiree Medical

The Company proposes the following changes to the retiree medical program:

- 1) Employee and Company prefunding contributions will cease as of the [DOS].
- 2) Retiree medical coverage for active TWU employees retiring after (DOS):

- For under age 65 coverage, retirees will pay a premium for coverage in the Standard Retiree Medical Plan, paying the same per person monthly rate as active employees pay for coverage in the \$300 Deductible Plan for Employee Only coverage
 - For over age 65 coverage, retirees will be offered access to purchase a guaranteed issue Medicare supplement plan through a third party administrator
- 3) The employee portion of the retiree's prefunding account, plus investment earnings will be refunded to the employee.
- 4) Retiree medical coverage for New Hires – those hired after (DOS)
- For under age 65 coverage, retirees will pay 100% of the cost of pre-65 retiree medical coverage
 - For over age 65 coverage, retirees will be offered access to purchase a guaranteed issue Medicare supplement plan through a third party administrator

ARTICLE 42 – JOB SECURITY (42.1)

- Current book

ARTICLE 47 – DURATION OF AGREEMENT (47.4)

- Duration of Agreement is DOS plus 48 months.
- Either party may elect to open the agreement six (6) months prior to amendable date.

MISCELLANEOUS

- The Parties agree to discuss modifications to Base Closure at the Local level.