

LETTER OF AGREEMENT
Between
ALOHA AIRLINES, INC.
And
THE FLIGHT ATTENDANTS
In the service of
ALOHA AIRLINES, INC.
As represented by
THE ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO

ALOHA AIRLINES REORGANIZATION

THIS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between ALOHA AIRLINES, INC. (hereinafter referred to as the “Company”) and the Flight Attendants in the service of the Company, as represented by THE ASSOCIATION OF FLIGHT ATTENDANTS-CWA, AFL-CIO (hereinafter referred to as the “Union”).

A. Purpose and Participation

1. The purpose of this Letter of Agreement is to accommodate the reorganization of Aloha Airlines by making certain modifications to the existing Flight Attendant Agreement.

2. The Company agrees that should any other group achieve a more favorable agreement as a result of these negotiations as to wages, medical/dental premium contribution, expenses and profit sharing (other than Company contributions to 401K plans and similar thereto), such provisions shall apply to the Flight Attendants as well. Mandatory participation by all other groups and Non-Represented, Management and Executive salaried personnel at Aloha Airlines is required for this Agreement to become effective.

3. Should a petition for bankruptcy be filed with respect to Aloha Airgroup or Aloha Airlines, Inc., neither the Company nor any affiliate will file or support any motion pursuant to 11U.S.C. Sections 1113, 1113 (e) or any other provision of the Bankruptcy Code seeking rejection or modification of, or relief or interim relief from the AFA Reorganization Agreement. The Company and its affiliates will actively oppose any such Motion if filed by another party.

4. The Company will pay the lost flight time for the negotiating

committee and shall reimburse AFA a maximum of \$50,000 subject to submission of receipts.

5. A Flight Attendant's voluntary contributions, if any, to the Flight Attendant Retirement Plan and/or 401 K Plan and the Company's contribution to the Flight Attendant Retirement Plan will be based upon the gross pay amount prior to the 10% as set forth in Document 30 B.4. and the 10% as set forth in this Document 39 B.2.

The Company shall commence an audit as of December 20, 2004 to ensure correct funding to date.

B. Relief Provided

1. The duration of the current Flight Attendant Agreement, including Letters of Agreement, is extended to January 1, 2007. Any provision of the current Flight Attendant Agreement not specifically altered by this Letter of Agreement remains in full force and effect.

2. Effective on the date of ratification, or as soon as practicable thereafter, each Flight Attendant's gross pay (excluding per diem, meal expenses) from that in effect as of December 31, 2004 will be reduced by 10% through December 31, 2006. Effective January 1, 2007, the gross pay in effect as of December 31, 2006 shall be increased by 5%.

3. The existing Enhanced Supplemental Profit Sharing Plan (ESPSP) program remains intact and applies to the 10% reduction from the ATSB discussions.

4. The parties agree that the last sentence of Document 30 B.2. and B.3. shall be considered null and void.

5. Early Reopener: The parties agree to an early reopener for the next round of Section 6 negotiations. The parties will provide written notice of intended changes (opening proposals) on June 5, 2006. If the parties have not reached an agreement by January 1, 2007, they shall jointly file a request for mediation with the National Mediation Board.

C. Amendments to Current Agreement

1. Pay raises scheduled for August 1, 2005 and January 1, 2006 shall not take place and are null and void.

2. Amend Document 6.15 d. ~~first sentence~~ to read as follows:

d. On ER flights, ~~where all passenger seats are filled,~~ the cabin jumpseat, if not occupied by a working crew member, may only be occupied by a Flight Attendant or Flight Attendant manager. A Flight Attendant, in

or out of uniform, shall have first priority in occupying the jumpseat. If no Flight Attendant requests to occupy the cabin jumpseat, a Flight Attendant manager may occupy such jumpseat. The jumpseat rider, whether a Flight Attendant or manager, will assist with the service in the manner the crew determines most beneficial.

3. Amend Document 6.4 to read as follows:

Effective only after the present first class meal service is streamlined and providing that the coach meal service in effect on 12/18/04 is not expanded, the ER crew complement will be in accordance with the table below. Furthermore, prior to this change, the Company is required to change all service procedures and address all safety concerns resulting from one less flight attendant. Should the Association believe that the Company has not complied with this commitment, the dispute shall be promptly referred to expedited arbitration and the Company shall not implement the change in staffing until such time as the arbitration board has rendered its decision. If the Board's decision is rendered in favor of the Association, the Company agrees to pay for the cost of the arbitration.

A scheduled duty period shall not exceed sixteen (16) hours.

	RON Trips	ER Flts up to 3:30/ Booked to at least 75% of seating capacity/Hot Meals	12:00 to 13:59 Sched. Duty Day	14:00 to 16:00 Sched. Duty Day
Regular ER Trip	3 F/As	3 F/As	4 F/As (FAR + 1)	5 F/As (FAR + 2)
Combi ER Trip	3 F/As	3 F/As	3 F/As	4 F/As

(Current book document 6.4.a. and b. remain as is.)

4. Amend Section 23 M.1.a. as follows:

Select a referee from a panel of seven (7) which shall be established within thirty (30) days from the signing of this Agreement by the Company and the Association.

5. Amend Document 36 under 'Eligibility' paragraph 6 to read as follows:

Donated vacation days may be utilized in a continuous and uninterrupted manner or if the Flight Attendant so chooses, the days may be used intermittently.

6. Amend Document 29 B. as follows:

The "status quo" provisions of the Railway Labor Act notwithstanding, this Letter of Agreement will cease to be effective on December 31, 2006.

The Company waives any right or claim that this Letter of Agreement retains any force or effect beyond December 31, 2006.

7. Delete Document 29 paragraph C.
8. Amend Document 29.F. to read as follows:
 - F.1. For Flight Attendants on the 90-hour bid option adjustment must occur at 90:00.
 - F.2. For Flight Attendants on other bid options (37:30, 55:00, 75:00 and 85:00), adjustments must occur at 91:00 if the pickup was 89:30 or below.
 - F.3. Flight Attendants on all options may waive the obligation to adjust up to 100:00. Such waiver must be specifically authorized by the Flight Attendant. However, any pickup in excess of 89:30 will automatically waive the obligation to adjust up to 100:00.
9. Amend Document 29.H.3. to read: Any Flight Attendant may use the DPU process to pick up additional flying up to 98:30.
10. Amend Document 29.H.4. to read: Reserve Flight Attendants may pick up two (2) days of flying on a PO or GO. Flying that is picked up in accordance with this provision shall be paid and credited in addition to the greater of the Reserve Flight Attendant's minimum monthly guarantee or her/his credited hours for the bid month.
11. Add New 29.N. to read: This document temporarily supercedes and modifies the hours noted in Document 22.B., C.5. and F.

D. Additional Considerations

1. The parties have agreed to meet, commencing in January 2005, in a good faith effort to resolve all outstanding grievances and scheduling complaints.
2. The parties have agreed to add the following language to Section 29 of the Agreement:

Association of Flight Attendants Professional Standards

Background:

AFA EAP/Professional Standards is a confidential service offering the opportunity to resolve conflicts with and concerns about co-workers without management involvement. This Committee has seen an alarming increase in the caseload requiring resolution of Professional Standards issues.

Informal conversations with LECs, Local Domicile Managers and Supervisors have also indicated a substantial rise in “workplace conflict issues.”

Personality conflicts, differences in communications styles, work and/or personal habits, physical and/or emotional health and offensive conduct have incited F/A discipline, up to and including discharge.

General Purpose:

The goal of AFA Professional Standards is to protect and enhance the standing of the flight attendant profession as a whole, to support and promote the highest degree of professionalism among all Flight Attendants, and to enhance the working relationship they share with other employees.

AFA encourages the use of Professional Standards whenever a member is experiencing a concern about or a conflict with a flying partner. AFA Professional Standards provides an informal and confidential process to disclose and resolve such problems.

Utilizing AFA Professional Standards: 1.) Offers an opportunity for involved parties to maintain control over the outcome of a conflict, 2.) Acts as an alternative to supervisory /discipline model, and 3.) Reduces expenditure of resources in the grievance process.

Scope:

A Flight Attendant is expected to conduct her/his affairs with other members of the profession in such a manner as to bring credit to the profession as well to her/himself. Individual Flight Attendants involved in co-worker conflicts are encouraged to discuss the matter in a reasonable manner and in an appropriate location at the earliest opportunity. “One-on-one” resolution is typically encouraged prior to Professional Standards involvement.

Professional Standards does not monitor or evaluate work performance.

Professional Standards does not engage in supervisory functions.

Professional Standards does not get involved in discussions about how Flight Attendants do their job, it may engage in discussions about conflicts/concerns surrounding changed, deficient or unprofessional behavior.

Professional Standards does not “fix” or change other’s behaviors. Instead, Professional Standards offers the tools and support to resolve conflicts amongst themselves.

Minimally, Professional Standards will seek the restoration of professional conduct even if difficulties between the parties are not totally resolved.

AFA Professional Standards does not “investigate” the activities of its members. However, the gathering of information may be appropriate for successful case resolution.

The Association of Flight Attendants does not free from or usurp the legal statutory obligation of Aloha Airlines to maintain a Violence Free, Drug and Alcohol abuse free workplace or any other Company mandated policies.

Specific Professional Standards Philosophy:

When conflict between co-workers is brought to the attention of the Company in the first instance, the Company may refer that issue and the flight attendants involved to the Professional Standards component of the AFA EAP, consistent with the AFA EAP guidelines of AFA EAP. The referred Flight Attendants will be encouraged to settle their conflict in a reasoned no-fault manner.

The traditional authority and responsibilities regarding proficiency and safety shall not in any way be altered by this agreement. Further, the Company agrees not to cite a Flight Attendant's involvement with the Professional Standards Program of the EAP in any subsequent disciplinary proceedings or work history.

3. Replace current book Document 6.15.c. with: The Company shall not be required to supply crew meals aboard any of its flights for Flight Attendants.
4. The Company will consider AFA's input regarding Inflight staffing reductions.
5. The parties agree to meet no later than March 31, 2005, for the purpose of clarifying and consolidating certain provisions of the Agreement to ensure consistency.
6. Non Revenue Travel
 - Replace Current book Section 24.N.3. with:
Each Flight Attendant shall receive six (6) round-trip buddy passes annually.
 - Amend Section 24.N.7. to read as follows: Boarding priority for retired employees and their qualified dependents as well as surviving spouses of retired employees and their qualified dependents traveling on passes shall be in accordance with Company policy. ~~On three (3) roundtrips annually such individuals may use total years of service with Aloha to determine their boarding priority.~~
7. The parties agree to research alternative medical health insurance providers to determine if equivalent or superior coverage is available at equal or less cost.
8. Add to Section 16.Q.- The Company will not require a Flight Attendant on FMLA to use her/his vacation.

This Letter of Agreement shall run concurrent with the Basic Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement this 11th day February 2005.

WITNESS:
FOR ALOHA AIRLINES, INC.

Michael J. Conroy
Director, Human Resources

Albert J. Pattison
Senior Vice President,
Human Resources

Mary Jo O'Connor
Director, Inflight Services

FOR THE ASSOCIATION

Peggy Gordon
MEC President

Patricia Friend
International President
Association of Flight Attendants-
CWA

Karen Nakaoka
MEC Vice President

Josie Bautista
AFA-CWA Staff Attorney

Grace Lee
MEC Secretary – Treasurer

Mark L. Littleton
AFA-CWA Staff Negotiator

Gail Kim-Moe
Negotiating Committee