

SIDELETTER OF AGREEMENT
between
HORIZON AIR INDUSTRIES INC.
and
ASSOCIATION OF FLIGHT ATTENDANTS-CWA

TRANSITION TO A MONTHLY BID PERIOD AND TO PBS

This Agreement is made and entered into accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Horizon Air Industries, Inc. (the "Company") and the Association of Flight Attendants-CWA (the "Association").

WHEREAS: The Company and the Association have previously negotiated a collective-bargaining agreement that provides for a change from a five-week bid period to a monthly bid period, and that also provides for the adoption of a preferential bid system (PBS); and

WHEREAS: The parties recognize adopting a monthly bid and PBS requires some transitional provisions;

NOW, THEREFORE: the Company and the Association agree as follows:

I. Transition to a Monthly Bid Period

- A. The five-week bid period will continue through Bid 292, which ends on January 14, 2017.
- B. A 16-day "mini-bid period" will occur from January 15-January 30, 2017.
- C. Beginning January 31, 2017, the parties will begin using a monthly bid. The February bid month will run from January 31, 2017, through March 1, 2017. The March bid period will run from March 2, 2017, through March 31, 2017.
- D. Bidding timelines for each of these bid periods will be developed by the parties and published as soon as practicable.
- E. Article 3.I (Pay Schedule) of the new collective-bargaining agreement will go into effect starting with the February 2017 bid month.

II. Vacation Slides during the Transition Period

- A. Vacation will run Monday-Sunday beginning January 2, 2017.
- B. Vacation slides will continue until PBS is implemented.

- B. Due to the fact that a monthly bid would result in greater "blind sliding" than the traditional five-week bid, the following provisions apply to vacation sliding for the mini-bid period through the last month before PBS is implemented.
1. Vacation slides will be submitted and awarded according to the schedules stated in Section I.D, above. Flight Attendants may slide their vacations up to three days, to the left or to the right, except that a Flight Attendant with vacation the first week of the bid period may not slide the vacation into the prior bid period.
 2. Flight Attendants holding vacation in the last week of the mini-bid, or the last week of any month prior to the month before the implementation of PBS will be afforded another slide opportunity. (E.g., if PBS is used to bid in April for May lines, then the last month with the double slide would be March.)
 - a. After the award of the bid for the following month the Flight Attendant may submit a second slide request at the time vacation slides for the new month are accepted. (E.g., a Flight Attendant with vacation in the last week of March would have her/his second slide after the preliminary award of the April lines).
 - b. The second slide will be based on the original vacation period.
 - c. Blocks of more than one week of vacation will be considered as one period, and will slide as a single period.
 - d. A Flight Attendant may only slide vacation to drop trip(s) or reserve day(s) if she/he has sufficient vacation hours in her/his vacation period to cover such trip(s) or reserve day(s).
 3. If a Flight has vacation during the last week of the bid month prior to the implementation of PBS (as currently projected, this would be the last week of the April bid month), she/he will be able to slide once. She/he can slide up to three days to the left or to the right. If she/he chooses to slide to the right into the first PBS bid month (currently projected to be May), those days in the PBS bid month will be considered pre-planned absences for vacation.

III. Implementation of PBS

- A. The Company has planned for PBS to be used beginning with bidding for the May 2017 bid month.
- B. In order to ensure that Flight Attendants are prepared to use PBS for the May 2017 bid month (bidding will take place in April), they will be required to participate in a computer-based "green-light" type training and test bids, which will be scheduled as follows:
 - 1. Flight Attendants will test bid using February pairings in February. Although Flight Attendants will be able to see what trips would fall into Open Time, there will not be a SAP practice bid.
 - 2. No more than two weeks later, Flight Attendants will again test bid using February pairings. This re-bid will allow them to analyze their original bid and take steps to modify it to attempt to improve their awarded line. As before, Flight Attendants will be able to see which trips would fall into Open Time, but there will not be a SAP practice bid.
 - 3. In March 2017, after final bid award is published, Flight Attendants will test bid with the March pairings. Although Flight Attendants will be able to see which trips would fall into Open Time, there will not be a SAP practice bid.
 - 4. Flight Attendants will be paid and credited four (4) credits after they have completed the entire course of training (*i.e.*, computer-based training and the three test bids). Failure to complete any one or more of these requirements will result in the Flight Attendant receiving no compensation.
 - a. If a Flight Attendant has vacation during the first test bid, she/he may:
 - i. Enter a standing bid (if the PBS is ready for such submission prior to her/his vacation);
 - ii. Communicate her/his preferences to Crew Planning prior to the vacation. Crew Planning will enter the preferences on behalf of the Flight Attendant during the bidding period; or
 - iii. Submit a bid during the bidding period.

As long as the Flight Attendant does one of the above, she/he will be considered to have met the requirement of completing the first test bid for pay purposes.

- b. If a Flight Attendant has vacation during the second or third test bid, she//he will be required to submit a standing bid prior to her vacation period, or to submit a bid during the bidding period. As long as the Flight Attendant does one of these, she/he will be considered to have met the requirement of completing the second or third test bid, as applicable, for pay purposes.
- 5. Additional in-person training on PBS will be made available in all Flight Attendant. Such training is optional, and Flight Attendants will not be paid for attending.
- C. If PBS is not ready to use to bid for lines for May 2017 bid month, or for any bid month thereafter, each Flight Attendant will be credited with one vacation day for each such month, including May 2017, in which PBS is not ready for use.

Date: 10/11/16

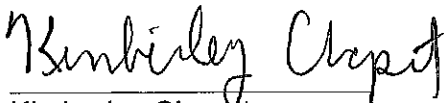
FOR ASSOCIATION OF FLIGHT
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