LETTER OF AGREEMENT
Between
ALASKA AIRLINES, INC.
and the
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

TRANSITION AGREEMENT

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended (the “Act”), by and between ALASKA AIRLINES, INC. (“Alaska” or “Company”), and the AIRCRAFT MECHANICS FRATERNAL ASSOCIATION (“AMFA”). The parties are collectively referred to as the “Parties.”

WHEREAS, Alaska and AMFA are party to a collective bargaining agreement covering the Technicians and Related Craft Employees (“Technicians”) employed by Alaska, effective October 17, 2016 with an amendable date of October 17, 2021 (the “CBA”); and

WHEREAS, effective April 1, 2016, Virgin America, Inc. (“Virgin America”), entered into an Agreement and Plan of Merger to become a subsidiary of Alaska Air Group, Inc. (“AAG”). The employees within the Technician and related craft or class employed by Virgin America prior to the Plan of Merger will be referred to herein as the “Legacy Virgin America Technicians”; and

WHEREAS, effective January 11, 2018, Alaska Airlines and Virgin America achieved a single operating certificate from the Federal Aviation Administration ("FAA"), which recognizes that the two carriers are operating as a single airline; and

WHEREAS, effective as of the date the National Mediation Board (“NMB”) extends AMFA’s certification to include all of the employees in the Technicians craft or class following the NMB’s determination that Alaska and Virgin America are operating as a single transportation system for the craft or class of Technicians ("Single Certification"), AMFA will become the certified bargaining representative of the combined Alaska and Legacy Virgin America Technicians workgroup; and

WHEREAS, prior to Single Certification of AMFA as the representative, the Legacy Virgin America Technicians were not represented by any labor organization and the Alaska Technicians were represented by AMFA; and

WHEREAS, the Company intends to integrate the Legacy Virgin America Technicians and the Alaska Technicians into a single workforce with an integrated seniority list; and

WHEREAS, the Company intends to utilize the Legacy Virgin America Technicians and the Alaska Technicians together to perform the Company’s operational functions relative to the classifications within the Technicians workgroup;

NOW, THEREFORE, the Parties agree as follows:

I. Single Carrier Filing.

No later than thirty (30) days following ratification of the Seniority Integration Agreement entered into between AMFA and the Virgin America Technical Operations Seniority Integration Committee (“SLI Agreement”) and ratification of this Transition Agreement by Alaska
Technicians, AMFA will apply to the NMB to extend AMFA’s certification to include representation of the Legacy Virgin America Technicians.

II. Transition Agreement Effective Date.

The terms of the current CBA will become applicable to the corresponding Legacy Virgin America Technicians effective upon Single Certification, except where implementation dates for specific CBA articles are otherwise set forth in Attachment A hereto.

III. Ratification Bonus.

The Company will issue a one-time payment, less applicable deductions and withholdings, in the amount of two thousand five hundred dollars ($2,500) to each active Inspector, Lead, OJT, Technician, Technician Helper (“Tech Helper”) and Janitor on payroll as of the date of ratification of this Transition Agreement. This bonus payment will be paid no later than thirty (30) days following that date.

IV. Retirement Plan.

Effective no later than ninety (90) days following Single Certification, the active AMFA members in the Virgin America 401(k) Plan (“VX Plan”) will be transitioned into the Alaska COPS, MRP & Dispatch 401(k) Plan (“CMD Plan”). This will be a two-step process where first, such active AMFA members will become eligible for the CMD Plan and ineligible for the VX Plan, and second, the account balances of such active AMFA members will be transferred to the CMD Plan.

Effective [TBD*], Article 20, paragraph J of the CBA will be amended as follows and will apply to all covered employees:

Effective October 16, 2017 [TBD* date], AMFA employees participating in the Alaska Airlines, Inc. COPS, MRP & Dispatch 401(k) plan shall be entitled to an additional matching contribution in cash equal to 50% of up to an additional two three percent (2%/3%) of the participant’s deferrals “i.e., maximum employee contribution to receive all Company match as of October 16, 2017 [TBD* date] is eight nine percent (8%/9%) of an employee’s deferrals, and the match will be a maximum of 4% 4.5% of eligible compensation.

V. Shift Differential.

The Company will increase Shift Differential rates under Article 28 accordingly:

A. Employees will receive shift differentials of sixty-five cents ($.65) per hour for second shift or one dollar ten cents ($1.10) per hour for the third shift when they work those shifts as defined in Article 5 of the Parties’ CBA.

B. An employee who works a relief schedule or who is scheduled to work two or more starting times during a work week will be paid a multiple shift differential of one dollar ten cents ($1.10) per hour for all hours worked during any work week in which he works such schedule.
VI. **Longevity Allowance.**

The Company will increase longevity allowance under Article 29 of the Parties’ CBA as follows:

- Ten (10) through fifteen (15) years $ .25 per hour
- Sixteen (16) through twenty (20) years $ .30 per hour
- Twenty-one (21) through thirty (30) years $ .40 per hour
- Thirty (30) or more years $ .50 per hour

VII. **Job Security – Letter #9.**

Effective immediately upon issuance of Single Certification, paragraph 1 of Letter #9 will apply to all active Technicians as of the time of Single Certification and be amended to add New York City (JFK) to the list of cities where the Company will not subcontract any scheduled line maintenance work currently performed by AMFA Technicians.

VIII. **Effective Date.**

This Transition Agreement governs in case of conflict between one of its terms and a provision of the existing Alaska AMFA CBA referenced above.

IN WITNESS WHEREOF, the Parties hereto have executed this Letter of Agreement effective this ___ day of ______________, 2018.

By: ________________________________  By: ______________________________
Bret Oestreich, AMFA National Director     Kurt Kinder, Vice President, M & E
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION  ALASKA AIRLINES, INC.

By: ________________________________  By: ______________________________
Earl Clark, AMFA Region 1 Director     Shane Tackett, EVP, Planning & Strategy
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION  ALASKA AIRLINES, INC.

By: ________________________________  By: ______________________________
Jarod Mills, Airline Representative, Local 14     Sonia Alvarado, Director, Labor Relations
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION  ALASKA AIRLINES, INC.

By: ________________________________
Mark Dahl, Airline Representative, Local 32
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION
Attachment A

Below are the terms for the transition of Legacy Virgin America Technicians to specific Articles under the Alaska Airlines AMFA collective bargaining agreement (“CBA”).

**Article 3 (Status of Agreement)** – Will apply on issuance of Single Certification, except that, effective immediately upon the ratification of this Transition Agreement, the restrictions described in Article 3.F.c will no longer apply to the Alaska-Virgin America transaction as detailed in the Agreement and Plan of Merger.

**Article 4 (Classification of Work)** - Will apply on issuance of Single Certification. CBA classification titles will be assigned to Legacy Virgin America Technicians within thirty (30) days following the issuance of Single Certification in accordance with the SLI Agreement.

**Article 5 (Hours of Service)** - Will apply no later than ninety (90) days following issuance of Single Certification. For purposes of this Transition Agreement, Article 5.I.3 will not apply to current Alaska and Legacy Virgin America locations. Specifically, all current Alaska and Legacy Virgin America locations as of the date of this Transition Agreement will be considered as existing locations for the purpose of bid awarding. Within fourteen (14) days after Article 5.F becomes applicable, shift schedules will be rebid in accordance with the guidelines required under the CBA in each bid location where Legacy Virgin America Technicians work.

**Article 6 (Overtime)** - Will apply no later than ninety (90) days following issuance of Single Certification.

**Article 7 (Holidays)** - Will apply no later than ninety (90) days following issuance of Single Certification. For Legacy Virgin America Technicians, any earned, unused Personal Days as of the effective date of this Article will be converted to banked holidays under Article 7.F.

**Article 8 (Field Service and Special Projects)** - Will apply no later than thirty (30) days following issuance of Single Certification.

**Article 9 (Seniority)** - Will apply on issuance of Single Certification. For purposes of computing company and classification probationary hours of the Legacy Virgin America Technicians, time spent working at Virgin America will be treated as time worked with Alaska. Seniority time that has previously been lost at either air carrier will not be reestablished by operation of this agreement.

**Article 10 (Vacancies)** – Will apply no later than ninety (90) days following issuance of Single Certification.

**Article 11 (Leave of Absence)** - Will apply on issuance of Single Certification. For purposes of computing eligible leave for the Legacy Virgin America Technicians, time spent working and/or time on leave at Virgin America will be treated as time worked and/or time on leave with Alaska.

**Article 12 (Training)** - Will apply on issuance of Single Certification. Technician Trainer seniority for Legacy Virgin America Technicians will be as set forth in the SLI Agreement.

**Article 13 (Vacations)** – Will apply on issuance of Single Certification. Legacy Virgin America Technicians will be placed at the appropriate vacation accrual level based on years of seniority
recognized for seniority purposes under the SLI Agreement. Thereafter, Legacy Virgin America Technicians will advance in accruals as described in Article 13.B. Current Legacy Virgin America Technician vacation accruals will be transferred, credited for each Technician, and recognized for the purpose of bidding for vacation under the terms of the CBA.

Vacation periods bid for 2019 and held by Alaska and Legacy Virgin America Technicians will be observed throughout 2019. Legacy Virgin America Technicians will be able to carry over any unused vacation for 2019 into 2020 up to the accrual maximum set forth in the CBA. Negative balances will not be carried over, provided, however, Legacy Virgin America Technicians will no longer be allowed to take vacation which would cause their vacation balance to become negative.

Combined vacation bidding will occur under the terms of the CBA for 2020 and thereafter. For purposes of the vacation periods bid for 2020, Legacy Virgin America Technicians’ vacation accruals will be determined in accordance with Article 13 of the CBA as if they had been working under the CBA from January 1, 2019.

**Article 14 (Sick Leave)** - Will apply on issuance of Single Certification. No later than ninety (90) days following issuance of Single Certification, Legacy Virgin America Technicians will be provided Sick Leave accrual in accordance with Article 14 of the CBA as if they had been working under the CBA for the duration of their employment at Virgin America, less actual sick leave usage during the same time period. The sick leave accrual will be for the actual time worked at Virgin America. For example, a three-year, three-month employee working fulltime for Virgin America will receive three-years, three-months’ worth of accruals, less any sick leave actually used.

**Article 15 (Transportation)** - Will apply on issuance of Single Certification.

**Article 18 (Safety and Health)** – Will apply on issuance of Single Certification.

**Article 19 (Severance Allowance)** - Will apply on issuance of Single Certification. For purposes of computing years of service of Legacy Virgin America Technicians, time spent working at Virgin America will be treated as time worked with Alaska Airlines.

**Article 20 (Retirement Plan)** – See Section IV of Transition Agreement.

**Article 23 (Wage Rules)** - Schedule A and all other wage rules will apply no later than the issuance of Single Certification. The Company will be obligated to compensate each covered employee beginning at such time, but may have no more than ninety (90) days following Single Certification for implementation purposes. Any amounts accrued by covered employees but not paid pending implementation of the wage rules will be paid in a one-time, lump sum within thirty (30) days following implementation. Contractual pay rates will apply for all Technicians, except those individually listed in Attachment B.

**Article 27 (Letters of Agreement)** - All Letters of Agreement included in the CBA will apply on issuance of Single Certification. Letter of Agreement #9 will be modified pursuant to the language set forth in Section VII of Transition Agreement. In addition, Letter of Agreement #8 is modified pursuant to the changes below:

Letter #8 (Aviation Safety Action Program) will replace any Memorandum of Understanding covering the Virgin America Aviation Safety Action Program on issuance of Single Certification.
**Article 28 (Shift Differential)** - Will be modified pursuant to the language set for the in Section V of the Transition Agreement and will apply effective no later than the issuance of Single Certification.

**Article 29 (Longevity Allowance)** - Will be modified pursuant to the language set for the in Section VI of the Transition Agreement and will apply effective no later than the issuance of Single Certification.

**Article 31 (Union Shop)** - Will apply on issuance of Single Certification, however, automatic dues deduction will not apply until the Company has received the appropriate fully executed Assignment and Authorization for Voluntary Check-Off of Association Dues from AMFA.
Attachment B

Carlewis Villasin
Douglas Menendez
Ernesto De La Rosa
Jean-Pierre Merolus
Julius Crater
Marlon Pesulima
Maro Ashpole
Martin Mata
Matthew Gorlewski
Omar Urrego
Stephen Stanton
Victor Mora
Wayne Mcfarlane