

UNITED



Fleet Service Employees 2016 – 2021 Agreement

Between United Airlines and
The International Association of Machinists
And Aerospace Workers (IAMAW)

2016 – 2021 FLEET SERVICE AGREEMENT

PREAMBLE

This Agreement is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between United Airlines, Inc. (referred to in this Agreement as the “Company”) and the International Association of Machinists & Aerospace Workers (referred to in this Agreement as the “Union”) representing the employees comprising the craft or class of Fleet Service Employees as certified by the National Mediation Board in Case R-7286 on August 12, 2011.

The Company and the Union pledge their best efforts to promote the highest degree of safety and customer service, operational efficiency, dignity and respect for employees working under reasonable conditions for competitive pay and benefits, and partnership between the Company and the Union dedicated to the success of United and its co-workers and stakeholders.

This Agreement is designed to provide clear and understandable rules as to the expectations, rights and obligations of Fleet Service Employees, the Union, and the Company. To facilitate identification of provisions that govern specific terms and conditions or that may apply in various circumstances, the Agreement is organized as follows:

Article 1 – Classifications & Vacancies

Article 2 – Job Security

Article 3 – Compensation & Benefits

Article 4 – Hours of Service & Overtime

Article 5 – Vacation & Holidays

Article 6 – Leaves of Absence & Sick Leave

Article 7 – Seniority

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ARTICLE 1: CLASSIFICATIONS & VACANCIES**A. Classifications and Positions**

1. Each employee is assigned to a classification. Classifications covered by this Agreement may include, but are not limited to: Ramp Service, Lead Ramp Service, and Vehicle Driver.

2. Positions within a classification may be established in 3 categories: basic, Lead or Specialty positions. The basic position is the primary function within a classification. Lead and Specialty positions are dedicated functions or responsibilities that require leadership or special skills closely aligned with the basic position. Each classification and/or position may have a Lead role as determined by the Company. Employees covered by this Agreement may be assigned to perform duties across classification lines and to give instruction and on the job training to employees in the same or other classifications, regardless of the specific position they hold. Positions covered under this Agreement, and brief descriptions of the work performed, may include, but are not limited to, the following:

a. **Ramp Service Employee (RSE)** is a basic position within the Ramp Service classification. RSEs perform work including, but not limited to:

- Scanning and sorting; bag room activity of moving baggage from baggage sortation system piers and carousels; execution of loading plans; and loading, stowing, unloading and transfer of baggage, mail, and cargo.
- Operating automotive and other ramp equipment including the performance of user checks on ground service equipment;
- RSE functions related to the receipt and dispatch of scheduled arrivals and scheduled departures of aircraft on the ramp.
- In the absence of assigned Specialty or Lead positions at a Location, qualified RSEs may be required to fulfill those functions.

(i) **Lead Ramp Service Employee (Lead RSE)** is a Lead position within the Ramp Service classification as well as a position within the Lead Ramp Service classification. A Lead RSE supports and assists in leading others, planning, coordinating, instructing, training or on the job training, and delegating tasks and assignments within the Ramp Service classification, while also performing RSE work.

(ii) **Move Team Employee (MTE)** is a Specialty position within the Ramp Service classification that exists in designated Locations allocated and authorized by the Company to perform work related to the movement of aircraft. When bidding on MTE positions, employees must meet the qualifications established by the Company.

b. **Vehicle Driver** is a basic position within the Vehicle Driver classification, which, in designated airport Locations allocated and authorized by the Company, may serve as a driver of specified Company vehicles.

3. The parties will establish a committee with 3 members chosen by the Company and 3 members chosen by the Union in order to discuss, determine, and review the application of selection criteria for Specialty Positions covered by this Agreement. No later than 30 days after the date of signing of this Agreement, the Committee will meet to establish a mutually agreeable selection process. The committee will meet at least twice a year.

4. In the event that the Company brings back in house functions of the Fleet Service craft or class that were transferred, discontinued, contracted-out, or otherwise not being performed by employees of the Company, such work will be considered to be the work of Fleet Service employees. The Company and the Union will meet and confer to determine the manner in which such work is to be performed under the Agreement.

B. Locations and Points As used in this Agreement, a Location is defined as a Company facility with the same station or building designator codes, and a Point is defined as combined Locations within a geographical area as follows:

- Chicago Point: Includes CHI, MDW, ORD, OPC and WHQ.
- Hawaii Point: Includes HNL, ITO, KOA, LIH and OGG.
- Los Angeles Point: Includes BUR, LAX, ONT and SNA.
- Miami Point: Includes FLL, MIA and PBI.
- New York Point: Includes EWR, JFK and LGA.
- San Francisco Point: Includes OAK, SFO and SJC.
- Washington Point: Includes BWI, DCA and IAD.
- Houston Point: Includes IAH and HOU.
- Guam Point: Includes SPN and GUM.

The Union and the Company may agree to add to, delete from or modify these Point definitions through mutual agreement.

C. Vacancies

1. A “vacancy” is an available position that is posted and filled through a local bid process, a system bid process, or if not filled, through a competitive process. The local bid process is used to fill Lead and Specialty positions at a Location. The system bid process is used to change Locations or work status in the basic position within that classification.

2. **Bidding**

a. Until E-Bid is fully operational, employees who wish to be considered for a vacancy in a basic position must complete a bid/transfer request (“system bid”) that will be maintained on file for the remainder of that calendar year, except that system bid requests submitted during the month of December of any year will be maintained on file for the following calendar

year. An employee will be notified if a system bid request is incomplete; incomplete system bid requests will not be considered in filling a vacancy. An employee may submit system bid requests for no more than 10 different Locations. An employee may withdraw or resubmit system bid requests at any time in writing. When not filled through the system bid process, vacancies and local postings will be posted and will include: the classification and position, the date of posting, whether or not the position is temporary or permanent, work status, the number of positions to be filled, the Location, qualifications, duties, closing date to submit a bid/transfer request, and the approximate date the award will be effective. Vacancies will be posted for a minimum of 7 calendar days, with the exception of newly opened or reopened Locations, which will be posted for 30 calendar days.

b. When available, vacancies may be electronically "posted" (E-Bid). When and if E-Bid becomes available, the Company and the Union will discuss its application and operation.

c. Specialty and Lead positions will be made available at the Location before being posted system-wide if necessary.

d. An employee bidding a vacancy in a different Location, (i) must have at least 1 year of service with the Company; and (ii) if on a leave of absence or EIS, must be able to return to work at the vacancy's Location by the reporting date, unless the Company waives these requirements.

3. Awarding Vacancies

a. Transfers within a Point: For Locations within the same Point, vacancies will be awarded first by honoring local transfer requests that are on file from employees in the following order:

(i) Basic positions from existing employees in the same work status at Locations within that Point by basic bid seniority;

(ii) Lead positions from existing Leads at Locations within that Point by Lead bid seniority, and thereafter from among qualified employees in the basic classification from the Locations within that Point by basic bid seniority in the following sequence:

(A) Leads with an Area Transfer Request on file using Lead bid seniority.

(B) Employees with a recall right to the Lead classification at the location (there is no recall to the Point for Leads) using furlough recall seniority provided their seniority can hold the basic classification in the same work status.

(C) Post the position in the Point and award in the following order:

(1) Basic or Specialty employees in the same work status using basic bid seniority.

(2) Basic or Specialty employees in the alternate work status with a recall right to the Lead classification using furlough recall seniority.

(3) Basic or Specialty employees in the alternate work status using basic bid seniority.

(D) Post the position to the system and award to employees in the same basic classification using basic bid seniority.

(E) Competitive transfers from IAM employees.

(iii) Specialty positions from existing qualified employees in the same basic or Lead classification at that Location, and thereafter from among qualified employees in the same basic or Lead classification within that Point by basic bid seniority.

(A) Basic or Lead Ramp Service Employees in the same work status in the Location.

(B) Basic or Lead Ramp Service Employees in the alternate work status in the Location.

(C) Basic or Lead Ramp service employees in the same work status in the Point.

(D) Basic or Lead Ramp service employees in the alternate work status in the Point.

(E) Post the position to the system and award to employees in the Basic or Lead Ramp service classification using basic bid seniority.

(F) Competitive transfers from IAM employees.

b. Filling Other Vacancies For all other vacancies, including vacancies within the Point that were not filled through the process in (a) above, candidates within the classification will be awarded vacancies as follows:

(i) Vacancies for basic positions will be awarded in the following order:

(A) Employees with a bid on file within the same classification in basic bid seniority order;

(B) Employees covered under this and other collective bargaining agreements between the Company and the Union on a competitive basis; and

(C) Other Company employees on a competitive basis before hiring from outside the Company.

(ii) Vacancies for Lead positions will be filled by candidates possessing the ability to satisfactorily perform the work and will be awarded in the following order:

(A) Employees with a recall right to the Lead classification in the same work status using furlough recall seniority provided their seniority can hold the basic classification in the same work status.

(B) Basic or Specialty employees who bid on the posting in the same work status at the location using basic bid seniority.

(C) Basic or Specialty employees in the alternate work status with a recall right to the Lead classification using furlough recall seniority.

(D) Basic or Specialty employees who bid on the posting in the alternate work status at the location using basic bid seniority.

(E) Post the position to the system and award to employees in the same basic classification using basic bid seniority.

(F) Competitive transfers from IAM employees.

4. Notice of Award Results

a. Successful candidates will be notified of the award within 72 hours. Except for changes between full and part-time status at the same Location, candidates refusing the award will not be considered for another vacancy for 6 months.

b. Absent mutual agreement otherwise, an employee awarded a vacancy at another Location will be given a maximum of 14 days to report to the new Location, or 72 hours after obtaining all necessary clearances, whichever is later. Employees must report to their awarded position by the date specified in the posting. An employee who fails to report on time to fill the awarded vacancy at another Location will not be considered for any other vacancy for 1 year.

c. In reporting to the new Location as the result of filling a vacancy as described in this Section C, a transferring employee may take unpaid consecutive time off of 1 day per 300 miles traveled (with a minimum of 1 day) within 30 days of the reporting date.

d. Absent mutual agreement otherwise, a one-time service fee waived space available travel pass to the new location will be provided for the employee and eligible dependents.

D. Evaluation Periods Employees awarded vacancies in any Lead or other Specialty position within their current classification will have a 90 day job trial during which either the employee or Company may determine that the employee should return to his or her previous position. Employees returning to the basic classification during their job trial period will return to their previously held shift bid line if it has not been filled. If the

shift bid line has been filled, employees will return to a shift bid line that their bid seniority would hold, which will be designated as relief until the next shift bid. Absent mutual agreement otherwise, after successfully completing the 90 day job trial an employee may not withdraw from or bid out of the position until completing 6 additional months in that position.

E. Temporary Assignments Temporary assignments will be filled as outlined below:

1. Short Duration Assignments The Company can create and fill vacancies of less than 60 days for any position within a classification with active employees for any reason. Any such assignment of 60 days or more will be posted as a vacancy as described in Section C above. Exclusive of vacation requirements, when a Lead job in a work group for a full shift is regularly filled each workweek by temporarily upgrading an employee more than half of the time for 60 consecutive days, a regular Lead vacancy will be bulletined and awarded. The Company and the Union will meet to discuss extenuating circumstances that may indicate a permanent Lead is not required for short-term operational needs or unexpected outages.

2. Seasonal Duration Assignments When the needs of service require additional hours or employees in a Location, seasonal assignments of less than 100 days per rolling calendar year (additional days with agreement of the Local Committee), excluding any administrative time for training or badging, will be filled for any position within a classification as follows:

a. Furloughed qualified employees at that Location from the basic classification will be offered the opportunity in seniority order to return to their work status;

b. Regularly scheduled qualified part-time employees from the basic classification may be given the opportunity to upgrade to full-time work schedules at that Location in seniority order; and

c. Existing employees from other Locations or temporary employees from outside the Company may be offered the assignment.

3. Temporary Staffing Needs The Company at its option will fill temporary needs as outlined in Section E.2 above. When filling temporary needs, the Company will inform the employees and the Local Committee of the contemplated duration and daily hours of the job(s). Temporary employees may work for up to 5 months, are not considered on active status and are subject to all provisions of this Agreement unless otherwise noted except that they will accrue no seniority and will not be subject to recall after termination of their jobs.

ARTICLE 2: JOB SECURITY**A. Job Security****1. Contracting Out of Core Work**

a. The Company will not contract out to outside vendor(s) the “core” work currently performed by Fleet Service employees at the following airports: Denver (DEN), Newark (EWR), Washington Dulles (IAD), Houston (IAH), Los Angeles (LAX), Chicago (ORD), San Francisco (SFO), Austin (AUS), Boston (BOS), Baltimore-Washington (BWI), Cleveland (CLE), Washington National (DCA), Dallas-Fort Worth (DFW), Fort Lauderdale (FLL), Guam (GUM), Honolulu (HNL), New York Kennedy (JFK), Las Vegas (LAS), New York LaGuardia (LGA), Orlando (MCO), Minneapolis (MSP), New Orleans (MSY), Portland (PDX), Philadelphia (PHL), Phoenix (PHX), Pittsburgh (PIT), San Diego (SAN), Seattle (SEA), Orange County (SNA), and Tampa (TPA). The core work of Fleet Service employees generally consists of: loading, stowing, unloading, and pick-up and delivery, to and from all aircraft (including work performed in support of United Express operations by agreement between the Company and the Union), of cargo, including mail, express, baggage, freight, Company material, and the preparation of records in connection therewith; bag room activity of moving baggage from the Company’s baggage sortation system piers and carousels; the operation of automotive and other ramp equipment for servicing aircraft, not including the operation of movable or telescoping passenger loading devices attached to terminal buildings; and may include preparing or helping in the preparation of loading plans, maintaining the ramp area and equipment in a clean, presentable condition and other general ramp service work, scanning of bags and materials, receipt and dispatch of aircraft, recognized move team duties, and bag room activity.

b. Except as provided in Letter of Agreement #9, non-core work currently performed by Fleet Service employees at these airports may be contracted out, provided it does not directly cause a reduction-in-force for employees employed as of the Effective Date of this Agreement at the airport(s) where the contracting out occurs.

2. Except as a result of a merger or acquisition of another air carrier, or as provided by the Successorship Transactions provisions of this Agreement (Article 10.Q), should the Company operate more than 35 regularly scheduled jet departures (mainline and UAX) per day, averaged over a period of nine consecutive months, in any airport location where Fleet Service work is contracted out, the Company will insource such work and staff the location with IAM Fleet Service employees within 180 days of the date of measurement. The Company may contract out Fleet Service work at any location that was insourced under this paragraph in the event that location falls below 35 regularly scheduled jet departures (mainline and UAX) per day, averaged over a period of nine consecutive months, after notice to the Union and subject to the provisions of paragraph 3, below.

3. Enhanced Severance At any airport not specified in paragraph 1 above, the contracting out of work to outside vendor(s) must be a reasonable economically-motivated business decision, and any employee employed as of the Effective Date of this Agreement who is subject to reduction-in-force, or furlough from employment, caused by such contracting out at the airport where he/she is employed will be entitled to select:

a. Normal displacement options, including furlough pay if the employee is unable or elects not to retain active employment, or

b. Enhanced severance (with waiver of continued employment and recall rights), to include pay continuation based on the following table with continuation of health care/insurance benefits (not to include Long-Term Disability insurance) at active rates during the period of pay continuation. Enhanced severance for part-time employees will be based on the average scheduled hours during the two pay periods prior to the layoff.

<u>Compensated Service</u>	<u>Enhanced Severance Pay</u> <u>(Weeks of Pay)</u>
<u>Less than 1 year of service</u>	<u>None</u>
<u>1 year but less than 2 years of service</u>	<u>2</u>
<u>2 years but less than 3 years of service</u>	<u>4</u>
<u>3 years but less than 4 years of service</u>	<u>6</u>
<u>4 years but less than 5 years of service</u>	<u>8</u>
<u>5 years but less than 6 years of service</u>	<u>10</u>
<u>6 years but less than 7 years of service</u>	<u>12</u>
<u>7 years but less than 8 years of service</u>	<u>14</u>
<u>8 years but less than 9 years of service</u>	<u>16</u>
<u>9 years but less than 10 years of service</u>	<u>18</u>
<u>10 years but less than 11 years of service</u>	<u>20</u>
<u>11 years but less than 12 years of service</u>	<u>22</u>
<u>12 years but less than 13 years of service</u>	<u>24</u>
<u>13 or more years of service</u>	<u>26</u>

4. Conferences Between the Company and Union

a. In the event the Company decides to close a station or contract out work currently performed by Fleet Service employees, the Company and Union will meet and confer at least 60 days prior to implementation to review and

evaluate the impact to employees. The following will be considered during the review and evaluation:

- (i) A detailed description of the nature of the proposed station closing or contracting out;
- (ii) The approximate number, locations and employee classifications likely to be affected;
- (iii) The impact on the job security of the employees in the affected classification(s);
- (iv) The reason for the change and the impact it will have on the Company's operation; and
- (v) The Company's plan to minimize the impact.
- (vi) The Company's Request for Proposals (RFP) for vendors.

b. If the station/location closure or contracting out may result in a reduction-in-force of employees covered by this Agreement, the Company and Union will meet to discuss alternatives. Those alternatives may include, but are not limited to, amending wages, benefits and work rules.

- (i) The Union will meet with the Company to review RFPs for the station.
- (ii) The Union will have the ability to negotiate changes in wages and benefits for the affected station(s) to determine whether the work can be retained with IAM-represented employees covered by this Agreement.
- (iii) Any agreed changes must be voted on by the employees in the affected station and ratified by a two-thirds (2/3) majority of all votes cast.
- (iv) Employees choosing not to work under the new terms will have any and all RIF provisions available to them.

5. Seniority Protection Dates

a. In addition to the foregoing protections, no employee in active service or on leave of absence on the date of signing of this Agreement who has a Company seniority date of April 1, 2006 or earlier will be furloughed from employment with the Company as a direct result of the contracting out of work, except under the following circumstances: failure by the employee to exercise seniority on the system to fill a permanent vacancy or to bump an employee not protected by paragraph 5.b below, or failure to fill a permanent vacancy in a higher classification the employee is qualified to fill. An employee who fails to exercise seniority or to fill a vacancy will be eligible for normal furlough pay.

b. In addition to the foregoing protections, no employee in active service or on leave of absence on the date of signing of this Agreement who has a Company seniority date of June 3, 1999 or earlier will be furloughed from employment with the Company, except under the following circumstances:

failure by the employee to exercise seniority on the system to fill a permanent vacancy or to bump an employee not protected by this paragraph 5.b, or failure to fill a permanent vacancy in a higher classification the employee is qualified to fill. An employee who fails to exercise seniority or to fill a vacancy will be eligible for applicable recall rights and normal furlough pay.

c. The Company will be excused from the requirements of paragraphs 5.a and 5.b in the event of circumstances beyond the control of the Company, including but not limited to a war, emergency, revocation of an operating certificate, grounding of aircraft, strike or other cessation of work.

6. Where the Company chooses to in-source work that is currently or customarily contracted out, such in-sourcing of work will be on a non-precedential basis and will not limit future Company decisions to contract out or be subject to the restrictions and protections provided under Section A.1, A.2, and A.3 above, unless expressly agreed by the Company and the Union.

ARTICLE 3: COMPENSATION & BENEFITS

A. Paycheck

1. Employees will be paid bi-weekly on the second Thursday following the close of the pay period, with each week for payroll purposes starting on Sunday and ending on Saturday. Pay schedules and pay periods may be modified by the Company as needed or as required by law. The Company will notify the Union of any changes to the payroll schedule.

2. In the event a regular payday falls on a legal holiday, the Company will make every reasonable effort to have paychecks prepared and distributed on the day preceding such legal holiday. In the event the distribution cannot reasonably be made prior to a legal holiday, the distribution will be made the day following such legal holiday.

3. Paychecks will include, but are not limited to, a statement of all wages and deductions made for the pay period. Sick leave and vacation balances will be available to employees through an online portal.

4. Employees leaving the service of the Company will be paid for all the time due within 72 hours after separation and in compliance with State law.

5. Wage progression and longevity increases are effective starting with the pay period which begins nearest the employee's anniversary date.

6. When there is a shortage of 1 day's pay or more in the pay due an employee, the Company will issue a supplementary payroll check to cover the shortage as soon as reasonably possible and within 3 business days after it is determined what is due.

B. Basic Hourly Wages

1. An employee whose rate of pay upon the Effective Date of this Agreement would be less than the rate he or she received on the day prior to the Effective Date, as a result of the elimination of market differentials or changes in longevity pay, will be protected at the higher rate until the date on which his rate of pay under this Agreement equals or exceeds the rate of pay he received prior to the Effective Date. Nothing in this Agreement will be construed to prevent increases in individual rates or classifications over and above the minimum specified. The following hourly rates will prevail on the beginning of the pay period closest to the effective date.

2016 – 2021 FLEET SERVICE AGREEMENT

ARTICLE 3

COMPENSATION & BENEFITS

2. Ramp Service Classification:

Years of Pay Seniority	Step	Effective 1/1/2016	Effective 11/15/2016	Effective 12/1/2017	Effective 12/1/2018	Effective 12/1/2019	Effective 12/1/2020	Effective 12/1/2021
Less than 1 Year	1	\$11.48	\$13.75	\$14.03	\$14.38	\$14.74	\$15.03	\$15.33
1 but less than 2 Years	2	\$12.05	\$14.59	\$14.88	\$15.26	\$15.64	\$15.95	\$16.27
2 but less than 3 Years	3	\$13.18	\$15.37	\$15.68	\$16.07	\$16.47	\$16.80	\$17.14
3 but less than 4 Years	4	\$13.94	\$16.39	\$16.72	\$17.14	\$17.56	\$17.91	\$18.27
4 but less than 5 Years	5	\$14.76	\$17.61	\$17.96	\$18.41	\$18.87	\$19.25	\$19.64
5 but less than 6 Years	6	\$15.64	\$18.99	\$19.37	\$19.86	\$20.36	\$20.77	\$21.19
6 but less than 7 Years	7	\$16.66	\$20.48	\$20.89	\$21.41	\$21.95	\$22.39	\$22.84
7 but less than 8 Years	8	\$17.69	\$21.87	\$22.31	\$22.86	\$23.43	\$23.90	\$24.38
8 but less than 9 Years	9	\$18.97	\$23.14	\$23.61	\$24.20	\$24.80	\$25.30	\$25.81
9 but less than 10 Years	10	\$20.25	\$24.78	\$25.28	\$25.91	\$26.56	\$27.09	\$27.63
10 but less than 11 Years	11	\$25.22	\$27.80	\$28.35	\$29.06	\$29.79	\$30.39	\$31.00
11 Years or More	12	\$25.22	\$29.87	\$30.47	\$31.23	\$32.01	\$32.65	\$33.30

3. Vehicle Driver Classification:

Years of Pay Seniority	Step	Effective 1/1/2016	Effective 11/15/2016	Effective 12/1/2017	Effective 12/1/2018	Effective 12/1/2019	Effective 12/1/2020	Effective 12/1/2021
Less than 1 Year	1	\$10.99	\$13.05	\$13.31	\$13.64	\$13.98	\$14.26	\$14.54
1 but less than 2 Years	2	\$11.39	\$13.52	\$13.79	\$14.14	\$14.49	\$14.78	\$15.07
2 but less than 3 Years	3	\$12.43	\$14.75	\$15.05	\$15.43	\$15.81	\$16.13	\$16.45
3 but less than 4 Years	4	\$13.14	\$15.60	\$15.91	\$16.31	\$16.71	\$17.05	\$17.39
4 but less than 5 Years	5	\$13.20	\$15.67	\$15.98	\$16.38	\$16.79	\$17.13	\$17.47
5 but less than 6 Years	6	\$14.52	\$17.24	\$17.58	\$18.02	\$18.47	\$18.84	\$19.22
6 but less than 7 Years	7	\$15.28	\$18.14	\$18.50	\$18.96	\$19.44	\$19.83	\$20.22
7 but less than 8 Years	8	\$16.19	\$19.22	\$19.60	\$20.09	\$20.59	\$21.01	\$21.43
8 but less than 9 Years	9	\$16.86	\$20.01	\$20.41	\$20.92	\$21.45	\$21.88	\$22.31
9 but less than 10 Years	10	\$18.11	\$21.50	\$21.93	\$22.47	\$23.04	\$23.50	\$23.97
10 Years or More	11	\$22.04	\$26.16	\$26.68	\$27.35	\$28.04	\$28.60	\$29.17

C. Premiums Effective November 1, 2013 employees may also be eligible for the following premiums in addition to their basic hourly pay rate for all hours compensated under this Agreement:

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ARTICLE 3

COMPENSATION & BENEFITS

1. Longevity Pay is based on an employee’s Company Seniority date and will be discontinued effective 11/15/2016.

Completed Years of Service	Longevity Pay
11	\$0.02
12	\$0.04
13	\$0.06
14	\$0.08
15	\$0.10
16	\$0.13
17	\$0.16
18	\$0.19
19	\$0.22
20	\$0.25
21	\$0.28
22	\$0.31
23	\$0.34
24	\$0.37
25	\$0.40
26	\$0.44
27	\$0.48
28	\$0.52
29	\$0.56
30 and Thereafter	\$0.75

2. Lead and Move Team Premium \$1.75 per hour.

D. Shift Premiums The following shift premiums will be applied to applicable paid hours when an employee works:

1. Afternoon Shift An Afternoon Shift differential of \$0.48 per hour will be paid for any shift of less than 10 hours scheduled to start between 11:00 and 17:59 inclusive, or any 10 hour shift scheduled to start between 09:00 and 15:59 inclusive.

2. Night Shift A Night Shift differential of \$0.54 per hour will be paid for any shift of less than 10 hours scheduled to start between 18:00 and 04:59 inclusive, or any 10 hour shift scheduled to start between 16:00 and 02:59 inclusive.

3. Rotating Shift A Rotating Shift is any base schedule which includes different start times within either the afternoon or night shifts within a work week. Employees will receive rotating shift premium for shifts that qualify for afternoon or night shift premium as follows:

Shift	Differential
Afternoon	\$.53
Night	\$.57

Examples:

Employee is scheduled to work 3 days per week on the day shift and 2 days per week on the night shift. The employee will receive rotating schedule night shift premium of \$.57 per hour on the 2 days the employee is scheduled to work the night shift. The employee will not receive any shift premium for the 3 days the employee worked on the day shift.

Employee is scheduled to work 3 days per week on the afternoon shift and 2 days per week on the night shift. The employee will receive rotating schedule afternoon shift premium of \$.53 per hour on the 3 days the employees is scheduled to work the afternoon shift and rotating schedule night shift premium of \$.57 per hour on the 2 days the employee is scheduled to work the night shift.

Employee is scheduled to work the afternoon shift starting at 11:00 am 3 days per week and 1:00 pm 2 days per week. The employee will receive rotating schedule afternoon shift premium of \$.53 per hour for all 5 days.

4. Shift Premium on a Trade. When an employee is working a trade, he or she will receive the shift premium for the shift they are working as a result of the trade.

Example:

Normal shift: 0800-1630

Shift trade to work: 1630-0100

Employee will receive afternoon shift pay for the hours worked as the result of the trade.

5. Shift Premium on a Partial Trade When an employee trades to work a part of another employee's schedule (partial trade), the employee working will be paid the shift premium that the employee he or she is working for would have received for the full shift.

Example:

Employee A shift: 0800-1630

Employee B shift: 1630-0100

Employee B works a partial trade for Employee A from 1530-1630. Employee B would receive no shift premium for the trade hour (1530-1630) as this is part of a day shift (0800-1630) and would receive the normal afternoon shift premium for his or her 1630-0100 shift.

6. Shift Premium While Working Overtime The shift premium is based on the regularly scheduled shift the employee is scheduled to work, including any overtime worked before or after and in conjunction with the regularly scheduled shift (i.e. early start/hold over). An employee who is recalled after being relieved for the day is paid shift premium based on the actual hours worked.

7. RDOs and recall shift premium are based on actual hours worked.
8. Early-start and hold-over shift premium is determined by the regularly scheduled shift worked.

Examples:

If afternoon shift employee works overtime on day shift on his or her RDO, the employee will not receive shift premium.

If night shift employee works 4 hours early start, the 4 hours early start will be paid as night shift premium.

E. Transfers Between Classifications

1. Employees transferring between classifications covered under IAM Agreements will remain on the same pay progression step in their new position as they were on in their former position.

Example:

An RSE at Year 5 (5 years and 4 months) will transfer to an RSSR at Year 5 (5 years and 4 months). A CSR at top-of-scale will transfer to an STK at top-of-scale.

2. If an IAM employee commences inactive status such as an illness leave of absence or furlough and returns to a different IAM position, the employee will return at the same step on the new wage progression scale as the step they left at on their old wage progression scale.

Examples:

An RSSR at Year 6 (6 years and 7 months) is on furlough status. Three years later the employee returns to active status as a CSR. The employee will be placed at Year 6 (6 years and 7 months) on the CSR scale.

An RSE at Year 3 (3 years and 2 months) commences an illness leave of absence. The employee returns to an RSSR position 2 years later. The employee will be placed at Year 3 (3 years and 2 months) on the RSSR scale.

3. Employees transferring from positions not covered under IAM Agreements will be placed at Year 1 on the wage progression scale.

F. Benefit Plans and Eligibility

1. Insurance Benefits and Plans to Be Provided Sections F through L of this Article 3 provide for medical, dental, vision, flexible spending account, retiree medical, and life & accident benefits for employees, effective January 1, 2014, except for any effective dates otherwise set forth herein. Annual enrollment for 2014 has already occurred, and therefore 2014 insurance benefits, including employee contributions, will remain unchanged until the effective date of the 2014 special enrollment set forth in a Letter of Agreement between the parties (“Special

Enrollment”). The benefits described herein will not be amended, modified, altered or terminated without the prior written agreement of the Union, except as required by law or as otherwise permitted herein.

2. Eligibility for Insurance Benefits Subject to the specific provisions of Sections G through L below, employees and their eligible dependents (“Dependents”) are eligible for benefits under this Article 3 in accordance with the following:

a. Eligibility for Active Benefits All Employees in active service and their Dependents will be eligible for coverage under the medical plans described in Section G, the dental plans described in Section H, the vision plans described in Section I, the flexible spending account plans described in Section J, and the life & accident plans described in Section L. For any employee hired on or after the Effective Date of this Agreement, benefits will commence on the first day of the month following the expiration of 90 days from the employee’s date of hire, unless an earlier date is required by law. Medical benefits under Section G and dental benefits under Section H for employees and their Dependents will be continued while the employee is on layoff due to a reduction in force for a period of 90 days from the date of the employee’s layoff, provided the employee pays the Required Monthly Contribution.

b. Eligibility for Retiree Medical Coverage Employees and their Dependents will be eligible for retiree medical coverage as provided in Section K below.

3. Coverage Elections At each Annual Enrollment, each employee may elect for himself or herself and any eligible Dependents any of the insurance options that require elections provided under this Article 3.

4. Survivors An employee’s Dependents enrolled in any medical option on the date of the employee’s death will be “Survivors” entitled to continue medical coverage in accordance with the terms of Section G.6 and dental coverage in accordance with the terms of Section H.5.

5. Domestic Partners Except as otherwise prohibited by state or federal law, an employee’s domestic partner will be treated the same as a spouse for purposes of any benefits described in this Article 3. A domestic partner is an individual who is the same sex as the employee for whom the employee has submitted proof of domestic partnership in accordance with the rules and procedures as may be established by the Company from time to time, and provided the domestic partnership has not been terminated. Income will be imputed to the employee for any domestic partner benefits elected by the employee as required by state or federal law.

6. Quarterly Insurance Meetings Once per calendar quarter, the Company and the Union will meet at the Union’s request to discuss, and make a good faith effort to resolve, any and all problems (including individual claim issues) relative to the insurance plans described herein.

G. Active Employee Medical Benefits, Including Prescription Drug Benefits

1. Required Domestic Medical Plans Effective on the effective date of the 2014 Special Enrollment, the Company will offer the following domestic medical plans, the first 3 of which are collectively referred to herein as the “Core Medical Options.” The plan designs for the 3 Core Medical Options are outlined in Appendix A.

- a. A Core Medical PPO;
- b. A Core Medical EPO;
- c. A Core Medical High Deductible Health Plan with Health Savings Account (“HDHP”), subject to the Company’s right to discontinue after 1 year provided no other high deductible health plan with health savings plan is offered by the Company; and
- d. The “Select Regional Medical Plans” described in Section G.5.

2. Optional Medical Plans In addition to the required medical plans under Section G.1 above, each eligible employee will be offered the opportunity to participate in any additional medical plan options offered by the Company. The Company will have the sole authority to establish, modify and discontinue any such additional medical plan(s) and their terms and conditions of participation (including, but not limited to, eligibility, plan design, applicable plan documents, plan rules) uniformly across all participating employee groups but may vary contribution rates by employee group. Employees based in Guam will be eligible to participate in Guam-based medical plans, subject to residency requirements of the plans.

3. Failure to Make Election During Enrollment Periods In cases in which an employee fails to make a coverage election, the following rules will govern unless agreed to otherwise by the Union and the Company:

- a. Default to current coverage if available;
- b. If waived coverage (or a new hire), default to waive coverage;
- c. If enrolled in an optional PPO that is being eliminated for the ensuing plan year, default to Core Medical PPO;
- d. If enrolled in an optional EPO that is being eliminated for the ensuing plan year, default to Core Medical EPO;
- e. If enrolled in an optional HDHP that is being eliminated for the ensuing plan year, default to Core Medical HDHP, if offered, otherwise Core Medical PPO;
- f. If enrolled in an HMO or Aetna Select option that is being replaced for the ensuing plan year, default to replacement HMO; and
- g. If enrolled in an HMO or Aetna Select option that is being eliminated for the ensuing plan year, default to Core Medical EPO.

4. Required Monthly Contributions Employees electing medical coverage under this Section G will be required to make “Required Monthly Contributions” as provided in this Section G.4. Required Monthly Contributions will be made by payroll deduction, except in the case of employees on unpaid leave, disability, or other status during which they are not receiving pay, in which case Required Monthly Contributions will be directly billed to, and paid by, the employee.

a. Core Option 80%/20% Limit The Required Monthly Contributions for the Core Medical Options and Select Regional Medical Plans will not exceed 20% of the total projected cost for the Coverage Tier elected, except that this percentage will vary for the individual employee after taking into account credits and surcharges described below.

b. Optional Medical Plans Contributions for the Optional Medical Plans under Section G.2 will be set at the Company’s discretion but will be included in the Aggregate Contribution Limit.

c. Aggregate Contribution Limit Employee contributions for all medical plans offered by the Company under this Section G (excluding the Core Medical HDHP), will not in the aggregate exceed 20% of total projected costs. Compliance with the Aggregate Contribution Limit will be determined after any required normalization of contributions to recognize the effect of any wellness credits and spousal surcharges. For the plan year commencing with the 2014 Special Enrollment, the cost share for the plans offered to employees will be set in accordance with the provisions of this Section G.4 without regard to the contractual limit on maximum year-over-year increases described in Section G.4.d.

d. Annual Medical Cost Increases Following the 2014 calendar year, any increase in the Required Monthly Contribution for the Core Medical Options and Select Regional Medical Plans, from one calendar year to the next, will not exceed 9.25% of the prior year’s contribution. This percentage will vary for the individual employee after taking into account credits and surcharges.

e. Coverage Tiers The Monthly Required Contribution for any Core Medical Option will be based on a four-tier structure (subject to insurance carrier requirements):

(i) Employee only or spouse/qualified domestic partner only or Dependent children only (“employee only”);

(ii) Employee and spouse/qualified domestic partner (“employee and spouse/domestic partner”);

(iii) Employee and 1 or more children, or spouse/qualified domestic partner and 1 or more children (“employee and child(ren)”); and

(iv) Employee and spouse/qualified domestic partner and 1 or more children (“family”).

f. Actuarial Review Upon Union request, the Company will provide the Union's actuary with the calculations and supporting data related to the determination of Required Monthly Contributions for the following plan year.

5. Select Regional Medical Plans Any plan offered under this Section G.5 will be referred to herein as a "Select Regional Medical Plan." Unless replaced or discontinued in accordance with this Section G.5, the Company will continue to offer to eligible employees the following existing plans: all Kaiser HMOs, NetCare Guam HMO, NetCare Guam Health Plan Plus, HMO Illinois, HMO Colorado, HMSA Hawaii and Group Health Washington. In the event the Company desires to replace or discontinue offering any of the foregoing plans for the following year, it may do so, provided that:

a. in the event of replacement, the resulting disruption of employee enrollees in terms of their ability to continue utilizing the same medical providers in the proposed replacement plan is less than 20% (in which case the replacement plan will be in all respects treated as a Select Regional Medical Plan covered by Art. 3), and;

b. in the event of discontinuation and not replacement: (i) the year-over-year increase in the gross premium for such plan is more than 20%; or (ii) employee enrollment in such plan has declined to a level less than 50% of the enrollment on the Effective Date of the Agreement.

6. Survivors An employee's Dependents enrolled in any medical option on the date of the employee's death will be "Survivors" entitled to continue coverage in accordance with the terms of the applicable plan document, provided that if the employee has less than 10 Years of Service (as defined in Section K.2.a) the period of continued coverage will be limited to 3 months (exclusive of COBRA).

H. Active Employee Dental Benefits

1. Required Dental Plan Effective on the effective date of the 2014 Special Enrollment, the Company will offer, and each employee will be eligible to participate in, the Core Dental Option. The plan design for the Core Dental Option is outlined in Appendix B.

2. Optional Dental Plans In addition to the Core Dental Option, each employee may participate in any additional dental plan options offered by the Company. The Company will have the sole authority to establish, modify and discontinue such programs and their terms and conditions of participation (including, but not limited to, eligibility, plan design, applicable plan documents, plan rules) uniformly across all participating employee groups but may vary contribution rates by employee group. Employees based in Guam will be eligible to participate in domestic dental plans or in Guam-based dental plans subject to residency requirements of the plans.

3. Failure to Make Election During Enrollment Periods In cases in which an employee fails to make a coverage election, the following rules will govern unless agreed to otherwise by the Union and the Company:

- a. Default to current coverage if available;
 - b. If waived coverage (or new hire), default to waive coverage; and
 - c. If enrolled in an optional dental plan that is being replaced or eliminated, default to Core Dental Option.
4. Required Monthly Contributions Employees electing dental coverage will be required to make monthly contributions as provided in this Section H.
- a. Core Option 80%/20% Limit Effective on the effective date of the 2014 Special Enrollment and thereafter, Required Monthly Contributions for the Core Dental Option will not exceed 20% of the total projected cost for the Coverage Tier elected. For the plan year commencing with the 2014 Special Enrollment, the 20% employee contribution will be based on total projected cost without regard to the contractual limit on maximum year-over-year increases described in Section H.4.c.
 - b. Optional Dental Plans Contributions for any optional dental plans will be set at the Company's discretion.
 - c. Annual Dental Cost Increases Following the 2014 calendar year, any increase in the Required Monthly Contribution for the Core Dental Option, from one calendar year to the next, will not exceed 9.25% of the prior year's contribution.
 - d. Coverage Tiers The required contribution for each month of coverage for the Core Dental Option will be based on a four-tier structure:
 - (i) Employee only or spouse/qualified domestic partner only or Dependent children only ("employee only");
 - (ii) Employee and spouse/qualified domestic partner ("employee and spouse/domestic partner");
 - (iii) Employee and 1 or more children, or spouse/qualified domestic partner and 1 or more children ("employee and child(ren)"); and
 - (iv) Employee and spouse/qualified domestic partner and 1 or more children ("family").
5. Survivors An employee's Dependents enrolled in any dental option on the date of the employee's death will be "Survivors" entitled to continue coverage for 3 months (exclusive of COBRA) in accordance with the terms of the applicable plan document.

I. Active Employee Vision Benefits

Effective January 1, 2014, each employee may participate in any vision plan options offered by the Company. The Company will have the sole authority to establish such programs and their terms and conditions of participation, including, but not limited to, eligibility, plan design, applicable plan documents, plan rules, and contribution rates.

Employees based in Guam will be eligible to participate in domestic vision plans or in Guam-based vision plans subject to residency requirements of the plans.

J. Active Employee Flexible Spending Account Plans

Effective January 1, 2014, each employee will be eligible to participate in the Company's flexible spending account plans for health expenses and dependent care expenses by making an election to contribute a portion of his pay. The maximum election for health expenses will be the lesser of the statutory limit (e.g., currently \$2,500 for 2013) or \$10,000. Reimbursement will be available for expenses incurred during the plan year and following the plan year through the date currently permitted by law, or later if legally permissible and administratively feasible. Forfeitures will be used to defray the administrative expenses of the program. The maximum election for reimbursement for dependent care expenses will be the maximum statutorily permissible election.

K. Retiree Medical Program

1. Retiree Bridge Medical Each employee with at least 20 years of service (measured from Company Seniority date to separation date) as of November 1, 2013 who retires on or after November 1, 2013 while enrolled in active medical coverage will be eligible to participate in the retiree bridge medical program providing for participation in any domestic medical plan available to active employees, subject to the following rules:

a. At the time of retirement, the employee must be at least age 60 and less than age 65.

b. At the time of retirement, the retired employee's sick leave bank will enable the retiree to participate in the contributory funding aspect of the plan by using 11 hours of sick leave for each month of participation. Payment of the 11 hours of sick leave will be accepted as the retiree's complete payment obligation for each such month of participation

c. If a retiree has insufficient sick leave remaining in his bank to purchase continued participation in the plan for any period of time for which he is eligible and desires such coverage, the retiree may obtain coverage at the unsubsidized rate under Section K.2 below.

d. Coverage for the retiree terminates at age 65.

e. Spouse/domestic partner coverage will only be available if the employee has an enrolled spouse/domestic partner on the date of retirement (spouses/domestic partners cannot later be added). Coverage will be available for any other Dependents enrolled on the date of retirement or who are thereafter born or adopted and timely enrolled. Coverage for any spouse/domestic partner or other Dependent terminates upon the earliest of the expiration of 5 years of coverage (measured from the date the retiree's retiree bridge medical coverage commenced), the spouse/domestic partner or Dependent reaches age 65, or the retiree dies (except that upon the retiree's death, the spouse/domestic partner and/or other Dependents may elect to use

any remaining sick leave in the manner described above, and then will be eligible for COBRA coverage).

2. Regular Retiree Medical Each employee who retires on or after the Effective Date of this Agreement while enrolled in active medical coverage who is not eligible for retiree bridge medical (or ceases to be eligible) will be eligible to participate in the regular retiree medical program providing for participation in any domestic medical plan available to active employees at the full cost of coverage (i.e., no Company subsidy), subject to the following rules:

a. At the time of retirement, the employee must be at least (i) age 60, (ii) age 55 with at least 10 years of Company service, or (iii) age 50 with at least 20 years of Company service; and the employee must be less than age 65.

b. Coverage for the retiree terminates at age 65.

c. Spouse/domestic partner coverage will only be available if the employee has an enrolled spouse/domestic partner on the date of retirement (spouses/domestic partners cannot later be added). Coverage will be available for any other Dependents enrolled on the date of retirement or who are thereafter born or adopted and timely enrolled. Coverage for any spouse/domestic partner or other Dependent terminates upon the earliest of the spouse/domestic partner or Dependent reaches age 65 or the retiree dies (except that upon the retiree's death, the spouse/domestic partner and Dependents will be eligible for COBRA coverage).

3. Transition Rules

a. Notwithstanding Sections K.1 or K.2, any employee who is employed by subsidiary-United immediately prior to the Effective Date of this Agreement who retires prior to January 1, 2014 may elect to retire under the retiree medical provisions (Pre-Medicare and Post-Medicare coverage) of the collective bargaining agreement in effect between the Company and the Union for subsidiary-United employees immediately prior to the Effective Date of this Agreement in lieu of retiring under Sections K.1 or K.2. If previously furloughed, the employee must have returned from furlough more than twelve calendar months prior to retirement.

b. For any employee who (i) is employed by subsidiary-United immediately prior to the Effective Date of this Agreement, (ii) is at least age 55 on the Effective Date of this Agreement, and (iii) retires under Section K.1 above, on the date such employee retires the Company will credit the employee's sick bank with 528 hours (inclusive of any existing sick hours in the employee's sick bank on the date such employee retires), reduced by the number of sick bank hours the employee uses between the Effective Date of this Agreement and the date the employee would turn age 61.

L. Life & Accident Insurance

Effective as of the effective date of the 2014 Special Enrollment, each employee will be eligible for life & accident insurance (i.e., life insurance, long term disability insurance, and accident

insurance) on the same basis, including cost, as management and administrative employees of the Company (excluding officers). Retiree life insurance coverage will not be offered. The Company subsidy for long term disability insurance will be 50% of the cost of coverage.

M. Retirement Plans

1. Pension Benefits. Employees covered by this Agreement will be eligible for pension benefits as follows:

a. Each employee who was covered by the collective bargaining agreement between United Air Lines, Inc. and the Union immediately prior to the Effective Date of this Agreement will continue to participate in the IAM National Pension Plan (NPP) at the following hourly contribution rate.

Effective Date	<u>1/1/2017</u>	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>
Contribution	<u>\$1.85</u>	<u>\$1.90</u>	<u>\$1.95</u>	<u>\$2.00</u>	<u>\$2.05</u>

Such participation in the NPP will be pursuant to the terms of the Standard Contract Language agreements executed by the Company and the Union in 2006, as may be amended from time to time upon agreement of the parties.

b. Each employee who was covered by the collective bargaining agreement between Continental Airlines, Inc. and the Union immediately prior to the Effective Date of this Agreement will continue to participate in the Continental Retirement Plan (CARP) subject to the Company's right to discontinue further benefit accruals in its sole discretion at any time. Should the Company cause CARP to no longer provide for benefit accruals for such employees, it will provide reasonable advance notice to the Union and will meet with the Union for the limited purpose of negotiating an alternative retirement plan for affected employees.

c. Each employee of Continental Micronesia, Inc. will cease participation in his or her then existing defined-benefit retirement plan and commence participation in the NPP, on a materially equivalent basis as the similarly situated active employees under subsection (a) above, to the extent such participation opportunity is made available by the NPP to such employees of Continental Micronesia, Inc. on a materially equivalent basis. Such transition will occur as soon as administratively feasible following the Effective Date of this Agreement.

d. Employees hired after the Effective Date of this Agreement will commence participation in the NPP in accordance with the NPP rules for new hires in effect on the Effective Date of this Agreement.

2. 401(k) Benefits Without regard to the pension plan in which an employee participates under subsection (1) above, each employee will be eligible to participate in a Company-sponsored 401(k) retirement savings plan pursuant to the terms of such plan, provided that each such employee will be eligible for matching contributions as described below and any such plan will be amended accordingly.

Any such plan will not be otherwise altered or diminished for such employees unless done so on a company-wide basis for all employees participating in such plan. Before any changes are made, the Company will notify the Union in writing in advance of the effective date of such change(s). Upon request by the Union, the Company will meet to explain the change(s). Notwithstanding the foregoing, the Company will have the sole discretion to determine the specific Company-sponsored 401(k) retirement savings plan to which the matching contributions described below will be made. Employees of Continental Micronesia, Inc. may be required to participate in a separate Guam-based plan, although they will be eligible for the matching contributions described below. The Company may transition all other employees under this Agreement from the United Airlines Ground Employee 401(k) Plan to the Continental Airlines, Inc. 401(k) Savings Plan, or vice versa, by plan merger or otherwise, provided the Company continues to provide each such employee with the matching contributions described below. Matching contributions for any employee covered under this Agreement will be equal to the greater of:

- a. 100% of the employee's before-tax contributions to the plan up to a maximum of \$300 for the plan year; or
- b. If the employee has at least 5 years of adjusted Company service, the amount determined under the following chart based on the employee's years of adjusted Company service (determined as of the last day of the applicable calendar quarter):

Years of Service	Company Match
At least 5 but less than 10	25% of the employee's before-tax contributions for the plan year up to 4% (i.e., maximum match of 1%)
At least 10 but less than 15	50% of the employee's before-tax contributions for the plan year up to 4% (i.e., maximum match of 2%)
At least 15	50% of the employee's before-tax contributions for the plan year up to 6% (i.e., maximum match of 3%)

For each employee who was covered by the collective bargaining agreement between United Air Lines, Inc. and the Union immediately prior to the Effective Date of this Agreement, and for each employee employed by Mileage Plus, Inc., the effective date for the matching contributions is January, 1, 2014; with the understanding that, if administratively necessary, the Company may make the initial contributions later in 2014.

N. Company-Wide Programs

Except as otherwise expressly provided herein, covered employees will be eligible to participate in other Company-wide programs on the terms and conditions established in such programs for the Fleet Service employees' participation. These programs will not be altered or diminished for Fleet Service employees unless done so on a Company-wide basis. Before any changes are made, the Company will notify the Union in writing in advance of the effective date of such change(s). Upon request by the Union, the Company will meet to explain the change(s).

Other Company-wide programs presently include:

- Pass Travel Programs
- On-Time Bonus Program
- Quarterly Customer Satisfaction Bonus Program

O. Profit Sharing Plan

For profit-sharing for covered employees effective for 2013 profit sharing paid in 2014 and subsequent years of this agreement, the profit sharing plan for IAM represented employees shall be funded with five percent (5%) of pre-tax profit up to a pre-tax margin of six and nine-tenths percent (6.9%) plus ten percent (10%) of pre-tax profit in excess of a pre-tax margin of six and nine-tenths percent (6.9%). Special and unusual items shall be excluded from pre-tax profit when making these calculations.

2016 – 2021 FLEET SERVICE AGREEMENT

ARTICLE 3

COMPENSATION & BENEFITS

APPENDIX A – PLAN DESIGNS FOR CORE MEDICAL OPTIONS					
	Core PPO Option		Core EPO Option	Core HDHP	
PLAN DESIGN	In-Network	Out-of-Network	In-Network	In-Network	Out-of-Network
Annual Deductibles	\$300 single/ \$600 family	\$600 single/ \$1200 family	\$200 single/ \$400 family	\$2500 single only \$5000 true family deductible*	\$5000 single only \$10,000 true family deductible*
HSA Seed Amount (pro-rated per paycheck)	NA		NA	\$750 single / \$1500 family	
Annual Out-of-Pocket (OOP) Limits	\$2000 single/ \$4000 family (includes medical coinsurance and deductible, but not copays)	\$4000 single/ \$8000 family (includes medical coinsurance and deductible, but not copays)	\$1,500/\$3,000 (includes medical coinsurance and deductible, but not copays)	\$3000 single only \$6000 true family maximum* (includes deductible and coinsurance)	\$6000 single only \$12000 true family maximum* (includes deductible and coinsurance)
Cross Application Out-of-Network Deductibles and OOP to In-Network	Yes		NA	Yes	
Office Visit PCP	\$25 co-pay	Covered at 60% after deductible	\$25 co-pay	Covered at 95% after deductible	Covered at 60% after deductible
Office Visit Specialist	\$40 co-pay		\$40 co-pay		
Preventive Services (comprehensive array; See Appendix C)	100% preventive		100% preventive	100% preventive	

APPENDIX A – PLAN DESIGNS FOR CORE MEDICAL OPTIONS					
	Core PPO Option		Core EPO Option	Core HDHP	
PLAN DESIGN	In-Network	Out-of-Network	In-Network	In-Network	Out-of-Network
Laboratory, x-ray and diagnostic testing	Covered at 80% after deductible	Covered at 60% after deductible	Included w/office visit	Covered at 95% after deductible	Covered at 60% after deductible
Hospital/Inpatient			Covered at 90% after deductible		
Outpatient Facilities/Surgical			Covered at 90% after deductible		
Urgent Care Center	\$50		\$50 co-pay		
Emergency Room	\$200 flat copay, waived if admitted		\$200 co-pay, waived if admitted		
Retail Generic Drugs	\$10 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs* (Workaround for lower costs Rx at Target/Costco)		\$10 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs (Workaround for lower costs Rx at Target/Costco)	Covered at 100% after deductible	
Retail Brand Preferred Drugs	\$30 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs- only if less expensive than retail (Workaround for lower costs Rx at Target/Costco)		\$30 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs- only if less expensive than retail (Workaround for lower costs Rx at Target/Costco)	Covered at 95% after deductible	

APPENDIX A – PLAN DESIGNS FOR CORE MEDICAL OPTIONS					
	Core PPO Option		Core EPO Option	Core HDHP	
PLAN DESIGN	In-Network	Out-of-Network	In-Network	In-Network	Out-of-Network
Retail Brand Non-Preferred Drugs	\$50 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs - only if less expensive than retail (Workaround for lower costs Rx at Target/Costco)		\$50 co-pay Mandatory Mail – Limit 3 retail fills for maintenance drugs - only if less expensive than retail (Workaround for lower costs Rx at Target/Costco)	Covered at 95% after deductible	
Retail Drug Supply Limit	30 day supply		30 day supply	30 day supply	
Mail Order Generic Drugs	\$25 co-pay		\$25 co-pay	Covered at 100% after deductible (plan provides coverage for drugs that are allowed to be covered pre-deductible)	
Mail Order Brand Preferred Drugs	\$75 co-pay		\$75 co-pay	Covered at 95% after deductible	
Mail Order Brand Non-preferred	\$125 co-pay		\$125 co-pay	Covered at 95% after deductible	
Mail Order Drug Supply Limit	90 day supply		90 day supply	90 day supply	

Covered Services and Excluded Services will be the same for employees under this Agreement as for all other employee groups participating in such plans.

APPENDIX B – PLAN DESIGN FOR CORE DENTAL OPTION		
Benefit Features	Traditional PPO Dental Benefits	
	In-network:	Out-of-network:
Annual Deductibles		
Individual	\$50	\$50
Family (2 members of family must each satisfy individual deductible)	\$100	\$100
Annual Benefit Maximum	\$2,000	\$2,000
Orthodontics Lifetime Maximum	\$2,000	\$2,000
Office Visit Copay	\$0	\$0
PREVENTIVE SERVICES and DIAGNOSTIC SERVICES		
Dental cleaning Topical Application of Fluoride, Sealants and Space Maintainers	100% Covered frequency and/or age limitations may apply to these services	100% Covered frequency and/or age limitations may apply to these services
MINOR RESTORATIVE SERVICES		
Fillings, Endodontics, Periodontics, Oral Surgery	Covered up to 80%; after deductible	Covered up to 80%; after deductible; Subject to reasonable and customary limits
MAJOR RESTORATIVE AND PROSTHODONTICS		
Initial placement of Dentures or Bridges to 1 or more natural teeth which are lost while covered by the Plan. Inlays and Crowns (Porcelain or Stainless Steel)	Covered up to 50%; after deductible; frequency and/or age limitations may apply to these services	Covered up to 50% after deductible; Subject to reasonable and customary limits; frequency and/or age limitations may apply to these services
ORTHODONTICS		
Exams, X-Rays, Models, Appliances (Adult and Child)	Covered up to 50%; after deductible; frequency and/or age limitations may apply to these services	Covered up to 50% after deductible; Subject to reasonable and customary limits; frequency and/or age limitations may apply to these services

Covered Services and Excluded Services will be the same for employees under this Agreement as for all other employee groups participating in such plan.

APPENDIX C – PREVENTIVE SERVICES**Preventive Exams and Screenings – Adult Male**

Physical Exam	100% annually
Prostate-Specific Antigen (PSA)	100% annually
Lipid Panel	100% annually
Glucose Testing	100% annually
Colorectal Screening	100% annually
Complete Blood Count (CBC)	100% annually

Immunizations – Adult Male

Tetanus Injections (with or without diphtheria)	100% as often as recommended by physician
Meningitis	100%
Herpes Zoster	100%
Influenza Vaccine	100% annually
Pneumococcal Vaccine	100%
Travel Vaccinations	100% as often as recommended by physician
Measles, Mumps, Rubella (MMR) for Adults	100%

Preventive Exams and Screenings – Adult Female

Physical Exam	100% annually, 1 general and 1 well-woman exam annually
Lipid Panel	100% annually
Glucose Testing	100% annually
Colorectal Screening	100% annually
Chlamydia Infection Screening	100% annually
Mammogram	100% annually
Bone Density	100% annually
Pap Test	100% annually
Complete Blood Count (CBC)	100% annually

Immunizations – Adult Female

Tetanus Injections (with or without diphtheria)	100% as often as recommended by physician
Meningitis	100%
Herpes Zoster	100%
Influenza Vaccine	100% annually
Human Papillomavirus (HPV)	100%
Pneumococcal Vaccine	100%
Travel Vaccinations	100% as often as recommended by physician
Measles, Mumps, Rubella (MMR) for Adults	100%

APPENDIX C – PREVENTIVE SERVICES

**Preventive Exams and Screenings – Children Birth to 18
(Covered as Well-Child Care)**

Office Visits; Examinations Includes:

- Physical and medical history
 - Height and weight
 - Head circumference (<1 year)
 - Ocular prophylaxis (at birth)
 - Hemoglobin (<1 year)
 - Preventive health counseling, injury prevention and education
 - Dental health
 - Subjective assessment of vision and hearing (0–4 years)
 - Vision and hearing screen (4–18 years)
 - Developmental screening (up to 4 years)
 - Blood pressure (>1 year)
 - Administration of immunizations as indicated below
- 100%, as often as
recommended by physician
up to age 2, annually as of
age 2

Immunizations – Children Birth to 18 (Covered as Well-Child Care)

- Hepatitis B Series
 - Hepatitis A Series
 - Diphtheria/Tetanus/Pertussis (DTaP)
 - Adult Tetanus/Diphtheria (Td)
 - Haemophilus Influenza (Hib) Series
 - Influenza Vaccine
 - Rotavirus
 - Polio Series (IPV)
 - Pneumococcal Conjugate (PCV)
 - Measles/Mumps/Rubella (MMR)
 - Chickenpox Vaccine (VZV)
 - Travel Vaccinations
- 100%, as often as
recommended by physician

ARTICLE 4: HOURS OF SERVICE & OVERTIME**A. The Workday and Workweek**

1. The work week begins at 0000 hours Sunday and ends at 2359 hours on Saturday. A full-time work week consists of 40 hours, with a maximum of 10 consecutive hours per day, exclusive of a 30 minute meal period.

2. Except where required by the Company due to immediate operational needs, an employee may not work more than 16 hours in any consecutive 24 hour period.

3. The part-time work week consists of a minimum of 20 hours and a maximum of 30 hours, with a minimum of 2 consecutive days off. Part-time shifts will be between 4 and 6 hours per day, exclusive of a 30 minute meal period for shifts over 5 hours.

4. Day Shift is the first shift of the day and begins on or between 05:00 and 10:59 for shifts of less than 10 hours, and on or between 03:00 and 08:59 for 10 hour shifts. Afternoon Shift is the second shift of the day and begins on or between 11:00 and 17:59 for shifts of less than 10 hours, and on or between 09:00 and 15:59 for 10 hour shifts. Midnight Shift is the third shift of the day and begins on or between 18:00 and 04:59 for shifts of less than 10 hours, and on or between 16:00 and 02:59 for 10 hour shifts.

5. Regularly Scheduled Days Off (RDOs)

a. Employees will have at least 2 fixed or rotating regularly scheduled days off during each work week as determined by local management. If the Union believes that the distribution between fixed and rotating days off is unduly skewed based on historical comparisons, the local Assistant General Chairperson may raise those concerns with the Department Manager and the local Human Resources Representative, who will set forth a 30 day timeline to meet and resolve the dispute. Any significant unresolved dispute that remains may be escalated for discussion to the President and Directing General Chairperson and the Vice President, Labor Relations.

b. Days off will be consecutive except 1) for a Saturday/Sunday fixed days off schedule; 2) for rotating days off schedules that periodically provide other than consecutive days off in order to repeat the schedule of regular days off; 3) when there are more than 2 days off, in which case at least 2 of the days off will be consecutive; or 4) for other periodic anomalies.

6. Employees who work 4 hours or more will be granted a 15 minute rest period. An additional 15 minute rest period will be granted for every additional 4 hours of work. Employees regularly assigned to a 10-hour shift will receive a third rest period of 15 minutes.

7. Work Shifts

a. The starting times of work shifts will be governed by operational needs. Back-to-back part-time shifts will not be used to cover staffing needs that could otherwise be covered by a single full-time shift.

b. Relief shifts may be used to cover outages and will be included in the regular shift bid, as determined by local management, either:

(i) With regular days off and start times that remain consistent throughout bid period.

(ii) As open-lines that change on a monthly basis based on operational needs.

(A) Relief schedules will be provided to employees in a minimum of 30 day segments and will include a base or home shift.

(B) If relief line(s) are used to cover lines temporarily vacated by other employees, the relief line(s) will match the vacated bid line(s). (ie Vacation, Jury Duty, Illness LOA, etc.).

(C) If the relief lines are adjusted to accommodate a change to the operational need (ie flight schedule changes, call volume changes), relief shifts are not required to match current shift bid lines. Relief schedules will be reviewed with the Local Committee and Local management at least 5 days ahead of the relief posting, the Local committee will respond with any concerns within 48 hours.

8. Authorized Unpaid Time Off (AUTO)

a. AUTO will be awarded based upon operational activity and staffing. AUTO may be available in advance on a daily or extended basis.

b. Advance AUTO may be granted up to 30 day in advance and will be awarded in Bid Seniority order by shift times, work area and classification.

c. A “Day-Of AUTO” list will be posted prior to the beginning of the shift with a designated removal time. Day of AUTO will be awarded by shift times, work area and classification by Bid Seniority. All requests received after the AUTO list removal time will be considered on a first come, first serve basis.

d. Day-of AUTO will be awarded to those employees working an overtime shift first, followed by those working a base shift.

e. Advance AUTO may be granted in increments up to 31 days. Advance and day-of AUTO will be awarded after 1) known and awarded DAT requests are granted, and then 2) Floating Holiday requests are granted.

f. Employees trading off may request AUTO for the portion of the shift overlapping with the employee picking up the shift, up to 30 minutes, which may be granted based on the needs of the service.

9. Meal Periods

a. All scheduled meal periods are unpaid.

b. Eight (8) hour shifts will have a scheduled meal period between the beginning of the 4th and the end of the 6th hour of the shift, unless otherwise mutually agreed upon. Ten (10) hour shifts will have a scheduled meal period between the beginning of the 5th and the end of the 7th hour of the shift, unless otherwise mutually agreed upon. In work areas where it is not feasible for employees to take a meal period due to regular operational requirements (e.g., move team), employees will be scheduled for a straight 8 or 10 hour shift at the Company's discretion. Part-time shifts entitled to a meal period will have the meal period scheduled as close to the mid-point of the shift as operationally possible.

(i) Employees must be assigned a meal period within the contractually defined meal window (between the beginning of the 4th and the end of the 6th hour of an 8 hour shift, and between the beginning of the 5th and the end of the 7th hour of a 10 hour shift) to avoid a meal penalty.

(ii) If, due to operational necessity and with the pre-authorization of management, an employee does not receive a meal period during the meal window, the options are:

(A) Management will assign and communicate a new 30 minute meal period at another operationally feasible time during the employee's shift and no remedy will be due.

(1) The employee is responsible to advise the supervisor if they wish to forego the new meal period.

(B) Forego a meal period and be allowed to leave work 30 minutes early and be paid at their straight time rate of pay for the meal period.

(1) Forego a meal period and depart work 30 minutes early, unless advised by the Supervisor of an extraordinary operational necessity for the employee to remain for the balance of the regular shift and be paid 30 minutes at the applicable rate.

(a) The Supervisor will send a brief email to the Committee Chairperson and the HR Manager describing the extraordinary operational necessity.

(b) In the event there has been a disagreement concerning an extraordinary operational necessity, the issue may be raised by the Local Committeeperson to the station HR Manager for resolution.

(C) Forego a meal period and the employee elects to remain through the end of the scheduled shift, and be paid 30 minutes at the applicable rate.

(iii) Employees who do not receive a meal period during a shift, either by employee choice or due to operational necessity, will still be subject to Task Completion and assignment to mandatory overtime based on the needs of the operation.

c. Where applicable federal, state or local law mandates a more beneficial meal or break period practice, practices will be altered in that location to comply with the applicable law.

10. Adverse Conditions

a. In any location, the Station Manager or his designee may declare an “Adverse Condition Day.” The Company will establish a phone contact number that employees can call to determine the status of their specific work facility during adverse conditions. Upon contact, the employee will be given a definitive answer as to the current status of their facility during adverse conditions. (Note: 1 facility may be open while another is closed even though both are in a single location that has been declared to be under Adverse Condition rules.)

b. When an Adverse Condition has been declared, absence from duty will be treated as follows:

(i) Facility Open

(A) On an Adverse Condition Day an employee will be allowed to report for work up to 60 minutes late with no loss of pay for absence/tardiness. An employee arriving later than 60 minutes after the beginning of the shift will be paid only for the actual hours worked. In neither case will an employee be charged with an absence/tardiness.

(B) If an employee is unable to report to work, he will not be paid for that day, nor will he be charged with an absence, but where practical, will be allowed to make up the day within a period mutually agreed to by the employee and his supervisor or appropriate administration designee. This period to make up the day should not be greater than 14 calendar days, unless agreed to by the employee and his supervisor or appropriate designee.

(C) In departments that operate 7 days per week or allow DAT, an employee will be allowed to substitute any DAT to make up work missed when absent due to adverse conditions.

(D) An employee who is scheduled and does report to work on time will be entitled to full pay for the day unless the employee is not needed and voluntarily takes the day without pay (AUTO).

(ii) Facility Closed

(A) When the decision to close a facility is made before the start of a shift, the Company will try to notify employees not to report to work. An employee who misses work due to a facility closure will be paid for the regular scheduled hours missed for the first day. After the facility has been closed, the Company will determine when the facility can expect to reopen and how pay and/or make-up hours will be handled.

(B) At locations that have more than 1 shift assigned to work, the decision to close may apply to only 1 shift. When the decision is made to close a facility during a shift, an employee who is at work at the time of the decision will receive pay for the remainder of his/her regular shift.

(C) Absence due to a facility closure will not be treated as an absence for attendance purposes.

B. Work Schedule Bids

1. Work schedules are posted for bid, as far in advance as practical, or a minimum of 7 calendar days. The posting will contain the scheduled start times, shift lengths, scheduled days off, work areas, and effective date. No bid line may contain more than 2 start times per week. Employees will bid under this section using Bid Seniority. Once the bidding process is completed, schedule bid awards will be posted at least 7 days prior to the effective date of the new work schedule. Employees unavailable to bid at their appointed bidding time, may bid by proxy, or by other means established locally. Active employees, who report late for bidding, but while the bidding process is ongoing, will be permitted to bid on the remaining available lines at the time they report. Active employees who fail to bid will be assigned an available work schedule after completion of the bid. When there is a need to move employees between bid line work areas, it will be done in reverse bid seniority from the available employees in the work area the Company identifies providing that: (a) the employee is qualified to do the work in question, (b) the employee has enough time remaining within their scheduled shift to complete the assignment.

2. The Company will designate certain work areas within a job classification that require specialization or performance skills. Shifts within these work areas will be available and will be listed as qualifications required on the shift bid. Interested employees may request training for these work areas, which will be awarded in Bid Seniority order based on the size and needs of the operation and, if successful, such qualified employees may participate in overtime, day trades and outage relief in these work areas. Interested, qualified employees will be given the opportunity to option into or out of these work areas a minimum of 1 time per year.

3. An employee on occupational injury, sick or medical leave who desires to participate in a shift bid must provide a physician's statement verifying a return to work date that is prior to the effective date of the shift bid.

4. Employees returning to active duty from any authorized leave of absence will be assigned to a shift and days off consistent with their Bid Seniority.

5. Employees transferring into a classification may express a preference for a work schedule. If they cannot be accommodated, they will be assigned an available work schedule until the next bid.

6. At the discretion of the Company, when a bid line(s) becomes available between shift bids, the Company may: (a) post and award the bid line to the senior interested employee in the classification and status; (b) conduct a limited one-time open line bid; or (c) staff or not staff the bid line(s) in accordance with the needs of the operation.

7. Work Schedules will be bid based on the needs of the service, or a minimum of 1 time and a maximum of 4 times per calendar year, unless locally agreed to otherwise between the Union and the Company. The Company may deviate from the foregoing guidelines where warranted by unforeseen circumstances (including but not limited to schedule changes, scheduling errors, or events beyond the Company's control).

8. Local Management and Local Committee representatives will meet to discuss work schedules and work areas a minimum of 5 days in advance of posting such schedules for bid, allowing for consideration of Union input.

9. Any permanent change of 1 hour or more in the length or starting or stopping time of a shift will require a rebid.

10. If it becomes necessary to temporarily adjust employees' work schedules they will be given a minimum of 7 calendar days' notice of such change. In the event these adjustments are expected to exceed 30 days in duration, the Company will post for rebid.

C. Day and Shift Trades

1. Employees within the same classification may be permitted to trade days or shift hours subject to the advance approval of local management. Local management will consider requests from local Union representatives for additional trade flexibility that are consistent with the efficient management of the operations. Significant unresolved disputes over such requests may be escalated to the Assistant General Chairperson and the Human Resources Manager. However, all local trade policies will conform to the minimum standards set forth below. Day and shift trades are paid at straight time.

2. Definitions

a. A "Day Trade" occurs when 1 employee (the Working Employee) agrees to work on a specified day in the place of another employee who wishes to be off but is scheduled to work that day (the Scheduled Employee). Day Trades can be either One-Way or Two-Way.

b. A "Shift Trade" occurs when 2 employees agree to switch their scheduled hours of work on a given day, each working the other's shift.

c. The “Scheduled Employee” is the employee who is regularly scheduled to work, and who will not be paid for the scheduled working time traded to the Working Employee.

d. The “Working Employee” is the employee who works and who is paid for working in the place of the Scheduled Employee.

3. Trade policies will apply to regular full-time and regular part-time employees.

4. Each employee must work a minimum of 50% of their scheduled hours each month (for this purpose, worked hours include overtime, scheduled training, vacation, DAT, paid and unpaid sick time, paid and unpaid occupational injury, AUTO and DTW).

5. Day and Shift Trades cannot be requested less than 24 hours or more than 30 days in advance without management approval. Verbal trades are not permitted.

6. Probationary employees may not engage in trades that reduce their scheduled hours unless approved by local management.

7. Employees may not exchange cash payments or other items of monetary value in connection with trades.

8. A Scheduled Employee may only trade with a Working Employee who has been trained and is currently proficient in the work assignment of the Scheduled Employee.

9. Once a trade has been approved, the Working Employee is responsible for working the scheduled work time. An employee who fails to fulfill the obligation to work a trade will be subject to disciplinary action under the company’s attendance policy, which may include suspension of trade privileges. Trade privileges will not be suspended as a part of any other disciplinary action.

10. A Scheduled Employee who Day Trades off may request a DAT concurrent with the day trade to receive pay for the day. Such requests can only be made for shifts traded off in their entirety (including trades involving 2 other employees) and are not permitted for partial trades off. Such requests for DAT for the day traded off will not be subject to the DAT awarding process. All requests must be received no less than 24 hours prior to the end of the pay period.

11. Hours worked as a part of a trade are not included in the computation of vacation or sick leave accrual.

12. A Working Employee who calls in sick on a Day Trade will not be paid sick leave. A Working Employee who calls in sick on a Shift Trade will be paid applicable sick leave pay.

13. No request under these trade provisions will be honored if it would result in a violation of applicable law.

14. Overtime bypass rules will not apply to employees involved in a trade.

15. A trade cannot involve more than 3 employees. No more than 2 employees in addition to the line holder can work 1 shift. Where 2 employees work 1 shift, the employee working the majority of the shift is awarded the meal period. If the shift is shared equally, the employee who works the part of the shift where the meal period is scheduled is awarded the meal period.

D. Overtime

1. Basic Rules

a. Overtime is any time worked by an employee other than during the employee's scheduled shift, trades or Task Completion work. Overtime will be determined at Management's discretion based upon operational needs. Employees may not work overtime without prior Company approval except when not doing so would negatively impact customer service or operations.

b. Except as otherwise provided for Task Completion, or to accommodate computer system programming, overtime will be computed and paid for actual time worked. There will be no compounding or pyramiding of overtime or premium rates provided for in this Agreement and no employee will receive more than double the straight time rate for any hours worked.

c. Task Completion: Whenever requested to do so by the Company, in order to complete their work, an employee may be required to remain for up to 1 hour after his or her scheduled shift ending time. The Company will make a reasonable effort to obtain volunteer(s) before an employee is assigned Task Completion. Upon completion of the primary job assignment, an employee is not required to accept a second job assignment during Task Completion. Employees will receive no less than 1 hour's pay at the applicable rate for Task Completion, either before or after their shift, even if the employee is released from the job before the hour ends. Task Completion assignments are not considered overtime under this section, will not be subject to any overtime sign-up, seniority, or equalization rules, and will not count toward employees' overtime balances.

d. Employees are responsible for confirming awarded overtime by reviewing the award results. Once overtime hours are awarded or assigned to an employee, it is that employee's responsibility to work and the overtime hours cannot be traded or cancelled by the employee or cancelled by the Company, provided that twice per calendar year, an employee may cancel planned overtime hours no less than 10 hours before the commencement of the hours that were awarded. The failure to report for and work awarded overtime will be handled consistent with the Company's attendance policy. If the canceled overtime is backfilled, it will be assigned to the next most eligible person on the OT list, and will not be subject to any overtime bypass payment. Awarded overtime hours that are cancelled are not eligible for any type of absence pay.

e. The overtime rules apply equally to full and part-time employees. Where any of these overtime provisions differ from federal, state or local law, the practices will be altered in that location to comply with the law.

f. For purposes of computing overtime, the 24 period begins with the starting time of the employee's regularly assigned shift.

g. Hours worked on day trades will not be considered for the computation of daily overtime.

h. Hours not worked as a result of full or partial Day Trades Off, and unpaid occupational or non-occupational sick time are not included in the computation of the 40 hour requirement for compensation of overtime on an employee's regularly scheduled days off.

Type of Hours	Calculate for Weekly Overtime
Regular Pay / OT	Yes
AUTO	Yes
Day trades worked (emp. picks up another emp.'s shift)	Yes
Day trades not worked (emp. traded away their entire shift)	No
Shift trades worked	Yes
Shift trades not worked	No
Paid sick hours (Non-occupational and Occupational)	Yes
Unpaid sick hours (Non-occupational and Occupational)	No
Vacation / Holidays	Yes
Skipped lunch	Yes
<u>Task Completion</u>	<u>No</u>
<u>1 Hour Voluntary Offer of Overtime</u>	<u>No</u>
Travel Time Paid	Yes
Jury Duty Paid	Yes
Time worked on days off at both straight time and OT (excluding day trades)	Yes
Government Agency	Yes
Union Time Off (Company paid, Union reimbursed)	Yes
Company Business	Yes
Military Duty	Yes
Bereavement Pay	Yes

i. Local management and the Local Union Committee may establish processes and procedures for offers of overtime so long as they are not inconsistent with this Agreement. Nothing herein will prohibit local management and the Local Committee from agreeing to assign Union Stewards

or other designated local Union members to make offers of overtime opportunities to employees.

2. Compensation for Working Overtime

a. For full-time employees assigned to an 8 hour shift:

(i) Overtime rate of time and 1/2 will be paid:

(A) For the first 4 hours worked in excess of 8 hours worked in any regular work day.

(B) For the first 8 hours worked on 1 of the 2 regularly scheduled days off each work week, if a minimum of 40 hours is worked during the work week.

(ii) Overtime rate of double time will be paid:

(A) For hours worked in excess of the first 8 hours worked on 1 of the 2 regularly scheduled days off each work week, if a minimum of 40 hours is worked during the work week.

(B) For all time worked on the second regularly scheduled day off if a minimum of 40 hours is worked during the work week and if a minimum of 4 hours is worked at premium rate overtime on the first regularly scheduled day off.

(C) For time worked in excess of 12 hours worked in any 24 hour period except when an employee, after bidding, voluntarily changes shifts.

b. For full-time employees assigned to a 10 hour shift:

(i) Overtime rate of time and 1/2 will be paid:

(A) For the first 2 hours worked in excess of 10 hours worked in any regular work day.

(B) For the first 10 hours worked on 1 of the 3 regularly scheduled days off each work week, if a minimum of 40 hours is worked during the work week.

(ii) Overtime rate of double time will be paid:

(A) For all hours worked in excess of the first 10 hours worked on 1 of the 3 regularly scheduled days off each work week, if a minimum of 40 straight time hours is worked during the work week.

(B) For all time worked on the second regularly scheduled day off if a minimum of 40 hours is worked during the work week and if a minimum of 4 hours is worked at premium rate overtime on the first regularly scheduled day off, and for all time worked on the third regularly scheduled day off if a minimum of 40 hours is worked during the work week and if a minimum of 4 hours is worked at

premium rate overtime on the first or second regularly scheduled day off

(C) For time worked in excess of 12 hours worked in any 24 hour period except when an employee, after bidding, voluntarily changes shifts.

c. For part-time employees:

(i) Overtime rate of time and 1/2 will be paid:

(A) For the first 4 hours worked in excess of 8 straight-time hours worked.

(B) For the first 8 hours worked on 1 of the regularly scheduled days off each work week, if a minimum of 40 hours is worked during the work week.

(ii) Overtime rate of double time will be paid:

(A) For hours worked in excess of the first 8 hours worked on 1 of the 2 or 3 regularly scheduled days off each work week, if a minimum of 40 hours is worked during the work week.

(B) For all time worked on the second regularly scheduled day off if a minimum of 40 hours is worked during the work week and if a minimum of 4 hours is worked at premium rate overtime on the first regularly scheduled day off, and for all time worked on the third regularly scheduled day off if a minimum of 40 hours is worked during the work week and if a minimum of 4 hours is worked at premium rate overtime on the first or second regularly scheduled day off.

(C) For time worked in excess of 12 hours worked in any 24 hour period except when an employee, after bidding, voluntarily changes shifts.

3. Overtime Bypass An employee who is bypassed for overtime in violation of these overtime distribution procedures will be paid and charged the applicable overtime rate for the overtime hours missed.

4. Overtime Meal and Break Periods

a. Employees working overtime in conjunction with their regular shift will be afforded, in addition to the rest and/or meal periods provided during their regular shift, the following rest and/or meal periods:

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ARTICLE 4

HOURS OF SERVICE & OVERTIME

# Hours Overtime	15 Minute Paid Rest Period	15 Minute Paid Rest Period	30 Minute Unpaid Meal Period
2-4	√		
Over 4-8	√	√ (If sum of shift + OT is less than or equal to 12 hours)	√ (If sum of shift + OT is greater than 12 hours)
Over 8	√	√	√

(i) Employees scheduled for more than 2, but 4 or less hours of overtime will receive 1 15-minute paid rest period at the applicable rate of pay.

(ii) Employees scheduled for more than 4, but less than 8 hours of overtime will receive 1 15-minute paid rest period at the applicable rate of pay and either:

(A) One additional 15-minute paid rest period at the applicable rate of pay, in the event the sum of their regular shift and overtime shift is less than or equal to 12 hours; or

(B) One 30-minute unpaid meal period, in the event the sum of their regular shift and overtime shift is greater than 12 hours.

(iii) Employees scheduled for 8 or more hours of overtime will receive two 15-minute paid rest periods at the applicable rate of pay and 1 30-minute unpaid meal period.

b. Where permitted by law, upon agreement between the employee and leadership the employee may elect to forego any unpaid meal period provided during overtime hours and be paid 30 minutes at the applicable rate of pay.

5. Overtime Sign-Up

a. Employees may request overtime by adding their names to an overtime sign-up list that will be available 30 days prior to the potential overtime work. The sign-up list will include at a minimum: employee name, employee number, contact phone number, hours available (start time and end time), desired work area, willingness to work multiple shifts, and willingness to be contacted for unplanned overtime. Employees' names will automatically be removed from the sign-up list after any overtime scheduled 24 or more hours in advance has been awarded, unless the employee has designated otherwise. Employees who no longer wish to be considered for overtime must remove their names from the overtime sign-up list prior to the overtime being assigned.

6. Overtime Eligibility

a. To be eligible for an overtime assignment, an employee must be qualified to perform the work. Employees are responsible for maintaining an accurate record of their qualifications and may not remove a qualification without Company approval.

b. Overtime is permitted for employees off on Union time, off on military leave, jury duty or for testimony in a judicial proceeding, while on special assignment, during in-station training, on a vacation day, DAT or Holiday, and on a day trade off. Employees on a vacation day, DAT or floating holiday will be eligible for overtime from the end of the last regularly scheduled shift prior to the vacation, DAT or floating holiday through the vacation period, but will be placed on the bottom of the overtime equalization list until they report back for a regularly scheduled shift.

c. Employees are ineligible for overtime: (a) during regularly scheduled hours on a day trade off if a DAT day is placed concurrent with the day trade off; (b) for 24 hours from the start of a shift where the employee was absent due to illness, FMLA or unauthorized unpaid time off; (c) until after they have worked a regular shift in their normal classification following a temporary upgrade to a management position; and (d) except for emergency situations, when it would require them to work (including their regular shift) in excess of 16 hours in any 24 hour period.

7. Awarding Overtime

a. When overtime is scheduled with at least 24 hours' advance notice, it will be:

(i) Required to be worked by the assigned employee, and cannot be declined or traded away.

(ii) For a minimum of 4 hours.

(iii) Announced as available in the overtime call-book once the overtime need is established.

(iv) Awarded and the results posted in writing or electronically at least 24 hours in advance of the time that will be covered, including at a minimum: the awarded employee's name, bid date, hours awarded.

(v) When necessary and with advance notification to all employees, overtime may be awarded up to 7 days in advance of the time that will be covered.

(vi) Awarded from the overtime sign-up list by length of the overtime assignment in descending order as follows in equalization order:

(A) Overtime anticipated to be 4 hours will be assigned to employees on their regular work days in the following order:

(1) From employees assigned to the shift immediately preceding the OT need.

(2) From employees assigned to the shift immediately following the OT need.

(3) From employees assigned to shifts not continuous with the OT need.

(4) From employees on regular days off as per the procedures described below in Section 7.a.(vi)(B).

(B) Overtime anticipated to be more than 4 hours will first be assigned to employees on a regular day off with preference to eligible employees on the shift of the overtime need, and then to other eligible employees on the equalization list, and may be offered on a work function or qualification basis.

b. When overtime is scheduled with less than 24 hours' advance notice, employees may add their names to the overtime sign-up list any time after the planned overtime award process is complete.

(i) Voluntary Offer of Overtime: Overtime of 1 hour may be offered to employees, in seniority order when possible, prior to or after the employees scheduled shift on a voluntary basis. Employees will be paid for the full hour at the applicable rate of pay and may be given one or more assignments. Assignments are not considered overtime under this section, will not be subject to any overtime sign-up or equalization rules, and will not count toward an employee's overtime balance.

(ii) When more than 4 hours are needed, the Company will attempt to notify employees of the available overtime shift by contacting, in equalization order, employees who are on a regular day off, with preference to eligible employees on the shift of the overtime need, and then other eligible employees on the equalization list. If the initial attempted contact does not result in the awarding of the overtime, the Company may immediately contact successive employees until the offer is accepted. Once overtime is offered, an employee must immediately accept or decline the offer. If the offer is accepted, the employee will be assigned the overtime.

(iii) When more than 1 but not more than 4 hours of overtime are needed at the end of a shift, the Company will attempt to notify employees of the overtime opportunity at least 2 ½ hours before the start of the work to give them the opportunity to add or remove their names from the overtime sign-up list. Two hours before the overtime assignment starts, the sign-up list for any such overtime assignments will close, and this list will be used to assign the overtime. If the 2 hour notification is not met, the employee will not be obligated to work the overtime. Assignments will be made from the shift immediately preceding the overtime need.

(iv) When more than 1 but not more than 4 hours of overtime are needed in advance of a shift, the Company will attempt to contact eligible employees on regular work days who have signed up, whose shift is immediately following the overtime need. If the initial attempted contact does not result in the awarding of the overtime, the Company may

immediately contact successive employees until the offer is accepted. Once overtime is offered, an employee must immediately accept or decline the offer. If the offer is accepted, the employee will be assigned the overtime.

(v) When more than 1 but not more than 4 hours of overtime are needed that is not continuous with a shift, the Company will attempt to contact eligible employees on regular work days who have signed up. If the initial attempted contact does not result in the awarding of the overtime, the Company may immediately contact successive employees until the offer is accepted. Once overtime is offered, an employee must immediately accept or decline the offer. If the offer is accepted, the employee will be assigned the overtime.

8. Overtime Equalization

a. When awarding overtime as described above, overtime hours will be balanced among employees on an equalization basis to provide the first opportunity to the employee with the least number of overtime hours and the last opportunity to the employee with the highest number of overtime hours. In balancing employees' hours, employees' overtime hours will include overtime hours on a straight time basis that are: (a) worked or (b) offered and declined. If 2 or more employees' overtime balances are equal, Bid Seniority will govern. Overtime balances will be posted electronically.

(i) The initial establishment of the overtime equalization list at a station will be accomplished by prioritizing employees in descending Bid Seniority order with 0 hours assigned to each. Balances will be zeroed quarterly and employees on the list will be reprioritized in descending bid seniority order. Stations will establish a single station equalization list.

b. No charge will be made to an employee's overtime balance if overtime is offered and declined during an employee's scheduled vacation.

c. When a non-probationary employee is placed on a different overtime list, the individual will initially be charged with the average hours of the employees on the list.

d. Probationary employees will be offered overtime only after all other qualified non-probationary employees on the overtime list have been considered. After the completion of probation, an employee will be placed on the overtime list and charged with the average hours of employees on that list, plus the overtime hours actually worked during the employee's probationary period.

e. Upon returning from a leave of absence, an employee must notify management to be eligible for overtime. Upon returning from any absence of 45 days or more, the employee will be charged with previous balance or the average hours of employees on the list, whichever is greater.

f. No employee will be offered overtime which would require them to work (including their regular shift) in excess of 16 hours in any period of 24 consecutive hours.

9. Mandatory Overtime

a. Mandatory Overtime is overtime that an employee is assigned and required to work involuntarily, and will only be required in operational emergencies when sufficient voluntary overtime cannot be secured to maintain the Company's operation. Mandatory overtime will be limited to the number of employees and hours required to cover the emergency as determined by local management.

b. Mandatory overtime will not exceed 4 hours past an employee's scheduled shift in any 24 hour period. Employees will not be required to work mandatory overtime until the opportunity to work the additional hours has been offered to all qualified employees who are currently at work, and if there are an insufficient number of volunteers, then to otherwise eligible employees whose names remain on the overtime call sign up list.

c. Mandatory overtime will be assigned in reverse bid seniority order according to shift time, except that employees already working overtime will be assigned last.

d. Every attempt will be made to notify employees on duty of mandatory overtime at least 1 hour in advance. If 1 hour's advance notice is not provided, the employee will receive 1 ½ hours' pay as a penalty in addition to the pay earned for any mandatory overtime hours actually worked.

e. Employees will not be assigned mandatory overtime during their vacation periods. For this purpose, the vacation period is defined as the period beginning 24 hours after the commencement of the employee's last regularly scheduled shift before the vacation commenced. An employee may be assigned to mandatory overtime on the last regularly assigned shift prior to a vacation or DAT day, but will be placed at the bottom of the mandatory overtime list.

f. If any mandatory overtime causes a rest period violation to occur, every attempt will be made to adjust the employee's shift to provide the minimum 8 hours rest.

g. All mandatory overtime hours will be paid at the applicable rate of pay but not less than the time and one half (1.5X) rate of pay regardless of work status or hours worked. If an employee is required to work mandatory overtime on two or more consecutive days, the minimum payment for all mandatory overtime hours worked will be at the double-time (2X) rate of pay.

ARTICLE 5: VACATION & HOLIDAYS**A. Vacation**

1. The calendar year in which vacation is accrued is “the Accrual Year.” The calendar year in which vacation is scheduled and taken is “the vacation Usage Year.” For all employees (excluding new hire probationary employees), vacation will be scheduled for and taken during the vacation Usage Year beginning January 1 following the Accrual Year in which the vacation was accrued. Employees in probationary status as of January 1 of the vacation Usage Year become eligible to use accrued vacation when they complete probation.

2. Accrual of Vacation. Employees will accrue vacation as follows:

a. A full-time employee in active paid service (including any Authorized Unpaid Time Off (AUTO)) will accrue vacation during the Accrual Year based on his or her completed years of vacation seniority (as reflected by the Vacation Seniority Date) as of December 31 of the Accrual Year, as follows:

<u>Completed Years of Service</u>	<u>Vacation Weeks/Hours</u>
Less than 1 year	Up to 1 week/40 hours (prorated)
1 to 8 years	2 weeks/80 hours regular
9 to 15 years	3 weeks/120 hours regular
16 to 23 years	4 weeks/160 hours regular
24 to 28 years	5 weeks/200 hours regular
29 or more years	6 weeks/240 hours regular

b. A part-time employee in active paid service will accrue vacation based on (a) his or her completed years of vacation seniority (as reflected by Vacation Seniority Date) as of January 1 of the Accrual Year, and (b) the ratio of his or her scheduled work hours to a full-time 40 hour work week. In computing scheduled work hours for vacation accrual purposes, the employee will be credited with the greater of scheduled or actual hours paid, including any AUTO.

c. Other Vacation Accrual Rules

(i) Employees hired on or before the fifteenth (15th) day of the month will accrue vacation for that month. Employees hired after the fifteenth (15th) day of the month will begin to accrue vacation beginning with the first day of the month following the month of hire.

(ii) Employees who change between full-time and part-time status or among different part-time shift schedules will accrue and be paid vacation in proportion to the scheduled hours in each status.

(iii) If an employee changes from part-time to full-time status (or vice-a-versa) from the Vacation Accrual Year to the Vacation Usage Year,

the employee's pay for his or her accrued vacation will be distributed evenly across all accrued paid days off when the vacation is used.

Example 1: A part-time employee working 20 hours per week accrues 10 days of vacation (40 hours) in the Accrual Year. On January 1 of the Vacation Usage Year that follows, the employee changes to full-time status. In the Usage Year, the employee is entitled to 10 days of vacation, paid at 40 hours (at his or her regular straight-time hourly rate in effect when the vacation is taken), distributed evenly over the 10 vacation days.

Example 2: A full-time employee working 40 hours per week accrues 10 days of vacation (80 hours) in the Accrual Year. On January 1 of the Vacation Usage Year that follows, the employee changes to part-time status of 20 hours per week. In the Usage Year, the employee is entitled to 10 days of vacation, paid at 80 hours (at his or her regular straight-time hourly rate in effect when the vacation is taken), distributed evenly over the 10 vacation days.

(iv) Except as provided below in connection with Extended Illness Status for occupational illness or injury (Art. 6.D.3), employees must be in an active status for more than ½ of a month in order to accrue vacation for that month.

3. Block Vacation Bidding and Usage

a. Block vacation weeks for bid for the following year will be scheduled Sunday through Saturday. The Company in consultation with the Union will determine the number of employees who may be on vacation during any given week based upon local operational staffing requirements.

b. Employees will designate the number of days, if any, of vacation to be taken on a day-at-a-time (DAT) basis in the following year no later than during the first round of block vacation bidding.

c. Members of the military reserve who will attend a 2 week training assignment during the following year may at the employee's option set aside 1 or 2 weeks of accrued vacation to be taken during the employee's military leave.

d. The Union and the Company will meet locally at least 30 days in advance of the vacation bidding, but in no event later than October 1st. Local management will provide the local Union Committee with background information that enables the Union Committee to engage in a meaningful dialogue with management regarding the method of scheduling vacation for the coming year. The information to be discussed will include anticipated and historical block week and DAT allotments, vacation accruals, historical and anticipated bidding procedures and rules, classification and work area identification, and the seniority lists to be used. If the discussion is not completed by October 15th, it may be escalated to the level of AGC, the

Department Manager and HR at that station, if not resolved within 10 days, the issue will be escalated to the PDGC of the IAM and the Director of Labor Relations.

e. Bidding for block vacation will be by station. The Company will post 100% of vacation liability for block bidding. Bidding will begin no later than November 1, and bidding will be completed by November 30.

(i) At most locations part-time and full-time employees will bid block vacation weeks together, but the Union and the Company will discuss on a local level whether to bid part-time and full-time employees separately. In the event a significant dispute arises and remains unresolved regarding whether full- and part-time employees will bid together or separately, it may be escalated to the level of AGC, the Department Manager and HR at that station. If not resolved by October 15th, the issue will be escalated to the PDGC of the IAM and the Director of Labor Relations.

(ii) At most locations Leads and the associated Basic classification will bid block vacation weeks together. The Union and the Company will discuss on a local level other bidding options. In the event a significant dispute arises and remains unresolved regarding whether Leads and the associated Basic classification will bid vacation together or by some other method, it may be escalated to the level of AGC, the Department Manager and HR at that station. If not resolved by October 15th, the issue will be escalated to the PDGC of the IAM and the Director of Labor Relations.

f. The Company will provide block vacation bid forms or electronic access for employees to indicate their preferences for block weeks, unless another method is locally agreed. Confirmation will be provided to employees submitting pre-bids.

g. The award of block vacation will be based on Vacation Seniority. Bids in the first round of block bidding may be split into 2 separate periods of no less than 1 week each. Multiple weeks may be bid in any bid in any subsequent round if taken consecutively.

h. Employees failing to bid at the assigned time will be allowed to select block vacation from weeks still available at the time they report to bid as long as that round is still open. Employees who fail to bid a week of vacation (or 2 weeks if they buy a week of vacation) will have those weeks assigned by the Company at the end of block bidding.

i. If an employee's bid vacation is adjacent to a holiday (other than a deferred holiday) on which the employee would otherwise be scheduled to work, the employee is expected to work the holiday as scheduled unless he/she elects at the time of vacation bidding to attach the day to the vacation.

j. Connecting Block Vacation to DAT or RDO

(i) During block vacation bidding, an employee may bid up to a total of 2 DAT or Floating Holiday days that are adjacent to either the start or completion of his or her block vacation.

(ii) Alternatively to the above, the employee may elect either (a) to move 2 consecutive RDOs within the pay period in which they fall so they attach either before or after the block vacation period, but not both before and after, or (b) to move a single RDO within the pay period in which it falls so it attaches before and/or after the block vacation period. The purpose in either event is to allow the possibility of at least 9 consecutive days off.

(iii) Examples:

	Week 1							Week 2							Week 3						
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
Example 1	w	W	RDO	RDO	w	w	w	Vac	Vac	RDO	RDO	Vac	Vac	Vac	w	w	RDO	RDO	w	w	w
Example 2	w	W	RDO	RDO	w	w	W	Vac	Vac	RDO	RDO	Vac	Vac	Vac	w	w	RDO	RDO	w	w	w
Example 3	w	W	RDO	RDO	w	w	w	Vac	Vac	RDO	RDO	Vac	Vac	Vac	w	w	RDO	RDO	w	w	w

w = scheduled work
~~strikethrough~~ = change to schedule to connect RDO to Vacation

k. Employees will retain and carry with them their accrued block vacation if they transfer to another station or classification during the Vacation Usage Year. The Company will honor vacation block weeks already awarded to transferring employees unless mutually satisfactory alternate arrangements are made.

4. Day-At-a-Time (DAT) Bidding, Eligibility, and Usage

a. Employees eligible for vacation may designate all of their vacation as block vacation, bid DAT vacation, or a combination of block and bid DAT. Employees may also designate a portion of their vacation entitlement for use as Floating DAT Bank (FDB). In all cases (except employees with 1 week or less of vacation entitlement), a minimum of 1 week of vacation entitlement must be bid as block vacation, and a maximum of 3 weeks of vacation entitlement may be designated as FDB (see chart below). Employees must make their designations during the block vacation bidding process.

Total Vacation Entitlement	Minimum Required Block Vacation	Total Days Available as Bid DAT and/or FDB
1 Week	0 Week	Up to 5 days
2 Weeks	1 Week	Total 5 days Bid DAT and/or FDB
3 Weeks	1 Week	Total 10 days Bid DAT and/or FDB
4 Weeks	1 Week	Total 15 days Bid DAT and/or FDB
5 Weeks	1 Week	Total 20 days Bid DAT and/or FDB <i>(maximum of 15 days FDB)</i>
6 Weeks	1 Week	Total 25 days Bid DAT and/or FDB <i>(maximum of 15 days FDB)</i>

Consistent with operational manpower requirements, additional flexibility in the scheduling of DAT vacation may be implemented on a local basis by agreement between the Union and the Company. Any such local arrangements will not prejudice the system application of the DAT program and will be deemed to expire each vacation year unless renewed on a local basis by agreement between the Union and the Company.

b. Employees will bid DAT vacation following the block bidding process. 100% of the vacation liability remaining after the block bidding process will be available for DAT vacation bidding.

c. Following the vacation bid, 100% of remaining unbid DAT liability will be available effective January 1. Any allotment removed by the Company after January 1 will be replaced as warranted in coordination with the Union. Replacement will be unwarranted, for example, where the allotment removed by the Company after January 1 is equal to or greater than allotments added by the Company.

d. Unless otherwise agreed to locally, Company approval is required for the award of unbid DAT within 24 hours prior to the start of the shift.

e. Half-day DATs will not be awarded during the initial vacation bidding process, but unbid DAT liability that remains available effective January 1 will be available for use as half-day DATs. Hour-at-a-time DATs may be made available by the Company on a local basis based on its assessment of operational needs, but will not be awarded during the initial vacation bidding process.

f. A daily DAT waitlist and related processes will be established by local discussions between the Company and the Union.

5. Use of Vacation, and Status of Vacation at Separation

a. Except as otherwise required by law, vacation must be taken during the calendar year (the Vacation Usage Year) following the year in which the vacation was earned (the Accrual Year).

(i) However, employees may carry forward, to the year after the Vacation Usage Year, a maximum of 3 unused vacation days and/or Floating Holidays in total (or hourly equivalent) to be used on any open DAT slot on their shift during the following year, or at the employee's option, have all or part of the 3 unused vacation days (including block vacation, DAT's, and Holidays) paid out no later than February 28 of the following year.

(ii) Employees with more than 3 unused vacation days (including block vacation, DAT's, and Holidays) at the end of the Vacation Usage Year will have all days in excess of 3 days paid out no later than February 28 of the following year.

(iii) If an employee works at the Company's request on his or her scheduled vacation day, the employee will have the option of either (a) rescheduling the vacation day, or (b) receiving a payout of the vacation at the end of the Vacation Usage Year.

(iv) An employee who is sick or injured prior to the commencement of his or her scheduled vacation and whose illness or injury disables him/her through the entire period of his scheduled time off will, at the employee's option, receive vacation pay for the scheduled vacation or receive sick leave pay for the scheduled period of time and have his or her vacation rescheduled. The employee will not receive both sick pay and vacation pay for the same period. If the Company does not reschedule the affected vacation in the vacation Usage Year the employee will then receive vacation pay for the affected vacation.

b. An employee who leaves the Company either voluntarily or involuntarily will receive full payment for unused vacation credited from the previous year and, if required by law, vacation accrued in the year of separation through date of separation. In the event of retirement, resignation with proper notice, permanent disability, or death, the employee or his or her estate will receive full payment for unused vacation credited from the previous year and all vacation accrued in the year of separation through date of separation. Except as otherwise required by law, an employee who has not completed 6 months of Company service is not eligible for pay for accrued vacation upon separation.

c. Employees may use a DAT day concurrent with day trades off.

d. During or prior to the vacation bid for the following calendar year, employees may elect to "buy" a week of vacation for use in the following year, unless they have already elected to defer holidays from the current year to that following year. Such vacation must be bid as a block. If an employee opts to "buy" a week of vacation, he or she will not have the option of deferring holidays to the following year; in other words, employees may not "buy" a week of vacation for use in the following year and also elect to defer holidays to that same following year under Section B.10.a(i) below.

6. Variable Use Option. Employees may convert up to 2 weeks of accrued vacation per year into their sick bank, up to the maximum sick bank accrual, for the purpose of funding sick pay for a planned upcoming significant medical event (e.g., maternity or major surgery or course of treatment, which will be documented).

7. Employees will be given 100%, less payroll deductions, of their vacation pay prior to the commencement of their vacation provided the employee applies for such payment in writing on a form to be prescribed and furnished by the Company which will be signed by the employee. Such request for vacation pay must be filed in time to have it in the payroll office of the Company at least 12 days prior to the employee's last working day before his vacation. Any pay due an employee for work performed prior to taking his vacation will be paid on the regular pay day. Vacation pay advances do not apply to DAT's.

B. Holidays

1. Observed Holidays. All employees (excluding new hire probationary employees) covered under this Agreement are eligible for the following holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

2. Floating Holidays. In addition, employees (excluding new hire probationary employees) are eligible for 2 Floating Holidays each calendar year, one of which will be on the employee's birthdate (Birthday Floater). Unused Floating Holidays will be counted as unused vacation and will be eligible for carry-over to the following calendar year subject to the vacation carryover provisions, including the 3 day carry over limit.

a. During the general block vacation bid, employees may designate their Birthday Floater for use on their birthday. Employees who do not do so may use their Birthday Floater as a general Floating Holiday.

b. Floating Holidays will otherwise be bid and administered the same as DATs.

3. Full-time employees will be paid holiday pay at 8 straight-time hours for all fixed holidays, regardless of whether they are scheduled to work. Full time employees assigned to 8 hour shifts will be paid 8 hours straight time for floating holidays. Full time employees assigned to shifts of greater than 8 hours will be paid straight time, equivalent to the hours of their regular scheduled shift for floating holidays. Part-time employees will be paid holiday pay equal to 1/10 of the hours the employee is scheduled to work in the 2 week pay period containing the holiday.

4. Employees working on a holiday will receive their holiday pay plus pay for time worked on the holiday at the applicable rate (time and one-half for all hours

worked up to 12 hours, and double-time thereafter).

5. When fewer employees within a work function, shift and classification are required to work on a holiday than the number who are scheduled to work, employees will be given preference to work or be off in bid seniority order. At least 7 days prior to the holiday, the Company will post 2 sign-up lists, one for employees who want to work the holiday and another for those who do not. At least 3 days prior to the holiday, the Company will notify employees who is working and who is not.

6. If a holiday falls during an employee's vacation period, the employee may elect to add a day either at the beginning or the end of the vacation, or to be paid for the holiday in addition to the vacation pay at the straight-time rate. Employees must notify management of their preference at the time of bidding.

7. Employees at Company facilities that observe Friday/Saturday RDOs or Saturday/Sunday RDOs or Sunday/Monday RDOs will observe the day designated as the Company's holiday observance at that facility.

8. If an employee calls in sick on a holiday that he or she is scheduled to work, the employee will receive holiday pay, but will not receive any sick pay nor will any time be deducted from his or her sick bank.

9. If an employee is scheduled to work a holiday and does not report, other than for reasons of sickness, holiday pay will not be paid.

10. Deferred Holidays

a. Employees who wish to do so have 2 alternatives to defer holidays:

(i) Employees may defer 5 holidays (excluding New Year's Day) in exchange for an equivalent number of paid vacation hours, which may be bid in the following year; or

(ii) Employees may defer holidays on an individual basis to be taken within the same year (excluding those holidays deferred to the following year as provided for above). A holiday deferred to the same calendar year will be treated and taken as a DAT day and may be used up to 30 days in advance of the holiday (excluding New Year's Day).

b. If an employee opts to defer 5 holidays for an equivalent number of hours in the following year under Section a. (i) above, he or she will not have the option of "buying" vacation in that following year; in other words, employees may not use 5 deferred holidays from the prior year and also "buy" a week of vacation under Section A.5.d above.

ARTICLE 6: LEAVES OF ABSENCE & SICK LEAVE

A. Leaves of Absence

1. Jury Duty (including Grand Jury Duty)

a. In addition to vacation accrued based on active paid service, the Company will grant employees necessary time off for actual work time (base hours) missed as a result of being called for mandatory jury and grand jury duty (both jury pool and trial service if selected).

b. Subject to the needs of the service, the Company will grant employees time off for voluntary jury service, but such voluntary service will be unpaid.

c. Employees may retain jury-duty payments they receive, regardless of whether the service is mandatory or voluntary.

d. Upon receipt of a summons for jury duty (or selection for voluntary jury service), the employee will provide a copy of the summons (or, in the case of voluntary service, applicable court documentation) to his or her supervisor. When the employee completes the jury service, he or she must furnish his supervisor with court documentation reflecting his or her attendance and dates of service.

e. An employee required by the court to report for jury duty will not be required by the Company to report for work on his or her regularly scheduled shift the same day, including a midnight shift immediately prior to actually reporting for jury duty (or at the employee's option, a midnight shift immediately following actually reporting for jury duty) or an afternoon shift immediately following serving jury duty. An employee performing jury duty for 5 or more consecutive working days will, at his or her request, be scheduled for adjusted regular days off as necessary to accommodate his or her jury service. Upon completion of jury duty, or if temporarily released from jury duty for a calendar week or more, the employee will resume his or her regular shift and days off.

2. Military Leave. Military leave, including return from military leave, will be governed by Company policy, as amended and in effect at the time of the leave or return, and by the Uniformed Services Employment and Reemployment Rights Act and other applicable law.

3. Personal Leave (PLOA)

a. Where an active employee (excluding new hire probationary employees) presents the Company an application stating justifiable reasons, and where the requirements of the operation permit, the Company may grant an unpaid PLOA, in writing, for up to 90 days. Subject to the requirements of the operation, the Company may, in writing, extend a PLOA in increments of 90 days upon the employee's appropriate application in writing to the Company.

b. Employees on PLOA must provide the Company and the Union at least 10 days' advance notice of their return from a PLOA. Upon their return, they will be returned to the job held when PLOA was granted.

c. An employee granted PLOA will retain and continue to accrue seniority during the first 90 days of any such leave. For PLOAs extended beyond 90 days, the employee will retain but will not accrue seniority after 90 days, except as required by applicable law. The employee will remit applicable dues or service fees directly to the Union during his or her entire PLOA.

4. Educational Leave

a. Where an active employee (excluding new hire probationary employees) presents the Company an application stating justifiable reasons, and where the requirements of the operation permit, the Company may grant an unpaid Educational Leave. The application must specify the entire period of time the employee plans to remain on such leave in order to obtain the desired education, and the leave cannot exceed the period necessary for the designated course(s) or class(es).

b. An employee granted Educational Leave will retain and continue to accrue seniority during the first 90 days of any such leave. For Educational Leave longer than 90 days, the employee will retain but not accrue seniority after 90 days.

c. If the Company grants the Educational Leave, the employee will have no right to reemployment until the entire leave period has elapsed. At the end of the leave, the employee will be returned to work if a vacancy is available or based upon competitive bid.

5. Company Offered Leave of Absence (COLA) At its discretion, the Company may offer COLA whenever a reduction in force situation exists. The Company will confer with the Union on the terms and conditions of any COLA.

6. Outside Employment While on Leave During a leave of absence, outside employment for an employer other than the Company is not permitted without prior written approval from the Company and notice to the Union. An employee who engages in such unapproved employment will be deemed to have resigned his or her employment with the Company and his or her name will be stricken from the seniority roster.

7. Full time Union Leave

a. Employees accepting full-time employment with the Union as representatives of the employees covered by this Agreement will be granted an indefinite unpaid leave of absence by the Company. An employee on leave of absence for this purpose will retain and continue to accrue seniority.

b. The employees on Union Leave will receive all Company-provided employee benefits that can reasonably be continued in effect during their leaves

of absence. The Union will pay the premiums for medical coverage received by employees on leave and serving in these positions.

8. Personal Emergency Leave (PEL)

a. An employee's supervisor may authorize up to 4 days off with pay if an employee's immediate family member becomes critically ill, or in the event of a death in the immediate family of (a) the employee, or (b) the employee's spouse or Company-recognized domestic partner. When the death is that of a non-immediate family member of the employee or of his or her spouse or Company-recognized domestic partner, the employee's supervisor may approve up to a full day off with pay. Personal Emergency Leave may also be granted if the employee or his or her spouse or Company-recognized domestic partner experiences a miscarriage or other medical pregnancy termination procedure.

b. Familial Relationship Definitions For the purpose of this policy, "immediate" family members are:

- Husband/Wife/Domestic Partner (as recognized by applicable law or by the Company)
- Child (defined as natural or adopted children, step-children or in-laws)
- Parent (defined as natural or adoptive parents, step-parents or in-laws)
- Brother or Sister (defined as natural or adoptive siblings, step-siblings or in-laws)
- Grandparent (defined as natural or adoptive grandparents, step-grandparents, or in-laws)
- Grandchildren and any other relatives living with the employee.

c. Additional Requirements:

(i) To qualify for Personal Emergency Leave, the employee may be required to submit documentation.

(ii) Generally speaking, Personal Emergency Leave for purposes of bereavement must be taken within 30 days after the date of death.

(iii) An employee may take up to 2 instances of Personal Emergency Leave for each family member over the course of his or her employment with the Company.

(iv) If an employee is on vacation, Personal Emergency Leave will begin at the scheduled expiration of the vacation.

(v) If an employee is absent from work on sick leave or any type of LOA, Personal Emergency Leave will not be granted.

9. Benefits While On Leave The chart below provides a brief overview of benefits available to employees while on a leave of absence. For full details, consult the governing provisions of this Agreement.

Leave Type	Medical/Dental/Vision	Basic Life	Voluntary Life	Right to return to position	Seniority	Length of Leave
Personal (PLOA)	To end of month and then COBRA	180 days only – at employee’s expense	Portable coverage at employee’s expense*	Yes	90 days	90 days
Furlough	Until pay continuation ceases	Company paid for 90 days	Portable coverage at employee’s expense*	Based on your recall rights	Less than 10 years adj. to Pay and vacation seniority after 90 days.	Less than 10 years / length of service. More than 10 years / lifetime
Paid Medical	Yes	Company paid	Active coverage at employee’s expense	Yes	Yes	Yes
Military	Company policy	Company policy	Portable coverage at employee’s expense*	Yes	Yes	Up to five years
EIS	Active rates for ½ of leave and then COBRA	Company paid	Active rates at employee’s expense	Yes	Continues for length of leave	Six years or length of service
Education	To end of month and then COBRA	180 days only – at employee’s expense	Portable coverage at employee’s expense*	If position is available	90 days	Length of program

*Employee can exercise right to continue (“port”) coverage directly with the life insurance carrier. Premiums for portable coverage may vary from the active premium cost.

B. Sick Leave

1. Paid sick leave is available to employees (excluding new hire probationary employees) for use when they are unable to perform their regular duties due to illness or non-occupational injury. Such leave will be granted only in cases of actual illness or injury.

- a. Beginning with an employee's second non-FMLA sick leave absence of 3 or more days within a rolling 6-month period, the employee will be required to submit a doctor's certificate for all sick leave absences of 3 or more days.
- b. Whether and when doctor's certification will be allowed or required for approved FMLA occurrences will be governed by applicable law.
- c. In special circumstances local management may waive or require a doctor's certification. The Company may require a doctor's certification before approving any sick leave of 3 or more consecutive weeks.
- d. Dental and doctor appointments will not be considered a basis for paid sick leave unless it can be shown that the dentist or doctor in question does not maintain office hours outside the employee's regular work time or on the employee's regular days off.
- e. During the first 6 months of employment an employee will not be paid sick leave pay for absences due to illness or non-occupational injury.
- f. Sick leave charged to the employee's accrued paid sick leave bank will be paid at 100% based on the employee's rate of pay and regularly scheduled hours.

2. Full-time employees

- a. Active full-time employees will accrue paid sick leave of 8 hours per month of paid status, up to a maximum sick leave bank of 1200 hours.

3. Part-Time Employees

- a. Active part-time employees will accrue between 4 and 8 hours sick leave credit for each month of service based upon the greater of scheduled or actual hours paid, including any AUTO, up to a maximum sick leave bank of 1200 hours.

- b. During the first 6 months of employment, the employee will not be paid sick leave pay for absences due to illness or injury. During the second 6 months of employment, the employee may use sick leave credit for up to 6 days at ½ pay.

- c. Sick leave accrual for an employee who transfers to a regular part-time position will be 4 hours per month until the following January, at which time the part-time accrual rate will be calculated pursuant to Section 3.a above.

4. To the extent permitted by law, if an employee's employment ceases for any reason, all of his or her credit for sick leave will be cancelled except for vacation credit converted into sick leave, and no payment for such accumulated credit will be made at any time. However, subject to the terms and conditions of a retiree bridge medical plan as described in Art. 3.K.1, employees will be eligible to participate in such plan by using the balance in their sick bank at retirement to participate in the contributory funding aspect of the plan.

5. Except as otherwise required by law, employees may use up to 3 days of accrued sick leave for absences required by the injury or illness of a spouse or dependent minor child. No more than a total of 3 days may be used per rolling year.

6. Employees will retain and continue to accrue seniority while on sick leave.

7. The costs of medical certifications and examinations in connection with sick leave will be the responsibility of the employee. However, if the Company requires an additional medical certification or physical exam not addressed above, the Company will assume the costs for the certification or exam.

C. Occupational Injury Leave

1. Occupational Injury occurs when an employee is unable to work because of an injury or illness incurred on the job. The injury or illness must be one that is covered by the applicable state Workers' Compensation law, and must be verified in writing by the employee's treating physician. Leaves of absence for Occupational Injury will be granted upon the employee's presentation of written verification from a qualified doctor in accordance with the applicable state Workers' Compensation law.

2. In the event of Occupational Injury, employees may use their own personal physician if they have registered that physician with the Company prior to the injury or illness. The Company will have the right to monitor the employee's course of treatment through its own physician. The Company will pay the costs of any separate and additional physical exams it requires of an employee.

3. Full-time employees (excluding new hire probationary employees) will accrue paid Occupational Injury Leave of 8 hours per month of paid status, up to a maximum bank of 1200 hours. Part-time employees (excluding new hire probationary employees) will accrue paid Occupational Injury Leave monthly based on the ratio of their monthly straight-time paid hours to a full-time 40 hour work week, up to a maximum bank of 1200 hours. As soon as reasonably practicable after the Effective Date of the Agreement, each subsidiary-United employee employed as of the Effective Date of this Agreement will receive a credit of 100 hours for every 66 hours in his or her Occupational Injury Leave bank, up to a maximum of 1200 hours.

a. No Occupational Injury Leave credit will accrue while an employee is in unpaid status, except AUTO.

b. Paid Occupational Injury Leave accrual is in addition to Sick Leave accrual, and may be used only for absence resulting from Occupational Injury Leave.

c. For each hour of Occupational Injury Leave pay or Workers' Compensation pay the employee receives, an hour will be deducted from his or her Occupational Injury Leave bank.

d. Employees who exhaust their occupational injury bank may elect to convert any remaining sick bank hours into occupational injury hours.

4. Occupational Injury Leave pay will be based on the employee's payroll rate of pay and scheduled hours. Such pay will be at a rate equal to the employee's payroll rate of pay times his or her regularly scheduled hours, reduced by the amount of Worker's Compensation pay the employee receives from the Company's insurance carrier or the state.

5. If an employee's employment ceases for any reason, all of his or her credit for Occupational Injury Leave will be cancelled, and no payment for such accumulated credit will be made at any time.

6. Employees will not be refused permission to return to work because they have not signed releases of liability pending the disposition or settlement of any claims which they may have for compensation arising out of Occupational Injury.

D. Extended Illness Status (EIS)

1. An employee unable to work due to illness or injury who exhausts his or her sick leave will be placed on active no-pay status for 16 days. Thereafter, if the employee remains unable to return to work, he or she will be placed on Extended Illness Status. Subject to the Company's reasonable accommodation process, an employee's initial EIS leave may continue for up to (a) 6 years from the first day the employee is placed on EIS leave, or (b) the employee's length of service (whichever period is shorter). The Company will notify the Union when an employee is placed on EIS.

a. Subject to the Company's reasonable accommodation process, an employee who has returned from a previous EIS leave will be eligible for a subsequent EIS leave equal to (a) the unused duration eligibility from the previous EIS leave, plus (b) 1/2 of his or her length of service since returning to work from the previous EIS leave, up to a maximum of 6 years or the employee's total length of service (whichever period is shorter).

[Example: Employee A with 10 years of service (6-year EIS maximum) goes on EIS leave and returns to work 2 years later. Employee A would initially be eligible for a subsequent EIS of up to 4 years (6 years minus 2 years previous EIS). After 2 years of active paid service following the return, Employee A would be eligible for a second EIS leave of up to 5 years (4 years plus 1/2 times 2 years of active paid service).]

[Example: Employee B with 4 years of service (4-year EIS maximum) goes on EIS leave and returns 2 years later. Employee B would initially be eligible for a subsequent EIS of up to 2 years (4 years minus 2 years). After 2 years of active paid service following the return, Employee A would be eligible for a second EIS leave of up to 3 years (2 years plus 1/2 times 2 years of active paid service).]

b. An employee will be eligible for a maximum of 6 years of EIS leave during their employment for EIS based on the same non-occupational illness or injury.

2. Employees on EIS:

a. Must ensure that their address and other contact information on file with the Company are kept current;

b. For pay purposes only, will retain and continue to accrue seniority for the length of the EIS leave or the employee's length of service, whichever period is shorter;

c. May, with management approval and subject to Company policies as amended and in effect at the time of travel, be granted free or reduced rate transportation privileges except vacation passes; and

d. May remain on active-employee medical insurance coverage for a maximum duration equal to $\frac{1}{2}$ of his or her EIS leave duration eligibility. Coverage will be according to the provisions of the Company's applicable insurance plan(s) as amended and in effect. Thereafter, the employee may, at his or her own expense, continue insurance coverages according to the provisions of the Company's insurance plans as amended and in effect, but will not accrue or be entitled to any employee benefits.

(i) If an employee who has returned from a previous EIS leave goes on a subsequent EIS leave, he or she may remain on active-employee medical insurance coverage for a maximum duration equal to (a) the unused coverage eligibility from the previous EIS leave, plus (b) $\frac{1}{4}$ of his or her length of service since returning to work from the previous EIS leave.

[Example: Employee C with 10 years of service (6-year EIS maximum, 3-year coverage maximum) goes on EIS leave and returns to work 2 years later. Employee A would initially be eligible for medical coverage during a subsequent EIS for up to 1 year (3 years minus 2 years previous EIS). After 2 years of active paid service following the return, Employee C would be eligible for coverage during a second EIS leave for up to 1.5 years (1 year plus $\frac{1}{4}$ times 2 years of active paid service).]

[Example: Employee D with 5 years of service (5-year EIS maximum, 2.5-year coverage maximum) goes on EIS leave and returns 2 years later. Employee D would initially be eligible for medical coverage during a subsequent EIS for up to .5 year (2.5 years minus 2 years). After 2 years of active paid service following the return, Employee D would be eligible for coverage during a second EIS leave for up to 1 years (.5 year plus $\frac{1}{4}$ times 2 years of active paid service).]

3. In addition, upon returning to work from EIS resulting from occupational illness or injury, an employee will be eligible for a vacation payout as follows:

a. The employee will be retroactively credited with vacation accrual for a period of the EIS leave not to exceed $\frac{1}{2}$ of his or her EIS leave eligibility (a maximum of 3 years or $\frac{1}{2}$ length of service, whichever is shorter).

b. The employee will be entitled to a payout of ½ of that vacation accrual balance after deducting from that balance any vacation time off taken by the employee upon their return which was accrued while on EIS.

4. If an employee on EIS accepts employment elsewhere without prior approval by the Company and the Union, he or she will be deemed to have severed his employee relationship with the Company.

5. Approximately 60 days prior to the end of the employee's EIS leave, the Company will notify the employee at his or her address on file with the Company that the leave will be expiring and that the employee is responsible either (1) to obtain and provide the Company with necessary medical certifications and other information regarding his or her ability and intention to return to work or (2) to invoke the Company's reasonable accommodation process. Approximately 30 days before the end of the employee's EIS leave, the Company will send a follow-up notification to the employee. If the employee does not respond to these notifications, separation by termination of the employee's EIS leave will be automatic and the Company will not be required to follow the procedures specified in the provisions of the Agreement.

a. Following notice to the Union and the employee that the employee will be separated, the employee may file a grievance protesting his separation and the Union may appeal the Company's decision directly to Step 3 of the grievance procedure.

b. The grievance must be filed within 10 days after the effective date of the separation. If such appeal is not filed, the Company's action will be final and binding.

c. Further appeal, if desired, will be to the System Board of Adjustment.

E. Medical Dispute Resolution

1. In the event that the employee's Physician and the Company's Physician do not agree on an employee's ability to return to regular duties, the employee may request Medical Dispute Resolution. Medical Dispute Resolution will be initiated when the employee submits a request in writing to the designated Company department within 40 calendar days of the employee's notification of the conflicting physicians' determinations.

2. The Company will identify a list of impartial physicians from which the employee will select a third-party physician to complete a third-party medical evaluation. The decision of the majority concerning the employee's medical fitness to perform his/her regular duties will be binding upon the Company and the employee.

3. The expense of the Company's Physician will be borne by the Company; the expense of the employee's Physician will be borne by the employee; and the expense of the selected impartial physician will be borne ½ by the employee and ½ by the Company.

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ARTICLE 6

LEAVES OF ABSENCE & SICK LEAVE

4. This third-party physician Medical Dispute Resolution procedure will not apply to assignments involving restricted duty, whether temporary or permanent.

ARTICLE 7: SENIORITY**A. Seniority Defined** Employees have 5 types of seniority under this Agreement:

1. **Company Seniority Date** An employee's Company Seniority begins on the date an employee is placed on the Company's payroll. Employees will stop accruing Company Seniority and their date will be adjusted for periods on educational and personal leaves of absence that exceed 90 days.

2. **Pay Seniority Date** An employee's Pay Seniority begins on the effective date the employee becomes active in any position within the classifications governed by this Agreement and is used to determine an employee's pay rate progression. This date will not change as long as the employee remains active in a position covered by this Agreement. Employees will stop accruing Pay Seniority and their date will be adjusted for periods of educational and personal leaves of absence that exceed 90 days for all employees, and for periods on furlough that exceed 90 days.

3. **Vacation Seniority Date** An employee's Vacation Seniority begins on the date an employee is placed on the Company's payroll and is used to determine vacation accrual and vacation bidding. Employees will stop accruing Vacation Seniority and their date will be adjusted for periods of educational and personal leaves of absence that exceed 90 days for all employees, and for periods on furlough that exceed 90 days.

4. **Bid Seniority Date** An employee's Bid Seniority begins on the date the employee is placed on the Company's payroll for newly hired regular employees. For Company employees transferring into this Agreement, Bid Seniority is the date an employee is notified that he or she is awarded an open vacancy. A common seniority date will be assigned when multiple positions are filled at the same time for the same vacancy. For Lead positions, an employee will both: (a) retain and continue to accrue Bid Seniority in his or her basic classification; and (b) accrue Bid Seniority in the work status of the Lead position at the Location/Point beginning the day after the Lead vacancy posting closes. Employees will stop accruing Bid Seniority and their date will be adjusted for periods of promoted status that exceed 183 days, and for periods on educational and personal leaves of absence that exceed 90 days. Bid Seniority is used for all types of bidding contained in this Agreement except for vacations.

5. **Furlough Recall Seniority Date** An employee's Furlough Recall Seniority is the same as his or her Company Seniority, except that it will stop accruing and be adjusted for periods of promoted status that exceed 183 days, and periods of educational or personal leaves of absence that exceed 90 days. The Furlough Recall date will be used for purposes of layoff and recall.

B. Adjustments to Seniority Dates When adjustments are made to the 5 seniority dates described above, they will be made for different types of absences as follows:

1. **Personal or Educational Leave of Absence** Seniority for all dates will be retained and continue to accrue during the first 90 days of the leave of absence.

Seniority for all dates will no longer accrue starting with the 91st day.

2. Non-occupational or Occupational Extended Illness Leave of Absence Seniority for all dates will be retained and continue to accrue for the duration of the leave.

3. Union Leave of Absence Seniority for all dates will be retained and continue to accrue for the duration of the leave. Employees on Union leave may return to their former positions without a vacancy.

4. Furlough Except as otherwise provided, employees will retain and continue to accrue Company Seniority, Bid Seniority and Furlough Recall Seniority for the duration of furloughs from active service. For Pay Seniority and Vacation Seniority, employees with 10 or more years of service at the time of furlough will retain and continue to accrue seniority while on furlough. For Pay Seniority and Vacation Seniority, employees with less than 10 years of service at the time of furlough will retain and continue to accrue seniority for the first 90 days while on furlough and any time worked when recalled for a temporary assignment.

C. Probation

1. Company employees transferring competitively into an IAM-represented classification will be regarded as probationary for the first 180 calendar days of active service in the position.

2. Newly hired employees will be regarded as probationary for the first 180 calendar days of active service in the position. Depending on training needs, probation may be extended to a maximum of 210 days from date of hire.

3. An employee's probationary period may be extended in appropriate cases, such as the employee's extended absence because of accident or illness, in which case the Company will notify the Union.

4. Employees may be discharged at any time and for any reason during their probationary periods without a hearing.

5. Upon successful completion of their probationary periods, employees will be retained on the Seniority List in order of their Bid Seniority dates.

6. An employee may be assigned and re-assigned to any shift and days off during his or her probationary period with a 7 day notice.

7. If temporary employees are hired as regular employees without a break in service, their period of their temporary employment will be credited against and deducted from their probationary period, their Company Seniority will accrue from the time they were hired as a temporary employee, and their Bid Seniority will accrue from the time awarded a regular permanent vacancy. If a temporary employee has a break in service before being hired as a regular employee, a new probationary period and seniority dates will begin.

D. Seniority Lists1. Seniority Lists

a. Seniority Lists will be made available electronically and will include the Name, Classification, Position, Bid Seniority date, Company Seniority date, and Work Status of each employee in a position represented by this Agreement. Seniority lists will be sorted in Bid Seniority date order. Ties will be broken in the following order:

- (i) Company Seniority date;
- (ii) The lowest of the last 4 digits of the social security number; and
- (iii) The lowest 4 digits of the month and day of the birth date.

b. Seniority lists for Leads will be sorted in Lead Bid Seniority date order. Ties will be broken in the following order:

- (i) Basic Bid Seniority date;
- (ii) Company Seniority date;
- (iii) The lowest of the last 4 digits of the social security number; and
- (iv) The lowest 4 digits of the month and day of the birth date.

2. Juniority Lists

a. Juniority lists, used for purposes of layoff and recall, will be made available electronically and will include the Name, Classification, Position, Furlough Recall date, Bid Seniority date, and Work Status of each employee in a position covered under this Agreement. Juniority lists will be sorted in Furlough Recall date order. Ties will be broken in the following order:

- (i) Bid Seniority date;
- (ii) The lowest of the last 4 digits of the social security number; and
- (iii) The lowest 4 digits of the month and day of the birth date.

b. Juniority lists for Leads will be sorted in Furlough Recall date order. Ties will be broken in the following order:

- (i) Lead Bid Seniority date;
- (ii) Basic Bid Seniority date;
- (iii) The lowest of the last 4 digits of the social security number; and
- (iv) The lowest 4 digits of the month and day of the birth date.

3. Employees are responsible for reviewing the lists to ensure their seniority dates are accurate. Any discrepancies should be reported immediately to local management. Such claims may be processed by the Assistant General Chair of the Union if not resolved locally. If an employee fails to protest the list within 60 days

after his or her seniority date and position on the seniority list is first established or adjusted, there will be no monetary liability or other retroactive application for subsequent seniority adjustments.

E. Loss of Seniority An employee will lose all forms of seniority under this Agreement and be removed from all seniority lists for the following reasons:

1. Resignation or termination;
2. Retirement;
3. Discharge for just cause;
4. Absence from work for 2 consecutive days without properly notifying the Company of the reason for absence, unless the failure to notify the Company of the absence was due to verifiable circumstances beyond the control of the employee;
5. Failure to return to active service from a Leave of Absence or Inactive Status (Personal Leave, Educational Leave, COLA, Furlough), unless the failure to report was due to verifiable circumstances beyond the control of the employee;
6. Failure to return from an Extended Illness Leave of Absence within the time period specified in this Agreement or as specified by applicable law;
7. Failure to respond to or return from an offer of permanent recall, where the employee retains no other recall rights;
8. Not paying the required administrative fee to the Union when in permanent promoted status within the same Division of the Company;
9. Entering permanent promoted status outside the same Division within the Company; and
10. Except for employees transferring to another Company position in an IAM-represented work group not covered by this Agreement, after 3 consecutive months in a permanent position that is not promoted status.

F. Employee Transfers Employees that transfer to different IAM-represented classifications within this or any other collective bargaining agreement will retain and continue to accrue seniority in their former classification, location and work status for 2 years. Employees may return to their former basic classification within 2 years without a vacancy. When the employee returns to a former classification within that 2 year period, the employee will lose seniority in the classification he or she left. The Company will notify the Local Committee of such movement. Employees working in Lead positions who have passed their trial period may return to the basic position and work status within their classification without a vacancy after 9 months. Employees returning to the basic classification under this Section will return to their previously held shift bid line if it has not been filled. If the shift bid line has been filled, employees will return to a shift bid line that their bid seniority would hold, which will be designated as a relief line until the next shift bid.

G. Promoted Status

1. Promoted status means a permanent or temporary assignment (processed on the employee profile) to a management position within their division below the Director level. Example: An RSE transferring to a Ramp Service Supervisor in the Airport Operations division will be considered in promoted status. An RSE transferring to a Reservations Supervisor in the Reservations division will not be considered in promoted status.

2. Employees in promoted status as of the Effective Date of this Agreement who, under the predecessor agreement, were accruing bid seniority and/or furlough recall seniority for 183 days may continue to accrue such seniority for the remainder of said 183 days. Employees in promoted status as of the Effective Date of this Agreement who were accruing bid seniority and/or furlough recall seniority without limitation may continue to accrue such seniority for 183 days from the Effective Date. In either case, after the 183 days, employees in promoted status may retain but will no longer accrue bid seniority and/or furlough recall seniority.

3. To continue accruing bid seniority and furlough recall seniority for 183 days and to retain bid seniority and furlough recall seniority thereafter, employees in promoted status must pay a monthly administrative fee to the Union as set by the Union. Employees in promoted status on the Effective Date of this Agreement will commence payment of the administrative fee within 90 days of that date. Employees who transfer to promoted status after the Effective Date must commence payment of the administrative fee in the month that follows such transfer. Employees in promoted status who elect not to pay the required administrative fee will lose their bid seniority and furlough recall seniority.

4. Employees in permanent promoted status will use their bid seniority to obtain available vacancies when they desire to return to the basic position in their classification. (There must be a vacancy in order for an employee in promoted status to return.) In no event will an employee be furloughed or bumped from his or her Location as a result of a management employee returning to a position covered under this Agreement.

5. Employees in temporary promoted status will not need a vacancy when they desire to return to the previous position from which they were temporarily promoted.

6. If an employee is temporarily assigned to a promoted position (as defined in Subsection 1 above) for combined periods which exceed 183 days within a 12 month rolling year, the employee will retain bid seniority and furlough recall seniority but will accrue no more than 183 days seniority during that 12 month period.

H. Reductions

1. If it becomes necessary to reduce the number of employees in any position and work status covered by this Agreement, the Company will provide 20 calendar days' written notice or pay in lieu thereof to regular, non-probationary employees,

except for any furloughed employees recalled for temporary vacancies. The 20 day notice period will begin on the date following the written notice. The Company will notify the appropriate District and Local IAM officials.

2. During a reduction in force, system vacancies in the affected position will be suspended if necessary. At that Location, temporary vacancies and seasonal assignments will cease before employees in that position and work status are reduced or displaced. All reductions will occur in juniority order according to their Furlough Recall seniority date. Affected employees will have 5 days after notification of the reduction in force to complete an option form. Employees requesting system options will have 3 days to complete the system option form and will be placed on furlough status with applicable recall rights and furlough pay if they do not return the form or do not choose a Location.

3. Reductions will follow the process outlined below:

a. Specialty Positions (both Location and Point) Affected employees in Specialty positions will be returned to their basic position and work status at their Location. There are no recall rights to Specialty positions, and employees in Specialty positions cannot displace employees in that position at other Locations, including within the same Point.

b. Lead Positions (Location Only)

(i) Affected employees at that Location will be returned to their basic position and work status.

(ii) An affected employee has recall rights as a Lead at that Location. To be eligible for recall as a Lead, the employee must be active in the same basic classification and work status at the Location.

c. Basic Positions (Location Only)

(i) Identify the number of employees in the basic position by work status to be furloughed at that Location. If this number includes more junior employees working in Lead or Specialty positions in the same work status at the Location, they may be reduced and removed from their Lead or Specialty positions as follows:

(A) The Company may post a vacancy at the affected Location for up to that number of more junior Lead or Specialty positions.

(B) These Lead positions will be filled in basic Bid Seniority order from among employees possessing the ability to satisfactorily perform the work in the same work status at the Location that bid on the position.

(C) These Specialty positions will first be filled by currently qualified employees in the same work status at the Location. If the Company is unable to fill these Specialty positions with currently qualified employees, employees in the same work status at the Location may elect to become qualified.

(D) For training purposes, the Company may delay the furlough of junior employees in Lead or Specialty positions for no more than 30 days. More junior employees working in Lead or Specialty positions will only be furloughed if the Company fills those positions as described in (B) or (C) above.

The Company will provide training opportunities to maintain qualified pools for Lead and Specialty positions.

(ii) Employees affected in the Location will be given the following options based on their Furlough Recall date:

(A) Affected employees may fill a vacancy, or if no vacancy is available, may displace the most junior employee in the alternate work status at that Location.

(B) Affected employees, who did not choose Option (A) above or chose Option (A) above but were not awarded a position, may choose to elect layoff with any applicable recall rights and furlough pay.

(C) Affected employees who are unable to maintain a position and were not laid off after exercising the above options may elect within the basic position within their classification to displace and/or fill, in order, up to the equivalent number of: (1) full-time vacancies; (2) probationary full-time employees; and (3) the most junior full-time employees on the system.

(1) These employees will be provided with and must indicate their order of preference(s) from a list by Location which will be equal in number to employees in basic classifications being laid off, provided they have sufficient seniority to displace on the system.

(2) Employees opting full-time system displacement must list all Locations to which they are willing to transfer in order of preference.

(3) At the time system options are awarded, the list of system options will be reduced in reverse order by the number of employees who have elected to accept layoff rather than fill a vacancy or displace on the system.

(4) Awards from among the remaining positions will be made on the basis of Furlough Recall seniority, with the most senior employee being awarded his or her first choice. Employees who fail to choose options or whose options were unavailable will be furloughed with any applicable recall rights and furlough pay.

d. Lead Positions (Point Only)

(i) Identify the number of affected Lead employees in the Point being reduced by the Furlough Recall date. The juniority lists from all Locations within the Point will be combined and reductions of affected Lead employees will be determined from that list by work status, regardless of Location.

(ii) If this process results in a Location having fewer Leads than it needs, junior affected Leads will be redistributed within the Point according to their Lead Bid Seniority Date.

(iii) Leads who either choose not to relocate to another Location within the Point or who do not have the seniority to do so will be returned to the basic position and work status at their current Location. A Lead cannot elect to be laid off if his or her seniority would allow the employee to hold the basic position in that classification at any Location within the Point.

(iv) Leads who either relocate or are reduced to the basic position as part of a reduction within their Point have recall rights to the work status and Location from which they were displaced. To be eligible for recall as a Lead, the employee must be active in the same basic classification and work status at that Point.

e. Basic Positions (Point Only) Identify the number of employees in the Point that may be affected due to displacement regardless of the Location.

(i) If this number includes more junior employees working in Lead or Specialty positions in the same work status at an affected Location within the Point, they may be reduced and removed from their Lead or Specialty positions as follows:

(A) The Company may post a vacancy within the Point for up to that number of more junior Lead positions, and at each affected Location(s) for up to that number of more junior Specialty positions.

(B) These Lead positions will be filled in basic Bid Seniority order from among employees possessing the ability to satisfactorily perform the work in the same work status at the Point that bid on the position.

(C) These Specialty positions will first be filled by currently qualified employees in the same work status at the Location. If the Company is unable to fill these Specialty positions with currently qualified employees, employees in the same work status at the Location may elect to become qualified.

(D) For training purposes, the Company may delay the furlough of junior employees in Lead or Specialty positions for no more than 30 days. More junior employees working in Lead or Specialty positions will only be furloughed if the Company fills those positions as described in (B) and (C) above.

The Company will provide training opportunities to maintain qualified pools for Lead and Specialty positions.

(ii) Employees affected in their current Location within the Point will be given the following options based on their Furlough Recall date:

(A) An employee may first fill an available vacancy in the alternate work status at that Location, or if no vacancy is available and he or she is more senior, displace the most junior employee in the alternate work status at that Location.

(B) If this option was not chosen or available, an employee must fill a vacancy, or if none exists and the employee is more senior, must displace the most junior employee at the Point in his or her current basic position and current work status. Employees who could obtain a position but decline this option will be laid off with recall to their current Location and current work status. Employees who are laid off are eligible for furlough pay if the distance from the employee's local home address to the new work Location increases by more than 20 miles.

(C) Affected employees who are unable to maintain a position and were not laid off after exercising the above options may fill a vacancy, or if none exists and he or she is more senior, may displace the most junior employee in their current basic position in the alternate work status at that Point. Employees may decline this option and elect layoff with recall to their current Location and current work status. Employees electing to be laid off are eligible for furlough pay if the distance from the employee's local home address to the new work Location increases by more than 20 miles.

(D) Affected employees who are unable to maintain a position and were not laid off after exercising the above options may elect within the basic position within their classification to displace and/or fill, in order, up to the equivalent number of: (1) full-time vacancies; (2) probationary full-time employees; and (3) the most junior full-time employees on the system.

(1) These employees will be provided with and must indicate their order of preference(s) from a list by Location which will be equal in number to employees in basic classifications being laid off, provided they have sufficient seniority to displace on the system.

(2) Employees opting full-time system displacement must list all Locations to which they are willing to transfer in order of preference.

(3) At the time system options are awarded, the list of system options will be reduced in reverse order by the number

of employees who have elected to accept layoff rather than fill a vacancy or displace on the system.

(4) Awards from among the remaining positions will be made on the basis of Furlough Recall seniority, with the most senior employee being awarded his or her first choice. Employees who fail to choose options or whose options were unavailable will be furloughed with any applicable recall rights and furlough pay.

4. Move Package

a. Employees transferring to a different Location as the result of being furloughed and accepting a system option per this Section H will be allowed actual reasonable moving expenses when substantiated by properly receipted bills to a maximum total cost payable by the Company of \$10,000 for the following items:

(i) Shipping, insurance, storage, packing and unpacking for household effects for up to 36,000 pounds;

(ii) One-time mileage reimbursement at the rate of \$0.29 per mile, or the rate in accordance with Company policy, whichever is greater, for up to 2 automobiles;

(iii) Miscellaneous expenses such as vehicle registration, application fees, non-refundable deposits, cable hook-up, cancellation fees, rental car while personal car is in transit, shipment of pets, and other similar expenses;

(iv) Hotel and meal expenses for a period not to exceed 14 total days when commencing work at and/or moving to the new Location. Hotel expenses may not exceed \$200 per night. Meal expenses may not exceed \$40 per day for each immediate family member.

b. When an employee drives his or her car(s) from the former Location to the new Location, on a one-time basis he or she will be granted travel time up to 400 miles per day, to a maximum of 7 days, via the direct route, and will be paid 8 hours pay at straight time for each day needed for traveling to a maximum of 40 hours pay within a 7 day period.

c. Under normal circumstances it is expected that employee moves will be completed within 6 months of reporting to the new Location and within a 14 day move period, from start to finish. However, when circumstances beyond the control of the employee necessitate additional time, an extension may be approved after the situation is reviewed by the Company.

d. Within 6 months of reporting to the new Location, 2 service fee waived space available travel passes to the new Location will be provided for the employee and eligible dependents.

e. The Company will designate a Relocation Services Provider to assist employees moving under this provision.

I. Recall Employees who are involuntarily furloughed from a basic or Lead position will have recall rights to Location(s), Point(s) and/or both as follows:

1. Unless an employee's recall rights have already been satisfied:

a. All active and inactive employees as of November 1, 2013 maintain recall rights, in accordance with their Furlough/Recall seniority, to the basic or Lead position, work status, Point(s) and/or Location(s) from which they are laid off until recall is offered and is either accepted or declined; and

b. Employees hired by the Company after November 1, 2013 maintain recall rights to the basic or Lead position, work status, Point(s) and/or Location(s) from which they are laid off for a period equal to the length of their Furlough Recall seniority date at the time of furlough, to a maximum of 6 years. These recall rights terminate when recall is offered and is either accepted or declined, or the term of their recall rights expire.

c. Effective November 1, 2013, employees placed on inactive furlough status will have their pay seniority date and vacation seniority date adjusted for the duration of any furlough beyond 90 days. Employees on inactive furlough status on November 1, 2013 will retain and accrue pay seniority and vacation seniority for 90 days; thereafter will retain but no longer accrue pay seniority and vacation seniority.

d. Where a furloughed employee remains active in the same classification at another Location within the same Point, he or she will only have recall rights to his or her original Location within the Point.

2. Regardless of whether the employee accepts or declines, an employee's recall rights have been satisfied and will cease when:

a. The employee is offered recall to his or her primary work status (work status originally furloughed from), classification, Point and/or Location; or

b. The employee chooses recall to his or her Point and is offered recall at any Location within that Point in his or her classification and primary work status; or

c. The term of their recall rights expire.

3. Regardless of whether the employee accepts or declines, an employee's recall rights have not been satisfied if:

a. The employee is offered the alternate work status before being offered his or her primary work status at his or her Location/Point.

b. The employee chooses recall to the same Point and is offered recall to any Location within that Point in his or her alternate work status.

4. To maintain eligibility for recall, furloughed employees must keep a current address and phone number on file with the Company. When recall is offered, the Company will notify the appropriate District and Local IAM officials. Absent extenuating circumstances or mutual agreement otherwise, an employee will lose recall rights as follows.

a. Written notice of recall is undeliverable at his or her last address of record (notification of recall will be sent return receipt requested);

b. The employee fails to accept recall from furlough within 7 calendar days following the date of written notification; or

c. The employee fails to report to work within a maximum of 16 calendar days after acceptance of recall, or 72 hours after being informed that all necessary clearances have been met, whichever is later.

d. Employees may be administratively separated if they hold no other Company recall rights.

5. Temporary Recall of Furloughed Employees

a. Employees may be recalled by the Company for temporary assignments, but are not required to accept such recall and may decline it without affecting their recall rights.

b. Temporarily recalled employees will not accrue vacation for the following year or be eligible to take vacation.

c. Temporarily recalled employees will receive health and pass travel benefits during the temporary assignment.

d. Once the temporary assignment has concluded, temporarily recalled employees will return to inactive furlough status with no additional furlough benefits.

6. Recall Deferral

a. On a one-time basis during the time they are furloughed, inactive employees may defer recall for up to 1 year. An employee must indicate his or her desire to return to active service or to defer recall within 7 calendar days from receipt of a recall notice. If an employee elects to defer recall, the Company will not contact him or her for any subsequent recalls for 1 year from the time of deferral, unless the provisions in (b) below apply. During the 1 year period, the employee may notify the Company in writing of his or her desire to re-enter the recall process. It is the employee's responsibility to confirm receipt of his or her notice to re-enter the recall process. Once the Company has received notice of an employee's intention to re-enter the recall process, he or she will be considered for the next scheduled recall opportunity. Active employees may not defer recall.

b. An inactive employee has recall deferral rights until there is no employee junior to him or her on the recall list, or the 1 year period has

expired. At no time will deferral of recall extend an employee’s recall rights. Once any recall deferral rights have expired, an employee must accept recall when it is offered and satisfy all return to work clearances, or the employment separation provisions will apply.

J. Furlough Pay

1. A regular employee who has completed at least 1 year of compensated service with the Company, laid off through no fault or action of his or her own, will receive furlough pay based on the length of total actual straight time compensated service with the Company since the employee’s last date of hire. Furlough pay will be computed on the basis of the employee’s regular straight time hourly rate at the time of layoff.

2. A part-time employee receives furlough pay based on the average of his or her scheduled hours during the 2 pay periods prior to the layoff.

3. Employees who retire in lieu of furlough will receive furlough pay.

4. Calculation for both full-time and part-time employees is based on the following furlough pay table:

Compensated Service	Furlough Pay
Less than 1 year of service	None
1 year but less than 2 years of service	2 weeks
2 years but less than 3 years of service	2 weeks
3 years but less than 4 years of service	3 weeks
4 years but less than 5 years of service	4 weeks
5 years but less than 6 years of service	5 weeks
6 years but less than 7 years of service	6 weeks
7 years but less than 8 years of service	7 weeks
8 years but less than 9 years of service	8 weeks
9 years but less than 10 years of service	9 weeks
10 years but less than 11 years of service	10 weeks
11 years but less than 12 years of service	11 weeks
12 years but less than 13 years of service	12 weeks
13 years but less than 14 years of service	13 weeks
14 years but less than 15 years of service	15 weeks
15 or more years of service	17 weeks

5. An eligible employee will begin receiving furlough pay with the pay period following the effective date of the layoff. Furlough pay will be the equivalent of normal straight time earnings, at regular pay periods and continuing until all such furlough is paid. Furlough pay will not be due after an employee has been offered recall or accepts other employment with the Company. If an employee dies while receiving furlough pay, the unpaid balance will be paid to his or her executor, administrator or legal heirs.

6. An employee is not eligible for furlough pay if any 1 or more of the following conditions exist:

- a. The employee remains employed with the Company in any position.
- b. The employee fails to exercise seniority to accept any position in the same or higher classification that would enable him or her to remain in the active employ of the Company, unless the position is in another work status or the distance from the employee's local home address to the new work Location increases by more than 20 miles.
- c. The layoff is caused by an Act of God, a war emergency, revocation of the Company's Operating Certificate or Certificates, or grounding of a substantial number of Company aircraft.
- d. The layoff is caused by a strike or picketing of the Company's premises or any work stoppage or other action that interrupts or interferes with any operations of the Company.
- e. The employee is dismissed for cause or resigns.
- f. Without being furloughed, the employee retires.
- g. There is a temporary cessation of work because of circumstances beyond the Company's control.

7. Furlough Restoration When an employee returns to active service in an IAM-represented position from layoff status while receiving furlough pay, he or she will retain eligibility for any unused weeks of furlough pay in the event of a future furlough. If the employee has exhausted furlough pay, he or she will not be eligible for additional furlough pay until the employee has returned to work as an active IAM-represented employee and fulfills 1 year of compensated service. After 1 year of compensated service as an IAM-represented employee:

- a. An employee returning from permanent recall will have his or her eligibility for furlough pay fully restored; and
- b. An employee returning to active service in a regular, non-temporary position under this or any other collective bargaining agreement between the Company and the Union who has not been permanently recalled will regain his or her rights to obtain furlough pay in the event of future qualifying events based on the length of time that has occurred since the employee's return to active service.

K. Furlough Benefits

1. An employee on furlough will continue to have employee pass privileges for 6 months beginning with the effective date of the furlough.
2. A furloughed employee's medical benefits will continue until the end of the month in which pay or pay continuation ceases.

ARTICLE 8: UNION REPRESENTATION

A. Recognition The Company recognizes the Union as the exclusive representative and sole collective bargaining agent with respect to rates of pay, rules and working conditions for all employees employed by the Company composing the craft or class of Fleet Service Employees for purposes of the Railway Labor Act, pursuant to the certification issued by the National Mediation Board on August 12, 2011, in Case No. R-7286.

B. Union Security

1. As a condition of employment, all employees of the Company covered by this Agreement will, on the Effective Date of this Agreement, become and remain members in good standing of the Union or, in the alternative, render the Union a monthly sum equivalent to the standard monthly dues required of the Union members ("Service Fees.") Employees covered by this Agreement and hired on or after the Agreement's Effective Date will comply with these requirements on or before the 60th day following their initial seniority date.

2. During the life of this Agreement the Company agrees to deduct from the pay of each member of the Union and remit to the Union standard initiation (or reinstatement) fee, Service Fees, and monthly membership dues uniformly levied in accordance with the constitution and by-laws of the Union as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes form(s), to be known as a check-off form. Such authorization form will be provided by the Union, and will provide such information as the Company may require to make the deductions. The Company will pay over to the District Lodge 141 the wages withheld for such fees and/or dues. The amount so withheld will be deducted from the appropriate paycheck, reported and paid to the Union monthly. The employee's employee number, last name, first name, middle initial, dues or fees deducted, dues rate, rate of pay, station code, department, job, and status of employment will be transmitted with the monthly fees/dues.

a. The Company will advise the Union of the name, employee number, hire date, home address, station code, department, job of any new hires and the names, employee numbers and dates of all other employees covered by the Agreement who have been terminated, laid off, retired, transferred, changed status, or recalled at the time the Company turns over the monies to the Union per above.

3. It will be the responsibility of any employee who is not on a dues deduction program to keep their membership current by direct payments of monthly dues or Service Fees to the Union.

4. No employee covered by this Agreement or an employee whose employment is terminated pursuant to the provisions of this Section B, nor the Union, will have any claim for loss of time, wages or any other damages against the Company because of the Company's agreeing to this Section B of this Agreement or because of any alleged violation, misapplication, compliance or non-compliance with any of the provisions of this Section B. The Union will indemnify the Company and hold the Company harmless from any and all such claims and any and

all legal fees incurred by the Company in connection therewith, except to the extent that such claims or fees are finally determined by a court of competent jurisdiction to have resulted from the gross negligence, fraud or willful misconduct of the Company. If the Company is named as a defendant or charged party in any action by an individual discharged pursuant to the provisions of this Article, the Company will promptly notify the Union and the Union will undertake the defense of the case. Subject to the Company's right to elect to undertake its own defense, the Union will maintain the exclusive right to defend, settle, mitigate damages, litigate, and/or take whatever action it deems necessary and proper through attorneys of the Union's choosing and at the Union's cost. If the Company decides to retain its own counsel, it will do so at its own cost, and not at the cost of the Union, and if the Company elects to undertake its own defense the Union will be relieved of its obligation in this Section to indemnify the Company and hold the Company harmless. Nothing in this Section will prohibit the Union from filing a claim against the Company for non-compliance with this Section B or obligate the Union to indemnify the Company for, hold the Company harmless from, or defend the Company in the event the Union files such a claim against the Company.

5. Any employee maintaining, or maintaining and accruing, seniority under this Agreement but not employed in a classification covered by this Agreement will not be required to maintain Union membership during such employment but may do so at his option. Should such employee return to a classification covered by this Agreement, he will be required to become a member of the Union within 15 days after the date he returns to such classification, and will, as a condition of employment in classifications covered by this Agreement, become a member of the Union and maintain membership in the Union so long as this Section B remains in effect, to the extent of paying an initiation (or reinstatement) fee and/or monthly membership dues or Service Fees.

6. The payment of membership dues or Service Fees will not be required as a condition of employment during leave of absence without pay.

7. The provisions of this Section B will not apply to any employee covered by this Agreement to whom membership in the Union is not available by tender of initiation (or reinstatement) fee, if applicable, and monthly dues or Service Fees, upon the same terms and conditions as are generally applicable to any other employee of his classification at his point on the Company's system or in the local lodge on the Company's system to which assigned by the Union, or to any employee to whom membership in the Union is denied or terminated for any reason other than the failure of the employee to tender initiation (or reinstatement) fee, if applicable, and monthly dues.

8. If an employee covered by this Agreement becomes delinquent in the payment of monthly dues or Service Fees, the Union will take steps necessary in accordance with its established procedures to notify the employee in writing that he is delinquent in the payment of monthly membership dues or Service Fees as specified herein and accordingly will be subject to discharge as an employee of the Company. If such employee still remains delinquent in the payment of dues or service fees after the Union has completed all steps in its established procedure, the

Union will certify in writing to the Company that the employee has failed to remit payment of dues or Service Fees within the grace period allowed under the Union's procedure and is, therefore, to be discharged. The Company will then promptly notify the employee involved that he is to be discharged from the services of the Company and will promptly take proper steps to so discharge the employee.

9. When a member of the Union properly executes a dues or fees authorization form the President and Directing General Chairman of the Union will forward the necessary information to a Payroll Representative designated by the Company. A check off form must be completed in a legible manner acceptable to the Company or it will be returned to the President and Directing General Chairman of the Union for correction.

10. Any notice of revocation of checkoff authorization as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and 2 hard copies delivered by first class mail or other mode of delivery accepted in the ordinary course of business, addressed to the President and Directing General Chairman of the Union. Dues or Service Fee deductions will be continued until 1 copy of such notice of revocation is received by the appropriate Payroll Representative from the President and Directing General Chairman of the Union.

11. An employee who has executed a check off form and who (1) has been promoted to a job which is not covered by the Agreement and in which the employee does not pay a monthly administrative fee to retain seniority pursuant to Article 7.G.3, (2) resigns from the Company, (3) is laid off and accepts employment in classifications not covered by any IAM Agreement, or (4) is otherwise terminated from the employ of the Company, will be deemed to have automatically revoked his assignment as of the date of such action. If such an employee (1) transfers back or returns to a job covered by the Agreement, (2) is rehired, (3) is recalled, or (4) is re-employed, further deductions of Union dues will be made only upon execution and receipt of another check off form. An employee who has executed a check-off form who enters layoff status directly from a position covered by this Agreement will have his dues or Service Fees deductions automatically reinstated upon direct recall to a classification covered under this Agreement.

12. The Union will be responsible to collect (1) back dues or Service Fees owed at the time of starting deductions for any employee, (2) dues or Service Fees missed because the employee was delinquent in dues or fees at the time of going on leave of absence, and (3) initiation (or reinstatement) fees or dues or Service Fees missed because of accidental errors in the Union's accounting procedure.

13. Dues or Service Fee deductions are to be withheld from the first pay date of the month. Should a deduction be missed, or in the event an insufficient amount is deducted the proper adjustment will be made from the next pay check(s) until collected.

14. Check off forms submitted to the Company at least 12 days or more before the first pay date of the month will commence deductions on that date. When a check off form is submitted to the Company that indicates an initiation (or

reinstatement) fee is to be withheld that fee will be withheld equally from the first 2 pay dates of the month and dues or Service Fee deductions will commence the following month.

15. In the event of termination of employment, there will be no obligation of the Company to collect initiation (or reinstatement) fee or dues or Service Fees until all other deductions have been made, and such obligation to collect dues or Service Fees will not extend beyond the pay period to which the employee's last day of work occurs.

16. The seniority status and rights of employees granted leaves of absence to serve in the Armed Forces will not be terminated by reason of any of the provisions of this Section B, but such employees will upon resumption of employment in classifications covered by this Agreement be governed by the provisions of Section B.2 above.

17. When an employee is to be discharged by the Company under the provisions of this Section B, the discharge will be deemed to be for cause within the meaning of the terms of this Agreement. A grievance by an employee who is to be discharged as the result of an interpretation or application of the provisions of this Section B will be subject to the following procedure:

a. Such employee who believes that the provisions of this Section B pertaining to him have been improperly interpreted or applied and who desires a review must submit his request for review in writing within 5 days from the date he receives notification of the discharge. The request will be submitted to the Vice President of Labor Relations with a copy to the President and Directing General Chairman of the Union. The Vice President of Labor Relations or his designee will review the grievance and render a written decision, to the employee, with a copy to the President and Directing General Chairman of the Union not later than 10 days following receipt of the grievance.

b. If the decision is not satisfactory to either the employee or the Union, then either may appeal the grievance directly to the System Board of Adjustment within 15 days from the date of the decision. The terms governing the Board of Adjustment will be applicable, except as otherwise specified herein.

c. During the period a grievance is pending under the provisions of this Section and until a decision is rendered by the Vice President of Labor Relations or his designee, or by the Board of Adjustment if appeal is made to that Board, the employee will not be discharged from the Company because of non-compliance with the terms of this Section A.

d. Saturdays, Sundays, and holidays will be excluded only from the time limits specified in this Section B.17.

C. Union Officials

1. The Union will notify the Company in writing of the election,

appointment, or removal of Union shop steward(s). The District Lodge will notify the Company in writing of the Committee members at that location.

2. Effective upon the Date of Signing of this Agreement, the Company will assume the cost of a total of 150,000 hours of straight-time pay per year, to be used by shop stewards and other employees authorized by the Union for the purpose of administration of this Agreement and all other collective bargaining agreements between the Union and the Company.

a. Shop stewards and other employees authorized by District Lodge 141 must give prior notice and report all time spent on Union business to the designated management representative.

b. The Union will apportion the total annual allotment of 150,000 hours among the Company collective bargaining agreements it administers. In the event of an increase or reduction in the number of such agreements, the parties will meet to discuss and agree upon a proportionate adjustment in the hours allotment.

3. The parties will work with each other in good faith to ensure both that: (1) employees are reasonably represented in grievances and (2) the Company's operation continues without undue delay.

4. The Union will provide the Company with the names, addresses, and phone numbers of its official Union Representatives.

5. The Company will provide the Union a reasonable amount of time as needed (not to exceed 2 hours) to participate in new-hire orientation for employees covered under this Agreement.

6. If requested by the Union and agreed to by the Company, Local Committeemen may be assigned to the Day Shift and to Saturday and Sunday as regular days off. In the event a significant dispute arises and remains unresolved it may be escalated to the level of AGC and HR at that station and, if not resolved, to the VP of Labor Relations and the President and Directing General Chairman.

D. Union Travel and Access to Company Facilities

1. Union Travel Employees of the Union will be furnished positive space transportation over the lines of the Company for the purpose of administering this Agreement at the level and to the extent such passes are provided to officials of other unions representing other Company work groups.

2. Bulletin Boards

a. The Company will provide bulletins boards (maximum dimension 3' x 5') acceptable to the Company for the Union's exclusive use at each station where employees covered by this Agreement are located. The Company and the Union will determine the placement of bulletins boards by mutual agreement.

b. No political, inflammatory, controversial, or derogatory material will be permitted on Union bulletin boards. Union bulletin boards will be used exclusively for Union notices or materials regarding the following:

- Union recreational and social affairs
- Union elections
- Union appointments and results of Union elections
- Union meetings
- Educational materials relating to contract administration
- Excerpts from official Union publications

There will be no other general distribution or posting by employees on the Company's property.

3. Union Access The Company will sponsor the officially designated representative(s) of the Union in obtaining appropriate credentials (S.I.D.A. Badge). The Company agrees to admit to its bases the officially designated representative of the Union to transact business as is necessary for the administration of the Contract. Such business will not interfere with the operations of the Company.

ARTICLE 9: INVESTIGATIONS, GRIEVANCES & ARBITRATION**A. Investigations**

1. An employee who has completed his/her probationary period will not be disciplined or discharged without just cause. Except for attendance/dependability matters below the level of termination warning, the Company will conduct an investigatory meeting with an employee to discuss charges that, with reasonable foreseeability, could result in discipline. The Company will provide written notice to the employee of any such action, and will copy the Union's Local Committee on all such notices. An employee who has completed his/her probationary period will have access to the grievance process.

2. The Company will follow a progressive discipline system. This will not limit the Company's ability to discharge employees for a single serious offense, to hold an employee out of service without pay, or to issue a disciplinary suspension if circumstances so warrant.

3. If the Company intends to question a non-probationary employee as part of an investigation that, with reasonable foreseeability, could result in discipline against that employee, the Company will inform the employee that he/she has the right to have a Union representative present during the questioning. If the employee elects to have a Union representative present, the Union representative will not interfere with the Company's questioning, but at the conclusion of the Company's questioning will be given an opportunity to ask clarifying questions. The Union representative will be afforded a reasonable opportunity to consult with the employee before questioning begins. This Section A.3 will not apply to Supervisor inquiries of employees in the normal course of work.

4. Employees held out of service pending investigation of disciplinary charges will incur no loss of pay, except that employees may be held out of service without pay when charged with any of the following: (1) being arrested for or charged with a disqualifying criminal offense that falls under the jurisdiction of the airport or city where the employee works; (2) participating in an unlawful or prohibited job action; (3) refusal or adulteration of a drug or alcohol test; (4) insubordination, or refusal to obey a direct order that is not safety-related; (5) refusal to participate in a Company investigation; (6) an act or threat of abuse or violence; (7) an act of fraud; or (8) use or possession of alcohol, illegal drugs, or weapons on Company property. In the event an employee is held out-of-service without pay, proposed termination charges will be prepared within 30 days from the date the employee was held out of service. If circumstances require an employee to be held out of service without pay and without charge for greater than 30 calendar days, the employee will revert to paid status beginning on the 31st day, provided the employee is otherwise fully qualified and available to work. Upon issuance of the proposed charges, the parties will meet to schedule the Investigative Review Hearing within 15 calendar days.

5. No employee will be disciplined to the extent of loss of pay (other than for insubordination, job abandonment or failure to attend a scheduled investigatory

meeting) or discharged from employment without a prompt, fair and impartial investigative hearing at which he may be represented and assisted by Union Representatives. Prior to the hearing, the Company will give the Union and employee copies of any previous disciplinary action letters which are to be considered, and the Company will advise the Union in writing of the precise charges against the employee. The Union and employee will have at least 72 hours advance notice (excluding Saturdays, Sundays, and Holidays) prior to any disciplinary hearing, and at least 72 hours (excluding Saturdays, Sundays, and Holidays) before the hearing the Company and the Union will provide to each other copies of documents or records upon which they intend to rely at the hearing. Any appeals of discipline imposed as a result of the investigative review hearing will be made directly to Step 3 of the grievance procedure using the rules and time limits which apply to that Step.

6. Witnesses necessary for a proper disciplinary investigation or hearing will be compensated at their applicable rate for time spent in the investigation or hearing. The employee charged or under investigation will be compensated for time spent in the investigation or hearing at his/her straight-time rate.

7. Upon written or verbal authorization from the employee, the Company will provide the Union with access to the employee's personnel file at a time and location to be determined by the Company, and the Union will be entitled to copies of any documents contained in the file.

8. Upon receipt of the employee's written request submitted no sooner than 15 months after the date of a disciplinary letter (including letters of warning, reprimand, or suspension), the Company will remove the record of that disciplinary action from the employee's active personnel file. The 15 month waiting period will not include periods while the employee was on layoff, Leave of Absence or Extended Illness Status. Regardless of whether the employee requests removal, disciplinary letters more than 15 months old may not be considered by the Company as part of the employee's past record when assessing subsequent discipline.

a. In instances of disciplinary discharges or discipline involving a violation of the Company's policy against harassment, discrimination, or retaliation (H&D Policy), the record will, pursuant to Section A.8 above, be removed from the employee's personnel file. However, records will remain in the Company's corporate fair employment practices files for 48 months and during that period may be considered in connection with future alleged instances of the employee's violation of the Company's H&D policy.

9. In the event that the Company determines that an employee holding a Lead classification is not meeting the qualifications and performance requirements of the position, the following process will normally apply:

a. The Company will provide the employee with coaching and counseling that makes the employee aware of his/her performance deficiencies and the improvements or corrections required to bring his/her performance to acceptable levels to remain in the Lead position.

b. If the employee's performance does not improve to acceptable levels, the Company will provide targeted training reasonably calculated to assist the employee in making the required improvements or corrections.

c. If the employee continues to perform below acceptable levels, a written warning will document that fact and formally notify the employee that failure to correct his/her performance to a level meeting the qualifications and performance requirements of the Lead position will result in the employee being returned to the basic classification associated with the position. This written warning will remain in effect for 12 months, regardless of whether or when the Company determines that the employee either has improved to acceptable levels or should be returned to the basic classification.

d. At any time after issuance of the written warning while it remains in effect, the Company may return the employee to the basic classification based on its judgment that the employee does not meet the minimally acceptable qualifications and performance requirements of the Lead position.

e. As circumstances warrant, these performance improvement steps may be accelerated or escalated to correct the employee's conduct. Documentation is not subject to automatic purging and will remain in the employee's file until it expires according to its terms.

B. Grievances and Arbitration

1. Purpose If an employee, group of employees, or the Union believes that the Company has either violated the Agreement in how it disciplined or discharged an employee or interpreted or applied the Agreement, the complaint should be settled at the lowest possible level based upon the facts and common sense under the following procedures. The Company will designate a representative(s) at each location where persons covered by this Agreement are employed who is empowered to settle all local grievances not involving change in Company policy, or interpretations, or changes in the intent and purpose of this Agreement.

2. Procedures

a. Time Limits Because the ability to research or document issues decreases over time, complaints must be lodged promptly after the disputed event occurs. The Company is not responsible for any monetary remedy extending more than 30 days prior to the filing of the complaint in writing in Step 1. Any Company answers not appealed in writing within the required time limits for any step of the procedure will be considered closed on the basis of the Company's answer, unless the time limits have been extended by mutual written agreement. Complaints not timely answered by the Company are considered denied, and may immediately be appealed to the next step of the procedure. Time limits for hearings, appeals, decisions, and System Board responses exclude Saturdays, Sundays, and Holidays.

b. Stenographic Record Whenever the parties agree that a stenographic record should be made of any investigation or hearing provided for in this

Agreement, the cost will be shared equally by both parties to the dispute. When it is not mutually agreed that such a stenographic record should be made, the party that desires such stenographic record may obtain and pay for it. A copy of such stenographic record will be furnished to the other party to the dispute upon request at pro rata cost. The cost of any additional copies requested by either party will be paid by the party requesting them, whether the stenographic record is taken by mutual agreement or otherwise.

c. Management Grievance The Company may file a grievance against the Union. Any such grievances will be filed in writing with the Union's President and Directing General Chairperson, who will provide a written answer within 14 days. If the answer is unsatisfactory, the Company may appeal the grievance to the System Board within 14 days following receipt of the Union's answer.

3. Steps

a. Step 1

(i) If an employee has a complaint, he should first discuss the matter with his Supervisor, who will attempt to settle the matter.

(ii) If the issue is not satisfactorily resolved, the employee may request a Steward to handle the matter with the Supervisor.

(iii) If the matter is still not resolved, within 30 days of when the employee first knew or should have known of the event giving rise to the dispute, the Steward must put the facts in writing on a standard form provided by the Company and give it to the Supervisor, who has 3 days to give the Union a written response. The complaint form and response will not prejudice either party from raising facts or arguments at future steps of this Grievance Procedure.

b. Step 2

(i) If the Union decides to pursue the complaint further, it must be filed in writing with the Company on a standard grievance form within 15 days from the time for the Supervisor's written response in Step 1.

(ii) Unless other provisions in Step 2 apply, the grievance will be considered in a hearing between local management representative(s) and the Local Union Committee within 15 days of the Company receiving the Step 2 grievance form. The Company will provide a written answer to the grievance within 5 days after discussions have concluded. If it is not satisfied with the response, the Union may appeal the grievance to Step 3 of the procedure within 15 days from the Company's written answer. This appeal may contain any disputed or additional germane facts.

(iii) At the request of either party, contract interpretation grievances concerning the intent rather than the application of the Agreement will not be heard in a Step 2 grievance hearing, but instead may be submitted

directly to Step 3 of this Grievance Procedure. If upon review at Step 3 the parties agree that a grievance submitted under this Section relates to contract application rather than intent, the grievance will be returned directly to Step 2 for full consideration of all issues.

c. Step 3 If not settled earlier, the grievance will be reviewed by representatives appointed by the Company and Union within 10 days of its referral to Step 3. If the Union desires a formal hearing at the Step 3 level, the PDGC will make a request through the Director of Labor Relations. The Company will provide a written answer within 14 days of this review. If the Union decides to further appeal the answer to the System Board, within 40 days from the Company's answer it must perfect all facts in a written Submission to the Company and the System General Chairman.

d. Step 4 - System Board of Adjustment If the grievance remains unsettled after being processed through Step 3 above, the System General Chairman may request the case be heard by the System Board in compliance with Section 204, Title II of the Railway Labor Act as amended.

(i) The System Board

(A) The System Board of Adjustment will consist of 3 members: the Chairman, a neutral member selected in a manner agreeable to the Company and Union; a Company Member appointed by the Company; and a Union Member appointed by the Union. In matters relating to contract interpretation, all 3 members of the Board will hear and decide the case by majority vote. In disciplinary cases, only the Chairman will sit on the Board and will alone decide the case.

(B) Unless the parties agree otherwise, the Board will meet in the city where the Company's Executive Offices are maintained.

(C) The Board will have the power to make sole, final and binding decisions on the Company, the Union, and the employee(s) insofar as a grievance relates to the meaning and application of this Agreement. The Board will have no power to modify, add to, or otherwise change the terms of this Agreement, establish or change wages, rules, or working conditions covered by this Agreement.

(ii) Submissions to the System Board

(A) To be properly before the System Board, the appealing party's Submission must include: (a) the question or questions at issue; (b) a statement of the specific Agreement provisions which are claimed to have been violated; (c) all facts relating to the dispute which it intends to cite in support of its position; and (d) its full position.

(B) A copy of this Submission will be served on the other party.

(C) In cases involving appeals of disciplinary action, letters in the file, suspension, or discharge, the only written procedural step will be the Union's Submission to the Board.

(D) In cases not involving appeals of disciplinary action, letters in the file, suspension, or discharge, either:

(1) Within 40 days of receiving the appealing party's Submission, the other party will file a Statement of Position with the appealing party and System Board that will include: (a) the question or questions at issue; (b) all facts relating to the dispute which it intends to cite in support of its position; and (c) the full position on which it will rely, or

(2) Where the parties agree, in advance of the System Board hearing, the Company and Union will prepare a Joint Submission to the System Board which will be signed by each representative and presented to the System Board Member(s). The Joint Submission will include: (a) the issue or issues to be decided; (b) the facts on which the parties agree; (c) the disputed facts; and (d) the primary positions of each party.

(3) Any delay in the filing of a Statement of Position will not cause a delay in the scheduling of the hearing unless expressly agreed to by the parties.

(E) Within 15 days after the date the Statement of Position or Joint Submission is filed with the other party, the parties will advise the System Board of the facts, if any, on which they desire to present evidence during the hearing. Each party will have the opportunity at the hearing to present evidence on the facts on which the other party presents evidence. The Chairman may also advise the parties the facts on which he desires to have evidence.

(iii) System Board Hearings

(A) Witnesses who are Company employees will receive free non-revenue positive space (NRPS) transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.

(B) Witnesses testifying at the hearing may be required to do so under oath if requested by either party.

(C) Evidence presented at the hearing may include sworn depositions, written evidence, or oral testimony.

(D) Notwithstanding Section B.2.b above regarding stenographic records generally, if a stenographic record of a Step 4

System Board hearing is requested by either party, the cost will be shared equally between the parties.

(E) Each party will assume the compensation, travel expense and other expenses of the witnesses it calls or summons. The expenses of the Chairman will be shared equally by the Company and the Union.

(F) No post hearing briefs will be required following System Board hearings, but either party will be entitled to submit a brief if it so chooses.

(iv) System Board Decisions

(A) The Chairman will give his written decision within 30 days of the close of the hearing unless extended by mutual agreement.

(B) The Chairman's copy of all transcripts and/or all records of cases will be filed in a place to be provided by the Company that will be accessible to the parties.

ARTICLE 10: GENERAL & MISCELLANEOUS**A. Management and Operation of Business**

1. Except as restricted by this Agreement, the Company has the sole and exclusive right to manage, operate, and maintain the efficiency of the business and working forces. This includes the rights: to hire, discipline, suspend and discharge employees for just cause; to hire, promote and demote employees, and maintain discipline and efficiency in the Company's facilities; to determine where and when to operate scheduled or unscheduled flights; to determine the type and location of facilities, equipment, and aircraft the Company will utilize; to sell or discontinue all or part of the business; to sell or lease aircraft or facilities; to determine marketing methods and strategies; to enter into code sharing, affiliation, or marketing agreements with other carriers; and to invest (including equity investments) in other business entities including, without limitation, other air carriers.

2. The exercise of any right reserved herein to management in a particular manner, or the non-exercise of a right, will not operate as a waiver of the Company's rights, nor preclude the Company from exercising the right in a different manner. The rights enumerated above will not be deemed to exclude other preexisting rights of management, except as expressly provided in this Agreement.

B. No-Strikes, No-Lockouts

1. The parties intend the procedures in this Agreement and the Railway Labor Act to serve as a means of peaceable settlements for all disputes that may arise between them.

2. During the life of this Agreement, and continuing through 30 days following the date, if any, the parties are released from mediation by the National Mediation Board in connection with negotiations for a successor Agreement:

a. The Company, including its directors, officers, representatives, and agents, will not lock out any employee.

b. The Union (including its directors, officers, representatives, and agents), will not cause, support, promote, or authorize, or authorize its members to cause, nor will any member of the Union participate in, any sit-down, stay-in, job action, or slow-down in any location or facility of the Company; any curtailment or restriction of the operations or any work of the Company; any strike or stoppage of any of the Company's operations; or any picketing of any of the Company's facilities or premises. These prohibitions will also apply where a grievance or dispute comes under the jurisdiction of the System Board of Adjustment as provided for in this Agreement. The Company reserves the right to discipline any employee taking part in any violation of this provision. Notwithstanding the provisions of this Section, it is understood that (1) there is no contractual prohibition on the ability of employees to honor lawful picket lines of the Company's employees, on or in front of the premises; and (2) the employees covered by this Agreement are not prohibited from engaging in a concerted refusal to perform Struck Work. Struck Work for purposes of this

contract means when the Company, in response to a labor dispute at a company where the employees are engaged in a lawful strike, is performing work for that company pursuant to an agreement or arrangement with the company and the Company has not previously performed such work.

C. New Equipment, Technology and Methods

1. In the event of the introduction of new or different technology or methods which will have a significant impact on employees under this Agreement, the Company and the Union will meet and confer at least 60 days prior to the implementation of the new or different technology or methods to objectively review and evaluate the impact of the technological or method change. The following will be considered during the review and evaluation:

- a. A detailed description of the nature of the proposed technological or method changes.
- b. The approximate number, locations and employee classifications likely to be affected by the technological or method change.
- c. The impact on the job security of the employees in the affected classification(s).
- d. The reason for the change and the impact it will have on the Company's operation.
- e. The Company's plan to minimize the impact of the technological or method change on the employees affected.

2. If technological or method changes result, or are likely to result, in a reduction in force of employees covered by this Agreement, the Company will meet with the Union, in order to discuss and consider alternatives to the reduction in force that would minimize or eliminate the reduction in force.

D. Safety

1. Safety is United's most important priority and is the responsibility of all employees. All employees are expected to help maintain a safe, sanitary, clean and healthy work environment. Each employee will work in a safe manner to ensure unsafe acts or conditions are eliminated. To ensure a safe environment, employees are required to comply with the Company's safety programs, safety policies and procedures. Employees are expected to immediately report unsafe conditions, equipment, tools and practices to a supervisor in the affected work area.

2. Safety Positions

a. Selection Process

(i) Safety Management System (SMS) Based Safety Teams The Company will determine where SMS-Based Safety Teams will be established and how many members will comprise each Team. Open Team member positions will be posted and will be filled with the most

qualified candidates through consensus between the Company and the Union based on a competitive interview selection process. Qualifications will include a minimum commitment of 6 months of service on the Team. If consensus cannot be reached in a hub location having a Team composed of more than 5 Team Members, the Union will have the ability to select 1 of the Team members from among qualified candidates. Upon selection, Team members will serve a 90 trial period. Team members who leave the Team will return to the positions they held immediately prior to their selection to the Team.

(ii) IAM Director of Safety The position of Director of Safety will be filled with a qualified candidate through consensus between the Company and the Union based on a competitive interview selection process.

3. The Company will maintain emergency first aid equipment accessible to employees on all shifts. When available, employees will have the ability to take safety triage type training. Employees taken sick or injured at work will be provided medical attention as promptly and reasonably practicable.

4. The Company will provide all required personal protective equipment at no cost to the employee. In addition, the Company will provide employees who work in the aircraft pit a pair of knee pads at no cost. The Company will replace knee pads that are worn. The cost of lost pads will be borne by the employee.

5. The Company agrees to maintain safe, sanitary, and healthy working conditions in all facilities and agrees to furnish good drinking water and sanitary fountains.

6. Individual lockers will be provided for all employees where space and lockers are available.

7. The Company and IAM-represented employees will comply with all federal, state, and local laws, rules, and regulations applicable to providing a safe work place for employees.

8. A joint Company-Union Safety Action Team (SAT) meeting will be established at each location where represented employees are assigned. The team will meet at least once a month to address safety concerns and review corrective actions taken through the SMS process which includes data from SMS programs and other safety related observations. The Company and Union, through the Safety Action Teams will seek solutions and develop training to help reduce the accident frequency and severity rates.

9. Reasonable time without loss of pay will be allowed to employees for participation in safety meetings and to resolve safety infractions.

10. It is an obligation that employees proactively report safety concerns to management and utilizes the Safety Action Team for all unresolved safety related matters. The Company and Union will jointly review safety incidents to identify “root cause” and corrective actions as required and will provide safety related

documents as reasonably requested by the Union.

11. The Company acknowledges the importance of all of the safety programs, including its Blood borne Pathogen Exposure Control Plan as well as ergonomics studies and equipment review to safeguard employees from working in unsafe or unsanitary conditions.

12. The Company will furnish all necessary safety devices for employees working on hazardous or unsanitary work, and employees will be required to use or wear such devices in performing such work.

13. The Company will make available, at no cost to covered employee, a complete post-exposure evaluation when warranted.

14. An employee has the right to refuse to perform work he or she reasonably believes to be unsafe or in violation of established health and safety rules, or any local, state or federal health and safety regulations or laws.

15. When any new equipment is put into service by the Company, employees covered by this Agreement will be given an opportunity to become familiar with such new equipment, provided, however, that the Company may establish a reasonable time within which such employee must become familiar with such equipment.

16. Employees covered by this Agreement will be subject to all applicable federal, state, and local regulations and Company policies with respect to the use, possession, testing on reasonable suspicion, and removal from/return to duty requirements involving the use of alcohol, illicit drugs, and other controlled substances. An employee impaired at work, with a confirmed positive test for alcohol, illicit drugs, or other controlled substances will be discharged for cause. However, at the sole discretion of the Company, an employee who is discharged under this provision may be offered an opportunity for conditional reinstatement under such terms and conditions as the Company determines appropriate based on the individual facts and circumstances.

E. Company-Required Travel

1. Employees may be required to travel away from their location to perform work or attend Company-required training or meetings (“Company-required travel”) at the direction of the Company.

2. An Off-Location Day Assignment is defined as Company-required travel involving a period of up to 24 hours. An Off-Location Extended Assignment is defined as Company-required travel involving a period of more than 24 hours.

3. The Company will determine the location, classification/status, work area, and qualifications from which employees will be selected for Company-required travel.

4. Pay Rules for Company-Required Travel

a. Employees will be paid for actual time spent performing Company work or attending Company-required training or meetings on the same basis and applicable rate (plus any premiums and differentials) as at their home location, with a minimum of the employee's normal scheduled hours for each 24 hour period.

b. If the Company-required travel assignment is interrupted for any reason, the employee will not be paid for the time released if it is 7-1/2 consecutive hours or longer. The Company may schedule an employee to take his or her regular days off without compensation except for the reasonable and necessary expenses provided for in this Section.

c. Where possible, Company-required travel should occur during an employee's scheduled work hours. When travelling during an employee's regular day off is necessary, the employee must select the available scheduled flight closest to the start of the assignment. Unless otherwise required by applicable law or compensated for in whole or in part under Section E.4.a above, all time spent traveling from scheduled flight departure to actual arrival at the destination airport will be paid at the employee's applicable straight time rate on a regularly scheduled workday and at the applicable overtime rate on a regular day off, for up to a maximum of 8 hours per day.

d. When an employee's shift or regular days off are changed for assignments requiring travel, the Company will give the employee 5 calendar days' notice of such change if possible. If this shift change results in a combination of work, training or meetings that exceeds 8 hours in a 24 hour period, the employee will be paid at the applicable overtime rate for hours in excess of 8 (or 10 for 10 hour employees) except where an employee voluntarily changes his shift for that day in lieu of the Company's changing his regular days off.

e. Unless the employee elects otherwise, overnight accommodations will be provided if more than 16 hours in any continuous 24 hour period is incurred by an employee's continuous time performing any actual work at his or her normal Location plus the time between the scheduled departure from and return arrival at his or her home Location on the available flights with arrival/departure times closest to the start and end times of Company-required training or meeting time.

f. Employee's will be compensated at a straight-time rate for wait time that exceeds: (i) 2 hours from the time they arrive at the training destination city to the start of the scheduled training; or (ii) 2 hours from the end of the training to the scheduled flight departure time, providing the employee has scheduled the available flights with arrival/departure times closest to the training start/end time.

5. Travel Expenses When on Company-required travel away from the employee's home location (or point for those employees whose location is within a point as described in this Agreement), an employee will receive a per diem

allowance to compensate for all necessary and reasonable out of pocket expenses except lodging.

a. Employees will receive an hourly expense allowance (per diem) for each hour or fraction thereof spent away from their home location, beginning with the scheduled flight departure from the employee's home location and ending with the time they return to their home location (block in). Per diems will only be paid for days the employee is required to work or travel; days off or other non-required travel days will be excluded unless, with Company approval, the employee is unable to return to his or her home location.

(i) The hourly per diem for domestic locations (including the United States, Canada, Central America, the Caribbean and Mexico) will be \$2.00 per hour (\$48.00 per 24 hour period). The hourly per diem for international locations will be \$2.50 per hour (\$60.00 per 24 hour period).

b. Where the Company approves overnight lodging for employees away from their home location on Company-required travel, single room accommodations will be provided where available. Lodging must be booked and billed directly to the Company according to Company Policy in effect at the time of the travel.

c. Ground transportation, car rentals, or other airline transportation must comply with Company Policy as modified and in effect at the time of the travel and may require specific approval of the Division head.

F. Company-Required Training/Meetings

1. Employees will be paid their straight-time rate for required attendance at formal educational classes held locally on their regular work days, with the applicable overtime rate paid if attendance is required on an employee's regular day off. Classes held before or after a regular shift will be paid at the straight time rate and limited to 2 hours unless locally agreed otherwise.

2. When employees are required to attend training away from their home location, they will remain on their normal 24-hour period for pay and overtime purposes until they actually begin training. The start of training begins a new cycle of successive 24-hour pay and overtime periods that will continue until the employees resume work at their home location.

3. When employees voluntarily accept an invitation but are not required to participate in any educational program sponsored or given by the Company for the development of its employees, they will receive their normal compensation and reasonable and necessary expenses as provided in Section E.5 above, but will not be paid for any travel time.

G. Uniforms

1. Customer confidence is based in part on a consistent and professional public appearance that is promoted by attractive and well-maintained uniforms.

2. Where the Company requires employees to wear uniforms, each employee

will be given an annual bank of 200 points to obtain uniform items within that calendar year.

a. If during the course of a calendar year an employee transfers into a classification requiring a uniform or uniform items that the employee does not already possess, the employee will be provided basic uniform items that he or she does not already possess and will be allocated a prorated number of points based on the number of days remaining in the calendar year after the transfer divided by 365.

b. Employees may exchange the sizes of newly-acquired uniform pieces to provide a better fit. Any additional or subsequent alterations may be made by the employee at the employee's personal expense if necessary, but not to change the style of the uniform.

c. Unused points expire and may not be carried over from year to year.

d. In addition to employee uniform items subject to the point program, no points will be charged and employees will be provided at no cost with: (a) replacements for items damaged through no fault of the employee while performing the employees' duties, exclusive of normal wear and tear; (b) maternity shirts for pregnant employees; and (c) the initial piece of any additional new uniform item required by the Company.

3. Suitable rain repellent garments will be issued to employees for use when they are required to work outside in the rain. Upon request, winter outerwear will be issued to each employee covered by this Agreement for his or her use when regularly required to work outside during periods of acute cold weather.

4. The Company will reimburse each ramp employee up to \$52 annually for steel toed shoes used for ramp work, providing the employee provides appropriate receipts to the Company.

5. Employees may wear the official Union patch on a place visible on their uniforms.

6. Employees are responsible for laundering and maintaining their uniforms in a clean and presentable manner.

7. Employees who leave the Company's employment are required to return all uniform items.

H. Badging & Security

Consistent with the needs of the operation, on a local basis the Company will discuss accommodations that might be required in individual cases to allow employees to obtain necessary security badges. Once per year employees will be allowed 60 minutes, not including meal or break times, during working hours to secure airport security badge annual renewals. Employees not scheduled to work during airport badging office hours will be compensated for 60 minutes at the straight time rate once per year for time spent for the annual airport badge renewal.

I. Service Records for Separating Employees

Upon the request of an employee separating from employment, the Company will provide the employee with a copy of his service record reflecting the employee's years of service and work history with the Company.

J. Pleasure Travel

Employees and their eligible family members will be provided the same free and reduced rate pleasure travel privileges and/or modifications as the Company extends to other major non-management work groups in accordance with Company policy, as may be amended by the Company. The Union will be notified of any changes in policy prior to implementation.

K. Distribution of Agreement

The Company will provide employees with access to the terms of this Agreement (a) electronically, with hyperlinks, on the Company's employee website; (b) by maintaining a limited number of printed copies at each work location for use and consultation at the location; (c) by providing means for employees either to download the terms of the Agreement on USB or flash drives provided by the employee, or to print individual Sections or sections; and (d) by printing a modest number of copies of the Agreement for distribution to employees upon finalization of the printed form of the Agreement.

L. Provisions for Parking

1. If free parking facilities are not readily available for employees at their normal work locations, the Company will pay the standard monthly parking fee charged for parking in the area designated for employees at that location.

2. Employees must pay the cost of original or replacement fees for parking decals, stickers, gate cards, keys or similar items.

M. Non-Discrimination and Gender References

1. In keeping with the established policies of the Company and the Union, this Agreement will apply equally to all employees regardless of any protected category under applicable law, including age, citizenship, color, disability, gender, gender identity, genetic information, national origin, pregnancy, race, religion, sexual orientation or veteran status. The Company will not discriminate or retaliate against any employee because of his membership in or lawful activity on behalf of the Union.

2. Whenever this Agreement refers to employees or jobs in the male or female gender, the reference will be recognized as including both genders equally.

N. Indemnification

1. In the event any employee covered by this Agreement is sued in a civil action for damages or other financial relief arising out of such employee's performance of her/his regular paid duties as specified by the Company (including any such action initiated by a fellow employee), the Company, through its insurers,

will defend, indemnify, and hold harmless such employee from any money judgment or money award rendered against her/him because of actions taken on behalf of the Company within the scope of his/her performance of regular paid duties, unless it is finally determined by a court of competent jurisdiction that such damages or award resulted from the employee's gross negligence, fraud or willful misconduct.

2. It is expressly understood that such defense, indemnification, and hold harmless of any employee is limited by and subject to all terms and limitations of the Company's policy with its insurers as modified and in effect at the time of such action or judgment.

O. Agreements and Amendments

All formal agreements, amendments, deletions, and additions to this Agreement must be approved by the Union's President and Directing General Chairperson and the Company's Vice President, Labor Relations, or their designees.

P. Saving Clause

1. The parties' intent is that this Agreement be and remain in compliance with all applicable laws and regulations. If any provision of this Agreement is in violation or potential violation of any applicable law or regulation, or if any provision of this Agreement is rendered or declared invalid by any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction:

a. The remaining provisions will be unaffected and will continue in full effect, and

b. At the request of either party, the parties will, in a timely manner, meet and confer for the purpose of curing the violation or potential violation in a way that requires the least change, disruption of the existing circumstances, and additional cost as is possible while minimizing any negative impact on the employees.

Q. Successorship Transactions

1. The Company and any Parent will require any successor, assign, assignee, transferee, administrator, executor, and/or trustee of the Company or of a Parent (a "Successor") resulting from the transfer (in a single transaction or in multi-step transactions) to the Successor of the ownership and/or control of 50% or more of the equity of the Company or Parent or 50% or more of the value of the assets of the Company or the Parent (a "Successorship Transaction") to continue to recognize and treat with the Union as the representative of the employees covered by this Agreement, to employ or cause the Company to continue to employ the employees represented by the IAM in accordance with the provisions of the Agreement, and to assume and be bound by the Agreement. "Parent" refers to "United Continental Holdings, Inc." ("UCH") or any entity that has a majority control of the Company, whether directly or indirectly through the majority control of other entities that have majority control of the Company. This Agreement will be binding upon any

Successor of the Company unless and until changed in accordance with the provisions of the Railway Labor Act, as amended.

2. The Company and its Parent will not conclude any agreement for a Successorship Transaction unless the potential Successor agrees in writing, as an irrevocable condition of the Successorship Transaction, to assume and be bound by this Agreement, to recognize the Union as the representative of the Company's employees, to guarantee that the employees represented by the IAM under this Agreement will be employed by the Successor in accordance with the provisions of the Agreement, and if the Successor is an air carrier or an entity that controls an air carrier, to abide by Section 3, below.

3. In the event of a Successorship Transaction in which the Successor is an air carrier or entity that controls or is under the control of an air carrier, the Company will require, as a condition of any operational merger that the Successor will provide employees covered under this Agreement with seniority integration rights pursuant to the McCaskill-Bond amendment and Sections 2, 3 and 13 of the Labor Protective Provisions specified by the Civil Aeronautics Board in the Allegheny-Mohawk merger ("Allegheny-Mohawk LPPs").

4. In the event the Company or its Parent receives a proposal (a "Proposal") for a transaction which would result in a Successor if completed, and the Company or its Parent determines to pursue or facilitate the Proposal, the Company or its Parent will in good faith seek to provide the Union with the opportunity to make a competing Proposal at such time and under such circumstances as the Board of Directors of the Parent or the Company reasonably determines to be consistent with its or their fiduciary duties.

5. Consolidation(s) or corporate merger(s) among or between United, Continental, UCH, Continental Micronesia (CMI), and/or Mileage Plus (MPI) (a) will not change the "single carrier" status, or the recognition, bargaining or contract compliance obligations of the entity or entities that result from or remain after such (a) transaction(s), (b) will not constitute a Successorship Transaction, and (c) will not trigger any obligations under this Section Q or otherwise be deemed a violation of the Agreement.

R. Fleet Service work will be performed by employees covered by this Agreement. Supervisors and Managers should not perform Fleet Service work, except for incidental or occasional performance of such work to ensure the integrity of the operation. The Company and Union intend this to be limited to unique, unforeseeable, emergency, or other critical and safety-related situations, and that any such work performed be non-repetitive, short in duration and operationally critical, and where no hourly-rated employee could reasonably be anticipated to perform the task. In no event will any Fleet Service employee be denied the opportunity for compensated work. However, it is the responsibility of all co-workers to provide the best customer service and to support the operation. In the event disputes over the extent to which, or circumstances under which supervisory or management personnel perform Fleet Service work may arise, the Department Manager and Local Committeeperson will promptly meet and confer in an effort to resolve such matters and to determine an appropriate resolution, including but

not limited to pay for denied opportunities for compensated work or overtime, consistent with these provisions and the negotiating processes that led to this Agreement.

S. Agreement When this Agreement is accepted by the parties and signed by their authorized representatives, it will supersede any and all existing agreements and understandings, explicit or implicit, affecting the craft or class of employees covered by this Agreement. Any customs, employment policies or interim arrangements established prior to the date of this Agreement will not create any contractual or legal obligation to continue such customs, policies, or arrangements following the Effective Date of this Agreement.

ARTICLE 11: EFFECTIVE DATE AND DURATION

A. Effective Date The provisions of this Agreement will become effective on April 18, 2016 (the “Effective Date”) except as otherwise specifically stated in the Agreement.

B. Amendable Date This Agreement will continue in full force and effect through and including December 31, 2021 and will thereafter renew itself without change each succeeding January 1, unless written notice of intended change is served in accordance with Section 6, Title I, of the Railway Labor Act, as amended (the “Act”) by either party no earlier than 18 months prior to December 31, 2021 or any December 31 thereafter.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this April 18, 2016.

For United Airlines, Inc.:

For the International Association of
Machinists and Aerospace Workers, AFL-
CIO:

/s/ Greg Hart
Greg Hart
Executive VP & COO
United Continental Holdings, Inc.

/s/ Sito Pantoja
Sito Pantoja
General Vice President – Transportation
IAMAW

/s/ Mike Bonds
Mike Bonds
Executive VP, HR & Labor Relations
United Continental Holdings, Inc.

/s/ Mike Klemm
Mike Klemm
President and Directing General Chairman
IAMAW – District 141

/s/ P. Douglas McKeen
P. Douglas McKeen
Senior VP, Labor Relations
United Continental Holdings, Inc.

/s/ Timothy J. Klima
Timothy J. Klima
Airline Coordinator
IAMAW

/s/ Jon Roitman
Jon Roitman
Senior VP, Airport Operations
United Continental Holdings, Inc.

/s/ James Carlson
James Carlson
Assistant Airline Coordinator
IAMAW

/s/ Jeff Wall
Jeff Wall
VP, Labor Relations
United Continental Holdings, Inc.

/s/ Mike Manzo
Mike Manzo
Grand Lodge Representative
IAMAW

/s/ Mike Hanna
Mike Hanna
VP, SFO Airport Operations
United Continental Holdings, Inc.

/s/ Sandy Gardner
Sandy Gardner
Grand Lodge Representative
IAMAW

2016 – 2021 FLEET SERVICE AGREEMENT

ARTICLE 11

EFFECTIVE DATE & DURATION

/s/ Mike Hansen
Mike Hansen
Managing Director, Labor Analysis

/s/ Hermes Pineda
Hermes Pineda
Managing Director, Human Resources

/s/ Thomas Reardon
Thomas Reardon
Director, Labor Relations

/s/ Julianne Cooney
Julianne Cooney
Senior Manager, Labor Relations

/s/ Richard Pantoja
Richard Pantoja
Research Economist - IAMAW

/s/ Mike Cyscon
Mike Cyscon
AGC, IAMAW – District 141

/s/ Laura Stone
Laura Stone
AGC, IAMAW – District 141

/s/ Joe Bartz
Joe Bartz
AGC, IAMAW – District 141

/s/ Ray Wallis
Ray Wallis
AGC, IAMAW – District 141

/s/ Terry Stansbury
Terry Stansbury
AGC, IAMAW – District 141

/s/ Victor Hernandez
Victor Hernandez
Negotiating Committee

/s/ Gabriel “Bill” Imbema
Gabriel “Bill” Imbema
Negotiating Committee

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 1: Implementation of Agreements

April 4, 2016

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Klemm:

This confirms our understanding and agreement regarding implementation process for the pending tentative agreements covering the crafts and classes of Central Load Planners, Fleet Service Employees, Fleet Technical Instructors and Related, Maintenance Instructors, Passenger Service Employees, Security Officers and Storekeepers, contingent on ratification and execution of such agreements.

Whereas, United and the IAM recognize that there will be technical and logistical challenges to the immediate implementation of the terms of new agreements, including but not limited to the integration of IT, time and attendance, and payroll systems; and

Whereas, United and the IAM acknowledge that, although the parties discussed many of these implementation and transition issues during negotiations, it is likely that additional and as yet unforeseen impediments and complications will arise in the future; and,

Whereas, United and the IAM desire to provide for the systematic handling of implementation challenges;

Therefore, United and the IAM have agreed as follows:

1. United will use its best efforts to fully implement the terms of the new agreements as soon as reasonably practicable and will share implementation targets and timelines with the Union, as well as regular updates and progress reports. As impediments or other issues in doing so arise, the Company or Union will notify the other party, and the parties will meet promptly to discuss the issues and develop practicable solutions to address the underlying interests, consistent with the process by which the agreements were negotiated. The parties will attempt to mitigate or avoid detriment, losses or harm to affected employees, to the extent practicable.
2. It is expressly agreed that changes to work rules as set forth in the agreements will not be implemented at the effective date, but rather will be effective only upon their actual implementation, as determined by the Company and Union based on availability of resources and required programming, system re-configuration and changes in technology. No retroactive payments or “look back” payments will be due as a result of the scheduled or actual implementation of any of the terms of the new agreements, except that rates of pay will be fully implemented on their effective dates as specified in the agreements.
3. Should any of the implementation items not be completed by the date of the first

2016 – 2021 FLEET SERVICE AGREEMENT

scheduled pay scale increase (November 15, 2016), United and IAM will engage in a problem-solving process to determine the extent to which the failure to complete implementation should be considered unreasonable, whether the Company's efforts may be considered insufficient, and whether employees are entitled to any prospective remedy pending the completion of implementation. Should any dispute remain unresolved, it may be processed on an expedited basis at the System Board of Adjustment in accordance with the terms of the agreements.

4. To further the working relationships established, United and the IAM agree to engage in an issue resolution process, as appropriate and necessary, to address matters that may arise under the agreements. The parties agree that such process is not intended to provide for substantive changes in the basic terms and conditions of the agreements, except as may be mutually agreed, and that such process will not be covered by or conducted pursuant to Section 6 of the RLA or be deemed a waiver of the parties' agreement in Article 11, Effective Date and Duration, of the respective collective bargaining agreements.

Please indicate your concurrence by signing one copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Thomas Reardon

Thomas Reardon, Director, Labor Relations

Agreed, this 4th day of April, 2016:

/s/ Mike Klemm

Mike Klemm

President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 2: Lump Sum Payment

April 4, 2016

Sito Pantoja
General Vice President-Transportation
International Association of Machinists
& Aerospace Workers
9000 Machinists Place
Upper Marlboro, MD 20722-2687

Dear Mr. Pantoja:

This confirms our understanding and agreement regarding lump sum payments to eligible employees within the Central Load Planners, Fleet Service Employees, Fleet Technical Instructors and Related Employees, Food Service, Maintenance Instructors, Passenger Service Employees, Security Officers, and Storekeepers crafts and classes (the “Eligible Crafts and Classes”) in connection with the ratification and execution of the tentative agreements dated April 4, 2016.

Part of the compensation package included in the 2016-2021 tentative agreements includes a \$100 million lump sum payment which will be paid contingent upon and after ratification to eligible IAM members in the Eligible Crafts and Classes.

Should the contract(s) ratify, United will provide to the IAM for review a list of eligible employees on the date of signing of the Agreement so that the distribution process can begin. United will also provide the IAM all payroll data and information reasonably requested by the Union in connection with developing the allocations to eligible employees. United Airlines agrees to pay the first distribution within 60 days of the date of signing of the ratified contracts. Should there be any contract(s) that fail to ratify, eligible employees under the ratified contracts will receive their shares in the same manner and amount as if all contracts had ratified.

We have agreed \$100,000,000 will be the total payment amount, and any fringe benefits or other deductions or payments (e.g., taxes, other than the employer’s share of FICA) that are legally or contractually required to be made or increased in amount because of the payments to individual employees herein will not increase the Company’s financial liability beyond the \$100,000,000.

All payments under this Letter of Agreement will be made separately from employees’ normal paychecks and will be subject to withholding of (i) applicable taxes as required by law; and (ii) Union dues, fees and assessments. The lump sum payments will not be considered pensionable earnings under either the IAM National Pension Plan or the Continental Retirement Plan, or eligible compensation for purposes of company contributions or company-matching contributions to any defined contribution (401k) plan(s). Employees may make individual contributions to the 401(k) plan(s).

United and IAM have agreed on the methodology for eligibility and allocation of the \$100,000,000 to employees. Eligible employees will receive an equal share per year of completed Company Service as of the date of signing of the Agreement, approximately \$200 per year of service. Eligible employees with less than one year of service will receive a minimum payment equal to a one-year share.

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Employees in the following status on the date of signing of the Agreement will be considered eligible for the lump sum payment:

- Active
- Leaves of Absence
 - Educational (*Only includes educational leaves provided for in the CBA, does not include employees on a Company offered Special Leave*)
 - Illness
 - Military
 - Personal (*Only includes personal leaves provided for in the CBA, does not include employees on a Company offered Special Leave*)
- Temporary Assignments

To ensure that the Company's total liability or payments do not exceed the total payment amount a holdback amount shall be established which will be funded through withholding two percent (2.00%) of the \$100,000,000 to correct any errors or omissions in the allocation, calculation, and distribution of amounts to employees, as determined in the challenge process described below. Such errors or omissions will be paid by the Company from the holdback amount no later than 60 days after the date that the challenge process described below is fully concluded and becomes final and non-appealable. Any portion of the holdback fund that remains unpaid after satisfying any errors or omissions as determined in the challenged process shall be paid pro rata to eligible employees according to the allocation methodology.

Challenges, if not resolved by the IAM and United, will be decided by a neutral arbitrator selected by the IAM and United in the same manner as a neutral member of a System Board of Adjustment. If notwithstanding this challenge procedure, an employee brings an action or charge against the Union and/or the Company pertaining to the terms and/or application of this letter, the defending parties shall bear their own costs and fees associated with their defenses.

Please indicate your concurrence by signing one copy of this Letter of Agreement as indicated below, and returning it to the undersigned.

Sincerely,

/s/ P. Douglas McKeen

P. Douglas McKeen
Senior Vice President, Labor Relations
United Airlines

Agreed, this 4th day of April, 2016

/s/ Sito Pantoja

Sito Pantoja
General Vice President-Transportation
International Association of Machinists
& Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 4: Board of Directors Seat

April 4, 2016

Sito Pantoja
General Vice President-Transportation
International Association of Machinists
& Aerospace Workers
9000 Machinists Place
Upper Marlboro, MD 20722-2687

Dear Mr. Pantoja:

On behalf of United Continental Holdings, Inc., a Delaware corporation (the “Corporation”), reference is made to the Restated Certificate of Incorporation of the Corporation (the “Charter”). Capitalized terms used but not defined herein have the respective meanings set forth in the Charter.

The Corporation hereby confirms that, pursuant to Part III of the Charter regarding the Class IAM Junior Preferred Stock, the IAM, as holder of the Class IAM Junior Preferred Stock, shall continue to have voting rights as prescribed therein until such time (the “IAM Termination Date”) as (i) there are no longer any persons represented by the IAM (or any IAM Successor) employed by the Corporation or any of its Affiliates or (ii) the letter agreement between the Corporation and the IAM, dated as of May 1, 2003, no longer provides that the IAM has the right to appoint a director of the Corporation. As set forth fully in Part III of the Charter, until the IAM Termination Date, the IAM as holder of the share of Class IAM Junior Preferred Stock shall have the right, voting as a separate class, to (1) elect one director to the Board of Directors at each annual meeting of stockholders for a term of office to expire at the succeeding annual meeting of stockholders, (2) remove such director with or without cause and (3) fill any vacancies in such directorship resulting from death, resignation, disqualification, removal or other cause.

Please acknowledge and confirm your agreement with the terms set forth above by signing this letter agreement in the space indicated below.

Sincerely,

UNITED CONTINENTAL HOLDINGS, INC.

/s/ Brett J. Hart

Brett J. Hart
Executive Vice President, General Counsel and Secretary

Acknowledged and agreed,

INTERNATIONAL ASSOCIATION OF MACHINISTS
& AEROSPACE WORKERS

/s/ Sito Pantoja

Sito Pantoja
General Vice President-Transportation

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 5: Full-Time Employee Commitments

Original November 1, 2013

Renewed April 4, 2016

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Klemm:

This summarizes our discussion regarding United's commitments to protect full-time employees in their status from downgrade due to specific work rules contained in the September 26, 2013 tentative agreements for Fleet Service and Storekeeper employees.

United has agreed that no full-time employee active in the Fleet Service and Storekeeper workgroups as of the date of execution of these agreements will be involuntarily reduced as a direct result of the Company's ability to schedule shift start times in accordance with Article 4.A.7.a, or to employ part-time Lead Ramp Servicemen and part-time Storekeepers/Lead Storekeepers.

United further agrees that scheduling of shifts in accordance with Article 4.A.7.a, or the employment of part-time Lead Ramp Servicemen and Storekeepers/Lead Storekeepers, will not be used to avoid the recall of employees with rights to full-time Ramp Servicemen, Lead Ramp Servicemen and Storekeeper/Lead Storekeeper positions at locations where individuals currently have such recall rights.

In addition, United and the IAM agree to meet and discuss upon request, opportunities to preserve full time positions, lead positions, and day-off patterns that include weekends that may become open due to reasons other than those stated above, over the term of the Fleet Service and Storekeeper collective bargaining agreements. Any significant unresolved dispute that remains may be escalated for discussion to the President and Directing General Chairperson and the Vice President, Labor Relations.

Please indicate your concurrence by signing 1 copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Thomas Reardon

Thomas Reardon, Director, Labor Relations

Agreed, this 4th day of April, 2016:

/s/ Mike Klemm

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 6: Staffing Commitments

April 4, 2016

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Klemm:

This summarizes our discussion regarding United's commitments regarding in-sourcing of certain work at designated airport locations.

United has agreed that, contingent upon IAM membership ratification and the Union's execution, no later than April 30, 2016, of the tentative agreements covering Fleet Service Employees and Passenger Service Employees dated April 4, 2016, the specified ramp operations and/or customer service functions currently performed in support of United Express operations under contract by outside vendors at Los Angeles (LAX) and San Francisco (SFO) will, as soon as reasonably practicable, be in-sourced and performed by United Fleet Service and/or Passenger Service employees, pursuant to the provisions of Article 2.A.6 of the respective agreements.

Open positions, as determined by the Company, within the job classifications in the Fleet Service and/or Passenger Service workgroups, as applicable, at the above locations will be filled in accordance with the provisions governing recall and filling of vacancies under the respective agreements.

Please indicate your concurrence by signing 1 copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Thomas Reardon

Thomas Reardon, Director, Labor Relations

Agreed, this 4th day of April, 2016:

/s/ Mike Klemm

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 7: CSRs Bidding Fleet Service or Passenger Service Positions

November 1, 2013

Richard A. Delaney
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Delaney:

This confirms our understanding and agreement regarding the process for former subsidiary United CSRs who previously had been part of the Public Contact Employees craft or class at certain airport locations to elect positions in either the RSE classification in the Fleet Service craft or class or the CSR classification within the Passenger Service craft or class.

Effective with the first shift bid that occurs after November 1, 2013, former subsidiary United employees who were in the CSR classification immediately prior to November 1, 2013 and who performed or were qualified to perform RSE work in their location where such work was regularly performed by CSRs may exercise their Passenger Service Bid Seniority to bid positions within either the CSR or RSE classification. The first shift bid after November 1, 2013 will be conducted separately among former subsidiary United and former subsidiary Continental employees in the Fleet Service and Passenger Service crafts, and former subsidiary United CSRs will not be eligible to bid positions on the former subsidiary Continental shift bids.

Eligible employees who transfer to the RSE classification will be credited with their Passenger Service Bid Seniority date as their Ramp Service Bid Seniority date. Employees will retain their Passenger Service Bid Seniority date for a period of two (2) years from their date of transfer to an RSE position. During this two year period employees may exercise their seniority to return to any vacancy in the CSR classification or displace to the CSR classification during a reduction in force.

Please indicate your concurrence by signing one copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Jeff Wall

Jeff Wall, Vice President, Labor Relations

Agreed, this 1st day of November, 2013:

/s/ Richard A Delaney

Richard A. Delaney
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 8: Operations Coordinators transfer to Passenger Service Agreement

November 1, 2013

Richard A. Delaney
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Delaney:

This confirms our understanding and agreement regarding transitioning the former subsidiary Continental Operations Coordinator position from the Fleet Service craft and class to the Station Operations Representative (SOR) position in the Passenger Service craft and class.

Upon ratification and execution of this collective bargaining agreement, employees classified as Operations Coordinators will be given a one-time option to return to a Ramp Service position or be reclassified as Customer Service Representatives in the specialty position of SORs. Employees holding seniority in the Fleet Service craft and class will be credited with their Fleet Service Bid Seniority date as their Passenger Service Bid Seniority date and will continue to retain and accrue Fleet Service Bid Seniority for a period of two years. During the two year period, SORs may exercise their seniority to return to any vacancy in the Ramp Service basic classification or may displace to the Ramp Service basic classification during a reduction in force.

SORs will be returned to the basic Customer Service Representative (CSR) classification during a reduction in force per the Seniority Article 7 and may need to successfully complete the appropriate training for the CSR classification.

For a period of one year after the effective date of the Agreement, should SOR positions become available, employees from the former subsidiary Continental Fleet Services Agreement who are qualified and who have performed operations work will have an opportunity to apply for the SOR position on an equal basis with employees in the Passenger Service Agreement. Employees awarded the position will be credited with their Fleet Service Bid Seniority date as their Passenger Service Bid Seniority date for a period of one year from the ratification date. If awarded the position beyond one year after the ratification date, Article 7 will apply.

Please indicate your concurrence by signing 1 copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Jeff Wall
Jeff Wall, Vice President, Labor Relations

Agreed, this 1st day of November, 2013:

| /s/ Richard A. Delaney
Richard A. Delaney
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 9: Job Protections

April 4, 2016

P. Douglas McKeen
Senior Vice President, Labor Relations
United Airlines
233 S. Wacker Drive, 25th Floor
Chicago, IL 60606

Dear Mr. McKeen:

This confirms our understanding and agreement with respect to job protections and the contracting out of work. United hereby commits that, through July 1, 2024, the Company will not contract out any work currently performed by those IAM-represented United employees covered under the Passenger Service Employees and Fleet Service Employees collective bargaining agreements at all hub and station airport locations, including but not limited to:

- Work at stations as set forth under Article 2.A.1;
- Work in support of United Express operations at CLE, EWR, IAH, LAX, ORD and SFO;
- Work insourced in support of the United Express operation at IAD;
- Work insourced in DEN in support of the United Express operations and TOB;
- Work retained through agreement between United and IAM (pursuant to Article 2.A.4.b) at ATL, BIL, IND, KOA, LIH, MCI, OGG, RDU, RNO, RSW, SAT, SJC, SJU, SLC, SMF, STL, and TUL.
- Work performed by IAM-represented employees covered under the Central Load Planners, Storekeeper Employees, Maintenance Instructors, Fleet Technical Instructors & Related and Security Officers collective bargaining agreements.
- Work performed by IAM-represented reservations agents covered under the Passenger Service Employees collective bargaining agreement.

After July 1, 2024, the provisions of Article 2 in the collective bargaining agreements for IAM-represented employees will remain in full force and effect, except to the extent modified by subsequent agreement.

Sincerely,

/s/ Sito Pantoja
Sito Pantoja
IAM General Vice President

Agreed this 4th day of April, 2016:

/s/ P. Douglas McKeen
P. Douglas McKeen
Senior Vice President, Labor Relations

2016 – 2021 FLEET SERVICE AGREEMENT

LOA 10: Restoration of Benefits & Work Rules

April 4, 2016

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Klemm:

This summarizes our discussion regarding United's commitment to restore benefit and work rule concessions at stations where work was retained as a result of conferences between the Company and Union pursuant to Article 2.A.4 of the 2013-2016 United-IAM collective agreements.

United has agreed that, contingent upon IAM membership ratification and the Union's execution, no later than April 30, 2016, of the tentative agreements covering Fleet Service Employees and Passenger Service Employees dated April 4, 2016, the changes in benefits and work rules negotiated between United and IAM, which were ratified by the employees at each station in order to retain work otherwise subject to contracting out, will be considered null and void, and the employees in such stations will be entitled to all benefits and covered by all applicable work rules of the 2016-2021 United-IAM collective agreements, effective as soon as reasonably practical, but in any case no later than May 1, 2016.

This agreement will have prospective effect only, and does not provide for retroactive accrual or award of any compensation, benefits or other rights or privileges to which employees may otherwise have been entitled under the 2013-2016 collective agreements.

Please indicate your concurrence by signing 1 copy of this letter in the place indicated below, and returning it to the undersigned.

Sincerely,

/s/ Thomas Reardon
Thomas Reardon, Director, Labor Relations

Agreed, this 4th day of April, 2016:

/s/ Mike Klemm
Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
IAMAW, AFL-CIO