



KALITTA AIR, LLC
AND THE
PILOTS AND FLIGHT ENGINEERS
IN THE SERVICE OF KALITTA AIR, LLC
AS REPRESENTED BY THE
INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 747
AIRLINE DIVISION



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SECTION 1 - RECOGNITION, PURPOSE, SCOPE AND MERGERS

A. Recognition

Pursuant to the certification by the National Mediation Board in Case Numbers R-6152 (Pilots) and R-6145 (Flight Engineers) dated December 17, 1992, the Company recognizes the Union as the duly designated and authorized representative of the Crewmembers in the employ of the Company for the purposes of the Railway Labor Act, as amended.

B. Purpose of Agreement

In the mutual interests of the Crewmembers, the Union and the Company, the purpose of this Agreement is to provide for orderly collective bargaining relations between the Company and the Union, a method for the prompt and equitable disposition of grievances, and a method for the establishment of rates of pay, rules and working conditions for the Crewmembers. In making this Agreement, it is recognized to be the duty of the Union, the Crewmembers and the Company to cooperate fully for the advancement of the purpose of this Agreement.

C. Sole Agreement

This Agreement supersedes all existing or previously executed agreements between the Company and the Union or any other labor organization or individual with respect to the rates of pay, rules, or working conditions covered by this Agreement in accordance with the provisions of the Railway Labor Act, as amended. Any and all subsequent modifications to this Agreement will be reduced to writing, signed by their authorized representatives, and become a part of this Agreement.

D. Scope

1. Flying Performed by Crewmembers

All present and future flying performed in and for the service of the Company under FAR Part 121, and all ferry flights under FAR Part 91 for the purpose of positioning to or depositioning from a revenue trip in aircraft listed by tail number on the Company's Operations Specifications issued by the FAA will be performed by full time Crewmembers on the Seniority Lists in accordance with the terms and conditions of this Agreement. If the Company enters into code-sharing or interchange agreements with other airlines, Crewmembers will not be furloughed as a direct result of such arrangement.

2. Crewmembers Temporarily Assigned Out of Seniority

When short term flying requirements or the introduction of new or additional aircraft into service requires the immediate use of current and qualified Crewmembers and a sufficient number of Crewmembers on the Seniority Lists are not available, the Company may operate such aircraft with Crewmembers temporarily assigned out of seniority. Crewmembers temporarily assigned out of seniority will be covered by the terms of this Agreement. Use of Crewmembers temporarily assigned out of seniority will be subject to the following:

a. Introduction of New Aircraft

When the Company introduces new aircraft; up to two hundred seventy (270) Days, unless mutually extended by the Company and the Union.

b. Introduction of Additional Aircraft

When the Company introduces additional aircraft; up to one hundred eighty (180) Days.

c. Short Term Flying Requirements

When the Company has short term flying requirements; up to one hundred eighty (180) Days.

d. Training of Crewmembers

In the case of introduction of new aircraft or introduction of additional aircraft, within the time limits set forth above, the Company will conduct Training for Crewmembers who have been awarded the positions held by Crewmembers temporarily assigned out of seniority as soon as practical, taking into account safety, crew pairing and availability of Training support.

e. Expiration of Time Limits

At the expiration of the time limits set forth above or when the requirement for temporarily assigned out-of-seniority Crewmembers ceases, whichever is sooner, Crewmembers temporarily assigned out of seniority will be displaced from their out of seniority positions and those positions will be filled in accordance with Section 14 (Filling of Vacancies).

f. Pay Protection

Beginning with the successful completion of OE by Crewmembers temporarily assigned out of seniority, each Crewmember not upgraded or transitioned because of the application of this provision will be pay protected in seniority order on a one-for-one basis.

g. No Reductions

No Crewmember will be reduced in Crew Class or suffer any loss of MBPG or benefits as a result of the use of such temporarily assigned Crewmembers.

E. Wet Lease In

If the Company's operational requirements necessitate the Wet Lease of additional aircraft in order to provide service to its customers or potential customers or the expansion of its markets, the following applies:

1. Union Notification

The Company will notify the Union not less than three (3) days prior to the commencement of any Wet Lease agreement of more than fifteen (15) days. The notification will include the reason(s) for the lease, the aircraft to be utilized, the hours of flying, the duration, and the effect of the Wet Lease on the Crewmembers.

2. No Reductions

No Crewmember covered by this Agreement on the date of any Wet Lease will be reduced in crew class or suffer any loss of MBPG or benefits as a result of the Wet Lease agreement.

3. Duration Of Wet Lease

A Wet Lease will not exceed two hundred seventy (270) consecutive days, unless extended by mutual agreement between the Company and the Union.

F. Sale Or Dry Lease Of Company Aircraft

The Company may sell or Dry Lease an aircraft to another air carrier or entity. The Company will make a reasonable effort to arrange with the buyer or lessee to provide for the employment of a full or partial complement of Crewmembers covered. If the Company's efforts fail, it will, upon request of the Union, indicate in writing the reasons why such employment is unacceptable to the buyer or lessee. If a furlough is necessary because of the sale or Dry Lease of aircraft, the Company will provide the following information to the Union: reasons for the sale or lease; duration of the lease; the number of Crewmembers affected by Crew Class and Type; and the number of aircraft affected by the sale or lease.

G. Mergers And Acquisitions

1. Notice of Merger or Acquisition

If the Company enters into an agreement of merger or acquisition with another air carrier or entity, it will notify the Union in writing within three (3) days after the execution of such agreement, provided the Union executes any required confidentiality agreements. The Company will give written notice of the existence of this Agreement to the air carrier or entity, with a copy to the Union within three (3) days after the execution of such agreement.

2. Integration of Seniority Lists

If the Company merges with, acquires, or is acquired by another air carrier and the merger or acquisition affects the seniority rights of Crewmembers, provisions will be made for the integration of Seniority Lists in a fair and equitable manner as set forth below.

a. Negotiations

The method of integration will be determined through direct negotiations between representatives designated by the Union and a representative of the Crewmembers from the merged, acquired, or acquiring air carrier.

b. Arbitration

Should negotiations to integrate the Seniority Lists not be successfully concluded, the matter will be referred to binding arbitration pursuant to Sections 3 and 13 of the Allegheny-Mohawk LPP's.

c. Fence Agreement

The Company, the Union and a representative of the Crewmembers from the merged, acquired, or acquiring carrier

will formulate a fence agreement prior to the integration of the Seniority Lists.

d. No System Flush

Implementation of integrated Seniority Lists or a fence agreement will not result in a system flush.

3. Representation

If a merger or acquisition results in creating a single air carrier, as that term has been used by the National Mediation Board, representation of Crewmembers will be determined by the National Mediation Board.

H. Alter Ego

The Company will not establish a third party leasing device to evade the terms of this Agreement.

I. Transfer Of Assets

The Company will not transfer aircraft, routes or operating authority to its Parent, a Subsidiary of the Parent or a Subsidiary of the Company for the purpose of evading the terms of this Agreement. The Company will not transfer aircraft to its Parent, a Subsidiary of the Parent or a Subsidiary of the Company if the purpose of the transfer is for the Parent, a Subsidiary of the Parent or a Subsidiary of the Company to operate the aircraft and the transfer causes a curtailment or furlough of Crewmembers. This Subsection does not prohibit such a transfer if the Company is unable to operate the aircraft for reasons such as FAA or other governmental directives, cessation of operations or causes beyond the control of the Company.

J. Successorship and Assumption of Agreement

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.

K. Foreign Bases

If the Company establishes a Base outside the United States, Crewmembers assigned to such Base will be covered by the terms of this Agreement and the Railway Labor Act, as amended.

SECTION 2 - DEFINITIONS

"Active Service" means a Crewmember's accumulated time commencing with Date of Hire as a Crewmember for the Company and includes all Crewmembers rehired pursuant to the Letter of Agreement regarding "Start Up of Operations" dated December 12, 2001.

"Adequate Rest Facility" means a quiet, dark, climate controlled room with single beds, supplied with fresh linen, with access to clean restroom facilities.

"Agreement" means the Collective Bargaining Agreement between the Company and the Union including all side letter of agreements.

"Aloft" means Block to Block.

"Base" means the geographical point designated by the Company to which a Crewmember is permanently assigned. Ypsilanti, Michigan (KYIP) is the Company-designated Base.

"Bid Line" means a Line of Flying, a Reserve line or Composite line.

"Bid Seniority List" means a list of Crewmembers, who are eligible to bid, listed in Seniority order by Crew Class, Type and Base.

"Block to Block" means the period of time from the moment the resTraining devices are removed from the aircraft for the purpose of flight, until the resTraining devices are installed at either the point of departure, an intermediate stop, or the final destination. Block to Block time is used for, but not limited to, scheduled arrival and departure times, duty period calculations and Duty Time calculations. Block to Block time includes all time Aloft, taxi time and time that the aircraft is being positioned by a tug.

"Captain" means a Crewmember who is qualified to perform the function of Pilot in command, as designated by the Company, who is qualified to serve as Captain under FAR Part 121 and this Agreement, and who holds a Crew Class bid award as a Captain.

"Category" means the respective crew skill, Pilot or Flight Engineer, held by a Crewmember.

"Commute" means travel between a Crewmember's Resident Airport, or other location, and his Base, or other location, not at the direction of the Company.

"Composite Line" means a Bid Line constructed after bids close and containing unassigned Trip Sequences and/or reserve Days.

"Crew Class" means the respective job designation of a Crewmember within his respective Category. Within the Category of Pilot exists the Crew Classes of Captain and First Officer. Within the Category of Flight Engineer exists the Crew Classes of

Flight Engineers and Prior Rights Flight Engineer.

"Crewmember" means a Pilot or a Flight Engineer covered by this Agreement.

"Curtailment" means a reduction in the number of positions within a Crew Class on a specific Type at a specific Base.

"Date of Hire" means the date a Crewmember commences initial Training by the Company as a Crewmember, after the Crewmember has become employed by the Company.

"Day" means a calendar Day, measured from 0000Z to 2359Z.

"Deadhead" means the published scheduled time spent by a Crewmember, not local in nature, traveling from one point to another at the direction of the Company. If there is no published scheduled time, Deadhead will be Block to Block time.

"Displacement" means removal of a Crewmember from his Crew Class, Type or Base because of a Curtailment or another Crewmember's exercise of bumping rights.

"Domestic" means the forty-eight (48) contiguous United States and the District of Columbia.

"Dry Lease" means the leasing of an aircraft without a flight crew.

"Duty Day" means a Day that a Crewmember is subject to the Company's direction.

"Duty Free Day" means a Day that a Crewmember is not subject to the Company's direction.

"Duty Free Day Off" means a Day or series of Days that are outside the scheduled work Days of a Crewmember's bid award. A Crewmember is not subject to Company direction during a duty free Day off. All Duty Free Days Off will be at the Crewmember's Resident Airport except as may be modified by Section 17.A.1., unless the Crewmember requests otherwise. A Crewmember's Duty Free Days Off will be no less than thirteen (13) Days off in a thirty (30) Day bid period or fourteen (14) Days off in a thirty-one Day bid period unless the Crewmember is commuting or is assigned to Training as set forth in Section 16.E.1. of this Agreement.

"Duty Time" means that interval between the time a Crewmember is required to report for duty and the time he is released by the Company.

"Effective Date" means, for a vacancy, the date that a Crewmember is expected to begin performing duties in an awarded vacancy and, for a Curtailment, the date that a Crewmember is expected to cease performing duties in a position.

"FAR" means the Federal Aviation Regulations.

"First Officer" means a Crewmember who is qualified to perform the function of

second in command, as designated by the Company, who is qualified to serve as First Officer under FAR Part 121 and this Agreement, and who holds a Crew Class bid award as a First Officer.

"Flight Engineer" means a Crewmember, as designated by this Agreement, who is qualified to serve as a Flight Engineer under FAR Part 121, and holds a Crew Class bid award as a Flight Engineer. A Flight Engineer may possess a Commercial Pilot Certificate with Multi-Engine and Instrument ratings or an Airframe and Powerplant Mechanic Certificate, but neither is required for the position.

"Flight Pay" means the hourly rate of pay for performing the duties of a Crewmember.

"Flight Segment" means a leg measured from block out to block in.

"Flight Time" means the time from the moment when the aircraft first moves under its own power for the purpose of flight until the moment it comes to rest after landing. Flight Time is used for FAR Flight Time limitations.

"Hostile Area" means an area so designated by the Department of Defense or other appropriate governmental authority.

"International" means any point or area outside the forty-eight (48) contiguous United States and the District of Columbia.

"Layover" may be designated on the Bid Lines in which no duty is scheduled and the Crewmember has no obligation to stand by for an assignment. A Layover Day may also include a Crewmember's legal rest away from a Crewmember's Base.

"Line of Flying" means a Bid Line containing Trip Sequences, Days of duty, Days free of duty, Flight Segments, reserve Days, Layover Days, Training Days (18 Months from date of signing) and transition Days.

"Longevity" means, for pay and benefits which will be Based on a Crewmember's Date of Hire with the Company in any capacity, adjusted for Leaves of Absence and furloughs. Longevity will be utilized to determine entitlement to benefits and to establish rates of pay. Crewmembers employed by the Company who were rehired pursuant to the Letter of Agreement dated December 12, 2001 "Regarding Start Up of Operations" will be granted the Longevity they possessed on April 30, 2000 adjusted according to the Date of Rehire.

"Management Crewmember" means a Crewmember, designated by the Company, who participates in the establishment or implementation of Company policies related to flight operations or in the supervision of Crewmembers, including the making of decisions affecting the status of Crewmembers, including discipline. Status as Check Airman does not alone designate a Crewmember as a Management Crewmember.

"Minimum Bid Period Guarantee (MBPG)" means the minimum credit hours a Crewmember will receive in a Bid Period.

"Month" means the period of time commencing with and including the first Day of a

calendar Month up to and including the last Day of the Month except that, for compensation purposes: January includes the 1st through 30th of January, February includes January 31st through March 1st, and March includes March 2nd through the 31st.

"One In Seven" means a period of time that is twenty-four (24) consecutive hours in length where the Crewmember is free of all duty with the Company. A Layover of twenty-four (24) hours or more will be considered a one/seven break for FAR and Contract purposes unless the Crewmember is instructed otherwise by the Company.

"Open Time" means any unassigned flying that is not placed into Lines of Flying and flying that becomes available for reasons such as Training, vacations, sick leave, Bid Period to Bid Period transitions, ad hoc charter or other unforeseen circumstances after completion of the bid awards.

"Pilot" means Captain or First Officer.

"Positioning or De-Positioning" means Deadhead.

"Prior Rights Flight Engineer" means a Crewmember who is employed by the Company as a Flight Engineer and is listed on the Prior Rights Flight-Engineer Seniority List as amended on the date of ratification of this Agreement. Designation as a Prior Rights Flight Engineer will continue as long as that Crewmember is employed by the Company as a Flight Engineer.

"Probation" means a Crewmember will be on Probation until he has accumulated twelve (12) Months of Active Service from his Date of Hire as a Crewmember or has successfully completed his next proficiency check/Training event, whichever is later.

"Recurrent Training" means all FAA-mandated Training required to maintain qualification and currency, excluding remedial Training and re-qualification Training after a Training failure.

"Reserve Crewmember" means a Crewmember who is awarded or assigned to a Reserve Line or who is temporarily assigned to reserve in accordance with this Agreement.

"Resident Airport" means an airport located within the contiguous forty-eight (48) states designated, as mutually agreed to between the Crewmember and the Company within one hundred (100) miles of the Crewmember's residence on file or the nearest airport if such airport is outside the one hundred (100) mile radius. If the Company and the Crewmember cannot mutually agree upon the Resident Airport, the Company will designate the Resident Airport. Qualifying Resident Airports must have sufficient Part 121 air service to provide competitive airFARes and frequency of flights. There shall be no minimum or maximum number of Resident Airports so designated. Once Crewmembers' Resident Airports are established, they cannot be changed without the Crewmember's consent unless the designated airports do not have sufficient Part 121 air service. The Crewmember will be returned to the Resident Airport in which he departed. The designated airport for the State of Alaska is Anchorage (PANC) and the designated airport for the State of Hawaii is Honolulu (PNHL). A Crewmember

may elect to choose Detroit (KDTW) as his Resident Airport.

"Seniority List(s)" means a listing of Crewmembers, as set forth in Section 15 (Seniority), according to Date of Hire.

"Standing Bid" means a bid that reflects a Crewmember's preference(s) for Category, Crew Class, Type and Base.

"Subsidiary" means an entity that is controlled by the Company or the Company's Parent. Kalitta Leasing is not considered a Subsidiary of Kalitta Air for the purposes of this Agreement as long as Kalitta Air Leasing is not operating a commercial aircraft operation.

"Training" means classroom, simulator and flight Training including, but not limited to, Initial, Transition, Recurrent, Proficiency, Upgrade and Differences.

"Transition Days" means duty Days that continue from the current bid period into the subsequent bid period.

"Trip Sequence" means a series of Flight Segments including Deadheading with the initial segment departing from a Crewmember's Resident Airport and the final segment arriving at the Crewmember's Resident Airport. A Trip Sequence may begin in one Bid Period and end in the following Bid Period.

"Type" means the Type of aircraft, as defined by the FARs, operated by the Company, designated by manufacturer and model.

"Wet Lease" means the leasing of aircraft with a flight crew.

"Will Fly List" means a list of Crewmembers that have indicated that they are willing to fly on a scheduled duty free Day off.

SECTION 3 - DUES CHECKOFF AND UNION SECURITY

A. Dues Check-Off

1. During the life of this Agreement, the Company shall deduct on a Monthly basis from the pay of each Crewmember and remit to the Union, along with an accounting thereof, an amount equal to the Union's regular and usual Monthly dues or service charges, and assessments, provided such Crewmember voluntarily executes a Union Dues Check-Off form.
2. A properly executed Check-Off form will become effective the second pay period following its receipt by Human Resources.
3. A Crewmember who has executed a Check-Off form, and who resigns, is otherwise terminated from the employ of the Company, is transferred or promoted outside of the bargaining unit, or enters a non-pay status, shall be deemed to have suspended his dues check-off assignment and authorization. For a Crewmember who is transferred or promoted outside of the bargaining unit or enters non-pay status, the suspension shall continue until the Crewmember rejoins the bargaining unit or reenters pay status, respectively. For a Crewmember who resigns or is otherwise terminated, and is subsequently re-employed, no deductions of Union dues will occur until such time as the Crewmember executes a new Check-Off form in compliance with this Section. If a Crewmember is recalled from furlough or returns from a Leave of Absence after the dues, assessments or service fees have been deducted for the Bid Period, the Company will be permitted to make a double deduction in the following Bid Period.

B. Agency Shop

Each Crewmember covered by this Agreement who fails to voluntarily acquire or maintain membership in the Union not later than the first Month after the Effective Date of this Agreement or on or before the ninetieth (90th) Day following the beginning of employment shall, as a continued condition of employment with the Company, pay the Union a Monthly service charge as a contribution for the administration of this Agreement and the representation of the Crewmembers. The service charge shall be in an amount equal to the Union's regular and usual Monthly dues and/or assessments (not including fines and penalties).

C. Indemnification Clause

The Union will indemnify the Company and hold the Company harmless from any and all claims that may be made by Crewmembers against the Company by virtue of the wrongful application or misapplication of any of the terms of this Section.

D. Dues Collection After Termination

In the event of termination of employment, there shall be no obligation upon the Company to collect dues until all other deductions have been made.

E. Dues/Assessment Deduction Error

Should a deduction be missed, or if an insufficient amount is deducted, the Company will be responsible to make the proper adjustment the following Month.

F. Failure to Pay Dues or Service Fees

1. If any Crewmember covered by this Agreement becomes delinquent in the required payment of the service charge or if any Union member becomes delinquent in the payment of dues or assessments, the Union may immediately notify such Crewmember by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, with a copy sent by regular U.S. mail and a copy to the Director of Operations, that the Crewmember is delinquent in the payment of such service charge or membership dues/assessment as specified herein and is subject to discharge as a Crewmember from the Company. Such letter shall also notify the Crewmember that the required payment must be remitted within a period of thirty (30) Days or the Crewmember will be discharged.
2. If upon expiration of the thirty (30) Day period the Crewmember remains delinquent, the Union may certify in writing to the Director of Operations, copy to the Crewmember, that the Crewmember has failed to remit payment within a grace period allowed and is to be discharged. The Director of Operations shall therefore notify the Crewmember within ten (10) Days of the receipt of notice from the Union that he is to be discharged from the service of the Company and for the reason for this action.

G. Crewmember List

The Company will notify the Union each Month of all new hires, terminations, recalls and/or furloughs. The notification will include the Crewmember's name, address, social security number, Category, classification and Date of Hire, termination, recall or furlough. A complete Crewmember list, with Crewmember position and hourly pay rate, address, telephone number, equipment, and Base will also be furnished to the Union Monthly with new Crewmembers indicated.

H. Individual Dues Payments

It shall be the responsibility of any Crewmember who is not on a dues/assessments or service fee deduction program to keep his/her membership current by direct payment of Monthly dues to the Union.

SECTION 4 - MANAGEMENT RIGHTS

The Company retains the sole and exclusive right to operate, control and manage its business and exercise all traditional management rights, powers, or authority it had prior to signing this Agreement, except those modified specifically by an express provision of this Agreement. Included by way of description and not by way of limitation are rights to direct the Crewmember working force and determine its size and composition; maintain order and efficiency; hire, transfer, promote, discipline, suspend, and/or discharge Crewmembers; assign work to Crewmembers; extend, maintain, curtail or terminate its operations in whole or part; sell all or part of the Company; determine the nature and extent of services to be rendered; determine the business concerns with whom it will deal and the customers it wishes to serve; establish and enforce quality standards for its services; determine and change methods, processes and techniques of operation; determine when and if vacancies will be filled; establish and modify reasonable rules and regulations and require observance thereof. The Company's exercise of any retained right in a particular manner, or the non-exercise of such a right, shall not operate as a waiver of the Company's right hereunder or preclude the Company from exercising its rights in a different manner. Any practices or policies prior to the date of the signing of this Agreement shall not create any contractual or legal obligation on the part of the Company to continue such practices or policies after the date of the signing of this Agreement.

SECTION 5 - COMPENSATION

A. New Hire Pay

A new hire Crewmember who receives Training prior to his qualification as a Crewmember will be paid six hundred dollars (\$600.00) per week while in Training. A new hire Crewmember will not receive Flight Pay until he completes OE.

B. Flight Pay Rates

A Crewmember will be paid Flight Pay in United States Dollars in accordance with the following schedules:

1. Captains:

Years of Active Service	DOS	DOS +1	DOS+2	DOS+3
1 st	73.60	77.28	80.37	84.39
2 nd	94.04	98.75	102.70	107.83
3 rd	108.95	114.39	118.97	124.92
4 th	112.39	118.01	122.73	128.87
5 th	116.97	122.82	127.73	134.12
6 th	120.42	126.44	131.49	138.07
7 th	123.86	130.05	135.26	142.02
8 th	127.30	133.66	139.01	145.96
9 th	130.74	137.28	142.77	149.91
10 th	134.17	140.88	146.52	153.84
11 th	137.62	144.50	150.28	157.79
12 th	140.48	147.51	153.41	161.08
13 th	142.77	149.91	155.91	163.70
14 th	144.50	151.72	157.79	165.68
15 th	146.23	153.54	159.68	167.66
16 th	147.37	154.74	160.93	168.98
17 th	148.52	155.94	162.18	170.29
18 th	149.66	157.14	163.43	171.60
19 th	150.81	158.35	164.68	172.91
20 th	151.95	159.55	165.93	174.23
21 st	154.99	162.74	169.25	177.71
22 nd	158.09	165.99	172.63	181.27
23 rd	161.25	169.31	176.09	184.89
24 th	164.48	172.70	179.61	188.59
25 th	167.77	176.15	183.20	192.36

2. Prior Rights Flight Engineers:

Years of Active Service	DOS	DOS+1	DOS+2	DOS+3
1 st	57.70	60.59	63.01	66.16
2 nd	70.53	74.06	77.02	80.87
3 rd	81.70	85.79	89.22	93.68
4 th	84.29	88.51	92.05	96.65
5 th	87.74	92.12	95.81	100.60
6 th	90.31	94.83	98.62	103.55
7 th	92.90	97.54	101.45	106.52
8 th	95.47	100.25	104.26	109.47
9 th	98.06	102.96	107.08	112.44
10 th	100.64	105.67	109.89	115.39
11 th	103.21	108.37	112.71	118.34
12 th	105.36	110.63	115.06	120.81
13 th	107.08	112.44	116.93	122.78
14 th	108.37	113.79	118.34	124.26
15 th	109.66	115.14	119.75	125.73
16 th	110.53	116.05	120.69	126.73
17 th	111.38	116.95	121.63	127.71
18 th	112.24	117.86	122.57	128.70
19 th	113.11	118.77	123.52	129.69
20 th	113.96	119.66	124.44	130.67
21 st	116.24	122.05	126.93	133.28
22 nd	118.56	124.49	129.47	135.95
23 rd	120.94	126.98	132.06	138.67
24 th	123.35	129.52	134.70	141.44
25 th	125.82	132.11	137.40	144.27

NOTE: A Prior Rights Flight Engineer who upgrades to First Officer will not suffer any loss of pay and will remain at his greater rate of pay until the pay rate shown above exceeds such greater rate, at which time he will be paid according to the schedule above. A Pilot who transitions to Flight Engineer will receive Flight Engineer pay rates for his years of Active Service.

3. First Officer/Flight Engineer:

Years of Active Service	DOS	DOS+1	DOS+2	DOS+3
1 st	57.14	60.00	62.40	65.52
2 nd	63.95	67.15	69.83	73.32
3 rd	74.08	77.79	80.90	84.94
4 th	76.42	80.24	83.45	87.62
5 th	79.54	83.52	86.86	91.20
6 th	81.87	85.97	89.41	93.88
7 th	84.23	88.44	91.98	96.58
8 th	86.56	90.89	94.52	99.25
9 th	88.90	93.35	97.08	101.94
10 th	91.23	95.80	99.63	104.61
11 th	93.06	97.71	101.62	106.70
12 th	94.92	99.67	103.65	108.84
13 th	96.82	101.66	105.73	111.01
14 th	98.75	103.69	107.84	113.23
15 th	100.73	105.77	110.00	115.50
16 th	102.74	107.88	112.20	117.81
17 th	104.80	110.04	114.44	120.16
18 th	106.90	112.24	116.73	122.57
19 th	109.03	114.48	119.06	125.02
20 th	111.21	116.77	121.45	127.52
21 st	113.44	119.11	123.87	130.07
22 nd	115.71	121.49	126.35	132.67
23 rd	118.02	123.92	128.88	135.32
24 th	120.38	126.40	131.46	138.03
25 th	122.79	128.93	134.09	140.79

NOTE: Any Crewmember serving in the capacity of Flight Engineer will be compensated as a Flight Engineer, except for those Flight Engineers listed on the Prior Rights Engineer Letter of Agreement #2.

C. Flight Pay Computation

The departure Day for a Flight Segment will be the Day on which all Flight Pay for that Flight Segment will be credited. Flight Pay credit will be computed on the basis of tow out to tow in.

D. Report Pay

When a Crewmember reports to the field for the purpose of flight and does not fly, he will be credited one (1) hour of Flight Pay for each four (4) hours

of duty or fraction thereof, with a minimum of one (1) hour's credit per occurrence.

E. Minimum Pay Credit

When a Crewmember reports to the field for the purpose of flight and does fly, he will be credited with actual Block Time. If the Flight Pay credit is less than one (1) hour, the Crewmember will be credited with one (1) hour of Flight Pay.

F. Taxi Pay

1. Report For Taxi Only

When a Crewmember reports to the field for the purpose of repositioning an aircraft and not for the purpose of flight, the Crewmember will be credited tow-out to tow-in time with a minimum of one (1) hour of Flight Pay.

2. Within A Duty Period

When a Crewmember is required to reposition an aircraft within the same duty period as a flight, the Crewmember will be credited for the tow out to tow in time.

G. Pay On A Scheduled Duty Free Day Off

When a Crewmember performs duty on a scheduled duty free Day off (outside the scheduled work Days of his bid award), including Training Days or reserve, he will be paid three point six five (3.65) hours of Flight Pay or the actual hours flown, whichever is greater, in addition to MBPG. For all hours flown (time at the controls) on a scheduled duty free Day off, the Crewmember will be paid an additional fifty percent (50%) of his hourly rate for each hour flown in addition to MBPG.

H. Training Pay

1. Recurrent or Additional Requirement Training

On a scheduled duty Day when a Crewmember is required to attend (not home study) recurrent Training, a recurrent proficiency check, or Training for additional requirements to maintain his qualification (e.g., FMS, EFB Passenger, additional equipment modifications or route qualifications, or Check Airman meetings), he will be credited three point six five (3.65) hours of Flight Pay for each Day of such Training.

2. Initial, Transition And Upgrade

When a Crewmember attends initial (but not new-hire initial), transition or upgrade Training, he will be paid his pro-rated MBPG for the Type

and Crew Class for which he is current and qualified.

3. Pilot To Flight Engineer Transitions

A Pilot who has not exceeded the FAA-mandated retirement age for Pilots at the time his Training commences will be paid no less than his pro-rated MBPG for the Type and Crew Class for which he is current and qualified while being trained. A Pilot who has exceeded the FAA-mandated retirement age for Pilots at the time his Training commences will be paid six hundred sixty dollars (\$660) per week while in Training. A Pilot who is awarded a class that commences prior to reaching the FAA-mandated retirement age for Pilots and has his Training delayed by the Company will be paid no less than his pro-rated MBPG for the Type and Crew Class until he becomes qualified. A Pilot who is awarded a class date that commences not more than sixty (60) Days prior to his reaching the FAA-mandated retirement age for Pilots and bypasses that class for another class that commences prior to his reaching the FAA-mandated retirement age for Pilots will be paid no less than his pro-rated MBPG for the Type and Crew class for which he is current until he reaches the FAA-mandated retirement age for Pilots and thereafter will be paid six hundred and sixty dollars (\$660) per week while in Training.

4. Remedial Training

A Crewmember will not be paid Training pay for additional Training or checking caused by a Training failure.

I. Maintenance Pay

When a Crewmember performs maintenance in addition to his normal duties on the aircraft, he will be paid twenty dollars (\$20.00) per hour or fraction thereof, in addition to all other compensation.

J. Reserve Pay Compensation (R1, R2 and R3)

A Crewmember who has been assigned by Crew Scheduling a reserve status of R1 (hot standby), R2 (short call), or R3 (trip reserve) will be credited with three point six five (3.65) hours of Flight Pay for each Day assigned as R1, R2 or R3 or the actual Flight Pay credit for the Day, whichever is greater. However, a Crewmember who is assigned or awarded a Reserve Line consisting of all Reserve Days will not receive a three point six five (3.65) hour credit.

K. Minimum Bid Period Guarantee (MBPG)

The MBPG is sixty-two (62) Flight Pay hours in a Bid Period. If a Crewmember is unavailable for duty for a portion of a Bid Period, the MBPG will be pro-rated.

L. General

1. Payroll Schedule

Crewmembers will be paid bi-weekly. The first paycheck of the Bid Period will contain one-twenty-sixth (1/26) of the applicable annual MBPG, earned during the prior Bid Period. The second paycheck of the Bid Period will contain one-twenty-sixth (1/26) of the applicable annual MBPG, earned during the current Bid Period, plus adjustments such as additional compensation earned in the prior Bid Period. Unless otherwise required by applicable law, a furloughed Crewmember will be paid all pay due him on the first paycheck that covers the pay period in which he was furloughed.

2. Paycheck Delivery and Deposit

Upon written request, the Company will mail a Crewmember's paycheck to a specified address, other than a bank. The Company must receive such request at least thirty (30) Days before the paycheck is due. The Company will provide electronic direct deposit of paychecks.

3. Clerical Pay Errors

Clerical pay errors shall be reconciled within five (5) working Days after it is first brought to the Company's attention and paid within thirty (30) Days of the Crewmember bringing the error to the Company's attention, in writing.

4. Timing Out

A Crewmember who has exceeded any FAR 121 Flight Time limitations (100 hours, 120 hours, 300 hours, 1000 hours) will be credited for all work performed during that period. A Crewmember that has reached any FAR 121 Flight Time limitation may be used in non-revenue service and that Crewmember will be paid his minimum Monthly guarantee or hours flown, whichever is greater.

5. Captain Qualified First Officer

A Crewmember holding a Captain's position shall be compensated for all hours flown at the applicable Captain's rate. A Captain qualified First Officer who flies as Captain shall be compensated for those hours at the applicable Captain rate of pay.

SECTION 6 — EXPENSES

A. Per Diem

Domestic per diem will commence when a Crewmember is required to depart his Resident Airport and report for duty. International per diem will be paid while a Crewmember is on assignment outside the forty-eight United States commencing at block out from the last Domestic airport and ending at block in at the first Domestic airport.

1. Domestic

Per Diem for Domestic duty will be paid at the following rates:

<u>Effective Date</u>	<u>Rate</u>
DOS	\$1.55
DOS +1	\$1.60
DOS +2	\$1.65

2. International

Per Diem for International duty will be paid at the following rates:

<u>Effective Date</u>	<u>Rate</u>
DOS	\$2.30
DOS +1	\$2.40
DOS +2	\$2.50

3. New Hire Training

A new hire Crewmember who receives Training prior to his qualification as a Crewmember will not be paid per diem while in Base.

4. Payment

Per Diem will be paid no later than the end of the Bid Period following the Bid Period in which it was earned. Per diem must be submitted on or before the 7th Day of the Month following the bid period. No per diem requests will be accepted later than two (2) bid periods in arrears.

B. Lodging

1. Away from Base

When a Crewmember is away from his Base, the Company will designate and provide suitable single occupancy lodging in a location convenient to the airport when the Company determines it is necessary or an anticipated delay is greater than five (5) hours, block in to block out. Hotel and per diem will be provided while in the Layover city. The Company will consult periodically with the Union Hotel Committee to discuss the suitability of lodging and will give reasonable consideration to the recommendations of the committee. The Company will pay for lodging, tax, and Company-related telephone calls or faxes. All other incidental charges will be paid by the Crewmember when checking out.

2. New Hire Training

A new hire Crewmember who receives Training prior to his qualification as a Crewmember will not be provided lodging while in Base.

C. Transportation

1. Away from Base

When the Company is required to provide lodging, the Company will provide transportation between the airport and the place of lodging. When transportation is not provided by the Company within sixty (60) minutes after block in, a Crewmember may use any available means of transportation to the place of lodging and will be reimbursed for expenses substantiated by receipts. If there is no suitable eating facility at the hotel or within reasonable walking distance, transportation will be provided to and from a restaurant if not provided by the hotel.

2. Rental Car

On Layovers, with the approval of the Director of Operations, the Crewmember may rent a car, limited to one (1) car per crew. Moving violations and parking tickets and all other incurred expenses (i.e., fuel and tolls) in connection with such rental cars are the responsibility of the Crewmember.

3. Personal Vehicle

If a Crewmember is authorized to use his vehicle on Company business, he will be reimbursed at the allowable IRS rate (currently forty-eight and one-half cents (\$.485) per mile) and for necessary tolls substantiated by receipts. The Crewmember must indicate the origination and termination points of travel and must properly submit the expense for payment.

D. Uniforms

1. Initial Uniforms

A Crewmember will wear the standard uniform as prescribed by the Company while on duty. The cost of the original uniform will be borne by the Crewmember. A payroll deduction plan will be made available.

2. Maintenance Allowance

The annual uniform maintenance allowance for a Crewmember will be two hundred dollars (\$200.00), paid during the first bid period following the anniversary of his Date of Hire and every year thereafter, provided the Crewmember is employed at the time the allowance is paid.

3. Replacement Of Damaged Items

The Company will reimburse a Crewmember for any items of the uniform that are damaged in the performance of duty. A Crewmember requesting reimbursement for replacement of an item damaged in the performance of duty must submit an expense reimbursement form to the Company with the original receipt along with the damaged uniform item.

4. Company Insignia

The Company will provide each Crewmember, free of charge, any Company insignia, epaulets or emblem worn as part of the uniform. Such items will remain the property of the Company. Each Crewmember will be responsible for replacement of these items if they are lost.

5. Union Insignia

A Union lapel pin may be worn on the uniform.

6. Changes In Uniform

The Company will consider the recommendations of the Crewmembers regarding any changes to the uniform.

SECTION 7 - SICK LEAVE

A. Accrual

A new hire Crewmember will be credited with seven (7) Days of sick leave, but will not accrue additional sick leave until the completion of one (1) year of Active Service. Upon completion of one (1) year of Active Service, a Crewmember will accrue sick leave at the rate of seven-thirteenths (.58) of a Day for each Bid Period of Active Service to a maximum of forty-two (42) Days.

B. Sick Leave Pay

1. Bank Debit

A Crewmember's sick leave bank will be debited the lesser of one (1) Day for each Day on sick leave or, at a rate of three point six five (3.65) per Day, the number of whole Days necessary to bring him to MBPG. The sick leave bank of a Crewmember who has exceeded his MBPG at the time he becomes unavailable for duty because of illness or injury will be debited one (1) Day of sick leave as an administrative charge, regardless of the number of Days that he is unavailable for duty. At no time will sick leave result in payment that exceeds a Crewmember's MBPG.

2. Scheduled Duty Days

A Crewmember will not be charged sick leave on a scheduled duty free Day.

C. Sick Leave Usage

1. Crew Scheduling Contact

A Crewmember will contact Crew Scheduling at least every third (3rd) consecutive duty Day missed because of illness or injury. A Crewmember need not comply with the preceding sentence if he specifies a specific period of time for the absence because of the nature of the illness or injury. A Crewmember must report when he is available for duty.

2. Exclusions

A Crewmember will not be entitled to sick leave when illness or injury is a result of the Crewmember's willful disregard of accepted safety practices, willful intention to injure himself or another, illness or injury while in the employ of another employer, the abuse of alcohol or the use of illegal drugs.

3. Worker's Compensation

If an illness or injury is occupationally related, sick leave may be used to augment workers compensation income replacement benefits. The combination of sick leave and workers compensation income replacement will not exceed a Crewmember's MBPG.

D. Sick Leave Bank Replenishment

Within the two (2) Bid Periods following the Bid Period in which a Crewmember uses sick leave, he may have his sick leave bank replenished, on a Day for a Day basis, by performing duty pursuant to Section 17 (Scheduling). A Crewmember must notify Crew Scheduling at the time he accepts Open Time of his intent to replenish his sick leave bank. If the Crewmember is assigned a Trip Sequence containing more Days than his sick leave bank was debited, the remaining Days will be paid in accordance with Section 5 (Compensation).

E. Disability

A Crewmember may use his accrued sick leave to supplement his short-term disability benefits provided for in Section 9 (Health and WelFARe). The sum of sick leave and short-term disability benefits will not exceed a Crewmember's MBPG.

F. Physician's Statements

The Company may require a physician's statement, which will state, at a minimum, the nature of the illness or injury and the expected duration of the Crewmember's inability to perform his duties, to substantiate illness or injury and may also require a physician's statement authorizing return to duty. If the Crewmember is required to visit a physician designated by the Company, the Company will pay for the examination.

G. Vacation Concurrent With Illness

A Crewmember on sick leave when his scheduled vacation commences will be removed from sick leave during the vacation and, if scheduled for duty, returned to sick leave at the end of the vacation if the illness or injury continues.

H. Retirement

The Company will pay a Crewmember fifty percent (50%) of any accrued sick leave at the time of his retirement at the hourly rate that the Crewmember held at retirement.

I. General

1. Recall

A recalled Crewmember will retain all unused sick leave accrued prior to the furlough.

2. Statements

Each Crewmember's pay statement will show unused accrued sick leave.

3. Outside Work

A Crewmember will not work for any other employer while on sick leave.

4. Seniority And Longevity

A Crewmember on sick leave will continue to accrue seniority and Longevity.

5. Resumption Of Duty

A Crewmember returning from sick leave will be returned to his assigned duty at the earliest, reasonable opportunity. The Company may assign the Crewmember to reserve until he is returned to his assigned duty.

SECTION 8 – VACATION

A. Accrual

Upon completion of one (1) year of Active Service, a Crewmember will be credited with fourteen (14) Days of vacation.

A Crewmember will accrue vacation Based on Active Service in accordance with the following:

Completed Years Of Service	Vacation Days Accrued Per Bid Period	Vacation Days Accrued Per Year
1 - 4	1.17	14
5 +	1.75	21

B. Vacation Pay

Vacation pay will be computed at the Crewmember's rate of pay at the time vacation is taken or paid in lieu of vacation. A Crewmember will not receive less than his MBPG in a Bid Period in which all or part of his vacation occurs provided he is available for duty for the remainder of his scheduled duty Days. Vacation pay is three point six five (3.65) hours of Flight Pay for each Day of vacation. Pay in lieu of vacation may be requested at any time. If the Company elects to pay a Crewmember in lieu of vacation, such payment will be made within forty-five (45) Days of the date the Crewmember was scheduled to take the vacation.

C. Duty

1. No Duty

A Crewmember will not be required to perform any duty while on vacation.

2. Duty Free Days

A scheduled vacation Day that falls on a scheduled duty free Day will not be deducted from a Crewmember's vacation bank. A Crewmember who has awarded vacation covering an entire Bid Line, will not be awarded that Bid Line, but his bid choice will be used to determine the number of vacation Days to be deducted from his vacation bank.

D. Annual Vacation Bid

1. Procedure

On or before October 1st of each year, the Company will mail to each Crewmember a bid package containing vacation periods available for the next calendar year and a bid form. The Company must receive the completed bid form no later than October 31st. Vacation will be awarded in order of seniority at the Base in Type and Crew Class. A Union representative may be present during the awarding of vacation. The Company will mail the results to all Crewmembers no later than November 20th.

2. Probationary Crewmember

At the time of the annual vacation bid, a Crewmember with less than one (1) year of Active Service may bid a scheduled vacation in the following calendar year provided such vacation occurs after completion of one (1) year of Active Service.

3. Failure To Bid

A Crewmember who fails to bid or fails to bid sufficient choices will not be awarded a scheduled vacation.

E. Vacation Options

A Crewmember may exercise the following options with his accrued vacation. The desired option(s) must be indicated on the bid form. Take the vacation in the calendar year, be paid in lieu of vacation, bank the vacation or a combination of the above. If the Crewmember elects pay in lieu of vacation, he will still bid and the vacation payment will be made within forty-five (45) Days of the date when the Crewmember was scheduled to take his vacation. Sold or banked vacation awards will be published and awarded on a first-come, first-served basis.

F. Vacation Splits

Scheduled vacation may be split into periods of not less than seven (7) Days. Split vacation bids must be designated primary, secondary and tertiary on the bid form. A Crewmember's primary vacation block will be awarded in seniority order. The secondary vacation block will be awarded after all other Crewmembers have been awarded their primary vacation bid. Secondary vacation blocks will be awarded in seniority order among those Crewmembers who have bid a secondary block. Tertiary vacation blocks, if any, will be awarded in the same manner.

G. Unscheduled Vacation

If a Crewmember has vacation Days in his bank, he may, depending on the operational needs of the Company, be awarded previously unscheduled vacation.

H. Vacation Rescheduling

1. Reschedule

The Company will not change any vacation date after the sixtieth (60th) Day prior to the beginning of the vacation except by mutual agreement between the Crewmember and the Company.

2. Relinquish

A Crewmember may elect to relinquish his awarded vacation by giving the Company written notice at least sixty (60) Days prior to the beginning of the vacation.

3. Change Of Crewmember Status

Irrespective of Subsection H.1., above, a Crewmember who changes Base, Type or Crew Class after vacation periods have been awarded will be granted his choice of remaining available vacation periods in his new Base, Type and Crew Class. The Company will make every effort to permit the Crewmember to retain his originally awarded vacation period. If Company requirements preclude retention of this period, the Crewmember will be notified, within twenty-one (21) Days after changing Base, Type or Crew Class, that his vacation must be changed and will be provided a list of vacation periods available.

I. Return to Resident Airport

The Company will return a Crewmember to his Resident Airport or a mutually agreed upon location prior to the beginning of his vacation.

J. Vacation Bank

1. Maximum Bank

A Crewmember with five (5) years or less of Active Service may bank up to twenty-eight (28) vacation Days. A Crewmember with more than five (5) years of Active Service may bank up to forty-two (42) vacation Days.

2. Pay Out

a. Excess Bank

Vacation Days accrued in excess of the maximum allowable bank as of the Crewmember's anniversary Month of each year will be paid on the second paycheck following the Crewmember's anniversary Month.

b. Cessation Of Employment

If a Crewmember resigns, retires, is terminated or dies, the Crewmember or his estate will be paid for all accrued vacation provided the Crewmember has completed one (1) year of Active Service. In case of resignation, the Crewmember must give the Company at least fourteen (14) Days written notice of resignation in order to receive accrued vacation.

c. Supplement To Sick Leave Or Disability Benefits

A Crewmember may use accrued vacation to supplement his sick leave or short-term disability benefits. The combination of sick leave, disability benefits and vacation will not exceed a Crewmember's MBPG.

K. General

1. Vacation Day

Vacation will begin at 0000Z and end at 2359Z at a Crewmember's Resident Airport.

2. Statements

A Crewmember's pay statement will show his accrued vacation.

SECTION 9 - HEALTH AND WELFARE

A. Life Insurance

The Company will provide life insurance for a Crewmember who has completed ninety (90) Days of Active Service. Coverage will be equal to one (1) year at the Crewmember's MBPG, rounded to the nearest one thousand dollars (\$1,000.00). A Crewmember who has completed five (5) years of Active Service will be provided coverage equal to two (2) years at the Crewmember's MBPG, rounded to the nearest one thousand dollars (\$1,000.00) capped at one hundred fifty thousand dollars (\$150,000.00). A Crewmember will continue to be covered by life insurance while operating a Company flight within a Hostile Area. Life insurance will be continued during the first thirty (30) Days of a leave of absence.

1. Additional Life Insurance

The Company may offer additional life insurance that each Crewmember would be eligible to purchase.

B. Accidental Death and Dismemberment Insurance

The Company will provide accidental death and dismemberment insurance for a Crewmember who has completed ninety (90) Days of Active Service. Coverage will be equal to one (1) year at the Crewmember's MBPG, rounded to the nearest one thousand dollars (\$1,000.00). Accidental death and dismemberment insurance will be continued during the first thirty (30) Days of a leave of absence.

C. Health and Dental Insurance

The Company will provide health and dental insurance for a Crewmember desiring coverage who has completed ninety (90) Days of Active Service. Overall coverage levels will not be less than the overall coverage levels in effect on the Effective Date of this Agreement. The Company may change insurance carriers or offer alternative plans, such as HMOs or PPOs.

1. COBRA

When a Crewmember leaves the service of the Company, including leaves of absence, he may be entitled to a continuation of all or part of his health and dental insurance coverage under COBRA. If a Crewmember is eligible for coverage under COBRA, all information regarding coverage, premiums, deadlines and forms will be forwarded to him at the address the Company has on file.

2. Leaves of Absence

A Crewmember on a leave of absence must pay the employee portion of premiums during the first thirty (30) Days of the leave if he desires to remain covered. For leaves extending beyond thirty (30) Days, the Crewmember must, if he is eligible, elect COBRA to continue coverage, except as required by applicable law.

3. Premiums for Health and Dental Insurance

The premium costs of health and dental insurance coverage will be shared between the Company and the Crewmember. Premium costs for Crewmembers will be no less favorable than those provided to other groups of Company employees. Notwithstanding the above, Crewmembers will have premium costs no greater than set forth in the table below:

Years of Active Service	Single Coverage Per Pay Period	Family Coverage Per Pay Period
1 through 5	\$20.00	\$40.00
Greater than 6	no cost	no cost

D. Short-Term Disability Insurance

The Company will provide short-term disability insurance for a Crewmember who has completed ninety (90) Days of Active Service. Short-term disability benefits will not be less than seventy percent (70%) of a Crewmember's MBPG. The maximum benefit per week will be not more than six hundred dollars (\$600.00). Short-term disability benefits will begin, pursuant to the terms of the policy, after the required waiting period and after the Crewmember has been placed on a Medical Leave of Absence. Short-term disability benefits will continue for up to six (6) Months.

E. Long-Term Disability Insurance

The Company will offer long-term disability insurance that each Crewmember would be eligible to purchase in accordance with the terms of the policy. The Union and the Company will periodically review the advisability of changing coverage and insurance carriers.

F. Illness or Injury While in the Service of the Company

1. Medical Care Away from Base

If a Crewmember suffers a work-related illness or injury away from his Base on Company business and the illness or injury requires medical care away from his Base, the Company will pay all hospitalization and medical expenses that are not covered by applicable insurance.

2. Transportation

A Crewmember who becomes ill or injured on Company business and who as a result is unable to complete his assignment will be provided with necessary transportation to his Base or residence as soon as prudent and possible. Such transportation will be provided at Company expense if not otherwise covered by applicable insurance.

3. Worker's Compensation Filing Procedure

A Crewmember who suffers a work-related illness or injury covered by Worker's Compensation must report such illness to the Company as soon as possible and complete an injury/illness report. A claim for Worker's Compensation must be filed in the state where the Crewmember is Based.

SECTION 10 - RETIREMENT

A. Tax Deferred Savings Plan

The Company will establish a Kalitta Air, LLC Crewmembers' 401(k) Tax Deferred Savings Plan for Kalitta Air Crewmembers. The Plan will allow the Crewmembers to make self-directed investments. A Crewmember whose Longevity is ten (10) years or less, the Company will match one hundred percent (100%) of the first two and one-half percent (2½%) contributed by the Crewmember up to the Crewmember's gross annual earnings. A Crewmember whose Longevity is more than ten (10) years, the Company will match one hundred percent (100%) of the first five percent (5%) contributed by the Crewmember up to the Crewmember's gross annual earnings. The maximum Company contribution will not exceed five thousand dollars (\$5,000.00) annually. Examples are set forth below.

Longevity	Annual Earnings	Match %	Co. Contribution
5 Years	\$80,000	2.5%	\$2000
12 Years	\$100,000	5%	\$5,000

B. Vesting Schedule

Company contributions to a Crewmember's 401(k) account will be vested in accordance with the following schedule:

Years of Active Service	Percent of Total Company Contribution that is Vested
1 st	Zero Percent (0%)
2 nd	Twenty Percent (20%)
3 rd	Forty Percent (40%)
4 th	Sixty Percent (60%)
5 th	Eighty Percent (80%)

All Company contributions will be fully vested after five (5) years of Active Service.

C. Payroll Deductions

The Company will make payroll deductions for each Crewmember who participates in the Plan and deposit the funds into the account designated by the Plan Administrator in accordance with applicable laws.

D. Enrollment Forms

If a Crewmember fails to return enrollment or re-enrollment forms within ninety (90) Days, it will be conclusive evidence that a Crewmember declines enrollment for that period.

SECTION 11 - PHYSICAL EXAMINATIONS

A. Physical Standards

The physical standards required of a Crewmember shall be those established by the FAA, including its waiver policy.

1. A Crewmember who is not able to exercise the privileges of his medical certificate, fails the FAA physical examination, or is unable to obtain a medical certificate, will notify the Company's Chief Pilot or his designee within twenty-four (24) hours.
2. A Crewmember who fails to qualify for a first class medical certificate, but who is able to qualify for a second class medical certificate, may continue to fly for the Company as a First Officer at a First Officer's pay rate, provided that such practice is permitted by the FARs, there is a First Officer position available, and that no Displacement occurs.

B. Confidentiality

Information obtained from an FAA-required physical examination will be kept confidential between the doctor(s), the Crewmember and Company personnel concerned with the Crewmember's physical condition, unless otherwise required by law or regulation.

C. FAA Physical Examinations

1. Certificates to Training Department

A Crewmember will provide the Training Department with a copy of his new current medical certificate by the twenty-fifth (25th) Day of the Month in which the old medical certificate will expire. The Company may remove a Crewmember from service without pay if he fails to comply with this requirement.

2. Scheduling of FAA Physical

During the Month in which a Crewmember's physical examination is due, the Company will not prevent a Crewmember from attending the examination. A Crewmember will schedule his physical examination so as not to interfere with any Company required duty.

D. Reimbursement for a Physical Examination

The Company will pay the cost of one (1) physical examination annually. The examination will be paid in full up to one hundred fifty dollars (\$150.00).

SECTION 12 - LEAVES OF ABSENCE

A. Unpaid Personal Leave

1. General

An unpaid personal leave of absence may be requested by a Crewmember by completing a Request for Leave of Absence form and submitting it to the Chief Pilot no later than thirty (30) Days before the bid closing for the Month in which the leave is requested to begin. A Crewmember must have been continuously employed for one (1) year before a request will be considered. Granting of personal leave will be at the sole discretion of the Company. Normally, unpaid personal leave of absence will be granted for an initial term not to exceed sixty (60) Days and may be extended at the sole discretion of the Company for successive thirty (30) Day terms.

2. Return to Employment

a. A Crewmember on an unpaid personal leave will normally return on a bid award. At the discretion of the Company, a Crewmember may return from a leave of absence earlier than that granted by the Company.

b. If Training or requalification is necessary, the Crewmember's return date shall be determined by the first available class date to requalify for the status to which the Crewmember is returning.

c. A Crewmember returning from leave will return to a vacancy, pursuant to Section 14 (Filling of Vacancies) or to his former position, provided that it still exists and his seniority will allow him to hold the position. If the position does not exist or he can no longer hold the position, the Crewmember may bump into any position for which he is qualified.

3. Seniority

A Crewmember will retain and continue to accrue his seniority while on an unpaid personal leave.

4. Longevity

A Crewmember will accrue Longevity for the first sixty (60) Days of personal leave, but not thereafter.

5. Pass Privileges

While on personal leave, a Crewmember and his dependents will be eligible for pass travel benefits if available.

B. Unpaid Medical Leave

1. General

Medical leaves of absence will be allowed for sickness, injury, and pregnancy upon the exhaustion of all available paid leave entitlements. Written verification of the disability must be received from a qualified medical doctor. Medical leave will be requested by submitting a Request for Leave of Absence to the Chief Pilot as soon as possible after the reason for the leave is known. Medical leave will not exceed four (4) years. A Crewmember on a medical leave must submit a letter from his doctor stating whether or not he is able to meet FAA physical requirements each year within sixty (60) Days of the anniversary date of the leave. When he returns, the Crewmember will be given Training in accordance with Kalitta Air's FAA-approved Training program. Failure to qualify for his position may result in termination.

2. Return to Employment

- a. A Crewmember on an unpaid medical leave will normally return on a bid award. A Crewmember may apply to return earlier than scheduled if a position for which he is trained and qualified is available.
- b. If upon return from an unpaid medical leave, if Training or requalification is necessary, the Crewmember's return date shall be determined by the first available class date to requalify for the status to which the Crewmember is returning.
- c. A Crewmember returning from leave will return to a vacancy, pursuant to Section 14 (Filling of Vacancies) or to his former position, provided that it still exists and his seniority will allow him to hold the position. If the position does not exist or he can no longer hold the position, the Crewmember may bump into any position for which he is qualified.

3. Seniority

A Crewmember on medical leave will retain and continue to accrue seniority. A Crewmember returning from medical leave will be entitled to exercise his seniority within his last assigned Base. If a Crewmember's last assigned Base is no longer a Company Base, then he will be allowed to select any Base, seniority permitting.

4. Longevity

A Crewmember will accrue Longevity during the first sixty (60) Days of medical leave, but not thereafter.

5. Pass Privileges

While on Medical leave, a Crewmember and his dependents will be covered by the Company Pass policy if available.

C. Military Leave

1. General

A Crewmember will be granted military leave for military service or reserve duty in accordance with applicable federal law. Military leave must be requested by submitting a Request for Leave of Absence form with accompanying documentation to the Chief Pilot as soon as practicable after the Crewmember becomes aware of the military duty for which the leave is requested. A Crewmember returning from a military leave greater than ninety (90) Days will be returned to pay status upon their return.

2. Eligibility

Leaves will be granted to Crewmembers who are members of reserve units of the U.S. military forces, including National Guard units ordered to Active Service. Leaves will also be granted to Crewmembers who are inducted or who enlist in the Armed Forces of the United States. Eligibility includes Crewmembers who have not completed their Probationary year.

3. Seniority and Longevity

A Crewmember's seniority and Longevity will continue to accrue during military leave.

4. Sick Leave

Sick leave will accrue during the first ninety (90) Days of military leave but not thereafter.

5. Vacation

Vacation earned but not taken before the Crewmember receives notice of active duty will be taken or paid by the Company at the Crewmember's option. Vacation will accrue during the first ninety (90) Days of military leave, but not thereafter.

6. Pass Privileges

While on military leave, a Crewmember and his dependents will be covered by the Company's Pass policy if available.

7. Group Insurance Program

The Company will continue to provide benefits to eligible Crewmembers and their covered dependents while on Military Leave, provided that timely payment of the employee's portion of the Monthly premium is made. Untimely payments of benefit premiums may result in loss of Company paid benefits. However, a Crewmember will still be able to continue Group Coverage to the extent provided by COBRA.

D. Emergency Leave of Absence

In those cases when a Crewmember needs time off to attend to an important personal matter, he shall, to the extent feasible, use his seniority to bid a schedule which has those Days off. When this isn't possible because the need for the absence isn't known when Monthly schedules are being bid or finalized (e.g., death of a close family member, serious family illness, personal emergency or birth of a child), the Crewmember shall be granted emergency leave to attend to the matter. Emergency leave shall be granted for no less than three (3) Days, but may be extended giving consideration to the nature of the emergency. Emergency leave shall be requested by submitting a Request for Leave of Absence form to the Chief Pilot as soon as practicable after the Crewmember becomes aware of the need for the leave. When such absence causes the Crewmember to fall below the Monthly guarantee, he shall, nevertheless, receive the guarantee. This provision is intended to cover emergencies of short duration. In the event extended time is needed, the Crewmember may use accrued vacation time with the approval of the Chief Pilot.

E. Workers' Compensation Leave

A workers' compensation leave of absence shall be granted to a Crewmember for the period of time that the Crewmember receives disability payments under a workers' compensation statute. Once payment of workers' compensation earnings loss benefit ceases, workers' compensation leave may be terminated if the Crewmember fails to provide the Company with documentation with respect to the continued disability. Any sick leave and/or vacation leave used while on workers' compensation leave shall be reinstated in full upon return to active status minus workers' compensation benefits paid to the employee.

F. General

1. Benefit Coverage

- a. Pilots may elect to continue their benefit coverage (i.e., health insurance, dental insurance, optional life insurance and short-term disability coverage when applicable) during an unpaid leave of absence at their own expense.
- b. Coverage under the Company group insurance plans will continue in accordance with the plans, thereafter, the Company will process an administrative payroll separation and the Crewmember may continue group insurance coverage to the extent provided by COBRA, provided the Crewmember complies with all COBRA requirements.
- c. Untimely payment of benefit premiums may result in loss of the benefit.
- d. Pursuant to any applicable federal or state law, the Company will continue to provide benefits to eligible Crewmembers on military leave.

2. Failure to Return From a Leave of Absence

A Crewmember that fails to return to work at the end of a leave of absence will be considered by the Company as having voluntarily resigned from employment.

G. FMLA

1. In addition to the enumerated leaves of absence provisions contained in this Section, Crewmembers shall also be eligible for leave under the federal Family Medical Leave Act or comparable state law.

2. During a FMLA leave, a Crewmember will continue to accrue seniority and Longevity.

SECTION 13 - SENIORITY

A. Seniority Lists

1. Separate Lists

Two (2) separate Seniority Lists will be maintained. The Pilot's Seniority List will be Based on a Pilot's Date of Hire with the Company as a Pilot. The Flight Engineer's Seniority List will be Based on a Flight Engineer's Date of Hire with the Company as a Flight Engineer. When two (2) or more Crewmembers are placed on the Company's System Seniority List on the same Date of Hire, their names will be placed on the applicable Seniority List according to their age; i.e., the older Crewmember will receive the more senior position. When two (2) or more Crewmembers are placed on the Company's System Seniority List on the same date and have the same birth date, their relative seniority position shall be determined alphabetically by last name with the first letter of the last name closest to "A" being more senior.

2. List Contents

The Pilots' Seniority List will include all Captains and First Officers. The Flight Engineers' Seniority List will include all Flight Engineers and Prior Rights Flight Engineers. Crewmembers hired by the Company after the date of ratification of this Agreement will be placed on either the Pilots' Seniority List or the Flight Engineers' Seniority List by Date of Hire.

B. Seniority Accrual

1. The seniority of a Crewmember shall commence on the Crewmember's Date of Hire (when initial ground school commences) and shall continue to accrue thereafter during his period of service with the Company, except as otherwise provided for in this Agreement. A Crewmember's Longevity shall commence concurrently with his seniority date, and shall accrue thereafter during his Active Service with the Company or as otherwise provided for in this Agreement.
2. Except as otherwise provided for in this Agreement, the Company's System Seniority List shall govern each Crewmember in case of promotion or demotion, filling of vacancies, his assignment or reassignment due to expansion or reduction in schedules, his retention in case of reduction in force and his reemployment after his release due to reduction in force.

3. On having established a seniority date and relative position on the Seniority List, a Crewmember shall not lose that date and relative position, except as provided in this Agreement. The Seniority list in effect on the date of execution of this Agreement is attached hereto as Appendix A. An updated Seniority List will be amended to reflect subsequent status changes and will be posted at least twice annually on January 1st and July 1st of each year. The Seniority List will contain the date of publication of the list, the names of all Crewmembers entitled to seniority, whether active or inactive, their relative rank, their status and equipment and their Date of Hire.

C. Seniority List Posting

The Company will post the Seniority List at all Company Bases and Company HUBs. On or before January 15th and July 15th of each year, the Company will mail an updated copy of the Seniority Lists to each Crewmember's home address and to the Union. The Seniority Lists will contain the date of the list, the Category identification of the list; i.e., Pilot or Flight Engineer, seniority numbers; Crewmembers names; dates of hire; birthdates; aircraft assignments; Crew Class; Check Airman or Management status; leave status; assigned Base; and designation as prior rights Flight Engineers. The person issuing the Seniority List will date and sign the list.

D. Protest of Seniority List

1. A Crewmember will be permitted ninety (90) Days after the posting of a Seniority List in which to protest, in writing, to the Director of Operations, or his designee, any omissions or incorrect postings affecting his seniority. If a Crewmember fails to file such protest, he is bound by the list and has no further recourse regarding that or any subsequent list containing that omission or incorrect posting. The Company shall investigate the protest and respond to the Crewmember in writing within fifteen (15) calendar Days of receipt of the Crewmember's protest.
2. A Crewmember who, at the time of posting of the Crewmembers' System Seniority List is on vacation, leave of absence, or furlough may file a protest within thirty (30) Days of his return to active duty.

E. Loss of Seniority

A Crewmember whose employment with the Company is permanently severed shall forfeit his seniority rights and that Crewmember's name shall be removed from the Seniority List. Such circumstances include, but are not limited to, resignation, discharge for cause, retirement, failure to return to Active Service following a furlough or leave of absence, or other reasons provided for in this Agreement.

F. Effect of Bypass on Seniority

When a junior Crewmember is promoted over a senior Crewmember by reason of the failure of the latter to qualify in his turn, the more senior Crewmember will retain his position on the applicable Seniority List.

G. Flight Engineer to Pilot Bidding

A Crewmember may exercise his seniority to move from the Flight Engineers' Seniority List to the Pilots' Seniority List by bidding for a Pilot vacancy.

1. Minimum Requirements

A Crewmember submitting such a bid must meet the First Officer minimum requirements set forth in Section 16 (Training).

2. Training Availability

A Crewmember who is awarded a bid pursuant to this Subsection must make himself available at a time convenient to the Company for Training for the Pilot position.

3. Failure To Qualify

A Crewmember awarded a bid pursuant to this Subsection who fails to qualify as a Pilot may return to his previous position on the Flight Engineers' Seniority List provided the Crewmember can qualify for such position.

4. Removal From Seniority List

Upon successful qualification as a Pilot, including completion of all required Training, a Crewmember awarded a bid pursuant to this Subsection will be removed from the Flight Engineers' Seniority List.

H. Pilot to Flight Engineer Bidding

A Crewmember may exercise his seniority to move from the Pilots' Seniority List to the Flight Engineers' Seniority List one time only by bidding for a Flight Engineer vacancy.

1. Bid Submission Deadline

Such a bid must be on file not less than one hundred eighty (180) Days before the Crewmember reaches the FAA mandatory Pilot retirement age.

2. Minimum Requirements

A Crewmember submitting such a bid must meet the Flight Engineer

minimum requirements set forth in Section 16 (Training).

3. Bid to Flight Engineer

A Crewmember, who at the time of bid award can qualify as a Flight Engineer, will be placed on the Flight Engineers' Seniority List in seniority order below the lowest seniority Prior Rights Flight Engineer, upon successful qualification as a Flight Engineer.

4. Holding a Bid on File

If a bid filed pursuant to this Section is not awarded before the Crewmember reaches the FAA mandatory Pilot retirement age, the Crewmember will be placed on the Flight Engineer Seniority List in seniority order below the lowest seniority Flight Engineer. Such bid will remain on file and eligible for award no longer than twenty-four (24) Months after the Crewmember reaches the FAA mandatory Pilot retirement age. At the conclusion of the twenty-four Month period, the Crewmember's name will be removed from the list.

5. Training Availability

A Crewmember who is awarded a bid pursuant to this Subsection must make himself available at a time convenient to the Company for Training for the Flight Engineer position. A Crewmember who declines a Flight Engineer class date, for reasons within his control, forfeits his rights to this Section. If the Company elects to delay Training, the affected Crewmember will not forfeit rights to any part of this Section.

6. Removal from Seniority List

Upon successful qualification as a Flight Engineer, including completion of all required Training, a Crewmember awarded a bid pursuant to this Subsection will be removed from the Pilots' Seniority List.

7. Failure to Qualify

A Crewmember awarded a bid pursuant to this Subsection who fails to qualify as a Flight Engineer may return to his previous position on the Pilots' Seniority List provided the Crewmember can qualify for such position.

8. Displacement to Flight Engineer

The one-time bid limitation of this Subsection will not apply to a Crewmember who is displaced from the Pilots' Seniority List to the Flight Engineers' Seniority List.

SECTION 14 - FILLING OF VACANCIES

A. Vacancy Definition

Unfilled position (Type and Crew Class) as the result of expansion or departure of Crewmembers other than a reduction in force.

B. Standing Bid

1. Standing Bid Submission

Each Crewmember must submit a signed and dated Standing Bid on a form provided by the Company to the Director of Operations, or his designee, by certified or registered mail, return receipt requested, fax with verified delivery or hand delivery. Standing bids are effective upon receipt, but will not be considered for a vacancy notice that has closed. The Standing Bid will indicate the Crewmember's preferences for Type and Crew Class listings. A Standing Bid file will be maintained by the Director of Operations, or his designee. A Crewmember may inspect his bid during normal office hours. A Crewmember who has no Standing Bid on file will be assumed to have bid his present position.

2. Standing Bid Updates

A Crewmember's Standing Bid may be updated at any time. An updated Standing Bid must be submitted on a form provided by the Company, signed and dated by the Crewmember, to the Director of Operations, or his designee, by certified or registered mail, return receipt requested, fax with verified delivery or hand delivery. Updated Standing Bids are effective upon receipt, but will not be considered for a vacancy notice that has closed.

C. Awarding and Assignment of Vacancies

1. Vacancy Notice

The Company will determine the number of vacancies and post a notice announcing all known vacancies. The notice will state the Effective Date for each vacancy and the total number of positions, by Type and Crew Class required system wide. A copy of such notice will be mailed to each Crewmember, including each furloughed Crewmember.

2. Vacancy Closing And Bid Submission

The notice will include a deadline by which updated Standing Bids must be received by the Director of Operations, or his designee, which will

not be less than fourteen (14) Days after the date such notice is mailed to Crewmembers. Each notice will be numbered consecutively during a calendar year. By mutual agreement, the Union and the Company may reduce the deadline period.

3. Bid Award

Bids will be awarded in seniority order to Crewmembers who will be, or reasonably can be expected to be, available on the date Training for the award commences. A Crewmember appointed by the Union will be present at the time of bid awards, if the Union so requests. A Crewmember awarded a bid must meet the qualifications set forth in Section 16 (Training).

4. Additional Vacancies

Additional vacancies created by the bid awards will be filled concurrent with the bid awards in seniority order, Based on a Crewmember's Standing Bid. No additional vacancy notice will be required.

5. Unfilled Vacancies

Vacancies that remain unfilled after bids have been awarded may be assigned in reverse Category seniority order or filled by new hire Crewmembers.

6. Publishing Of Bid Results

Results of bid awards and assignments will be mailed to each Crewmember within fourteen (14) Days after the specified closing date and will refer to the notice number that announced such vacancy(s). Results will include the Effective Date, Type, Crew Class, name and seniority number of each successful bidder or assigned Crewmember.

D. Equipment Lock

1. A Crewmember is not eligible to bid on any Type of aircraft other than the Type he is flying unless he, on the Effective Date of the vacancy, has completed eighteen (18) Months of Active Service from completion of his initial line check in his Type and Crew Class. This provision does not apply in the case of any Crewmember who has been displaced. When posting a vacancy notice the Company may waive the equipment lock, provided the waiver is applied equally to all Crewmembers within a Crew Class. The waiver must be contained within the vacancy notice.
2. If the Company acquires a Type not previously in its fleet, all non-Probationary Crewmembers who bid for that Type will have any existing equipment lock waived at the discretion of the Company. This

waiver applies for twelve (12) Months from the date such Type is placed in service.

3. A Flight Engineer is not eligible to bid for upgrade Training until twelve (12) Months after completion of his initial line check.

E. Bypass

If a Pilot, or a Flight Engineer who has bid for the Category of Pilot, has attained the age of 57 at the time of his bid award or Displacement, and Training is required, the Company may elect not to train the Crewmember and pay him as follows:

1. Upgrade to Captain

The Crewmember will be paid as a Captain until reaching the FAA-mandated retirement age for Pilots.

2. Transition

The Crewmember will be paid an override of fifteen dollars (\$15.00) per hour for each hour credited until reaching the FAA-mandated retirement age for Pilots.

F. Displacements

1. A Crewmember is displaced when his seniority will no longer allow him to hold his Type, Crew Class or Base. An elimination of an equipment Type is classified as a displacing event.
2. The Company will provide at least fourteen (14) Days advance written notice to all Crewmembers of any forced surplus required when there is a reduction in the number of Crewmembers in a particular Type, Crew Class or Base.
3. A Crewmember displaced in Type, Crew Class or Base will be displaced in inverse order of seniority.
4. A Crewmember who is displaced will be awarded any Type or Crew Class which he has bid and is entitled according to seniority.

SECTION 15 - FURLOUGH AND RECALL

A. Furlough

1. All furloughs will be in reverse order of seniority. Crewmembers to be furloughed will be given at least seventeen (17) Days written notice of furlough, or pay in lieu thereof, except in cases of emergency, strikes, acts of God, grounding of aircraft by governmental order, or other causes beyond the control of the Company; in those cases the Company will give as much notice as possible. Written notifications will be sent Certified Mail, marked "Deliver to Addressee Only." Announcements of furloughs will be posted at all Company Bases and if an affected Crewmember on a Trip Sequence does not transit any Company Bases, he will be notified of his furlough directly by the Company no later than twelve (12) Days prior to the Effective Date of the furlough.
2. When a Crewmember is furloughed, he will be paid for vacation time accrued.
3. A furloughed Crewmember is eligible to continue certain insurance benefits through COBRA. These insurance benefits will be at the Crewmember's expense. COBRA benefits are available for the period required by law.
4. A Crewmember who is furloughed will retain and continue to accrue seniority during his furlough. Longevity will continue to accrue for the first sixty (60) Days of his furlough.
5. A furloughed Crewmember should maintain his Standing Bid while on furlough. If no Bid is on file, or if insufficient choices are listed, the Crewmember will be recalled to the Base, Type and Crew Class of the Company's choice.

B. Recall

1. Recall will be offered in seniority order by sending a written recall notice marked "Deliver to Addressee Only" via certified mail or other means of verified delivery to the address on file with the Company, with a copy to the Union.
2. After delivery of a recall notice, a Crewmember will have ten (10) Days to notify the Company in writing that he is accepting recall or is electing to bypass. If the Crewmember elects to bypass, he must notify the Company in writing that he elects to be placed on the bypass list. A Crewmember may remove his name from the bypass list at any time. If all furloughed Crewmembers are on the bypass list

at the time of recall, the most junior Crewmember on the bypass list must accept recall or he will be terminated. A Crewmember who elects to bypass will return (in seniority order) only as vacancies occur. A Crewmember who accepts recall will have fourteen (14) Days after acceptance of recall to report for duty from furlough. If the Crewmember's address on file with the Company is outside the United States, he will be allowed thirty-one (31) Days in which to report for duty. A Crewmember may accept early recall and waive the provisions of this Section in writing. If, after accepting recall, the Crewmember is unable to report for duty because of circumstances beyond his control, he will be placed on an appropriate leave of absence.

3. A Crewmember on furlough status will retain his seniority under this Agreement until the Crewmember fails to accept recall or bypass as provided in this Section. A Crewmember who has not been recalled within six (6) years from the date of his furlough will forfeit his seniority and not be entitled to recall.
4. When a vacancy exists that is not filled in accordance with this Section, a Crewmember who is recalled from furlough can use his system seniority to bid on available vacancies. A Crewmember accepting recall from furlough will be guaranteed at least ninety (90) Days of employment or pay. A Crewmember who is on a paid status after recall and released can be immediately recalled while he is on paid status. If the Crewmember declines an immediate recall, he will be considered to have abandoned his job.
5. A Crewmember who is recalled within six (6) Months of his furlough who is assigned to a Base different from the Base to which he was assigned at the time of furlough shall receive moving expenses and related benefits pursuant to Section 6 (Expenses) of this Agreement.
6. A Crewmember who is furloughed will retain Company pass benefits (if available) for ninety (90) Days following the Effective Date of the furlough.

C. Address

A furloughed Crewmember shall have on file with the Company Human Resource Department the address to which he desires notice of recall to be sent. The Company will be deemed to have complied with its obligation under this Section by sending such notices to that address.

SECTION 16 – TRAINING

A. Qualifications

1. FAA Requirements

A Crewmember must meet all FAA qualifications and certification requirements applicable to his Crew Class and Type.

2. Company Minimum Requirements

The minimum requirements for bid award are set forth below. The Company may reduce the requirements provided they are applied equally to all Crewmembers in any notice of vacancy. The minimum requirements may be increased if required by the FAA or with the agreement of the Union.

a. First Officer Minimum Requirements:

(i) Certificates

A Commercial Pilot Certificate with Instrument and Multi-Engine Land Rating; and

(ii) Flying Experience

1,500 hours total Pilot time; and

(iii) Medical Certificate

An FAA First Class Medical Certificate, and

(iv) Simulator Evaluation

A simulator evaluation; and

(v) Written Examination

Successfully complete the FAA ATP written examination or an equivalent Company examination.

(vi) Flight Engineer Upgrades

A Flight Engineer may use fifty (50%) percent of his Flight Engineer time with the Company, up to a maximum of 750 hours, to satisfy the requirement set forth in 2.a.ii. of this Section.

b. Flight Engineer Minimum Requirements:

(i) Certificates

A Flight Engineer Certificate with a Turbojet Rating.

A Flight Engineer may possess a Commercial Pilot Certificate with Multi-Engine and Instrument ratings or an Airframe and Powerplant Mechanic Certificate, but neither is required for this position;

and

(ii) Medical Certificate

An FAA First or Second Class Medical Certificate.

c. Captain Minimum Requirements:

(i) Certificates

An Airline Transport Pilot Certificate; and

(ii) Flying Experience

5,000 hours of total Pilot time, or, twenty-four (24) Months of Pilot experience on Company aircraft, or, 500 hours of Pilot time with the Company in Type, but not less than 2,500 hours of total Pilot time; and

(iii) Medical Certificate

An FAA First Class Medical Certificate.

(iv) First Officer Upgrades

A First Officer with the Company is exempted from the requirements of A.2.c.i. of this Section, provided he has passed the FAA ATP written examination.

B. Company Provided Training

The Company will provide the necessary manuals and Training to meet the requirements of the FAA-Approved Training Program at no cost to the Crewmember.

C. Training Records Review

A Crewmember may review all pertinent forms at the conclusion of each Training or check period. He will be provided a copy of his Training event form(s) at the conclusion of each Training course or check period. The Crewmember will sign the Training event form(s). Upon written request to the Training Department, a Crewmember may review his permanent Training record.

D. Notice of Training

When practicable, the Company will provide at least seven (7) Day's notice of all ground and simulator Training unless the Crewmember agrees to shorter notice. In no case will the Company provide less than two (2) Days notice, unless the Crewmember agrees to shorter notice.

E. Recurrent and/or Additional Training Schedules

1. Days Off

The Company may schedule a Crewmember's recurrent and/or additional Training on a scheduled Day off within eighteen (18) Months from the date of signing of the Collective Bargaining Agreement. However, Training will not be considered excess Days for the first eighteen (18) Months. Thereafter, recurrent and/or additional Training will be conducted on the Crewmember's scheduled duty Day unless waived by the Crewmember.

2. Recurrent and/or Additional Ground School

Recurrent and/or additional ground school will not be scheduled so as to conflict with a Crewmember's scheduled vacation. However, in a Crewmember's grace Month, when the scheduling of recurrent and/or additional ground school is the result of his own actions, recurrent and/or additional ground school may conflict with his scheduled vacation. If more than one recurrent and/or additional ground school period is available in a Bid Period, the ground school periods will be assigned at the Company's discretion.

3. Recurrent and/or Additional Simulator Training

Recurrent and/or additional simulator Training and recurrent proficiency checks will not be scheduled so as to conflict with a Crewmember's scheduled vacation, unless a Crewmember is in his grace Month. A Crewmember must attend his assigned recurrent and/or additional simulator Training period(s) and recurrent proficiency check(s).

4. One in Seven

Unless waived by all Crewmembers in a Training class, a Crewmember will be provided at least one (1) period of twenty-four (24) consecutive hours free of all duty during any seven (7) consecutive Days assigned to Training, except for Recurrent Training.

5. Minimum Scheduled Days Free of Duty

A Crewmember scheduled for initial, transition or upgrade Training of fifteen (15) or more Days duration will be scheduled for five (5) consecutive Days free of duty prior to the commencement of such Training. A Crewmember may waive such Days free of duty. However, such waiver will not cause the waived Days to be paid under Section 5.G. (Pay on a Scheduled Duty Free Day). Training will not be scheduled for seven (7) consecutive Days unless waived by all Crewmembers. For Crewmembers in initial, transition, remedial or upgrade Training, duty free Days as described in Scheduling Section D.2.a-c. do not apply.

6. Rest Before Simulator

If a Crewmember reports directly from line flying to the simulator, the Company will schedule that Crewmember for twelve (12) hours free of all duty between arrival at the simulator city and the simulator briefing.

7. Simulator Period Duration

Simulator Training or check periods will not be scheduled to exceed four (4) hours per Day, excluding briefing and debriefing.

8. Training Rescheduled

A Training period may be rescheduled for reasons beyond the control of the Company. Training reschedules will not interfere with a Crewmember's Days off in that bid period unless the Crewmember agrees.

F. Training Failures

1. First Training Failure

- a. A Crewmember who fails to complete a Recurrent Training event successfully will be provided additional Training in the area of deficiency as determined by the TRB.
- b. If Training is initial, transition or upgrade and a successful bidder fails to qualify, he may be returned to his former Crew Class and Type and will be provided requalification Training in accordance with the Company's FAA-approved Training program. If his former Type is no longer a part of the Company fleet, he will be given his second Training attempt.
- c. If the Crewmember elects and the Company agrees, a second Training attempt may be provided to qualify at the initial, upgrade or transition Training.

2. Second Training Failure

A Crewmember who fails to successfully complete any combination of two (2) Training events, being either initial, upgrade, transition or Recurrent Training, within two (2) years may be terminated or be returned to his former Crew Class for the duration of his employment unless the TRB directs otherwise.

3. Ineligibility to Bid After Failures

A Crewmember who fails to successfully complete Training or a pre-Training simulator evaluation will be ineligible to bid on any vacancy requiring Training until he has completed an additional five hundred (500) hours and twelve (12) Months of active flying on the Type to which he is assigned. The Company may waive this restriction. A withdrawal from Training for other than family emergency or documented medical condition will be considered a failure to complete Training under the terms of this Section.

4. Failure to Meet Training Time Lines

A Crewmember who fails to complete Training because of the failure to meet FAA-mandated Training time lines will receive additional Training. If the failure to meet the time lines was for reasons beyond the Crewmember's control and he subsequently fails to successfully complete Training, he will not be subject to Subsection F.3. However, he will be subject to Subsection F.2.

5. Failure to Pass Pre-Training Evaluations

A Crewmember who fails three (3) consecutive pre-Training simulator evaluations may be restricted in his present Crew Class for the duration of his employment.

G. Professional Standards Committee Involvement

1. Training Failures

The Company will advise a member of the Professional Standards Committee whenever a Crewmember fails to complete any Training event. Upon request, the Chief Pilot or Director of Flight Standards will consult with a member of the Professional Standards Committee and the Crewmember before the disposition of the affected Crewmember is determined.

2. Committee Member Pay Protection

Committee Member pay protection is dealt with in Section 23 (General).

H. Training Review Board (TRB)

1. The TRB will be established by the Company and the Union and will be comprised of the Director of Standards and Safety, the Chief Pilot or their respective designees, and two (2) Crewmembers selected by the PSC Chairman.

2. The purpose of the TRB is to review and evaluate the progress of a Crewmember's Training in a timely and expeditious manner. Two (2) TRB members, consisting of no more than one (1) Company representatives and one (1) Union representative, will be present at all sessions of the TRB and will constitute a Quorum. Participation may be by telephone. All directives of the TRB will require a unanimous vote of the quorum. In the event there is no unanimous vote, the Director of Operations will make the final determination.

3. The TRB will review and evaluate the progress of a Crewmember's Training when:

- a. requested by the Director of Standards and Safety or the Chief Pilot; or,
- b. a Crewmember does not successfully complete a proficiency check attempt during transition, upgrade or Recurrent Training.

4. A Crewmember may request the attendance of a Union representative or a PSC representative as set forth in this Section during TRB proceedings.

5. The TRB will consider any information directly related to the Training and/or proficiency of the Crewmember.
6. The TRB will have access to all Training records pertaining to a Crewmember whose Training and/or proficiency is being reviewed and may call or question any individual who may have information relevant to the Crewmember's Training and proficiency.
7. The TRB has the authority to direct:
 - a. additional Training for the Crewmember;
 - b. a change of instructor for the Crewmember;
 - c. the voluntary withdrawal of the Crewmember from Training;
 - d. the involuntary withdrawal of the Crewmember from Training;
or,
 - e. other appropriate action the TRB deems necessary.
8. The TRB will issue a written report on its recommendations. Copies will be made available to the Director of Operations, the Executive Council, the PSC Chairman and the affected Crewmember. The Crewmember will be given the opportunity to submit a rebuttal letter that will become a part of his permanent record as set forth in C. of this Section.

I. Training Pay

All Crewmembers in Training shall be compensated as set forth in Section 5 (Compensation).

J. General

1. Revenue Flying

Except for OE, a Crewmember will not be required to fly a revenue flight while in initial or transition Training.

2. Probationary Crewmembers

Training of Probationary Crewmembers will be handled at the Company's discretion.

3. Recurrent Training Order

Recurrent ground school must be successfully completed prior to administering simulator Training or a proficiency check.

4. Re-Indexing

The Company may reschedule the due Month of recurrent Training to equalize the number of Crewmembers needing recurrent Training over a twelve (12) Month period. The Company will provide at least thirty (30) Days notice to a Crewmember whose due Month is being rescheduled. The Crewmember may waive such notice.

5. Ground Transportation

The Company will provide ground transportation between a place of lodging and a Training facility if ground transportation is not provided by the place of lodging or the Training facility.

6. Dual Qualification

No Pilot shall be required to maintain qualification on more than one Type of equipment.

7. HoliDays

Other than IOE and line checks, Training will not be scheduled on Christmas or New Year's Day and will be scheduled to end no later than 1300 Local on Christmas Eve or New Year's Eve nor will it be scheduled to begin prior to 1000 after Christmas Day or New Year's Day, local time at the Training site.

SECTION 17 – SCHEDULING

A. General

1. Duty Day

A Crewmember's duty period shall commence at 0001Z on his first Day of duty of the Bid Line assigned or awarded. A Crewmember will be required to report to the location of his first duty assignment within the contiguous forty-eight (48) states as directed by the Company by 0500Z. A Crewmember will be released from all Company duty by 1900Z on the last scheduled Day of duty at a location within the contiguous forty-eight (48) states as directed by the Company. Time spent by a Crewmember in transportation exceeding five (5) hours going to or returning from the location of his scheduled duty assignment is considered a Commute. A Crewmember will be paid three point six five (3.65) hours or the actual hours flown, whichever is greater, if on the last scheduled Day of duty the Crewmember is not returned to a location within the contiguous forty-eight (48) states by 1900z and has not returned to his Resident Airport by 2359Z. In lieu of three point six five (3.65) hours Day off pay, a Crewmember may coordinate with Crew Scheduling to drop sufficient Days from his current or subsequent bid period. A Crewmember's duty period will end at 2359Z on his last scheduled Day of duty. If travel does not commence before the Crewmember's duty period ends, the Crewmember will be paid three point six five (3.65) per Day until the Crewmember is returned to his Resident Airport.

The Company shall provide all transportation from a Crewmember's Resident Airport to the Crewmember's duty assignment and returning the Crewmember to his Resident Airport. Company provided transportation for this purpose will be limited to/from the Crewmember's Resident Airport located within the forty-eight (48) contiguous states, Anchorage, Alaska (PANC) and Honolulu Hawaii (PHNL).

2. Delays and Cancellations

When the Company provides transportation to an assignment for a Crewmember, the Crewmember will not be responsible for delays or cancellations beyond his control.

3. Resident Travel to Base for Training

Resident Airport travel shall not apply to Crewmembers in Training. All travel is considered a Commute when traveling to Base.

4. Travel Between Home and Resident Airport

Crewmember travel between home and Resident Airport, including but not limited to, mileage expense, tolls, parking and other related expenses shall be the responsibility of the Crewmember.

5. Travel Between Resident Airport and Base

A Crewmember who travels from his Resident Airport to his Base for an assignment (except for Training) will receive resident travel. A Crewmember will also receive per diem and hotel accommodations, once at their Base.

6. Travel Route

Crewmembers mode of travel shall be at the Company's discretion, provided that the Company shall exercise reasonable efforts to provide the most direct and expeditious routing where such does not require the Company to incur any additional costs.

7. International Bases

If the Company desires to establish any Base outside the contiguous United States and the District of Columbia, the Union and the Company will meet to attempt to agree upon the changes necessary in this Agreement prior to establishing such a Base. If after sixty (60) Days the parties are unable to agree upon the changes necessary in this Agreement to establish such a Base, the Company may establish the Base and the parties will refer the issue of what changes are necessary to interest arbitration. Prior to such referral, the parties will mutually agree upon an appropriate set of ground rules for such arbitration. The Railway Labor Act and all provisions of this Agreement shall apply to all International Bases.

8. Scheduling Committee

Bid packages will be provided to Scheduling Committee members prior to publication. The Company will consider recommendations of the Scheduling Committee concerning scheduling policies and procedures.

9. Military Duty

When a Crewmember has military duty of fourteen (14) Days or less, he must bid all Bid Lines that accommodate such military duty. Days of military duty will be considered a Crewmember's scheduled duty free Days. If a Crewmember is unable or fails to bid around his military duty, he will be assigned duty Days that will not conflict with his military duty requirements.

10. Required Records

The Company will keep a record of all bid packages and Bid Line

awards or assignments, and bid request forms for thirteen (13) bid periods.

11. Hostile Areas

Prior to operating a flight(s) into a Hostile Area, the Union and the Company will consult to determine the procedures for such flight(s).

12. Notification of Appreciable Delay

The Company will notify a Crewmember of any appreciable delay in excess of one hour of his departure time as soon as practical after the delay becomes known.

B. Bid Period

A Bid Period will consist of a Month as defined in Section 2 (Definitions).

C. Multiple Bid Periods

The Company may include up three (3) Bid Periods in one (1) Bid Package (excluding transition Days). Each Bid Period will be bid and awarded separately and sequentially.

D. Bid Line Construction

1. Lines of Duty

The Company will construct lines that may contain Layover Days, Reserve Days, Days of Duty, Days Free of Duty and Transition Days. All such lines will be constructed to commence and terminate within the contiguous forty-eight (48) states. Lines of flying will contain all known flying. Bid lines including transition Days (not to include back-to-back consecutive Bid Lines) cannot exceed seventeen (17) Days in succession.

a. Mixed lines of flying (lines that may contain Reserve Days, Flying Days, and Layover Days) may only contain Reserve Days at the end of the Bid Line or the front of the Bid Line if it is a split line.

b. The first and last Day of the line will be designated as the airport from which the line will start and end within the contiguous forty-eight (48) states.

c. During Bid Line construction, reserve Days cannot be embedded with the Flight Segments and Layover Days.

2. Composite Line

The Company may construct Composite Lines that will be blank when

published. The Crewmember will indicate their preferred scheduled duty free Days off. Five (5) Days after the bids are awarded the Crewmember will be notified of his Line of Flying. A composite line may only contain reserve Days at the end of the Bid Line or the front of a Bid Line if it is a split line. A composite line may also contain all Reserve Days if no flying is available.

3. Reserve Line

The Company may construct Reserve Lines containing Days Free of Duty and Reserve Days. A Crewmember who is assigned or awarded a Reserve Line consisting of all Reserve Days will not receive a three point six five (3.65) hour credit.

4. Transition Days

The Company may construct Trip Sequences that continue from the current bid to a maximum of six (6) Days into the subsequent bid period. Time flown in the subsequent bid period will be credited in that bid period. During Bid Line construction, transition Days will not be designated as Reserve Days, but transition Days may be subject to trip reserve assignment. If the transition Days cause the Crewmember to have fewer than the minimum scheduled duty free Days set forth in Section E.1.a (Scheduled Duty Free Days), the Crewmember may exercise his options of K.4 (Excess Days).

5. Layover Day

The Company may construct lines that contain Layover Days. A Layover of 24 hours or greater will be counted as a Crewmember's One in Seven. A Crewmember on Layover status will be required to contact Crew Scheduling once every 24 hours beginning from the time of his assigned Layover status unless otherwise directed by Crew Scheduling. The Company may direct the Crewmember to perform duty during a Layover Day. The Crewmember will receive a 3.65 hour credit towards his Bid Line guarantee or the actual hours flown, whichever is greater, only if Crew Scheduling actually assigns him a trip or reserve status (R3) or reserve status (R2) at the time of contact; otherwise he will remain in Layover Day status.

E. Bid Line Guarantee

The Company will assign a flight hour value to each Bid Line (except Reserve Lines or Composite Lines) prior to the bid package being distributed to Crewmembers. Any R-Day on a published Line of Flying will not receive the value of a Reserve Day (3.65). A Crewmember removed from his awarded Bid Line (other than for his own Training or vacation if he neglected to bid a Reserve Line) will be paid the value of the awarded Bid Line from which he was removed. To receive Bid Line Guarantee, a Crewmember must be available and qualified to perform his awarded Bid Line.

A Crewmember removed from his awarded Bid Line and not assigned another flight assignment will be on R3 Reserve status until directed otherwise by Crew Scheduling.

1. Scheduled Duty Free Days

a. Minimum Scheduled Duty Free Days Off

Bid lines will contain a minimum of thirteen (13) scheduled Days free of duty in a thirty (30) Day bid Month and fourteen (14) scheduled Days free of duty in a thirty-one (31) Day bid Month.

b. Minimum Consecutive Scheduled Duty Free Days Off

The minimum scheduled duty free Days required above will be scheduled in a maximum of two (2) blocks of Days off, with a minimum of five (5) Days off in any block.

c. Contact on Scheduled Duty Free Days Off

A current and qualified Crewmember is not required to maintain contact with the Company on a scheduled duty free Day off other than to comply with N.4. of this Section.

F. Bid Procedures

1. Eligibility to Bid

At the close of bid, a Crewmember must be legal with all applicable part 121 FARs in Type and Crew Class and be current and qualified to be awarded a line. A Crewmember who is not expected to be available for at least one-half of the Days in the bid period, will not be awarded a line. A qualified Crewmember who becomes available after bid close will be assigned a Reserve Line with pro-rated scheduled duty free Days, rounded to the nearest whole Day, not to exceed twenty (20) Days, including Training Days, unless agreed to by the Crewmember. The Crew Scheduler will consider a Crewmember's request regarding the scheduling of such duty free Days off.

2. Crewmember Scheduled for Training in Bid Period

a. If a Crewmembers elects to train on his Scheduled Duty Days, he must bid a Reserve Line of Flying for the Month in which his Training is due (eighteen (18) Months from the date of signing the Collective Bargaining Agreement).

b. If a Crewmember elects to attend Training on his Scheduled Duty Free Days Off, the Crewmember may bid the line of his

choice for that Month. Crewmembers who attends Training on their Scheduled Duty Free Days Off will be paid three point six five (3.65) hours of Flight Pay in addition to MBPG.

3. Crewmember Scheduled for Vacation in Bid Period

When a Crewmember is awarded vacation, he will be awarded a Reserve Line of Flying that runs concurrently with his awarded vacation Days. The Crewmember will be responsible for any remaining Reserve Days if his vacation Days are not equal to his awarded line.

G. Bid Package Contents

A bid package will be published for each Type and Crew Class for each bid period. It will contain Days of duty and Days free of duty including known Trip Sequence descriptions and known report times, Bid Lines, the bid preference form, the Bid Seniority List, Crewmember vacation dates, the anticipated ground school dates, the anticipated simulator periods if known, and a list of Crewmembers who require Training.

H. Bid Package Distribution

The Company will mail or e-mail to their Kalitta Air email account a bid package to each Crewmember's address on file with the Company and post the bid package not later than twenty (20) Days before the last Day of the bid period prior to the one being bid. If a Crewmember does not have access to his address on file with the Company, Crew Scheduling will fax or e-mail a bid package to him upon request.

I. Bid Submission

a. Completed bids will be submitted on the Company approved bid submission form for the applicable bid period. Bids will only be accepted by email, fax or other approved electronic means submitted to the Crew Scheduling Department. A Crewmember may request confirmation that his bid has been received.

b. Crewmembers who are National Guard or Military Reservists must bid all lines that do not conflict with military commitments.

J. Bid Award Schedule

Bids will close no later than ten (10) Days after the bid package is posted. The Company will award and post the awards no later than five (5) Days before the last Day of the bid period prior to the one being bid. A re-bid will not occur after Bid Line awards are posted.

However, this will not prevent correction, within seventy-two (72) hours of award, for errors in the bid award.

K. Bid Period Transition

A Crewmember must complete a trip assignment that continues into the subsequent bid period.

1. Schedule Conflicts

If a Crewmember is awarded or assigned a Bid Line that conflicts with a Trip Sequence from the preceding bid period (e.g., he must be in two places at once) or results in a potential conflict with the FARs, Crew Scheduling will adjust his Bid Line by dropping the conflicting Days from the conflicting Trip Sequence(s) or replacing them with a Trip Sequence(s) or reserve Day that does not conflict.

2. Crewmember Knowingly Bids a Conflict

If a Crewmember knowingly (should be aware of conflicts) bids and is awarded a schedule conflict in a bid period transition and is subsequently rescheduled, he will not receive Bid Line Guarantee.

3. Conflict is No Fault of Crewmember

If a Crewmember encounters a schedule conflict through no fault of the Crewmember, then the Crewmember will receive the Bid Line Guarantee if he is available to fly other trip assignments that coincide with his assigned duty Days. Crew Scheduling may drop the conflicting trip assignments, assign trips that do not conflict and the Crewmember will receive Bid Line Guarantee or the actual hours flown, whichever is greater.

4. Excess Days

If a Crewmember is awarded or assigned a Bid Line that continues from the preceding bid period and causes him to have fewer than the minimum scheduled duty free Days off, he may elect to drop sufficient Days or he may elect to fly the extra Days and have the Days paid in accordance with Section 5 (Compensation). If the Crewmember fails to coordinate with Crew Scheduling within forty-eight (48) hours of the bid award, it will be assumed that Crewmember has elected to take the compensation.

L. Bid Awards

1. Bids will be awarded in seniority order by Type and Crew Class. If a member of the Scheduling Committee requests to be present at the award, he will be accommodated, provided that his attendance does not interfere with his ability to perform any scheduled duty. If a Captain is unable to hold a line as a Captain because of an

insufficient number of lines, he will be awarded a line as a First Officer in seniority order.

2. If a Crewmember does not bid or if his bid does not comply with this Section or contain sufficient choices or bids a line he is not legal to fly, he will be assigned a Bid Line after all other bids are awarded.

M. Open Time

Open time will be awarded/assigned in the following order;

1. Assigned to a Crewmember on Reserve status (consideration will be given to positioning the Crewmember with enough time for crew rest if required); then
2. Awarded to a Crewmember who volunteers for Open Time in seniority order (Will Fly List) (seniority will be bypassed if additional flight may conflict with his Bid Line or cause him to go over 83 hours for a 30-Day bid period); then
3. Awarded to remaining Crewmembers on a Scheduled duty Free Day Off; then
4. Assigned and/or awarded to a management Crewmember.

N. Scheduling Procedures

1. Flight Segment/Reserve Trade

Flight segment/reserve trades are permitted with the approval of Crew Scheduling.

2. Release from Duty

The Company may release a Crewmember from his reserve line provided there are no additional flying or reserve requirements.

3. Duty at Residence

A Crewmember who has an awarded Bid Line may satisfy his duty Days at his home of record at the Company's discretion.

4. Pre-Duty Check In

The Crewmember will contact the Company for his travel arrangements no later than twenty-four (24) hours prior to the first date of his duty assignment.

5. Post-Duty Check In

When operating as a crew, per the General Operations Manual, the Captain is required to call Crew Scheduling after each duty assignment is complete. If not operating as a complete crew, each Crewmember is required to call Crew Scheduling when he completes a duty assignment.

O. Reserve

1. Trip Reserve (R-3)

Trip reserve will be performed at any Company designated location. A Crewmember on R-3 may be moved to R-2 or R-1 with Crewmember notification. A combination of reserve duty (R1 and R2) and flight duty will not exceed maximum Duty Times as set forth in Section 18 (Hours of Service).

a. Contact

A Crewmember on trip reserve must be able to be contacted at his designated telephone number. A Crewmember on trip reserve must return a call to Crew Scheduling within eight (8) hours from the time the message was left unless other arrangements are made with Crew Scheduling.

b. Response

A Crewmember on trip reserve must be at the location designated by the Company and ready to fly as soon as possible but no later than twelve (12) hours after a verifiable message was first left or contacted by Crew Scheduling.

c. Compensation

A Crewmember who performs R3 reserve will be credited in accordance with Section 5 (Compensation).

d. Expenses

A Crewmember on trip reserve will be provided lodging and Per Diem in accordance with Section 6 (Expenses).

2. Long Call Reserve (R-4)

Long call reserve will be performed at a Crewmember's residence. A long call reserve Day begins at 0001Z and ends at 2400Z. A Crewmember on R-4 may be moved up to either R-2 or R-1, with Crewmember notification.

a. Contact

When on long call reserve, a Crewmember must be able to be

contacted at his designated telephone number. A Crewmember who elects to use an answering machine or a pager is considered to have been contacted when the pager is activated or a message is left by Crew Scheduling. A Crewmember on long call reserve must return a call to Crew Scheduling within one (1) hour of being paged or from the time of the message, unless other arrangements are made with Crew Scheduling.

b. Response

A Crewmember on long call reserve will use his best efforts to obtain the first available departure from his Resident Airport, unless a later departure is selected by Crew Scheduling. A Crewmember on long call reserve must be in place and ready to fly within twelve (12) hours after being contacted by Crew Scheduling.

c. Expenses

A Crewmember on long call reserve will not be provided lodging or per diem.

3. Short Call Reserve (R-2)

Short call reserve will be performed at any Company designated location. Reserve duty hours will be assigned by the Company. A Crewmember on R-2 may be moved to R-1 or R-4 with Crewmember notification. A combination on reserve duty (R1 and R2) and flight duty will not exceed maximum Duty Times as set forth in Section 18 (Hours of Service).

a. Contact

A Crewmember on short call reserve must be able to be contacted at his designated telephone number. A Crewmember on short call reserve must return a call to Crew Scheduling within sixty (60) minutes from the time the message was left unless other arrangements are made with Crew Scheduling.

b. Response

A Crewmember on short call reserve must be at the location designated by the Company as soon as possible but no later than two (2) hours after first being contacted or verifiable message left by Crew Scheduling.

c. Compensation

A Crewmember who performs R2 status will be credited in

accordance with Section 5 (Compensation).

Expenses

A Crewmember on short call reserve will be provided lodging and Per Diem in accordance with Section 6 (Expenses). However, if a Crewmember is on short call reserve at their residence, they will not be provided Per Diem.

4. Standby (R-1)

R-1 Standby will be performed at any Company designated location. A Crewmember on R-1 may be moved to either R-2, R3, or R-4 with Crewmember notification. Duty Time for standby begins when a Crewmember reports to the airport or other standby location assigned by the Company and ends when the Crewmember is released. A combination of Reserve Duty (R1 and R2) and Flight Assignment will not exceed maximum Duty Times as set forth in Section 18 (Hours of Service).

a. Contact

A Crewmember on standby must be available for immediate contact by Crew Scheduling.

b. Response

Taking into account operational considerations, a Crewmember on standby must be able to depart from the assigned airport within one (1) hour of being contacted by Crew Scheduling.

c. Compensation

A Crewmember who performs standby will be credited in accordance with Section 5 (Compensation).

d. Expenses

A Crewmember on standby will be provided lodging and per diem in accordance with Section 6 (Expenses).

e. Assignment

If more than one qualified Crewmember, by Type and Crew Class, is on R-1 standby at the same location, assignments will be on a first-in, first-out basis except when legality, Flight Time, Duty Time or scheduled Days free of duty considerations preclude such an assignment order.

f. Rest Facilities

A Crewmember on standby for more than six (6) hours will be provided adequate rest facilities or the aircraft rest facilities set forth in Section 18 (Hours of Service).

SECTION 18 - HOURS OF SERVICE

A. FAR Conflicts

This Agreement or the Federal Aviation Regulations (FAR), whichever is more restrictive, shall determine maximum duty and Flight Time limitations.

B. Duty Time

1. Direction of the Company

During Duty Time, a Crewmember is under the control and direction of the Company.

2. Report and Release Times

a. Report

Duty time or duty period begins when a Crewmember is required to report for duty, normally one (1) hour prior to scheduled departure for Domestic flights and two (2) hours for International flights but not more than two and one-half (2 ½) hours prior to scheduled departure for any flights, or actually reports to the airport, whichever is later.

b. Release

Duty time or duty period ends thirty (30) minutes after block-in at the point where the flight terminates, or when the Crewmember is released by the Company, whichever is later. When a Crewmember is required to clear customs, the duty period ends after clearing customs. If a Crewmember is called to the field for the purpose of flight and is not used, his Duty Time or duty period ends when the Crewmember is released by the Company.

3. Reduced Report Time

Individual report times may be reduced to accommodate scheduling problems by agreement between the Pilot and the Company.

4. Suspension of Duty Time

a. Involuntary

A Crewmember's Duty Time may be suspended once in a duty period for less than a required rest period provided adequate rest facilities, convenient to the airport, are made available. The minimum time for such a suspension is five (5) hours from release to report. If this provision is exercised by the Company, the affected Crewmember's previously accumulated Duty Time is not changed by such suspension. Such suspension will not be assigned retroactively.

b. Voluntary

A Crewmember may suspend his Duty Time once in a duty period due to unforeseen operational circumstances for less than a required rest period, provided adequate rest facilities are made available. If this provision is exercised by the Crewmember, with the concurrence of Crew Scheduling, his previously accumulated Duty Time is not changed by such suspension. Such suspension will not occur retroactively.

5. Maximum Duty Times

All Duty Time limitations include Deadhead time. When scheduling Crewmembers for flying, the Company will not exceed the following Duty Time limitations:

a. Single Crew - Domestic

Single crew operating Domestic flight(s) only — sixteen (16) hours.

b. Augmented Crew — Domestic

Augmented crew operating Domestic flight(s) only — eighteen (18) hours.

c. Double Crew - Domestic

Double crew operating Domestic flight(s) only — twenty (20) hours.

d. Single Crew - International

Single crew operating International flight(s) - eighteen (18) hours. If scheduled Flight Time exceeds twelve (12) hours, the Company will make every effort to augment the crew.

e. Augmented Crew - International

Augmented crew operating International flight(s) — twenty-six (26) hours.

f. Double Crew - International

Double crew operating International flight(s) - thirty (30) hours.

g. Reserve/Duty Time Limitations

At no time will a Crewmember be required to be R1 or R2 status for more than twelve (12) hours. If a Pilot on R1 or R2 status is assigned a trip within the twelve (12) hours, then the duty limits contained in Section A through F of this Section apply. Total duty will start from the commencement of the R1 or R2 reserve period.

C. Rest

1. Rest Period

The rest is measured from release from duty until report for duty.

2. Minimum Rest Period - Domestic

The rest period will be a minimum of nine (9) hours free of all duty, unless a Crewmember exceeds, or is scheduled to exceed, eight (8) hours of flight in a twenty-four (24) hour period unless agreed otherwise by the affected Crewmember.

3. Minimum Rest Period - International

If a Crewmember's duty period is less than eighteen (18) hours, the rest period will be a minimum of eleven (11) hours free of all duty. If a Crewmember's duty period exceeds eighteen (18) hours, the rest period will be a minimum of thirteen (13) hours free of all duty unless agreed otherwise by the affected Crewmember.

4. Fatigue

If a Crewmember determines that fatigue is a factor in continuing a flight or series of flights, the Captain will advise Crew Scheduling and an appropriate rest period for the affected Crewmember(s) will be assigned.

5. Interruption of Rest Period

During a rest period of ten (10) hours or less, a Crewmember will not be disturbed by the Company, except to receive calls no more than two (2) hours prior to report time or to notify a Crewmember that his flight will be appreciably delayed. Any other earlier calls from the Company during a rest period, except in case of personal emergency, permit the Crewmember to begin a new rest period.

6. Rest After Release

A Crewmember released from duty after a Flight Segment, including Deadhead, that immediately precedes his scheduled duty free Days may elect to remain at a release location for a rest period. If he elects to remain at a release location, the Company will provide the Crewmember with lodging so long as the release location is not his Resident Airport and the release occurs after a duty period of at least ten (10) hours or viable transportation from the release location to the Crewmember's Resident Airport or Base is unavailable within four (4) hours of release. Deadhead required after release from duty remains the responsibility of the Company.

D. General

1. Mixing of Domestic and International Flights

The Company may combine Domestic and International flights provided the maximum flight and Duty Time limitations of this Section are not exceeded.

2. One-In-Seven

A Crewmember who receive at least one (1) twenty-four (24) hour period free of all duty in any consecutive seven (7) Days. A one-in-seven may be moved by the Company, with notice to the Crewmember, but will not be assigned retroactively.

3. Aircraft Rest Facilities for Double and Augmented Crews

When the Company operates a flight scheduled for twenty (20) or more hours of duty with a double or an augmented crew, the aircraft must

have enclosed, fully reclining, first class seats or enclosed bunks with clean bedding to allow each Crewmember to sleep. When the Company operates a flight scheduled for less than twenty (20), but more than sixteen (16), hours of duty with a double or an augmented crew, the aircraft must have reclining seats located outside the cockpit to allow each Crewmember to rest.

SECTION 19 - DEADHEADING

A. Cost of Deadhead

The cost of Deadhead transportation will be paid by the Company.

B. Responsibility for Delays

When the Company provides transportation to an assignment for a Crewmember, the Crewmember will not be held responsible for delays beyond his control.

C. Commercial Air Transportation

The Company will attempt to provide, at no additional cost to the Company, business class travel or better for commercial Deadhead legs that exceed six (6) hours published scheduled time.

D. Deadhead Between Duty Assignments

If a Crewmember Deadheads between duty assignments and is not provided an intervening rest period, all Deadhead time will be credited toward Duty Time limitations.

E. Deadhead from a Duty Assignment

If a Crewmember Deadheads from a duty assignment to his Resident Airport, the Deadhead time will not be credited toward Duty Time limitations, provided the Crewmember waives his required rest period.

F. Deadhead to and from Training

If a Crewmember Deadheads to and from a Training assignment, the Deadhead time will not be credited toward Duty Time limitations. For the purpose of this Section, OE is not Training.

G. No Cockpit Duty During Deadhead

A Crewmember will not be required to operate the aircraft when Deadheading.

H. Deadhead Pay

1. Air Transportation

A Crewmember who Deadheads by air will be credited one-half (1/2) Flight Pay for the published scheduled time. If a Crewmember Deadheads by air on a segment for which there is no published

schedule, he will be credited with one-half (1/2) Flight Pay from Block to Block time. Deadhead pay calculations do not include connection times.

2. Surface Transportation

A Crewmember who Deadheads by surface transportation will be credited one-half (1/2) Flight Pay for the published scheduled time. If a Crewmember Deadheads by surface transportation on a segment for which there is no published schedule, he will be credited one-half (1/2) Flight Pay of the actual time while in movement.

3. Training

Travel to and from Training not in a Crewmember's Base is considered Deadhead. Travel between Training in a Crewmember's Base and a duty assignment on a scheduled duty Day is Deadhead. All other travel to and from Training is a Commute.

I. Deadhead Duty Calculations

1. Single Crew Deadhead to a Duty Assignment

If a Crewmember who is part of a single crew Deadheads to a duty assignment, he will not be scheduled for the combination of the Deadhead time and duty in excess of sixteen (16) hours Domestic and eighteen (18) hours International without an intervening rest period. If such a Crewmember is provided the equivalent of business class or better transportation, or a bunk, one-half (1/2) of the Deadhead time will be credited toward the Duty Time limitations set forth in Section 18 (Hours of Service).

2. Augmented and Double Crew Deadhead to a Duty Assignment

If a Crewmember who is part of an augmented or double crew Deadheads to a duty assignment without an intervening rest period, one-half (1/2) of the Deadhead time will be credited toward the Duty Time limitations set forth in Section 18 (Hours of Service).

SECTION 20 - RESOLUTION OF DISPUTES

A. Settlement of Disputes

A Crewmember, or the Union on behalf of the Crewmembers, covered by this Agreement who has a grievance arising out of the interpretation or application of this Agreement, or who believe they have been unjustly disciplined or discharged, which dispute has not been settled or resolved in conference with Company officials, shall use the dispute resolution procedures as established herein.

B. Investigative Hearing - Discipline and Discharge

1. A Crewmember shall not be disciplined or discharged without just cause and without previously being afforded a hearing before the Chief Pilot or his designee, provided that the Crewmember has made himself available for the hearing.
 - a. The Crewmember shall be notified of the time and place of the hearing and the nature of the matter discussed. The notice must specifically reference that discipline may be assessed and that the Crewmember is entitled a Union Representative at the hearing as provided in paragraph b. below. Concurrently, the Union shall be notified.
 - b. The Crewmember shall have the right to be accompanied to the hearing by an authorized employee of the Union, or the Crewmember employee of his choice, provided such choice is reasonably available. In no case will the hearing be held without Union representation if such representation is requested. Union representation may also be provided telephonically if a Union representative is unable to attend the hearing.
 - c. The Company will provide transportation and lodging for a Crewmember required to attend an investigatory hearing, except when the Crewmember is scheduled to be in the location of the hearing or resides in the location of the hearing or is Based in the location where the hearing will be held.

2. When a Crewmember is disciplined or discharged, the Company must furnish him with a written statement of the precise charge(s) against him, with a copy to the Union's Legal Department.
3. Nothing herein shall prevent the Company from holding a Crewmember out of service with pay. Crewmembers shall be retained on the payroll until a meeting has been held and a decision arrived at in writing by the Company. Thereafter, the Crewmember may be held out of service pending further investigation with or without pay. If a Crewmember is held out of service without pay, the Company will either take disciplinary action or restore the Crewmember to pay status within sixty (60) Days after the conclusion of an investigatory hearing.

C. The Grievance Process

1. Discipline and Discharge

- a. A grievance challenging an action of discipline or discharge shall be in writing, signed by the affected Crewmember or the Union representative, and must be submitted to the Director of Operations within thirty (30) calendar Days after the Crewmember is notified of the Company's decision under Section B.2., above.
- b. An investigation and hearing will be held by the Director of Operations or his management Crewmember designee, where practicable, within twenty-one (21) calendar Days after receipt of the Crewmember's written appeal.
- c. Within twenty (20) calendar Days after the close of such investigation and hearing, a written decision will be issued and sent by certified mail to the grievant. A copy will also be provided to the Union's Legal Department.
- d. Further appeal of the matter may be filed by the Union to Kalitta Air, LLC (KAI) System Board of Adjustment by submission to the Board within thirty (30) calendar Days after the Union's receipt of the Company's decision.

2. Non-Disciplinary Grievances

- a. A Crewmember on behalf of himself, or the Union on behalf of a Crewmember or group of Crewmembers, may file a grievance concerning any action of the Company affecting him or them. Prior to filing such a grievance the Crewmember must notify the Chief Pilot or his designee regarding the matter

within ten (10) Days after the Crewmember became aware or reasonably should have become aware of the circumstance from which the grievance arose. The Crewmember will discuss the matter with the Chief Pilot, or his designee, in an effort to resolve it. The Chief Pilot, or his designee should respond to the Crewmember within ten (10) Days after it was first brought to his attention. If the Crewmember is not satisfied with the Chief Pilot's, or his designee's response or the Company fails to respond within ten (10) Days, the Union may file a written grievance with the Director of Operations, or his designee, by certified or registered mail, return receipt requested within thirty (30) Days after the Crewmember receives an unsatisfactory response or forty (40) Days after the Crewmember notified the Chief Pilot or his designee of the matter, whichever is later. The Chief Pilot or his designee will provide written notice of his decision within thirty (30) Days of such discussion with a copy to the Union. The Union should discuss the matter with the Director of Operations or his designee in an effort to resolve the matter.

- b. Grievances concerning matters other than discipline or discharge shall be in writing, signed by the affected Crewmember or Union official and shall state in reasonable detail the facts upon which the claim is Based and the relief sought. The grievance must be submitted to the Director of Operations within (30) calendar Days from the date of receipt of the supervisor's decision in 2.a. above.
- c. An investigation and hearing shall be held by the Director of Operations, or his management Crewmember designee, where practicable, within twenty one (21) calendar Days after receipt of the Crewmember's written grievance. Within twenty (20) calendar Days after the close of such investigation and hearing, the Company shall announce a decision, in writing, by certified mail to the grievant. A copy will also be provided to the Union's Legal Department.
- d. If the decision by the Company is adverse to the Crewmember or Union, the Union may appeal the decision to Kalitta Air Crewmember's System Board of Adjustment by proper submission to the Board within thirty (30) Days after the Union's receipt of the decision.
- e. All time limits in this Section may be extended by mutual agreement of the parties, confirmed in writing. If any decision made by the Company is not appealed by the Union within the time limit prescribed for such appeal, the decision of the Company will become final and binding. If the Company fails to render a decision within the time limits prescribed above, the dispute or grievance will be considered denied and automatically appealed to the next level.

D. System Board of Adjustment

1. Establishment

In compliance with Section 204, Title II of the Railway Labor Act, as amended, there is hereby established a System Board of Adjustment for the purpose of adjusting and deciding disputes which may arise under the terms of the Agreement and which are properly submitted to it, which Board shall be known as the "Kalitta Air, Crewmembers' System Board of Adjustment", hereinafter referred to as the "Board."

2. Meeting Schedule

The Board will meet quarterly in the city where the Company's general offices are located, unless the parties agree upon an alternate location, at a time to be fixed by agreement between the Union and the Company, provided that at the time there are cases filed with the Board for consideration. The meetings will continue in session until all matters before the Board have been considered, unless otherwise mutually agreed to in writing. Additional meetings may be requested by agreement between the parties. Each party will assume the cost of their own expenses.

3. Composition of the Board

The Board will consist of four (4) members. Two (2) will be selected by the Company and two (2) will be selected by the Union. These appointees will be known as "Board Members." In addition, the Company and the Union will each select an alternate. If a Board Member is unavailable, the alternate will serve in place of the absent Board Member. All members of the Board will be employees of the Company.

4. Chairman and Vice Chairman

The office of Chairman will be filled and held alternately by a Board Member selected by the Union and by a Board Member selected by the Company. When a Board member selected by the Union is Chairman, a Board Member selected by the Company will be Vice Chairman and vice versa. The Chairman or, in his absence, the Vice Chairman, will preside at meetings of the Board and at hearings and will have a vote in connection with all actions taken by the Board.

5. Terms of Office for Chairman and Vice Chairman

The terms of office of Chairman and Vice Chairman will be one (1) year. A Company Board Member will be Chairman in odd numbered years; a Union Board Member will be Chairman in even numbered years. Terms of office will commence on January 1 of each year.

6. Expenses - Board Members/Witnesses

- a. The expenses of the Board will be borne equally by the parties. Each of the parties will assume the compensation, travel expenses of their Board Members, witnesses, and representatives.
- b. The grievant (whether an employee of the Company or not), employee witnesses, and representatives who are employees of the Company shall receive free transportation on the lines of the Company, or its affiliates and/or subsidiaries, from their point of duty or assignment to the point at which they must appear as witness or representatives, and return, so FAR as space is available, to the extent permitted by travel agreements and law.
- c. Employee Board members shall, when attending meetings or hearings of the Board, receive Company transportation on its affiliates and/or subsidiaries, if available, to the extent permitted by travel agreements and law.
- d. Should a hearing be postponed or canceled without mutual consent of the Company and the Union, the party requesting such postponement or cancellation shall bear any and all expenses.

7. Jurisdiction

The Board shall have jurisdiction over disputes between any employee covered by this Agreement and the Company growing out of grievances or out of interpretation of any of the terms of this Agreement. The Board shall consider any dispute properly submitted to it by the Union when such dispute has not been previously settled in accordance with the terms provided for in this Agreement. The jurisdiction of the Board shall not extend to changes in hours of employment, rates of compensation or working conditions covered by existing agreements between the parties herein.

8. Submission of Dispute

The Union and the Company will forward copies of each submission, including papers and exhibits, to each Board member no later than seven (7) Days prior to the date of the hearing. Each submission will include the following:

- a. question or questions at issue, including the Section of the Agreement, if any; and
- b. statement of facts; and
- c. position of the grievant(s)/Union; and

- d. the understood position of the Company; and
- e. the relief sought; and
- f. supporting documentation, if any.

9. Documents, Witnesses, Evidence and Representation

- a. The Union will designate its representative(s) and the Company will designate its representative(s). Evidence may be presented either orally, or in writing, or both.
- b. The System Board shall, when requested by the Company representative, by the Union representative, or by an individual member of the System Board, summon any witnesses who may be deemed necessary by either party to the dispute or by a System Board member.
- c. All documents and reports in the Company's possession and in the Union's possession on which the action taken is Based will be provided upon request of either party.
- d. The number of witnesses summoned at any time shall not be greater than the number which can be spared from the Company's operation without interference with the services of the Company.

10. Decisions Final

A majority vote of all members of the Board shall be competent to make a decision. Decisions of the Board in all cases properly referred to the Board shall be final and binding upon the parties. Board findings and decisions shall be in writing and shall be rendered within forty-five (45) Days from the close of the hearing, or as soon as practicable thereafter.

11. Freedom to Act Independently

Each Board member will be free to discharge his duty in an independent and un-coerced manner without fear that his individual relations with the Company, the Crewmember, or the Union will be affected in any manner by any action taken by him in good faith in his capacity as a Board member.

12. Submission to Arbitration

When a grievance is properly submitted to the Board and the Board is unable by majority vote to decide the grievance, the Board will declare itself deadlocked. The grievance upon which the Board is deadlocked

may be submitted to arbitration by the Union or the Company within twenty (20) Days from receipt of the Board's decision.

E. Arbitration

1. Arbitrator Selection Process

An arbitration procedure is hereby established for the purpose of adjusting grievances which may arise under the terms of the grievance procedure and which are properly submitted. The Arbitrator shall be selected by mutual agreement of the parties. The Company and the Union, on alternating basis, shall proffer a list of five (5) arbitrators within thirty (30) Days of the System Board filing. Such arbitrators shall be members of the National Academy of Arbitrators and shall have aviation arbitration experience. The party to whom the list is proffered shall select an arbitrator within thirty (30) calendar Days of receipt of the arbitrator proffer list. If a party fails to select an arbitrator from the proffered list, or the parties are otherwise unable to agree on the selection of an arbitrator, either party may request the National Mediation Board to provide the parties with a panel of seven (7) neutrals who are members of the National Academy of Arbitrators with aviation arbitration experience. The parties shall, by the alternate strike method, select an arbitrator from the panel within fifteen (15) calendar Days of receipt of the panel. The party who proffered the original list of arbitrators or whose turn it was to do so shall have the first strike from the National Mediation Board panel.

2. Time Limits

The hearing shall convene within sixty (60) calendar Days following the selection of the arbitrator if the arbitrator proffers available dates within the time period prescribed. If the arbitrator is not available within sixty (60) calendar Days, the hearing shall convene as soon as possible thereafter. In the event that the arbitrator is not available within six (6) Months of selection, the parties will select another arbitrator in conformity with E.1. above.

3. Location of Arbitration Hearings

The hearing shall be held at a mutually agreeable location.

4. Documents, Witnesses, Evidence and Representation

a. The Union will designate its representative(s) and the Company will designate its representative(s). Evidence may be presented either orally, or in writing, or both.

b. The Arbitrator shall, when requested by the Company representative or by the Union representative, summon any witnesses who may be deemed necessary by either party to the dispute.

- c. All documents and reports in the Company's possession and in the Union's possession on which the action taken is Based, will be provided upon request by either party.
- d. The number of witnesses summoned at any time shall not be greater than the number which can be spared from the Company's operation without interference with the services of the Company.

5. Jurisdiction

The Arbitrator shall have jurisdiction over disputes between any employee covered by this Agreement and the Company growing out of grievances or out of interpretation of any of the terms of this Agreement. The Arbitrator shall consider any dispute properly submitted to it by the Union when such dispute has not been previously settled in accordance with the terms provided for in this Agreement. The jurisdiction of the Arbitrator shall not extend to changes in hours of employment, rates of compensation or working conditions covered by existing agreements between the parties herein.

6. Arbitration Expenses

- a. The expenses and reasonable compensation of the Arbitrator will be borne equally by the parties. Each of the parties will assume the compensation, travel expenses of their witnesses and representatives.
- b. Should a hearing be postponed or canceled without mutual consent of the Company and the Union, the party requesting such postponement or cancellation shall bear any and all expenses incurred by the neutral member.

7. Stenographic Report

When it is mutually agreed that a stenographic report is to be taken of any hearing, the cost will be borne equally by both parties to the dispute. In the event it is not mutually agreed that a stenographic report of proceeding will be taken, any transcripts made by either party shall be furnished to the other party upon request, provided that the stenographic costs shall be borne equally by both parties. No stenographic report or other recordings are permitted at other hearings.

8. Decisions Final

The decisions of the arbitrator will be final and binding on both parties. The award of the arbitrator will be enforceable, at law or in equity, in any Federal Court having jurisdiction. The arbitrator will mail a copy of the decision to the Company and the Union.

F. Resolution of Disputes - General

1. The Crewmember shall be entitled to have a Union representative present at any step of the grievance procedure and at any other such time a Crewmember is requested to meet with a member of management where there exists the potential that such meeting may result in disciplinary action being taken against the Crewmember. Teleconferencing may be used in lieu of in-person investigations and hearings upon request by either party.
2. Any time limits prescribed in this Section may be waived by mutual consent of the Company, on the one hand, and the grievant or the Union on the other. If any hearing or decision required of the Company under the provisions of this Part is not provided within the time limits prescribed herein, or any extension mutually agreed upon, the Crewmember may consider the grievance denied and it shall automatically be appealed to the next step in the grievance procedure as specified in this Section.
3. Nothing in this Agreement shall be construed to extend the right to arbitrate a grievance concerning his discipline or discharge to a Probationary Crewmember, or to require that such discipline or discharge be Based on just cause. However, a Probationary Crewmember shall have the right to submit any grievance. A Crewmember will be on Probation until he has accumulated twelve (12) Months of Active Service from his Date of Hire as a Crewmember or the successful completion of his next proficiency check/Training event, whichever is later.
4. If, as a result of any hearing or appeal therefrom as provided herein, the grievant is exonerated, he shall if he has been withheld from service, be reinstated without loss of seniority and shall be paid for such time lost in an amount which would have ordinarily been earned had such Crewmember been continued in service, during such period. The personnel records shall also be cleared of any and all charges related to that matter. The Board shall have the authority to order a party to comply with any provision(s) of the Agreement as necessary to remedy or correct violations or to require specific performance of a provision of the Agreement.
5. It is agreed by the parties hereto that the periods of time for hearings, decisions, and appeals established in this Section shall be considered as maximum periods and that when hearings, decisions and appeals

can be handled in a period of less than the maximum time stipulated, every effort will be made so as to expedite such cases.

6. Copies of all notices and decisions shall be mailed to the grievant, and the Union's Legal Department. For the purposes of this Section, "notice" may be certified mail, return receipt requested, express delivery, or by hand delivery and, upon request, cases shall also be faxed.

G. Personnel File

1. Crewmembers shall be permitted to inspect their personnel file and make copies of any reports contained in such file by making an appointment with reasonable notice, during regular business hours.
2. The Company shall not place any negative report, or any other material of any unfavorable nature, in a Crewmember's personnel file without providing a copy to the Crewmember. A Crewmember shall be allowed to place in his personnel file his own statement on the incident or report. The Company cannot use any disciplinary letters, reports or notices of any kind in support of disciplinary action if the Crewmember had not been provided with written notice of the prior disciplinary action at the time discipline was assessed.
3. If an employee has not had a documented incident of discipline during a twelve (12) Month period, previous matters of discipline and complaint letters will not be used in assessing future discipline or making performance evaluations.
4. An employee who has not had a documented incident of discipline during a twelve (12) Month period may require, to the extent permitted by law, that all previous letters of discipline be removed from his personnel file. The twelve Month record retention period shall be applied retroactively from the date of signing.
5. Nothing in this paragraph shall apply to Training or proficiency matters.

H. Decisions Rendered

Decisions rendered pursuant to this Section may not add to, subtract from, or alter in any way the Agreement, but may only interpret or apply it.

I. Representation

Grievants may be represented at any hearings held pursuant to this Section by any Crewmember employee or any authorized employee of the Union.

J. Procedure

It is understood and agreed by the parties that the procedure outlined in this Section shall be followed only in cases pertaining to and covering alleged grievances, disputes, claims and causes of action arising or accruing and filed subsequent to the Effective Date of this Agreement.

SECTION 21 - ALCOHOL/DRUG TESTING

A. Testing Occasions

1. Random Testing

- a. All Crewmembers will be subject to random drug and/or alcohol testing to the extent required by applicable federal regulations.
- b. Before or during a trip, a Crewmember undergoing drug and/or alcohol testing will, for the purpose of Federal Aviation Regulations relating to Duty Time and minimum rest, be deemed to be on duty until the testing collection process is completed. A Crewmember undergoing drug and/or alcohol testing after a trip will, for the purpose of Federal Aviation Regulations relating to minimum rest, be deemed not on rest until the testing collection process and transportation are completed.
- c. Crewmembers selected for random drug and/or alcohol testing will be given notice prior to conducting the test. The Crewmember will be advised that refusal or failure to immediately report and to provide the required urine and/or breath specimen will result in termination of the Crewmember's employment.
- d. Upon reporting to the test site and following positive verification of identification using photographic identification, or identification by a Company representative, the test will be conducted.

2. Post Accident Testing

- a. Post accident drug and/or alcohol testing of Crewmembers will be required when the Director of Operations or Director of Safety determines that an event has occurred which constitutes an aircraft "accident" as defined in CFR 14, Part 121, Appendix I (Drug Testing Program) and Appendix J (Alcohol Testing Program) the Crewmember's performance contributed to the accident and/or his performance can not be completely discounted as a contributing factor to the accident.

- b. Crewmembers who are required to submit to post accident testing will do so as soon as possible after the accident. If unusual circumstances result in a delay of the testing, the Crewmember(s) must remain readily available for alcohol testing for up to eight (8) hours after the accident or otherwise may be deemed by the Company as having indicated a refusal to submit to alcohol testing. Crewmembers must remain readily available for drug testing for up to thirty-two (32) hours after the accident or otherwise may be deemed by the Company as having indicated a refusal to submit to drug testing. The crew will be provided with a hotel room if alcohol or drug testing cannot be conducted within two (2) hours after the accident.
- c. If the Crewmember has incurred significant physical injury in the accident, medical treatment will take priority over drug and/or alcohol testing. Drug and/or alcohol testing shall be accomplished as soon as possible after necessary medical aid has been rendered.

3. Reasonable Cause Drug Testing

When reasonable cause exists, Based on observable and objective criteria, to believe that a Crewmember is using drugs prohibited by applicable federal regulations, the Director of Operations or Director of Safety may require that the Crewmember submit to drug testing. Reasonable cause must be established by direct observation of two (2) management officials, one of whom may be a management designee, and one of whom must be trained in detecting the indications of drug use. The two officials must substantiate and concur in the decision to recommend that the Crewmember be tested. Once the determination is made, the testing will be done promptly. Reports and observations must be documented.

4. Reasonable Cause Alcohol Testing

When reasonable suspicion exists that a Crewmember is using alcohol in a way prohibited by federal regulations, the Crewmember shall be tested in accordance with FAA regulations. Reasonable suspicion will be Based on a reasonable and articulable belief that the Crewmember is using alcohol on the basis of specific contemporaneous physical, behavioral, speech, body odors, appearance or performance indicators of alcohol use. The Director of Operations or Director of Safety may require that the Crewmember submit to Breath Alcohol Testing (B.A.T). The decision to alcohol test a Crewmember will be Based on indicators obtained or observations made during, just proceeding or just after the period of the work Day that the employee is performing, ready to perform or available to perform safety-sensitive functions. The test shall be administered

within eight (8) hours following the determination to conduct such a test.

B. Drug Testing Procedures

1. Specimen Collection

- a. The Company may elect to have collections services performed by a third party agency.
- b. Collection and shipment of urine specimens for drug testing shall be in accordance with applicable federal regulations.
- c. Urine specimens shall be split.
- d. If testing of the first half of the specimen yields a confirmed negative result, the Company shall require that the second half of the specimen be destroyed.

2. Drug Testing Laboratories

Drug testing will be performed only at laboratories certified by the National Institute of Drug Abuse.

3. Medical Review Officers

- a. The Company shall designate the Medical Review Officer (MRO). The MRO will be a licensed medical doctor who has knowledge of substance abuse.
- b. The MRO shall perform his responsibilities in accordance with applicable federal regulations.

4. Retesting

A Crewmember may submit a written request to the MRO for retesting of a sample of the urine specimen producing a Verified Positive Drug Test result, provided such request is made not later than seventy-two (72) hours after receipt of the Verified Positive Drug Test result.

- a. A Crewmember may make one written request that a sample of the specimen (as split) be provided to another DHHS-certified laboratory for testing. The split sample cannot be retested at the original laboratory.
- b. The Laboratories shall follow Chain of Custody Procedures.

- c. The Crewmember shall pay the cost of the additional test and all handling and shipping costs associated with the transfer of the specimen to the laboratory.
- d. A Crewmember may not perform in a safety-sensitive function pending the re-test results.
- e. If a second specimen (which must also be split) was provided at the time of the original collection, the Crewmember may request that the second sample also be tested. At the Crewmember's option and expense, the second sample will be tested at a different NIDA certified laboratory.
- f. Should the test of either the split portion of the initial specimen or the second specimen be negative, then the test shall be considered to be negative.

5. Positive Drug Tests

- a. After receiving a confirmed positive, but before verifying that result, the MRO will make all reasonable attempts to contact the Crewmember (including, if necessary requesting that the Director of Operations direct the Crewmember to contact the MRO) to discuss the test result.
- b. Following the discussion with the Crewmember and any other appropriate inquiry the MRO will determine whether to verify the test result.
- c. In the event that the MRO verifies the confirmed positive result, he shall in addition to any other duties, refer the matter to Director of Operations.

C. Alcohol Testing

Testing for alcohol shall be conducted in accordance with applicable federal regulations by appropriately certified personnel. The Company shall not be obligated to preserve breath specimens for retesting. A Crewmember who has been informed that he has tested positive for alcohol at a concentration of 0.02 or higher may request that a blood alcohol test be administered. Such testing must be administered as soon after the breath test as is reasonably possible, but no later than two (2) hours after the Crewmember has been notified of his positive alcohol test results.

D. Consequences of a Verified Confirmed Positive Drug Test

A Crewmember who has a verified confirmed positive drug test, shall be given the following options:

- 1. Voluntary resignation without eligibility for rehire.

2. Termination for cause. However, a Crewmember exercising this option may be conditionally reinstated at the Company's discretion subject to the following terms and conditions:
 - a. The Crewmember must submit to initial evaluation by Kalitta Air's EAP Director or the Director's designee. (Eligibility for conditional reinstatement will not be contingent upon a diagnosis of chemical dependency.)
 - b. If one is recommended, the Crewmember must successfully complete the course of rehabilitation recommended by Kalitta Air's EAP, including all continuing terms and conditions attached to such course of rehabilitation. The rehabilitation will be directed and facilitated by Kalitta Air's EAP, but will be funded entirely by the Crewmember, except that he shall not be precluded from using any insurance benefits to which he is otherwise entitled.
 - c. The Crewmember must execute and deliver to the EAP Director an undated letter of resignation to be used to terminate the Crewmember's employment should he fail to satisfy any of the terms of this Paragraph 2 or of the rehabilitation directed by EAP.
 - d. During the remainder of his career with Kalitta Air, should the Crewmember subsequently fail any drug test the undated letter of resignation will be accepted by the Company, and his employment severed.
 - e. The Crewmember shall commit in writing to remain drug free for the remainder of his career at Kalitta Air and shall agree in writing to be subject to "no notice" drug testing at the direction of the Company as frequently as the Company may decide for a period of five (5) years from the completion of the formal rehabilitation program. (Following the five (5) year period during which the Crewmember shall be subject to no notice testing, he shall be obligated only to submit to such further testing as may be required by applicable federal regulations or this Agreement.)
 - f. If the Crewmember fails to comply with the provisions of the conditional reinstatement, termination will result, and his right to challenge such termination through the grievance process shall be waived. No grievance of the matter shall be permitted.
 - g. A Crewmember who is offered conditional reinstatement shall be solely responsible for ensuring that he is fully licensed and certified to perform the duties of a commercial Crewmember.
 - h. If a Crewmember elects to use this option (D.2.) but the Company nevertheless declines to conditionally reinstate him

despite his compliance with the terms of this Paragraph, the Company shall reimburse him for all out-of-pocket costs for his course of rehabilitation.

E. Consequences of a Positive Alcohol Test

1. When a Crewmember's breath alcohol test indicates an alcohol concentration between 0.02 and 0.039, he shall be retested no sooner than fifteen (15) minutes from the administration of the initial test. If the second test also indicates an alcohol concentration between 0.02 and 0.039, the Crewmember shall not be permitted to resume flight duties until either eight (8) hours have elapsed since the original test, or his breath alcohol test indicates an alcohol concentration of less than 0.02. If the second test indicates an alcohol concentration below 0.02, the test shall be considered negative, and the Crewmember shall be permitted to resume flight duties.
2. A Crewmember whose breath alcohol test indicates an alcohol concentration between 0.02 and 0.039 twice within eighteen (18) Months shall thereafter be subject to no notice alcohol testing for a period of twelve (12) Months from the time of the second such test.
3. If a Crewmember's breath alcohol test indicates an alcohol concentration of 0.04 or greater, he shall be required, as a condition of continuing employment, to undergo evaluation by Kalitta Air's EAP Director, or the Director's designee and to complete any rehabilitation recommended by EAP prior to resuming any flight duties. Such rehabilitation shall be funded entirely by the Crewmember, except that he shall not be precluded from using any insurance benefits to which he is otherwise entitled. In addition, he shall be subject to no notice alcohol testing for a period of five (5) years from the date of his completion of the formal rehabilitation program. Thereafter the Crewmember will not be subject to further no notice testing relating to the rehabilitation.
4. If at any time during the balance of the Crewmember's career he has a breath alcohol test indicating an alcohol concentration of 0.04 or greater, he shall be forever barred from working as a Crewmember for Kalitta Air or from performing any other safety sensitive duties at Kalitta Air.

F. No Notice Testing

1. No notice is drug and/or alcohol testing administered by the Company in aid of rehabilitation as described elsewhere in this Section. Pilots will be subject to no notice testing under each of the following circumstances.
 - a. The Crewmember has submitted to a rehabilitation program requiring no notice testing.

- b. A System Board of Adjustment has directed no notice testing.
 - c. The Crewmember has had a previous verified confirmed positive drug test result, a breath alcohol test indicating an alcohol concentration of 0.04 or greater, or two breath alcohol tests indicating an alcohol concentration between 0.02 and 0.039 within eighteen (18) Months.
2. During the period a Crewmember is subject to no notice testing, the Company may require no notice drug and/or alcohol testing as frequently as it deems necessary or advisable.
 3. No notice testing may be conducted just before, during, or just after any Trip Sequence.
 4. If a Crewmember's breath alcohol test indicates an alcohol concentration of 0.04 or greater, he shall be given the following options:
 - a. Voluntary resignation without the eligibility for rehire, or
 - b. Termination for cause.

G. Voluntary Rehabilitation

A Crewmember who has not had a verified confirmed positive drug test result or a breath alcohol test indicating an alcohol concentration of 0.04 or greater, may enter voluntarily into any FAA approved drug and/or alcohol rehabilitation program, including any such program recommended by Kalitta Air's EAP. A Crewmember who has voluntarily entered into a rehabilitation program pursuant to this Part shall be entitled to use any accumulated sick leave to the extent needed to complete the rehabilitation program. Upon completion of the formal rehabilitation program and appropriate certification by the FAA, the Crewmember shall assume the bid position to which he is otherwise entitled by the terms of this Agreement.

H. Refusal or Failure to Cooperate

A Crewmember who refuses or fails to cooperate in any drug or alcohol test as mandated by applicable federal regulations or by this Agreement, or in any rehabilitation related testing by refusing to provide a breath or urine specimen will be withheld from service without pay pending investigation. If the investigation fails to find a valid medical reason for the Crewmember's failure to cooperate, he shall be terminated.

I. General

1. Consistent with applicable federal regulations and Paragraph A.1.c, above, a Crewmember will be permitted to notify the Union regarding any matter concerning this Section as soon as possible.

2. A Crewmember who is subjected to random drug and/or alcohol testing shall receive an additional one (1) hour of pay in addition to the Crewmember's guarantee. Random alcohol/drug testing shall not be scheduled on a duty free Day.
3. Except for no notice testing, drug testing shall be limited to those drugs (and their metabolites) listed in applicable federal regulations.
4. In the event that the Crewmember requests or applicable federal regulations require, that a blood test be accomplished, the drawing of the blood shall only be done by a trained, qualified, medical professional, and only in a clinical setting.
5. Nothing in this Section shall be construed to require the Company to utilize or compensate a Crewmember who is not fully licensed and certified to perform revenue flying for the Company.
6. It is the parties' intent that this Section be and remain in full compliance with all applicable federal laws and regulations. In the event that any portion of this Section is found not to be in compliance with such laws and regulations, or if later amendments to existing laws and regulations or new laws and regulations are adopted which are not consistent with the provisions of this Section, the parties will meet and confer regarding changes necessary to bring the Section into compliance.

SECTION 22 - INSTRUCTORS AND CHECK AIRMEN

A. General

1. Crewmembers whose duty is to train Crewmembers are classified as Instructors. Crewmembers whose duty is to evaluate Crewmembers are classified as Check Airmen.
2. Proficiency checks and proficiency Training will be conducted by Instructors/Check Airmen that are full time employees of Kalitta Air. Operating Experience (OE) and Line Checks shall be conducted only by qualified Line Crewmembers and those management Crewmembers on the Seniority List designated by the Company as Check Airmen.
3. The Company may also assign Crewmembers on the Seniority List as Instructors or Check Airmen for the purpose of conducting ground Training, flight Training, simulator Training and proficiency checking, including LOFT and Training-in-lieu.
4. Line Crewmembers on the Seniority List who are classified as Instructors and Check Airmen are not Management Pilots.

B. Line Flying

An Instructor or Check Airman who is on the Pilot Seniority List may choose to bid a line. Bidding for such line flying will be in accordance with the Crewmember's line seniority number.

C. Compensation

1. Check Airmen Override

Check Airmen will be paid a minimum override of fifteen dollars (\$15.00) per hour for all hours flown or credited, regardless of whether Instructor or Check Airmen duties are being performed. MBPG will be paid including Check Airmen override. Any increase in the Check Airmen override will be applied uniformly.

2. Instructor Pay

a. Ground School Instruction

When a Crewmember performs ground school instruction, he will be paid a minimum of twenty dollars (\$20.00) per classroom hour in addition to his MBPG. Any increase in the ground school instructor rate will be applied uniformly.

b. Simulator Instruction

When a Crewmember, who is not a check airman, performs simulator instruction, he will be paid a minimum override of fifteen dollars (\$15.00) per simulator hour including briefing and de-briefing. Any increase in the simulator instructor override will be applied uniformly.

SECTION 23 - GENERAL

A. Property Damage and Civil Liability Indemnification

1. A Crewmember will not be required to compensate the Company for Company property damaged by the Crewmember while performing his duties in a professional and responsible manner with the Company. The Company will include each Crewmember as an insured under the Company's Airline Liability Policy while the Crewmember is performing duty at the direction of the Company.
2. The Company will continue to provide liability insurance covering Crewmembers while in the performance of their duties with the Company. Such coverage shall also apply to civil actions for damages against a Crewmember's estate. It is expressly understood that all indemnification and holding harmless of any Crewmember is limited by the terms and exclusions of the Company's policy with its insurers.

B. Jury Duty

When a Crewmember receives a jury summons he will provide a copy of the Court Summons to his Crew Scheduling at least ten (10) Days prior to the reporting date, if possible. A Crewmember will be paid MBPG when he is required to miss duty while attending jury duty. The Crewmember may be directed to resume his original trip, if practicable, on Days he was originally scheduled to fly that do not conflict with the jury duty.

C. Agreement Distribution

The Company will supply copies of the Agreement for distribution to the Crewmembers within thirty (30) Days of the signing of the Agreement. The Company will also provide trainees with a copy of this Agreement during initial Training.

D. Recorded Data

1. Cockpit

Data obtained from cockpit monitoring devices shall remain privileged and confidential and must be recorded and stored in such a way that the identity of the flight crew remains anonymous, except as otherwise provided herein. The auditing of cockpit voice recorders will be for the reasons set out in the Federal Air Regulations or post incident investigations. The Crewmember(s) will be notified and have the right to be present. Information from a flight safety monitoring device shall not constitute the basis for any disciplinary action. Its purpose rather will be to enhance Crewmember proficiency and Training.

2. Recorded Phones

All phones in Crew Scheduling and Maintenance Control are recorded. Pursuant to this Agreement, the Company and the Crewmembers consent to the recording of phone lines.

E. Masculine Pronouns

The masculine pronouns used herein shall include the feminine, and vice versa, unless clear from the context that reference to the specific sex was intended.

F. Death Benefits

Upon the death of a Crewmember, any pay and benefits due and owing, including unused earned vacation time, shall be paid to the Crewmember's designated beneficiary or estate at the applicable prorated guarantee for such Crewmember. The Company shall continue to provide medical benefits to the Crewmember's family for ninety (90) Days following the Crewmember's death.

G. Witness Duty

A Crewmember who is subpoenaed to appear as a witness on behalf of the Company will be paid four and one-half (4.5) hours pay credit toward Minimum Bid Period Guarantee or four and one-half (4.5) hours when the Minimum Bid Period Guarantee is exceeded. Also, the Crewmember will receive four and one-half (4.5) hours pay credit for such required appearance on any Day off, when subpoenaed for Company related matters. This provision shall not apply to witnesses in arbitration proceedings or to any legal proceeding to which the Union is a party.

H. Accident Investigation

1. The Company will allow the Union to incorporate two (2) Union designated Go-Team members into their existing, or any future, emergency action response plan. A Crewmember participating in an aircraft accident investigation involving a Company aircraft as a member of the NTSB Go-Team shall do so without loss of pay. Crewmembers shall continue to retain and accrue seniority and Longevity while participating in a Company aircraft accident investigation.

2. A Crewmember involved in any Company accident, Company incident, or Company certificate action shall not suffer any loss of pay except through the procedures set forth in this Agreement.

3. The Company shall provide the Union with a copy of the Company Aircraft Accident Emergency Response Plan and any amendments thereto.

I. Committees

1. Professional Standards

- a. The Union will appoint a Professional Standards Committee composed of Crewmembers which will confer with the Company on matters pertaining to the professionalism and proficiency of Crewmembers. Members of this Committee will be permitted to observe any Training period or proficiency check.
- b. The Director of Operations, or his designee, will release Professional Standards Committee members to pursue Committee functions, consistent with reasonable scheduling requirements. In such case, the Committee member will receive no less than MBPG nor suffer any loss of benefits if the Committee member is pursuing Committee functions at the request of the Company. If the Committee member is pursuing Committee functions at the request of the Union, the Union will reimburse the Company for the pay and benefits of the Committee member. A Professional Standards Committee member performing professional standards duties on a scheduled duty free Day will not be entitled to compensation. Expenses incurred by a Professional Standards Committee member while acting on behalf of the Committee will be paid by the Union.

2. Safety Committee

The Union will appoint a Safety Committee, composed of Crewmembers, which will confer with the Company on matters pertaining to safety operations. Committee members will be permitted to attend any hearing or investigation of an accident or incident of Company aircraft operated by Crewmembers, subject to the regulations of the government agency involved. The Company will cooperate in releasing such members to participate in such hearings.

3. Scheduling Committee

The Union will establish a Scheduling Committee which will meet with the Company for the purpose of facilitating the efficient operation of Section 17 (Scheduling) of this Agreement. The Scheduling Committee will be given access to non-confidential information regarding aircraft flows, block time reports, scheduled Training, check rides, vacations, leaves of absence and current staffing in order to ensure compliance with this Agreement. The Scheduling Committee may submit recommendations to the Company. The Company will make every effort to comply with the Scheduling Committee's recommendations to the extent that such recommendations do not

compromise efficiency of operations. When conflicts between the schedule and FARs or this Agreement are verified, the Company will take immediate action to resolve such conflicts.

4. Hotel Committee

The Union will establish a Hotel Committee which will meet with the Company to ascertain the suitability of all accommodations.

5. Jumpseat Committee

The Union will establish a Jumpseat Committee for the purpose of facilitating reciprocal jumpseat agreements, subject to applicable laws and regulations; provided, however, that final authority for jumpseat agreements lies with the Company. The Company will make available a list of all reciprocal jumpseat agreements to the Crewmembers. The Company will negotiate reciprocal jumpseat agreements with other airlines and provide a list to each Crewmember.

J. Interline Agreements

Consistent with the Company's pass policy and interline agreements with other airlines, if any, a Crewmember and his immediate family will be entitled to the same pass or reduced fair privileges afforded other employee groups of the Company. The Company will provide a current list of all agreements and interline privileges to each Crewmember once each year.

K. Payment for Equipment and Training

1. Training of Crewmembers at the Company shall be at Company expense. Ground school, simulator and flight Training, Training facilities, Training aids, written Training materials and equipment utilized for such Training will be provided at no cost to the Crewmember.
2. Crewmembers will not be required to pay for the use of any equipment required in operations. The Company will provide Jeppesen Charts or other approved charts (with current revisions) to all Crewmembers or alternatively, two (2) sets per aircraft, for all FAA-approved destinations and alternates in the Company's operations specifications.
3. Manuals issued to Crewmembers by the Company will be paid for by the Company. Each Crewmember must maintain his manual in good condition at all times. Any Crewmember who transitions to another aircraft-Type or terminates employment shall return previously issued manuals in current, good condition, normal wear and tear excepted.

4. If a Company-provided manual is lost or negligently damaged, the Crewmember shall reimburse the Company for the cost of replacement.

L. Notices to Crewmembers

All notices to Crewmembers involving Base assignments, Crewmember status, furloughs, recalls, and leaves of absence shall be published and distributed to all Crewmembers by the Company at each Base. Copies of furloughs, recalls and leaves of absence will be sent to the Union.

M. Distribution of Letters of Agreement

The Company will publish and distribute to all Crewmembers any and all Letters of Agreement between the Company and the Union. Said letters shall be the same size and format as the Collective Bargaining Agreement. Any modification to this Agreement must be in writing, signed by a representative of Local 747, representative of the Local Executive Council and an authorized representative of the Company.

N. Crewmember Change of Address

A Crewmember will immediately notify the Company Human Resource Department, in writing, of any change of address or telephone contact number.

O. ID Cards

The Company will furnish an identification card to each Crewmember. Crewmembers will bear the cost of replacement if lost.

P. Visas

The Company will pay for visas, visa photographs and inoculations required of Crewmembers and, if practicable, the Company will obtain such visas.

Q. Charts and Manuals

The Company will provide current charts and manuals for each aircraft. A Crewmember will be required to update or maintain manuals, documents or other charts.

R. Union Representation

1. Bulletin Board

The Company will provide the Union with a suitable location for a bulletin board at all Company Base(s) for the posting of official notices of Union meetings, elections, and other notices pertaining to internal Union matters. The bulletin board will not contain any inflammatory material or material derogatory to the Company or any

of its employees.

2. Union Access to Property

The Company will admit to its Company Base(s) and Company operational line stations, the official designated representatives of the Union to transact such business as is necessary for the administration of this Agreement. The Union will provide the Company with prior notice of a request to be admitted to any operational line station. All such requests must be approved by the Company.

3. Crewmember Representatives

The Union will select Crewmember representatives and notify the Company of their appointment or removal. The number of representatives will be limited to those necessary to provide convenient representation for Crewmembers. The Company will notify the Union of the appropriate Company representatives.

4. New Hire Indoctrination

The Company will inform the Union of any scheduled new hire Crewmember classes and allow a reasonable period of time during new hire indoctrination for Union orientation.

S. Union Leaves

1. At the request of the Union, with advance notice given prior to bidding for the Month in which the leave is requested to commence, a Crewmember shall be granted a Union leave of absence with pay which will be reimbursed to the Company by the Union as set forth below. While on such leave, the Crewmember shall continue to accrue seniority and Longevity, and be covered by Company insurance, which will be reimbursed to the Company by the Union. The Crewmember will maintain all other benefits covered by this Agreement and may continue to participate in the 401(k) plan. No more than five (5) Crewmembers will be granted Union Leave each Month for conducting Union business. This short term leave will be for a maximum of five (5) Days. The Union will give at least ten (10) Days advanced notice of the need for such leave.

2. Scheduled and Reserve Line Crewmembers: The Union will reimburse the Company at the full hourly rate applicable to that Crewmember, plus twenty percent (20%) to cover the cost of benefits, FICA, etc., for each Day he or she is on leave only for the scheduled time dropped.

3. Union agrees to reimburse the Company within thirty (30) Days after receipt of the Company's bills. Such billings shall be submitted to the Union no later than forty-five (45) Days following the Month in which the Flight Pay loss was incurred.
4. A Crewmember will continue to accrue all seniority and Longevity credit while on Union leave.

T. Invalidation of Agreement Provisions

If any provision of this Agreement is held invalid by operation of law or by any court of competent jurisdiction, or if compliance with or enforcement of any provision should be restrained by such court pending a final determination as to its validity, the remainder of this Agreement, or the application of such to persons or circumstances other than those as to which it has been held invalid or as to which compliance with or enforcement of has been restrained, will not be affected. If any provision is held invalid, either party may request negotiations for the purpose of arriving at a mutually satisfactory replacement of such provision. If such negotiations fail to produce an agreement as to such replacement, either party, notwithstanding the provisions of Section 32, may invoke the services of the National Mediation Board in accordance with the Section 6, Title 1, of the Railway Labor Act, as amended, to resolve such dispute.

U. Management Positions, Check Airmen And Special Projects

A Crewmember will not be required to accept a management or Check Airman position, nor be required to perform special projects for the Company.

V. Promotional Activities

A Crewmember will not be required to participate in publicity or promotional activities.

W. Hostile Areas

A Crewmember will not be required to Layover in a Hostile Area.

X. Cabin And Flight Deck Maintenance

Aircraft cabin entry area and flight decks will be cleaned regularly and properly maintained. All aircraft will have a clean and serviceable toilet. All cockpit seats will be fully functional in accordance with the Company minimum equipment list and clean with all seat covers and cushions in good condition. A Crewmember must assure that such areas are left in a clean and orderly condition. The Company will provide all appropriate cleaning supplies and approved wipes for oxygen mask equipment.

Y. Aircraft Galley Equipment

When feasible at a reasonable cost, all Company aircraft will have a coffee maker and a microwave or galley oven installed. Such galley equipment will be maintained in operational condition in accordance with the Company's minimum equipment list. Each aircraft will have a cooler stocked with water and ice for each flight.

Z. Crew Meals

If a Crewmember is scheduled for eight (8) or more hours of duty and is not scheduled for an en route stop of at least three (3) hours where ground transportation to a restaurant is provided, the Company will provide crew meals. Crew meals will also be provided on Flight Segments of six (6) hours or more, Block to Block. When at an airport where catering is available, crew meals will be delivered directly to the aircraft not more than two (2) hours prior to actual departure. A flight will not be delayed because of the failure to provide a crew meal. If the Company fails to provide crew meals, the Captain may, upon obtaining approval from the Company, which approval will not be unreasonably withheld, purchase crew meals with Company funds not to exceed reasonable and customary charges. A Crewmember will not be required to provide his own crew meal when the Company is required to provide such a meal.

AA. Strike/Lockouts/Picket Line Strike

1. During the term of this Agreement, the Union will not authorize, cause, sanction or engage in any strike, non-informational picketing, slowdown or work stoppage.

2. Lockouts

During the term of this Agreement, the Company will not cause, permit or engage in any lockout of Crewmembers.

3. Picket Line

The Union and the Company will consult prior to the Company conducting any flight operations behind a picket line on behalf of an air carrier involved in a sanctioned labor dispute.

SECTION 24 - MISSING, INTERNMENT, HOSTAGE OR PRISONER OF WAR BENEFITS

- A. Any Crewmember who, while in the performance of duties for the Company, through no fault of his own becomes missing, is illegally interned, is held as a prisoner of war, is hijacked or is held hostage shall accrue seniority and Longevity credit, and shall receive the following benefits until he/she returns to active employment with the Company or as otherwise provided in this Section:
1. The average Monthly compensation he received during the highest paid three (3) Months of the last six (6) full Months he worked with the Company, less legally mandated deductions and deductions previously authorized by the Crewmember. Where such Crewmember would be entitled to Longevity raises, the Crewmember shall be paid in accordance with those raises.
 2. Contributions that were being paid by the Crewmember and deducted from his wages will continue to be deducted from wages paid under this internment benefit.
 3. Full accrual of vacation and sick leave credit.
 4. If a Crewmember is paid benefits pursuant to paragraph A. and it is later determined that the Crewmember was not involuntarily or illegally interned, held as a prisoner of war, hijacked or held hostage but instead was voluntarily missing, all benefits paid in accordance with paragraph A shall be repaid to the Company.
- B. In cases in which it is not apparent whether the Crewmember is involuntarily or unlawfully detained, the above benefits will be paid retroactively if such status is later confirmed.
- C. In the event that the Union has concerns regarding the security of Crewmembers in foreign locations, the parties shall promptly meet and confer regarding appropriate security measures to be taken in light of the risk reasonably expected to be incurred. Any security measures agreed upon shall be promptly implemented.
- D. If death is established, or if there is sufficient presumption of death, all benefits set forth in A above shall cease and death and survivor benefits shall be paid in accordance with the insurance policy.
- E. If the parties are unable to confirm whether a Crewmember who is interned or unlawfully detained is alive or dead, his compensation and other benefits provided for in this Section shall continue to be paid by the Company to the beneficiaries (or trust account) indicated in the Crewmember's letter of instruction to the Company for a period of eighteen (18) Months, after such

Crewmember was last known to be alive. At the end of that eighteen (18) Month period, if the Crewmember's status is still unconfirmed, death and survivor benefits shall be paid, in accordance with the Company-provided insurance policy.

- F. If a Crewmember who has been paid death/survivor benefits pursuant to this Section is later found to be alive, he shall receive retroactively the difference in pay between the total compensation (including death benefits) paid by the Company or insurance carrier under this Section and the Monthly amounts he would have been due under this Section had the Company known he was alive. If the Crewmember remains interned or imprisoned, Monthly payments shall then be resumed for the duration of internment or imprisonment. If the death/survivor benefits are greater than the benefits provided pursuant to this Section, the Crewmember shall reimburse the Company or its insurance carrier for the excess received.
- G. The Monthly compensation set forth in Paragraph A above, will be credited to such Crewmember on the books of the Company and will be distributed according to written directions from the Crewmember. The Company will require each Crewmember to execute and deliver to the Company a written direction in the form set forth in Paragraph I below, as long as not prohibited by law or Court order.
- H. If a Crewmember due compensation under this Section has not completed a direction per Paragraph G above, or the written direction does not cover the situation, such compensation will be held in an interest bearing account at a federally-insured financial institution until the Crewmember is found or released and is able to claim the compensation. In the event of the Crewmember's death, the proceeds of said account will be paid to the legal representative of the Crewmember's estate.

I. Form of Written Direction

WRITTEN DIRECTION FOR DISBURSEMENT OF BENEFITS

TO: Kalitta Air, LLC

DATE:

In the event payment directly to me is not possible, you are hereby directed to pay all Monthly compensation due me and any other benefits stipulated in the Agreement as follows:

\$ _____ or _____% per Month to (name) _____, (address) _____ as long as living, and thereafter to (name) _____, (address) _____. The balance, if any amounts accruing after the death of the persons named above, shall be held for me and distributed as stipulated in Paragraph H. of this Section of the Agreement.

The foregoing directions may be modified from time to time by letter addressed to the Company and signed by the undersigned. Any such modification shall become effective as of the postmarked date of the letter.

_____ (Signature)

_____ (Print name)
_____ (Employee number)

SECTION 25 - DURATION

This Agreement shall become effective on the date of signing and shall continue in full force and effect until _____ (four (4) years) and shall renew itself without change until each succeeding year thereafter unless written notice of an intended change is served in accordance with Section 6, Title 1, of the Railway Labor Act, as amended, by either party hereto at least 30 Days, but not more than 365 Days, prior to _____ or any _____ any subsequent year.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the _____ Day of _____, 2007.

FOR KALITTA AIR, LLC

FOR THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS
LOCAL 747

D.C. Sanderlin
Director of Operations

E.E. Sowell, President
IBT Local 747

Don Treichler, Director
Airline Division

Tiffany Moline
Business Agent

Robert Craig
Executive Council Chairman

WITNESSES:

Captain Brad Baird
Negotiating Team Member

PFE Luis Laur
Negotiating Team Member

Captain Dennis Nugent
Negotiating Team Member

Captain Bryant Beebe
Negotiating Team Member

Signing Bonus

LETTER OF AGREEMENT #1

between
KALITTA AIR, LLC
and

The Crewmembers in the service of
KALITTA AIR, LLC
as represented by

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 747

This LETTER OF AGREEMENT is made and entered into in accordance with Title II of the Railway Labor Act, as amended, by and between KALITTA AIR, LLC (hereinafter referred to as the "Company"), and the Crewmembers in the service of the Company, as represented by THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 747 (hereinafter referred to as the "Union").

The parties agree as follows:

1. As a signing bonus, the Company will pay each Crewmember employed as a Crewmember by the Company for the years 2004, 2005 and 2006, two percent (2%) of minimum bid guarantee per year for Active Service performed
2. Such payment will be made to Pilots on the Seniority List as of the date of signing.
3. The Pilot may elect to contribute his bonus to his 401 (k) in accordance with the limitations of the IRS plan limitations set forth in this Agreement.

This LETTER OF AGREEMENT will become effective on the date of its ratification and will run concurrently with the Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement this _____ Day of _____, 2007.

FOR KALITTA AIR, LLC

FOR THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS
LOCAL 747

Conrad Kalitta
President/CEO

E.E. Sowell
President IBT Local 747

Don Treichler, Director
Airline Division

PRIOR RIGHTS FLIGHT ENGINEERS

LETTER OF AGREEMENT #2
BETWEEN
KALITTA AIR, LLC
AND
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
AIRLINE DIVISION

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between Kalitta Air, LLC (the "Company") and The International Brotherhood of Teamsters, Airline Division (the "Union"), hereinafter known as the "Parties".

The Parties agree as follows:

1. All Flight Engineers in the employ of the Company on the date of the signing of this Agreement listed on the Flight Engineer's Seniority List appended hereto are recognized as being Prior Rights Flight Engineers. Designation as a Prior Rights Flight Engineer will continue until a Prior Rights Flight Engineer is no longer employed by the Company as a Flight Engineer.
2. No Prior Rights Flight Engineer will be furloughed until all other Flight Engineers are furloughed. No Prior Rights Flight Engineer will be furloughed as a result of any Pilot being displaced. A Prior Rights Flight Engineer who is furloughed will retain Prior Rights Flight Engineer status upon recall.
3. This Letter of Agreement will survive the duration of the Agreement between the Parties dated _____, 2007, and all succeeding Agreements so long as any Prior Rights Flight Engineer is employed by the Company as a Flight Engineer. The Parties to this Letter of Agreement and this Agreement irrevocably waive the right to serve any notice under Section 6 of the Railway Labor Act of any intended change to the Agreement that, if adopted, would modify any terms of this Letter of Agreement.

IN WITNESS WHEREOF, the Parties have signed this Letter of Agreement this _____ Day of _____, 2007.

For Kalitta Air, LLC.:

For The International Brotherhood of Teamsters, Airline Division:

D. C. Sanderlin
General Manager and Dir. Of Operations

Don Treichler
Director Airline Division

Heath Nicholl

E.E. Sowell
President IBT Local 747

LETTER OF AGREEMENT
between
KALITTA AIR, LLC
and
INTERNATIONAL BROTHERHOOD OF TEAMSTERS,
AIRLINE DIVISION
REGARDING
START-UP OF OPERATIONS

This LETTER OF AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between KALITTA AIR, LLC (the "Company"), and The International Brotherhood of Teamsters, Airline Division (the "Union"), hereinafter known as the "Parties".

WHEREAS the flight operations of Kitty Hawk International, Inc. ("KHI") were shut down on or about April 30, 2000, and the employment of the KHI Crewmembers was terminated on or about that date;

WHEREAS KHI and other related companies have since then filed for reorganization pursuant to Chapter 11 of the Bankruptcy Code;

WHEREAS the Company has acquired KHI's Part 121 operating certificate and desires to start operations pursuant to and in accordance with the former KHI/Union collective bargaining agreement (the "Agreement"); and

WHEREAS the Parties wish to facilitate any such startup of operations;

THEREFORE, the Parties hereby agree that:

1. The Company hereby assumes the Agreement, as modified hereby and by the Letter of Agreement dated December 12, 2001.

Pilots and Flight Engineers on the respective KHI Seniority Lists as of April 30, 2000 will be offered positions, as needed, in seniority order within equipment Type and Crew Class, Based on their currency and qualifications as of April 30, 2000. The Company will offer positions to all Crewmembers who were on the Flight Engineer and Pilot Seniority Lists, respectively, that were in effect on April 30, 2000 before offering positions to new hire Crewmembers. The Company will implement procedures to offer such positions. Crewmembers who are rehired pursuant to this provision will be granted the Longevity they possessed on April 30, 2000. The Company will implement a rehire by-pass list that will expire twenty-four (24) Months after the date of the first revenue flight of the restarted operation. Thereafter a Crewmember who declines an offered position will not be entitled to any further offer of rehire.

2. The Company will not be required to award a bid to any Crewmember who receives initial, upgrade or transition Training within eighteen (18) Months from the date of the first revenue flight of the restarted operation unless the Crewmember has completed eighteen (18) Months of Active Service following the completion of his initial line check in his Type and Crew Class.
3. No moving expenses will be paid for any move that occurs within eighteen (18) Months from the date of the Company's first revenue flight.
4. Sick Leave and Vacation banks will be indexed to zero.
5. The Company will implement procedures to assign duties until ninety (90) Days following the first revenue flight of the restarted operation, pending a restart of schedule bidding pursuant to Section 20 of the Agreement.
6. To the extent that any provision of the Agreement may be in conflict with this letter of agreement, this letter of agreement will be controlling.

The parties have signed this letter of agreement this 12th Day of December, 2001.

FOR KALITTA AIR, LLC

FOR THE INTERNATIONAL
BROTHERHOOD OF
TEAMSTERS AIRLINE DIVISION

D.C. Sanderlin
General Manager and Dir of Operations

Ray Benning
Director, Airline Division

Ernest E. Sowell, Esq.
General Counsel and
Secretary /Treasurer, Local
747

Appendix A

Kalitta Air Seniority List