

Company Counter Comprehensive Package Proposal – Flight Attendants

Version 4.0

Date: 3/3/2010

ARTICLE 3 – COMPENSATION (Modify)

In consideration of a long-term (8 year) agreement, the Company is willing to propose structural increases as indicated below:

- Signing Bonus – 3% previous calendar year earnings (non pensionable)
- DOS + 8 months – 2% structural – applicable to steps 6 through 15 only
- DOS + 12 months – 2% structural – applicable to steps 7 through 15 only
- DOS + 24 months – 2% structural – applicable to steps 8 through 15 only
- DOS + 36 months – 2% lump sum
- DOS + 48 months – Industry average increase*
- DOS + 60 months – Industry average increase*
- DOS + 72 months – Industry average increase*
- DOS + 84 months – Industry average increase*
 - *Industry average increase shall be defined as the average increase year over year in the flight attendant domestic pay rates in each longevity step in the agreements of Delta, Continental, United, US Airways, Air Tran and Southwest
- Note: Reflect recently announced Continental plan. New profit sharing plan
 - 15% of all operating earnings
 - The above percentage will create a fund from which awards are distributed to all participating employee groups. 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.
- Eliminate AIP (financial and customer service components)
- Create customer service incentive up to \$100 per month (paid monthly, quarterly, semi-annually or annually at Company discretion) for achieving designated customer service targets as designated by the Company on an annual basis

- Modify 3.Q.3. to include drug testing
- Eliminate Domestic Coach galley pay
 - Create 757 IFS First Class galley position pay – \$.88 / hour
- Increase Purser pay
 - Domestic wide-body – \$2.50 / hour
 - International narrow-body – \$2.50 / hour
 - International wide-body – \$4.00 / hour

ARTICLE 4 – EXPENSES

- **(Withdraw)** Eliminate TAFB for Turns (as proposed on 7/24/09)
- **(Modify)** Increase Per Diem:
 - DOS – \$1.55 Dom / \$1.80 Intl
 - DOS + 12 months – \$1.65 Dom / \$1.90 Intl
 - DOS + 24 months – \$1.80 Dom / \$2.00 Intl
- Remainder of Article 4 as proposed on 7/24/09

ARTICLE 6 – VACATION

Amend 8/31/09 proposal as follows:

- **(Modify)** Limit PVDs to six (6) at 3:30 hour daily rate
- **(Modify)** Sliding Scale increase accrual based on the following:

Annual Vacation Accrual	Less than 540 paid hours	540 – 739 paid hours (Current Accrual)	740 – 939 paid hours	940 or more paid hours
0-5 years	0	9	10	11
5-12 years	0	14	15	17
12-20 years	0	19	21	23
20-25 years	0	23	25	28
25+ years	0	28	30	35

* Must maintain an average of 45:00 hours per active month

- **(Modify)** Option to sell back one (1) or two (2) weeks of vacation at 3:30 hour daily rate (FA must choose this option during annual bidding period)
- **(Modify)** Increase value of 401(k) converted vacation to 3:30 hours/day for Domestic and International
- Vacation converted to the Flight Attendant's 401(k) account will be credited as soon as administratively feasible after the start of the fiscal vacation year (as proposed on 8/31/09)
- Increase 420 threshold to 540 hours
- Remainder of Article 6 as proposed on 8/31/09

ARTICLE 7 – HOURS OF SERVICE

Amend 9/16/09 proposal as follows:

- **(Modify)** Schedule Monthly Max
 - DOS – 80:00 Dom / 85:00 Intl
 - **(New)** 25% of lines can be pure bids built to 85 Dom / 90 Intl
 - Exception: Three (3) India / China sequences per bid line is acceptable
 - **(Withdraw)** Eliminate Pure Bid Restrictions – The Company will attempt to maintain purity in the lines as operationally feasible
 - **(New)** Redefine pure bids as: Sequences with the same number of legs (not to exceed 12 International), and home based departures variance no greater than four (4) hours
 - A “No Option” Flight Attendant will not be involuntarily reassigned above schedule max
 - An “Option” Flight Attendant will not be involuntarily reassigned more than five (5) hours above the schedule max
 - DOS + 12 months – 85:00 Dom / 87:00 Intl
 - **(New)** 25% of lines can be pure bids built to 90 Dom / 92 Intl
 - Exception: Three (3) India / China sequences per bid line is acceptable
 - **(New)** Redefine pure bids as: Sequences with the same number of legs (not to exceed 12 International), and home based departures variance no greater than four (4) hours
 - A “No Option” Flight Attendant will not be involuntarily reassigned above schedule max
 - An “Option” Flight Attendant will not be involuntarily reassigned more than five (5) hours above the schedule max

- **(New)** DOS + 24 months – 89:00 Dom / 89:00 Intl
 - **(New)** 25% of the lines can be pure bids built to 95
 - Exception: Three (3) India / China sequences per bid line is acceptable
 - **(New)** Redefine pure bids as: Sequences with the same number of legs (not to exceed 12 International), and home based departures variance no greater than four (4) hours
 - A “No Option” Flight Attendant will not be involuntarily reassigned above schedule max
 - An “Option” Flight Attendant will not be involuntarily reassigned more than five (5) hours above the schedule max
- **(New)** DOS + 48 – 92:30 Dom / 92:30 Intl
 - **(New)** 25% of the lines can be pure bids built to 95
 - Exception: Three (3) India / China sequences per bid line is acceptable
 - A “No Option” Flight Attendant will not be involuntarily reassigned above schedule max
 - An “Option” Flight Attendant will not be involuntarily reassigned more than five (5) hours above the schedule max
- Eliminate 30-in-7 (as proposed on 9/16/09)
- On-Duty Limitations (as proposed on 9/16/09)
- High Time Turns (as proposed on 9/16/09)
- Regular FA duty free period in 24’s (as proposed on 9/16/09)
- Delete current language in 7-Letter-IV – Pilot on-duty me too (as proposed on 9/16/09)
- **(Modify)** Create daily rate of 3:30 hours for PVDs
- Incorporate 2006 Deadhead Flexibility letter (as proposed on 9/16/09)
- Remainder of Article 7 as proposed on 9/16/09

ARTICLE 8 – MINIMUM PAY & CREDIT

- The Company proposes no change

ARTICLE 9 – SCHEDULING

- Article 9 proposal (as proposed on 1/20/10)
- **(Modify)** Combine Domestic / International operations for all Flight Attendants at DOS + 48 at the Company's discretion
- **(Modify)** Withdraw bid line protection (as proposed on 1/20/10)
- **(New)** Create sequence pay protection
 - Sequence pay protection up to the schedule max (excluding carryover time)
 - Company offered "Option II" flying will be sequence protected above the schedule max
 - Must bid or be assigned a trip that originates within days originally scheduled to fly (DOSTF) unless assigned comparable days later in the month
 - Flight Attendant may bid or be assigned multiple sequences within DOSTF
 - If protected for turn-around, Flight Attendant may be assigned airport stand-by duty. Stand by assignment must be in open time at time of bidding
 - Sequence pay protection does not apply to Reserves
 - Eliminate 9.P.6.
 - All other Article 9.P. rules will apply
- **(New)** The parties agree to create a joint committee to explore alternative line construction and bidding systems

ARTICLE 10 – RESERVE

As agreed to on 5/29/09

- **(Modify)** Reduced days of Reserve Availability – percentages determined by the Company
- L2 and OE paid above guarantee
- Eliminate Duty Free patterns
- AM / PM Reserve (Refer to 1/13/10 Reserve Guideline document)
- Reserve PVD / ER option
- Automated Reserve Line Builder

ARTICLE 26 – SICK LEAVE

Amend 9/3/09 proposal as follows:

- Transitional Duty (as proposed on 9/3/09)
- Sick clearance at noon (as proposed on 9/3/09)
- Sliding Scale increase accrual based on the following:

Annual Paid Hour Threshold	Less than 540 paid hours	540 – 739 paid hours	740 – 939 paid hours	940 or more paid hours
Accrual hours per active month	0	3:00 hours	3:30 hours	4:00 hours

*Must maintain an average of 45:00 hours per active month

- Create option to receive annual payout of 50% of yearly sick accrual net of any usage at 50% of hourly rate of pay (as proposed on 9/3/09)
- Increase 420 threshold to 540 hours
- Remainder of Article 26 as proposed on 9/3/09

ARTICLE 33 (New) – CREW REST

- 787 crew rest per Boeing specifications

ARTICLE 35 – GROUP LIFE & HEALTH BENEFIT PLAN

Amend 7/22/09 proposal as follows:

- Contribution rate scaled
 - 1/1/2011 – 15%
 - 1/1/2012 – 17%
 - 1/1/2013 – 19%
 - 1/1/2014 – 20%
- Increase 420 threshold to 540 hours with annual look-back prior to open enrollment (as proposed 7/22/09)
- Offer the Management High Deductible Plan to Flight Attendants
- Include pre-65 retiree medical in Agreement and change to management plan
- Eliminate post-65 plan in favor of a guaranteed issue Medigap plan at employee expense (as proposed 7/22/09)

- Refund pre-funding contributions and Company will cease making contributions (as proposed 7/22/09)
- Future hires – Retiree medical access only (No Company subsidy) (as proposed 7/22/09)
- Remainder of Article 35 as proposed on 7/22/09

ARTICLE 36 – FLIGHT ATTENDANT RETIREMENT BENEFIT PROGRAM

Amend 7/21/09 proposal as follows:

- Defined Contribution (DC) choice for current employees with hard freeze
- DC for new hires – Auto enrolled at 3%; Company match up to 5.5% (as proposed on 7/21/09)
- Remainder of Article 36 as proposed on 7/21/09

ARTICLE 38 – DURATION

- **(Modify)** Duration of agreement – eight (8) years from date of signing (May 1, 2018)
- **(Modify)** Establish an amendable round of negotiations commencing six (6) months prior to May 1, 2014
 - Absent an agreement during the six (6) month negotiation period, each party may submit to binding interest arbitration up to five (5) discrete contract proposals (excluding compensation) on which they have been unable to reach agreement during the amendable round

(New) The APFA and Company scheduling sub-committees will continue to meet and discuss scheduling related system requirements and an implementation schedule before the Company makes a final determination.

In consideration of the above, the APFA agrees to:

- Incorporate Joint Leadership Teams (JLT) / Customer Experience Leadership (CEL) participation language into the contract
- Change the Flight Attendant payroll process to address overpayments (Pay in Arrears)
- Withdrawal of all Presidential grievances and a review of the QSB docket and process
- Support for Onboard sales

The Company is willing to discuss an early out program for Flight Attendants.

The Union will withdraw its proposals on the open issues as follows:

- Article 3 – Compensation
- Article 4 – Expenses
- Article 6 – Vacation
- Article 7 – Hours of Service
- Article 8 – Minimum Pay and Credit
- Article 9 – Scheduling
- Article 10 – Reserve
- Article 26 – Sick Leave
- Article 33 (New) – Crew Rest
- Article 35 – Group Life and Health Benefits
- Article 36 – Retirement Benefit Plan for Flight Attendants

Previous tentative agreements are incorporated as agreed.

The Company reserves the right to propose further additions, deletions and/or modifications at any time prior to the parties' execution of a collective bargaining agreement succeeding the current agreement.