

LETTER OF AGREEMENT # 17
Between
EXPRESSJET AIRLINES
and
THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND
AEROSAPCE WORKERS
Regarding Charter Pay and
Work Rules for Corporate Charter Operations

WHEREAS, the parties desire to provide pay and work rules associated with the Corporate Charter Operations;

NOW, THEREFORE, the parties agree as follows:

Unless expressly modified by following provisions of this Corporate Charter Operations Agreement, all applicable provisions of the IAM 2006 Collective Bargaining Agreement (CBA) and its accompanying letters of agreement shall be incorporated herein. The parties understand that certain terms must be interpreted reasonably based on their applicability, or lack thereof, to the charter operation work environment (for example, "flight attendant" in the CBA will mean "Charter Flight attendant" in this letter).

SECTION 1

RECOGNITION AND SCOPE

All present and future charter flying by or for the Company or subsidiary of the Company shall be performed by flight attendants whose names appear on the Flight attendants' Seniority List and the Charter Pool in accordance with the terms and conditions of this letter, unless such flying is performed pursuant to a code share agreement, capacity purchase agreement, special prorate agreement, or similar agreement ("code share agreement") between the Company and another air carrier, in which case, the provisions of the CBA shall apply.

SECTION 2

DEFINITIONS

In addition to Section 2, Definitions, the following terms are defined for charter operations:

CORPORATE CHARTER FLIGHT ATTENDANT (CHARTER FLIGHT ATTENDANT) - A flight attendant who bids and is awarded a line of flying and/or duty days in charter operations in accordance with this letter.

CORPORATE CHARTER POOL – A list of flight attendants who have been selected by the Company to fly in charter operations, but who may or may not have been awarded a line in charter operations.

HOME BASE AIRPORT (HBA) – An airport that meets the criteria for use as an origination and termination airport for a Corporate Charter Flight Attendant to report for duty and be released from duty. A charter flight attendant's home base airport will be considered his domicile if the Company is using the HBA system.

SECTION 3

GENERAL

- A. When deadheading by air, a Charter Flight attendant will be provided an advanced seat assignment on an FAR Part 121 airline, the foreign equivalent of a Part 121 airline or, with flight attendant's consent, other airlines. A Charter Flight attendant will not be required to deadhead by occupying the jumpseat.
- B. The Company will make every effort to provide a Charter Flight attendant with his confirmation number for travel at the same time as he is assigned a trip.
- C. Automation of new computer system - Each function that becomes available to the charter pilots shall become available for Charter Flight Attendants.

SECTION 4

COMPENSATION

- A. Monthly Pay, Regular Pay, Daily Pay and Additional Pay
 - 1. A Charter Flight attendant's total monthly pay is the sum of regular pay and any pay above monthly guarantee.
 - 2. Regular pay
 - a. A Charter Flight attendant's monthly regular pay shall be his applicable rate of pay from Section 4, plus an \$8 per hour override, multiplied by his Minimum Monthly Guarantee (MMG).
 - b. Minimum Monthly Guarantee (MMG)
 - i. A Charter Flight attendant's MMG will be 90 hours, except as otherwise provided in this Agreement.
 - ii. The MMG will be prorated if the charter flight attendant spends less than a full month in charter operations.
 - iii. A Charter Flight attendant will not have his MMG reduced as a result of vacation taken in charter operations.*
 - 3. A Charter Flight attendant's daily pay shall be 5.5 hours at his applicable rate of pay from Section 4, plus an \$8 per hour override.
 - 4. A Charter Flight attendant's monthly pay above guarantee shall be as follows:
 - a. For pick up of open time in charter operations on days off, a Charter Flight attendant shall receive his daily pay paid above the monthly guarantee. *

- b. For drafting assignments, reassignment beyond scheduled block of duty days, and red-flagged open time in charter operations, a Charter Flight attendant shall receive 150% of his daily pay paid above the monthly guarantee.
 - c. For voluntary training on days off, a Charter Flight attendant shall receive 4 hours at 150% of his applicable rate of pay from Section 4 without an override. *
 - d. For CBT and picking up open time on days off in any operation other than charter, a Charter Flight attendant shall receive pay above the monthly guarantee without an override in accordance with Section 4.
- 5. A Charter Flight attendant shall not receive pay above guarantee for repositioning, ferry flying, training or travel to training on his scheduled block of duty days.
- B. A Charter Flight attendant shall receive the same on-time bonuses and Company profit sharing as a line flight attendant.
- C. Incentive pay – current book
- D. Cross Utilization
 - 1. A Charter Flight attendant who is assigned a non-charter trip by the Company will receive the \$8 per hour override and will suffer no loss in guarantee.
 - 2. A non-charter Flight attendant who is assigned a charter trip by the Company, will receive the pay for the charter trip including the \$8 per hour override, or the pay for her original trip, whichever is greater.
- E. Charter Flight attendants will receive retroactive pay for the time spent in the Corporate charter operation as calculated in 4.A.1, and 4.A.2.a.and b.i.and ii, above. Non-charter flight attendants will receive retroactive pay as calculated in F.2.

SECTION 5

SCHEDULING

- A. Section 5, Scheduling, is replaced in its entirety with the following:
- B. Bid Periods

Bid periods for scheduling, bidding for schedules, and pay will be the same as line flight attendant bid periods in accordance with Section 5 of the CBA.
- C. Domicile and Home Base Airport (HBA) System
 - 1. Prior to November 1, 2007, a Charter Flight attendant's origination and termination airports shall be the domicile vacancy they are awarded (e.g. IAH, EWR, CLE, ONT, LAX, SAT). This does not preclude a Charter Flight attendant from making arrangements with the Company to report for duty using personal transportation rather than Company-provided transportation.

2. Beginning November 1, 2007, and while the HBA system is in effect, a Charter Flight attendant's domicile shall be an HBA from which he will begin and end an assignment, and which must:
 - a. Be located in the contiguous United States; and
 - b. Have year-round air carrier service from at least 2 airlines; and
 - i. At least 1 of the air carriers must provide service to a minimum of 1 of the following airports: DEN, LGA, EWR, JFK, ATL, ORD, IAH, CLE, CVG, MSP, MEM, MIA, DTW, DFW, DAL, LAX, PHX, CLT, arriving not later than 1000 local airport time each day; and
 - ii. At least 1 of the air carriers must provide service that arrives at or after 2200 but not later than 2359 HBA time each day.
 - c. An HBA that meets the criteria in Sections 5.2.b.i., but not 5.2.b.ii., will qualify as an HBA provided that:
 - i. The Flight attendant waives his rights to being scheduled and compensated as described in Section 5.B.4 of this letter for after-midnight arrivals, and waives the 16-hour duty limitation for purposes of traveling to his HBA on his last duty day; and
 - ii. The Company must return the Flight attendant to his HBA on the first available scheduled flight arriving at the HBA after 2359 HBA time. If the Company fails to return the Flight attendant on the first available scheduled flight arriving after 2359 HBA time, the Flight attendant will be entitled to the compensation described in Section 5.B.4. of this letter for late arrivals, unless the failure to return the flight attendant on the first available scheduled flight arriving after 2359 HBA time is the result of circumstances beyond the Company's control.
 - d. The Company will provide ground and/or air transportation from the Charter Flight attendant's domicile to the aircraft staging location and from the last assignment back to the Charter Flight attendant's domicile.
 - e. Unless air carrier service to and from his HBA is permanently or temporarily disrupted, a Charter Flight attendant will give at least 30 days notice to the Company prior to changing his HBA.
 - f. The Company will not reimburse a Charter Flight attendant for any moving expenses associated with charter domicile changes.
 - g. The Company and Union may mutually agree to changes to this paragraph C.

D. Trip Construction

1. Trips will not normally be constructed with more than 6 segments in a duty period.
2. Trips will be constructed with a minimum of 8 hours rest between duty periods.
3. Trips will be constructed with no more than 6 days of duty.

E. Line Construction

1. All known corporate charter flights will be constructed into bid lines. When the remaining number of Corporate Charter Flights are insufficient for line construction or for any other reason, cannot be constructed into bid lines or relief lines, such flights will be posted in corporate open time for bidding/trading by charter pool flight attendants.
2. Charter Flight attendant lines will be constructed with blocks of duty days not to exceed 6 consecutive days, which may consist of trips and/or RA days. Each line will be constructed with a minimum of 14 days off.
3. Trips that carry over into the next bid period will be flown to completion regardless of the line award of the next bid period.
4. Except for the first and last day of a bid period, lines will be constructed to provide at least 2 consecutive days off at the flight attendant's origination airport during any consecutive 8 day period.
5. The Scheduling Committee will participate in the construction of the lines and will be released from duty to do so.
6. The Scheduling Committee with approval of the IAM District 142 PDGC or designee may authorize exceptions to the scheduling limitations for trip and line construction provided in this letter.

F. Bidding

1. Eligibility

A flight attendant is eligible to bid for a Charter Flight attendant line if he is current and qualified, and his name appears on the bid list of the charter bid packet.

2. Bid Packet Information

Separate bid packets containing Corporate Charter Lines only will be posted online for at least 4 days. The Company will make available a hard copy of the bid packet in each Crew Tracker's office.

The bid packet will include:

- a. List of flight attendants in the Charter Pool
- b. List of flight attendants on the bid list
- c. Awarded vacations
- d. Bid closing dates and times
- e. Deadline for flight attendant requests regarding schedule adjustments

3. Bidding Sequence

- a. Flight attendant bids will close at 0800 CT on the date indicated on the charter bid packet.

- b. Bid awards will be posted no more than 6 hours after bid closing.
 - c. Charter lines will become final at least 24 hours prior to the beginning of the bid period.
4. Failure to bid

A Charter Flight attendant who does not bid before bid closing or fails to bid sufficient choices will be awarded the lowest numerical line that remains unassigned after all more senior Charter Flight attendants have been awarded a line.

G. Adjustments

- 1. Lines may be adjusted during the first 7 days of the bid period to resolve carry-in conflicts.
- 2. Any adjustment to the first 7 days of the bid period must include 24 hours free from duty at the flight attendant's domicile in any 7 consecutive day period.

H. RA Days

- 1. An RA day may be placed on a Charter Flight attendant's schedule during line construction or when adjustments are made.
- 2. A flight attendant on RA days will be assigned a phone availability period not to exceed 16 hours each duty day and the combination of phone availability and flight assignment for a duty day will also not exceed 16 hours. For multiple RA days in the same block of duty days, the phone availability period will remain the same each day unless the flight attendant is notified by the Company of a change.
 - a. A Charter Flight attendant can be released to show into a new duty period provided FAR rest requirements are met.
 - b. A Charter Flight attendant on phone availability can exceed 16 hours if the only flight assignments are deadheads (or non-revenue flights with flight attendant approval), and the Charter Flight attendant is given FAR minimum rest at the completion of the deadheads (or non-revenue flights).
 - c. Flight assignments for the next day will be given at or prior to the end of the duty day, or a telephone availability period will be assigned.
- 3. A trip assignment or phone availability period placed on a Charter Flight attendant's schedule will be confirmed by the Charter Flight attendant with the Company NLT 1800 CT the day prior to the first day of a block of duty days.
- 4. A Charter Flight attendant must be available by phone or a paging device throughout the phone availability period, and must respond within 20 minutes.
- 5. A Charter Flight attendant on an RA day must be able to report for duty within 2 hours from the time the Company attempts notification of an assignment. Crew Scheduling will call each contact number twice to allow for a dialing error. The 2 hour report time will begin at the time the flight attendant is first called or beeped.

I. Drafting

1. For each duty day a Charter Flight attendant is drafted, he shall be paid 150% of his daily pay.
2. A charter flight attendant will not be drafted more than 24 hours prior to the report time of a trip.
3. A charter flight attendant will be bypassed in the first attempt of coverage if he would not receive 2 days off at domicile/HBA in 8 consecutive days as a result of drafting.
4. Unless the charter flight attendant consents, he will not be drafted for a trip that operates on the consecutive days off either before or after vacation.

J. Block Trades, Pick-ups, and Personal Drops

1. General

- a. Once a Corporate Charter trip is assigned to, or picked-up by a Corporate charter flight attendant, it is no longer available for pick-up.
- b. A Corporate charter flight attendant may reduce his minimum days off as a result of block trading or the pick up of open time.

2. Block Trades

Charter Flight attendants will be able to trade entire blocks of the same number of duty days, provided the trade does not create an FAR legality issue for either flight attendant and there are at least 3 days off for each flight attendant prior to the start of their next block of duty days.

3. Pick-ups

- a. A Charter Flight attendant may pick up charter trips in open time on days off or during charter vacation, provided there are at least 3 days off prior to the start of his next block of duty days. A Charter Flight attendant will be paid his daily pay above guarantee for each duty day picked up in open time or during charter vacation.
- b. If the Company computer system is programmed to allow the tracking of flight time, duty time and rest requirements, a Charter Flight attendant will be allowed to pick up line flying trips in open time on days off or during vacation, provided there are at least 3 days off prior to the start of his next block of duty days.
 - i. Line flying trips picked up in open time on days off will be paid in accordance with Section 4, Compensation. Due to current Company computer system limitations, a pay claim may be required.
 - ii. When the Home Base Airport system is in effect, line flying trips picked up in open time on days off will be considered "Out of Domicile" and will follow the provisions of Section 5.H.2, Scheduling, for out of domicile trips.

4. Personal Drops

- a. A charter flight attendant may request a personal drop of any days other than training.
- b. A charter flight attendant's MMG will be reduced by the value of the number of days dropped.
- c. A charter flight attendant may not personal drop days in the middle of a block of duty days.

K. FBO/Hotel Standby

1. Any Charter Flight attendant may be assigned Fixed Base Operator (FBO) or hotel standby. If known, the Company will advise the flight attendant of standby location prior to flight departure. While on FBO standby, the Charter Flight attendant will remain at the FBO or aircraft, except for short excursions to obtain meals or use rest room facilities.
2. The primary method of communication with a Charter Flight attendant on FBO/hotel standby will be by cellular telephone.
 - a. If cellular coverage doesn't exist at the flight attendant's location, she must notify the Company of an alternate means of communication.
 - b. A Charter Flight attendant must be available by phone or a paging device throughout the phone availability period, and must respond within 20 minutes.
3. While on Hotel Standby, the charter flight attendant must be able to report for duty within 2 hours of receiving notification of an assignment.
4. FBO/Hotel standby will be an assigned phone availability period not to exceed 16 hours.
5. Time spent at an FBO will not satisfy the rest requirements of FARs.

L. Reassignment

1. Upon completion of a trip, a Charter Flight attendant will be given another flight assignment, a phone availability period for the remainder of the duty day, or will be released to rest with either a flight assignment or phone availability period for the following day.
2. If a Charter Flight attendant is reassigned beyond his original block of duty days, the Charter Flight attendant may elect to restore the lost day off or to be paid 150% of the daily pay.

M. Restoration of Days Off

1. If a Charter Flight attendant elects to have a day off restored, he must submit 4 choices to the Company to replace the day off within 24 hours after completion of days on. The Company must grant 1 of the choices.
 - a. Restored days off will only be granted at the beginning or end of a scheduled block of duty days.
 - b. The Company will restore the day off within the current or next bid period.

2. If a Charter Flight attendant fails to notify the Company of his choice, he will be paid for the lost day off.
3. A restored day off will not decrease a Charter Flight attendant's MMG.

N. General

1. A Charter Flight attendant is required to maintain current phone and/or pager contact information and update any changes with the Company or the Company's computer system.
2. If a specific charter flight attendant is requested by a customer, the flight attendant's schedule may be adjusted to accommodate the request with the consent of the flight attendant.

O. Flight attendant Access to the Company's Computer System

The Company will make every effort to ensure the pay and scheduling computer system for charter operations has the same functionality as the current pay and scheduling system (CCS) by May 31, 2008.

P. Hours of Service

1. Duty Time and Rest Periods

- a. For a Charter Flight attendant's duty time, flight time and rest periods, the Company shall comply with the Federal Aviation Regulations in 14 C.F.R. sec. 121 ("121 FARs") for supplemental operations, or at its discretion, 121 FARs.
- b. Prolonged time at a Fixed Base Operator ("FBO") will not satisfy the rest requirements of the 121 FARs.
- c. A Corporate Charter Operation flight attendant will not be scheduled for a duty period that exceeds 16 hours.

2. Report and Release Times

- a. Report times will be 45 minutes prior to the scheduled departure of a deadhead flight, and 60 minutes on board the aircraft prior to the scheduled departure of a ferry or revenue flight.
- b. Report time at a Charter Flight attendant's origination airport on the first day of a scheduled block of duty days will be no earlier than ("NET") 0400 LT. A Charter Flight attendant is responsible for arriving at the origination airport with sufficient rest to complete a full duty day.
- c. Release time will be 15 minutes after the block-in time of the last flight segment for that day, or upon completion of any duty assigned by the Company (e.g. aircraft repositioning, customer service, drug or alcohol testing, customs, etc.), whichever is later.
- d. On a Charter Flight attendant's last day of a block of duty days, the Company will provide ground and/or air transportation back to the Charter Flight attendant's domicile that will be scheduled to arrive no later than ("NLT") 2359

LT. If the actual arrival time to the Charter Flight attendant's domicile is after 0400 LT the day after the last day of a block of duty days, the Charter Flight attendant will be paid 150% of daily pay above the guarantee. A charter flight attendant may travel to a mutually agreed location other than his domicile, however, he will not be eligible for pay above guarantee based on his arrival time.

SECTION 6

REQUIRED MEETINGS AND TRAINING

- A. While the Home Base Airport system is in effect, a Charter Flight attendant will be considered out of domicile for all training, unless the training is conducted at his Home Base Airport.
- B. A Charter Flight attendant who trains on a duty day shall receive his daily pay.
- C. A Charter Flight attendant who trains on day(s) off shall receive 5.5 hours pay and credit at 150%. A Charter Flight attendant who attends required meetings on a day off will receive 5.5 hour pay and credit.
- D. Recurrent training dates will be determined by aircraft availability.
- E. Flight attendants who as a result of required training receive less than 14 days off per bid period, will be compensated 5.5 hours above the monthly guarantee or at the Flight attendant's option, restoration of day(s) off in accordance with 5.M of this LOA.

SECTION 7

TRAVEL EXPENSES

- A. A Charter Flight attendant shall not be required to pay for any customer or operation-related expenses with personal credit cards, checks or funds.
- B. Per diem will be paid in accordance with Section 7.D in the CBA, with the following exception. If a charter flight attendant deadheads to a mutually agreed location other than his domicile, his per diem will end at the scheduled departure time of the new flight.

SECTION 8

VACATIONS

- A. Vacation Options
 - 1. A Charter Flight attendant will have the option of either returning to regular operations and bidding a regular line for the bid period(s) in which his vacation occurs in accordance with, Sections 5 and 8 and, or remaining in charter operations for his vacation pursuant to paragraphs B., C., D., E., and F., below.

2. A Charter Flight attendant will notify the Company at least 2 bid periods prior to his vacation month(s) if he wants to return to the line for his vacation month(s) and whether he intends to return to charter operations following completion of his vacation month(s).
3. A Charter Flight attendant who elects to return to the line will bid for a monthly line in accordance with Section 5, and will be paid for that month in accordance with Section 4, without an override.

B. Vacation in Charter Operations

1. A Charter Flight attendant who elects to remain in charter operations will not have his MMG reduced as a result of vacation.
2. A Charter Flight attendant may drop 1 block of duty days of his choice that is touched by his vacation period; however, if there are no scheduled blocks of duty days of at least 4 consecutive days that touch the vacation period, the Charter Flight attendant will be allowed to drop the next closest scheduled duty day(s) that touch the vacation period until there are 4 total scheduled duty days dropped.
3. A Charter Flight attendant's vacation will be adjusted based on the block of days he chooses to drop.
4. A Charter Flight attendant must inform the Company within 72 hours after the initial bid awards which block of duty days he wants to drop.
5. A Charter Flight attendant will have the option to pick up trips in open time during his vacation period in accordance with **Section 5** of this letter and shall be paid in accordance with Section 4 of the CBA.

C. Vacation Bidding and Awards in Charter Operations

1. Vacation bidding and awards will be accomplished in accordance with Section 8.
2. The Company may use a flight attendant from the Charter Pool in seniority order to temporarily replace a Charter Flight attendant that elects to return to the line for his vacation month(s).

D. Vacation Deferrals

Vacation deferrals will be in accordance with Section 8, with the following exceptions:

1. A vacation deferral in charter operations occurs only to vacation days remaining after adjustment.
2. The value of a vacation week will be in accordance with the CBA. If the Charter Flight attendant elects to be paid for deferred vacation, he will be paid over and above any other pay received for that bid period.

E. Vacation Trades

A vacation trade with another Charter Flight attendant will be allowed up to 30 days prior to the first day of the month containing the first vacation period affected by the trade.

F. General

For purposes of a Charter Flight attendant's vacation period, entering or leaving charter operations will be treated as a voluntary domicile change in accordance with Section 8.D.6.

SECTION 9

SICK AND OCCUPATIONAL INJURY LEAVE

A. Accrual

Accrual of sick and occupational injury ("OI") leave will be in accordance with Section 9.A.

B. Sick Leave Usage

For each duty day missed because of sick leave or OI, a Charter Flight attendant will be credited with his daily pay, and his accrued sick or OI bank will be reduced by 5.5 hours.

SECTION 11

FILLING OF VACANCIES

A. The Company will determine Charter Flight attendant staffing requirements, and will post vacancy notifications and the bidding process in a Cabin Information Letter (CIL).

B. Selection Process

1. The Company will select flight attendants for the Charter Pool based on qualifications previously communicated to all flight attendants in a CIL.
2. A Charter Flight attendant who bids and preliminarily meets those qualifications will be granted an interview.
3. If the interview confirms his qualifications, a flight attendant will be selected into the Charter Pool and become a Charter Flight attendant in seniority order. There shall be no separate seniority system for Charter Flight attendants.
4. Upon request, an authorized representative of the Union may review the selection process.
5. A flight attendant who is not selected for the Charter Pool may be reconsidered at a later date.

C. Flight attendants in the Charter Pool will bid for charter vacancies in blocks which begin in November, and April of each year, and correspond to the bid periods for line flight attendant operations in Section 5. A Charter Flight attendant may bid out of charter operations at the end of each block. Additionally, a Charter Flight attendant may request to bid out of charter operations at any other time, however, and the request may be granted depending on operational circumstances.

1. Until November 1, 2007, specific vacancies will be posted, bid upon and awarded for any or all of the current domiciles in system seniority order.
 2. For the first block (approximately November 1, 2007) and thereafter, a single list of vacancies will be posted, bid upon and awarded without regard to current domiciles. The entire charter operation will be considered a single domicile for purposes of vacancy bidding.
 3. The Company may make changes to the charter domicile system consistent with the beginning of a block.
 4. A charter pool flight attendant who does not bid for a charter flight attendant vacancy twice in one year may be removed from the charter pool.
- D. The Charter Pool will be published as part of each flight attendant bid package.
- E. A Charter Flight attendant can not be displaced except as provided for in 9.F., below.
- F. The Company may return a Charter Flight attendant to line flying because of a staffing reduction or removal for cause.
1. In a staffing reduction of flight attendants from charter operations, the Company will ask for volunteers and reduce volunteer Charter Flight attendants. The Company will then displace remaining Charter Flight attendants in reverse seniority order.
 2. Removal by the Company will be in accordance with Section 18 of this letter.
 3. A Charter Flight attendant will be returned to line flying to his previous line flying domicile.

SECTION 13

LEAVES OF ABSENCE

A charter Flight Attendant's minimum monthly guarantee will not be reduced because of jury or witness duty.

SECTION 18

GRIEVANCE PROCEDURE

- A. The Company retains the discretion to determine whether a Charter Flight attendant is qualified to remain in charter operations.
- B. When the Company determines that a Charter Flight attendant is no longer qualified to work in charter operations, it will furnish him with a written statement of the specific reasons for its decision.
- C. A Charter Flight attendant who is removed from charter operations will be returned to line flying in his previous domicile.

- D. If the flight attendant disagrees with the decision by the Company to remove her/him from Charter Operations, the grievance procedure in Section 18 of the CBA is available for that flight attendant.

SECTION 27

IMPLEMENTATION AND REOPENING

- A. The Union's Charter Implementation Committee and Company representatives will meet at least quarterly to address issues that arise in charter operations or under this letter.
- B. The Union and the Company may agree to changes in this letter that do not substantially affect pay, working conditions, retirement, or career security of Charter Flight attendants.
- C. After 12 months from the first day of charter flying, and not later than 30 days after a request to reopen this letter by either party, negotiations will commence concerning terms and conditions for future charter flying. If negotiations do not result in agreement within 60 days from the commencement of negotiations, the parties will continue the terms and conditions under this letter, and will submit unresolved issues to mediation and arbitration in accordance with the following procedures:
 - 1. If no agreement has been reached 10 days prior to the 60-day negotiation period, the parties will select a mediator by mutual agreement to assist the parties in reaching an agreement.
 - 2. The parties will meet with the mediator not later than 10 days after end of period, or later if necessary to accommodate the mediator's schedule, to discuss the process for mediation and submit unresolved issues to the mediator for additional discussion.
 - 3. If mediation does not result in an agreement within 20 days after the initial mediation session, the parties will submit remaining unresolved issues to an arbitrator for final and binding decision.
 - 4. The arbitrator shall be selected in accordance with Section 19, System Board of Adjustment.
 - 5. Upon final agreement, or upon issuance of the arbitrator's award, retroactive compensation or per diem, if applicable, will be paid to all flight attendants who are entitled to increased pay pursuant to the new charter provisions or the award issued.
 - 6. Nothing set forth in this Section shall prevent the Company from decreasing, increasing, or continuing to perform charter flying pursuant to the terms and conditions of this letter before a new agreement is reached or an arbitrator's award is issued governing the applicable terms and conditions of charter flying.

Main Cabin Door Pay

Effective when the Company implements a new computer program for flight attendant pay, but no later than May 31, 2008, unless circumstances arise beyond the Company's control, all flight attendants shall be paid according to their individualized block-in times keyed on the opening of the main cabin door. For the period between the implementation of this letter as outlined below, and May 31, 2008, all flight attendants who fly 25 or more hours during a bid period shall receive 23 minutes of pay added to their line value at their applicable rate of pay for that bid period. The Main Cabin Door pay as outline above will be implemented the first of the month after the ratification date of this Corporate Charter Operations side letter.

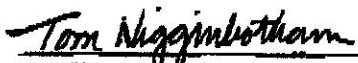
AGREED, this 23rd day of October, 2007.

Sincerely,

Agreed:



John Schrage
Senior Director
Labor Relations



Tom Higginbotham
President—Directing Chairperson
International Association
of Machinists and
Aerospace Workers