

February 18, 2017

**LETTER OF AGREEMENT**  
**Between**  
**ALASKA AIRLINES, INC.**  
**and the**  
**CLERICAL, OFFICE & PASSENGER SERVICE EMPLOYEES**  
**in the service of**  
**ALASKA AIRLINES, INC. and VIRGIN AMERICA, INC.**  
**as represented by**  
**THE INTERNATIONAL ASSOCIATION OF MACHINISTS**  
**AND AEROSPACE WORKERS, AFL-CIO**

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**TRANSITION AGREEMENT**

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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”), VIRGIN AMERICA, INC. (“Virgin” and, together with Alaska, the “Airline Parties”), and the CLERICAL, OFFICE & PASSENGER SERVICE EMPLOYEES (“COPS”) in the service of the Airline Parties, as represented by the INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO (“IAM”). All parties are collectively referred to as the “Parties”.

WHEREAS, effective April 1, 2016, Virgin America, Inc., entered a Plan of Merger to become a subsidiary of Alaska Air Group (AAG); and

WHEREAS, effective the closing of the Alaska/Virgin merger, the IAM will become voluntarily recognized by the Airline Parties as the union representative of Alaska and Virgin COPS employees.

WHEREAS, prior to the voluntary recognition of the IAM as the representative, the Virgin employees were not represented by any labor organization and the Alaska employees were represented by the IAM; and

WHEREAS, the Airline Parties intend to integrate the Virgin employees and the Alaska employees into a single workforce with an integrated seniority list; and

WHEREAS, the Airline Parties intend to utilize the Virgin employees and the Alaska employees together to perform the Airline Parties’ operational functions relative to the classifications within the COPS workgroup;

THEREFORE, the following applies:

- I. Transition Agreement Date. The terms of the current Collective Bargaining Agreement (“CBA”) between Alaska Airlines, Inc. and the International Association of Machinists covering the COPS employees, as amended and effective May 22, 2014, will become applicable to the respective Virgin employees within 30 days following the execution of the Agreement (“Transition Agreement Date”), except where transition dates for specific CBA articles are otherwise set forth in Attachment A hereto.

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II. Seniority List Integration

As described in Attachment B.

III. Waiver of local ordinances

As described in Attachment C.

IV. Virgin America SFO HQ Relocation Policy

As described in Attachment D.

V. Wage Scale

As Shown in Attachment E

VI. Effective Date

This Transition Agreement Governs in case of conflict between one of its terms and a provision of the existing Alaska COPS Collective Bargaining Agreement cited above.

IN WITNESS WHEREOF, the parties hereto have executed this Letter of Agreement effective this 18th day of February, 2017.

**(Please note – signatures are on the original document)**

By: \_\_\_\_\_  
Kris Hannah, Grand Lodge Representative  
INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS, AFL-CIO

By: \_\_\_\_\_  
Jeffrey Butler, Vice President, Operations  
ALASKA AIRLINES, INC.

By: \_\_\_\_\_  
David Supplee, President Directing General Chairperson  
District Lodge 142  
INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS, AFL-CIO

By: \_\_\_\_\_  
Greg Mays Vice President, Labor  
ALASKA AIRLINES, INC.

By: \_\_\_\_\_  
Jeffrey Tobius, General Chairperson  
District Lodge 142  
INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS, AFL-CIO

By: \_\_\_\_\_  
Bob Hartnett, Labor Relations  
ALASKA AIRLINES, INC.

By: \_\_\_\_\_  
Jackie Fay, General Chairperson  
District Lodge 142  
INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS, AFL-CIO

**Attachment A**  
**COPS**

Below are the terms for the transition of Virgin America employees to specific CBA Articles under the Alaska Airlines COPS/IAM agreement. Where current Virgin America work rules exist that will be replaced by CBA provisions specifically cited below, it is understood and agreed that such work rules will remain status quo until amended by implementation of this Transition Agreement.

**Preamble** - Will apply on Transition Agreement Date.

**Article 1 (Purpose of Agreement)** Will apply on Transition Agreement Date.

**Article 2 (Recognition and Scope of Agreement)** Will apply on Transition Agreement Date.

**Article 3 (Status of Agreement)** Will apply on Transition Agreement Date.

**Article 4 (Classification of Work)** Will apply on Transition Agreement Date. CBA classification titles shall be assigned to pre-merger Virgin America employees within 30 days following the publishing of the Integrated Seniority List (ISL).

**Article 5 (Hours of Service)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 6 (Part Time Employees)** Will apply no later than ninety (90) days after execution of the Transition Agreement.

The following Locations converting from oversight by a Contract Service Lead will be considered new locations as described Article 6.A.4.a. upon location transition, but will be considered as existing locations for the purpose of bid awarding: BOS, EWR, LGA, JFK, IAD, FLL, DAL, AUS.

**Article 7 (Overtime)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 8 (Holidays)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 9 (Seniority)** Will become effective thirty (30) days following the publishing of the final integrated seniority list except as follows: For purposes of computing company and classification probationary hours of the Virgin America employees covered by this letter, time spent working at Virgin America shall be treated as time worked with Alaska Airlines. Seniority time that has previously been lost at either air carrier shall not be reestablished by operation of this agreement.

**Article 10 (Vacancies)** In locations where Virgin America and Alaska Airlines each have flight operations; those operations may be treated as separate bid locations subject to the rules for bid locations under the collective bargaining agreement. Within thirty (30) days after the completion of required training to handle each other's aircraft, and co-location of operations and facilities at any one of these locations, the two bid locations' covered employees will be merged into a single bid location using existing staff in the two bid locations. All separate bid locations described herein shall be

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combined into single bid locations within and no later than 2 years of the effective date of this Transition Agreement.

The following language (Article 10.J.3) shall not apply to any Virgin America bid location or city created as a result of the merger:

“When the Company initiates a classification at a bid location where it has never been utilized, a notice will be posted system wide fifteen (15) days prior to awarding the position or hiring from the outside. Preference bids may be filed by employees in accordance with Article 10, paragraph G.6. and awarded as in Article 10, paragraph H.”

Employees that are working in the bid location at the time of the Transition Agreement Effective Date will be considered “at the station” for the purposes of this paragraph. Vacancies after the effective date will be awarded per Article 10.

Due to the differences that exist between the Alaska Airlines and Virgin America Crew Scheduling and Operational weight and balance systems, and because separate flight operations, operating manuals and crew scheduling systems will remain until a Single Operating Certificate (SOC) is issued by the FAA, the parties agree that separate bid locations may exist for crew schedulers for each pre-merger flight operation until such time as crews are paired together and the combined carrier becomes a single flying operation.

Within 30 days after implementation of the integrated seniority list, shift schedules will be rebid in accordance with the guidelines required under the collective bargaining agreement in each former Virgin America location. Additionally, shift schedules shall be rebid within 30 days after any separate bid locations have been combined into a single bid location.

**Article 11 (Transfers and Moving Expenses)** Will apply on Transition Agreement Date as described in attachment D.

**Article 12 (Leaves of Absence)** Will apply on Transition Agreement Date.

**Article 13 (Vacations)** Employees merged into the Collective Bargaining Agreement under this Transition Agreement shall be placed at the appropriate vacation accrual level based on years of service with Virgin America. Thereafter, Virgin America employees will advance in accruals as described in Article 13, paragraph B. Current Virgin America employee vacation accruals shall be transferred, credited for each employee and recognized for the purpose of bidding for vacation under the terms of the CBA.

Vacation periods-bid for 2017 and held by employees shall be observed throughout 2017. Combined vacation bidding shall occur under the terms of the CBA for 2018 and thereafter.

**Article 14 (Sick Leave)** Will apply on Transition Agreement Date. No later than one hundred and eighty (180) days following the execution of the Transition Agreement, Virgin America employees covered under this Transition Agreement will be provided up to 5 years’ of Sick Leave Accrual, minus sick leave usage in the previous 5 years, as if they had been working under this Agreement. The 5 year Sick Leave Accrual shall be for the actual time worked at Virgin America. For example, a 3 year 3-month employee working full time for Virgin will receive 3 years 3 months’ worth of accruals.

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**Article 15 (Transportation)** Will apply on Transition Agreement Date however, it is understood that the company may maintain two separate travel policies until such time as a single travel policy is established.

**Article 16 (Grievances)** Will apply on Transition Agreement Date.

**Article 17 (Safety and Health)** Will apply on Transition Agreement Date.

**Article 18 (General and Miscellaneous)** Will apply on the Transition Agreement date except paragraphs C. and F.

Paragraph C. (Uniforms) shall apply to pre-merger Virgin America employees no later than January 1, 2019.

Paragraph F. (Jury Duty) shall apply to pre-merger Virgin America employees no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 19 (Wage Rules)** Schedule A will apply on the Transition Agreement date as described in attachment E. All other wage rules will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement. Contractual pay rates will apply for all classifications not individually cited in Attachment E.

**Article 20 (Savings Clause)** Will apply on Transition Agreement Date.

**Article 21 (Shift Differential)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 22 (Union Security)** Will apply on the Transition Agreement Date however automatic dues deduction shall apply as soon as practicable but no later than one hundred and eighty (180) days following the Transition Agreement Date.

**Article 23 (Pension Plan)** The existing Alaska Airlines 401K plan shall be implemented for Virgin employees on January 1, 2018 following an enrollment period in November of 2017. Existing Virgin America employees' past service shall be recognized for the purpose of vested time under this Article.

**Article 24 (Letters of Agreement)** All letters included and not included in this agreement will apply on Transition Agreement Date except letters #6 and #16.

Letter #6 (language-qualified employees) shall apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

Letter #16 (hour-at-a-time "HAT" utilization) shall apply no later than one hundred and twenty (120) days following the execution of the Transition Agreement.

**Article 25 (Insurance)** Will be implemented on January 1, 2018 following open enrollment in November of 2017. The current Virgin America healthcare program will apply to full-time and part-time Virgin America employees who qualify. The same participation qualification criteria that exists for Alaska Airlines employees shall apply to Virgin America full-time and part-time employees for

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2017 healthcare coverage as soon as practical but no more than one hundred and twenty (120) days following the Transition Agreement Date.

**Article 26 (Longevity)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Article 27 (Effective date and duration)** Will apply on Transition Agreement Date.

**Article 28 (Home Agent)** Notwithstanding Article 28.B.1, in all locations where Virgin America currently has home agents, those employees will be allowed to continue working in their existing locations. The parties agree to implement local waivers (**see attachment C**) as needed to accomplish this.

Virgin America's current Lead Reservations Agent, CRC support, Central Baggage and Sabre support positions may remain in their current locations and home agent status until Alaska integrates those functions into its previously existing operation or the individuals performing those functions voluntarily change residence, whichever may occur first. The Virgin America SFO HQ Relocation Policy shall apply to employees affected by any such integration of this work.

**Article 29 (Field Service)** Will apply no later than one hundred and eighty (180) days following the execution of the Transition Agreement.

**Attachment B**

**ALASKA AIRLINES – VIRGIN AMERICA**  
**SENIORITY INTEGRATION**

1. The seniority lists of Alaska's COPS employees and Virgin's previously unrepresented employees will be integrated based on the seniority list submitted to the IAM by Neutral Joshua Javits and adopted by the IAM.
2. The Company and the Union will post the integrated seniority lists and/or otherwise make the lists available to all affected Alaska and Virgin employees as required by Article 9, Seniority, of the current Alaska Airlines COPS Agreement within thirty (30) days of adoption by the IAM.

**Attachment C**

**WAIVER OF LOCAL ORDINANCES AND REGULATIONS**

1. It is the intent of the parties that, to the fullest extent permitted by law, this Agreement supersedes, waives and/or is considered to have fulfilled all the requirements of any local, state or federal ordinances or regulations that otherwise would be applicable to the Virgin at-home Lead Reservations Agent, CRC support, Central Baggage and Sabre support agents, who are employed on the effective date of this Transition Agreement, in locations covered by this Transition Agreement with respect to wages, benefits, and other terms and conditions of employment.
2. A list of current local ordinances or regulations of which the parties are aware that otherwise would be applicable to the Virgin at home Reservation Agents covered by this Agreement and that are specifically superseded, waived and/or considered to be satisfied by this Agreement include the following:
  - The California Healthy Workplaces, Healthy Families Act of 2014
  - Cal. Lab. Code §§ 245-49
  - The San Francisco Sick Leave Ordinance, S.F. Admin. Code Section 12W
  - The San Francisco Minimum Wage Ordinance, S.F. Admin Code Chapter 12R
  - The San Francisco Minimum Compensation Ordinance, S.F. Admin. Code Chapter 12P; and Cal. Lab. Code § 510
3. If the parties become aware of other local ordinances or regulations that otherwise would be applicable to the Virgin at-home Reservation Agents covered by this Agreement that may be superseded or waived by a collective bargaining agreement, the parties shall reopen this Addendum of this Agreement for the sole and exclusive purpose of adding such local ordinance or regulation. This shall apply only to local ordinances or regulations promulgated or enacted after the Effective Date of this Agreement, and not to those in effect as of the Effective Date of this Agreement.



**Attachment D**  
**Virgin America SFO HQ Relocation Policy**  
**Applicable for two (2) years following the Transition Agreement Date**

Relocation Expense Allowance	\$5,000.00	Taxes withheld
Temporary Living	Governed by System Regulations. \$3,600.00 maximum	
Travel: forced relocation	Provide positive space, non-bumpable travel for the purposes of a relocation. Maximum of 3 trips for immediate family	
Movement of Household (in lieu of self-move option)	15,000 pounds at no cost to the employee.	

**ATTACHMENT E**  
**WAGE SCALES**

Base Wage Rates for Current Crew Schedulers

2017 Alaska-Virgin Crew Scheduler base wage rates applicable to employees hired or first bidding into the Crew Schedulers **classification** on or before April / 15 / 2017. Effective the first day of the pay period following April / 15 / 2017.

Step	SEA, SFO
Start	\$23.09
1st Step	\$23.09
2nd Step	\$23.09
3rd Step	\$23.09
4th Step	\$23.09
5th Step	\$23.09
6th Step	\$23.09
7th Step	\$23.84
8th Step	\$26.33
9th Step	\$26.54
10th Step	\$27.46
11th Step	\$28.15
12th Step	\$28.68

Rates **do not** include location premiums, which shall continue to apply. All other premiums will apply.

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2018 Alaska-Virgin Crew Scheduler base wage rates applicable to employees hired or first bidding into the Crew Schedulers classification on or before April / 15 / 2017. Effective January 1, 2018.

Step	SEA, SFO
Start	\$23.44
1st Step	\$23.44
2nd Step	\$23.44
3rd Step	\$23.44
4th Step	\$23.44
5th Step	\$23.44
6th Step	\$23.44
7th Step	\$24.20
8th Step	\$26.72
9th Step	\$26.94
10th Step	\$27.87
11th Step	\$28.57
12th Step	\$29.11

Contractual 1.5% increase applied to all steps.

Rates do not include location premiums. All other premiums will continue to apply.

\*\*\*Current rates in C.O.P.S agreement shall apply for new hires.

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### Base Wage Rates for Transfers into the Crew Scheduler Classification

2017 Alaska-Virgin base wage rates applicable to C.O.P.S. employees hired on or before April / 16 /2017 or first bidding into the Crew Scheduler classification after April / 16 / 2017. Effective the first day of the pay period following April / 16 / 2017.

Seniority	SEA, SFO
0	\$17.57
0.5	\$18.09
1	\$18.64
2	\$19.20
3	\$19.78
4	\$20.36
5	\$23.09
6	\$23.84
7	\$26.33
8	\$26.54
9	\$27.46
10	\$28.15
11	\$28.68

Rates **do not** include location premiums, which shall continue to apply. All other premiums will continue to apply.

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2018 Alaska-Virgin base wage rates applicable to C.O.P.S. employees hired on or before April / 16 / 2017 /2017 or first bidding into the Crew Scheduler classification after April /16/ 2017. Effective January 1, 2018.

Seniority	SEA, SFO
0	\$17.84
0.5	\$18.37
1	\$18.92
2	\$19.48
3	\$20.08
4	\$20.67
5	\$23.44
6	\$24.20
7	\$26.72
8	\$26.94
9	\$27.87
10	\$28.57
11	\$29.11

Contractual 1.5% increase applied to all steps.

Rates **do not** include location premiums, which shall continue to apply. All other premiums will continue to apply.

\*\*\*Current rates in C.O.P.S agreement shall apply for new hires.

**Base Wage Rates for Current Customer Service Agents**  
 2017 Alaska-Virgin CSA/GST Wage Rates applicable to employees  
 hired on or before April / 15 / 2017. Effective the first day of the pay  
 period following April / 15 / 2017.

Seniority	BOS, EWR, JFK, LGA, SEA	AUS, DAL, DEN, FLL, LAS, SAN	SFO	LAX	All Other Locations (unchanged)
0	\$13.72	\$12.75	\$13.67	\$15.13	\$12.47
0.5	\$13.72	\$12.85	\$13.67	\$15.13	\$12.85
1	\$14.10	\$13.90	\$13.98	\$15.49	\$13.90
2	\$14.48	\$14.30	\$14.30	\$15.86	\$14.30
3	\$14.92	\$14.86	\$14.86	\$16.21	\$14.86
4	\$15.77	\$15.77	\$15.77	\$16.58	\$15.77
5	\$16.69	\$16.69	\$16.69	\$17.08	\$16.69
6	\$17.75	\$17.75	\$17.75	\$17.98	\$17.75
7	\$18.17	\$18.17	\$18.17	\$18.84	\$18.17
8	\$18.63	\$18.63	\$18.63	\$19.43	\$18.63
9	\$19.91	\$19.91	\$19.91	\$20.02	\$19.91
10	\$21.75	\$21.75	\$21.75	\$21.75	\$21.75
11	\$24.79	\$24.79	\$24.79	\$24.79	\$24.79

Rates **do not** include location premiums, which shall continue to apply. All other premiums will continue to apply.

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2018 Alaska-Virgin CSA/GST Wage Rates applicable to employees hired on or before April / 15 / 2017. Effective January 1, 2018.

Seniority	BOS, EWR, JFK, LGA, SEA	AUS, DAL, DEN, FLL, LAS, SAN	SFO	LAX	All Other Locations (unchanged)
0	\$13.93	\$12.94	\$13.88	\$15.36	\$12.65
0.5	\$13.93	\$13.04	\$13.88	\$15.36	\$13.04
1	\$14.31	\$14.11	\$14.19	\$15.72	\$14.11
2	\$14.70	\$14.52	\$14.52	\$16.10	\$14.52
3	\$15.14	\$15.08	\$15.08	\$16.45	\$15.08
4	\$16.01	\$16.01	\$16.01	\$16.83	\$16.01
5	\$16.94	\$16.94	\$16.94	\$17.34	\$16.94
6	\$18.02	\$18.02	\$18.02	\$18.25	\$18.02
7	\$18.44	\$18.44	\$18.44	\$19.12	\$18.44
8	\$18.91	\$18.91	\$18.91	\$19.72	\$18.91
9	\$20.21	\$20.21	\$20.21	\$20.32	\$20.21
10	\$22.08	\$22.08	\$22.08	\$22.08	\$22.08
11	\$25.16	\$25.16	\$25.16	\$25.16	\$25.16

Contractual increase of 1.5% applied to all steps.

Rates **do not** include location premiums, which shall continue to apply. All other premiums will continue to apply.

\*\*\*Current rates in C.O.P.S agreement shall apply for new hires.