

*IMPLEMENTATION OF CONTRACT
RESTRUCTURING AGREEMENT*

<u>Section</u>	<u>Subject</u>	<u>Effective Date</u>
Section 3 Compensation	LOA 8, C.: Instructor and Check Airman Pay	October 1, 2003
Section 5 Travel Expenses	LOA 8, D.: Per Diem	October 1, 2003
Section 7 Vacations	LOA 8, E.: Vacation Pay	November 1, 2003
	NOTE: If a vacation bridges October and November, the vacation pay will be split, and November vacation will be paid at the new rate.	
Section 11 Training	LOA 8, F.: Check Airmen	October 1, 2003
	LOA 8, G.: Short-Term Training Pay	November 1, 2003
Section 12 Hours of Service	LOA 8, H.: Credited Flight Time	November 1, 2003
	LOA 8, I.: Trip Time Limits	November 1, 2003
	LOA 8, J.: Actual On-Duty Limits	October 1, 2003
	LOA 8, K.: RON Rest	November 2003 bid period, including the Integration
Section 24 Filling of Vacancies	LOA 8, L.	November 1, 2003
Section 25 Scheduling	LOA 8, M.: Total Open Flying N.: Eleven Days Off Option O.: Max Block Time P.: Max Trip Hours Q.: Max Open Time – Regular Lines R.: Trip Adds	November 1, 2003

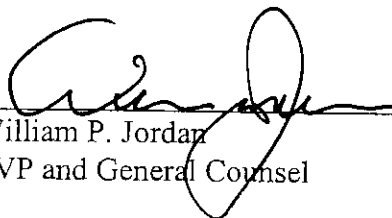
IMPLEMENTATION OF CONTRACT
RESTRUCTURING AGREEMENT

<u>Section</u>	<u>Subject</u>	<u>Effective Date</u>
Section 26 General	LOA 8, V.: Jumpseat	November 1, 2003
	LOA 8, W.: Commuter Policy	October 1, 2003
Section 27 Insurance Benefits	LOA 8, S.: Health and Dental Plans – Change in Costs	January 1, 2004, provided “me too” is not triggered
	LOA 8, T.: Flexible Spending	Plan Year 2004
Section 28 Retirement	LOA 8, U.: Company contributions and match	January 1, 2004

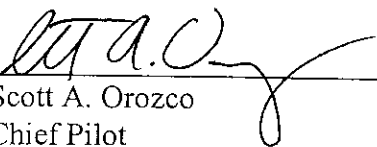
This Letter of Agreement will become effective on the date of signing, provided the conditions set out in the preamble of Letter of Agreement No. 8 executed on June 16, 2003 are fully satisfied, and shall run concurrently with the principal Pilot Employment Agreement effective October 1, 2003, and shall be concurrently subject to the provisions pertaining to duration and amendment contained in Section 31 thereof.

IN WITNESS WHEREOF, the parties have signed this Agreement this 1st day of October, 2003.

For AIR WISCONSIN AIRLINES
CORPORATION




William P. Jordan
EVP and General Counsel

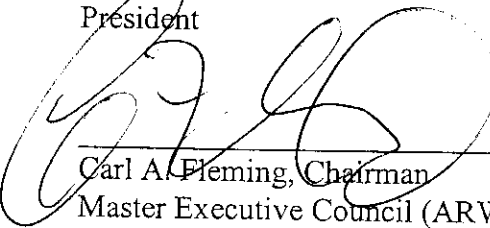


Scott A. Orozco
Chief Pilot

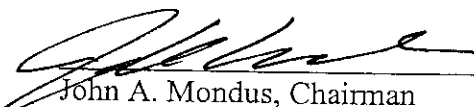
For the AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL



Duane E. Woerth
President



Carl A. Fleming, Chairman
Master Executive Council (ARW)



John A. Mondus, Chairman
Negotiating Committee (ARW)

LETTER OF AGREEMENT No. 8
between
AIR WISCONSIN AIRLINES CORPORATION
and the
AIR LINE PILOTS
in the service of
AIR WISCONSIN AIRLINES CORPORATION
as represented by the
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

THIS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between Air Wisconsin Airlines Corporation and the air line pilots in the service of Air Wisconsin Airlines Corporation, as represented by the Air Line Pilots Association, International ("Association").

WHEREAS, the Company and ALPA wish to make certain amendments to the collective bargaining agreement signed on September 11, 2001,

WHEREAS, it is understood and agreed that these amendments shall only become effective if a new or amended United Express agreement between AWAC and UAL becomes fully effective, including, but not limited to, Bankruptcy Court approval,

THEREFORE, it is hereby agreed that:

Unless otherwise provided herein, all provisions of this Letter of Agreement shall become effective on the first day of the month following the effective date of the new or amended United Express agreement (the "Effective Date"), unless the effective date of the new or amended United Express agreement is the first (1st) of the month, in which case the Effective Date will be the same date.

A. **Wages**

1. The wage scales that became effective August 1, 2002 that appear in Section 3.A. shall be reduced by seven percent (7%) for the CL-65 and by nine percent (9%) for the BAe-146, and a 51-70 seat jet rate is hereby established. See Appendix A of the Letter of Agreement.
2. Wages will be increased by 1.5% on each anniversary date of the Effective Date. In addition, the pilot wage scales will be reviewed and revised, in accordance with paragraphs a. through e. below, at Effective Date + 2.5 years (Wage Adjustment 1), Effective Date + 5 years (Wage Adjustment 2), and Effective Date + 7.5 years (Wage Adjustment 3). The wage adjustment will become effective on the date identified as the Wage Adjustment date. The Wage Adjustment process will be conducted in accordance with the following provisions:

- a. The average Captain pay rate for each longevity year will be calculated by adding together the 50-seat jet aircraft (i.e., CL-65, EMB-145) wages then in effect of independent carriers (main line carrier does not hold a majority equity interest) who are the six largest producers of 50-seat jet aircraft ASMs, and, if not included in the six largest, all United Express carriers (excluding Air Wisconsin) operating 50-seat jet aircraft. This sum will be divided by the number of carriers used in the calculation and the result will be the "Average Rate."
- b. The Average Rate for each longevity year will be compared to the Air Wisconsin rate for the same longevity year. The Air Wisconsin Captain pay rate, by longevity year, will be adjusted, if necessary, so that it equals the Average Rate plus two percent (2%) at Wage Adjustment 1, the Average Rate plus three percent (3%) at Wage Adjustment 2 (after giving effect to the annual one and one-half percent (1.5%) wage increase), and the Average Rate plus four percent (4%) at Wage Adjustment 3. If the Air Wisconsin rate meets or exceeds the Average Rates plus the applicable percentages, no adjustment will be made.
- c. If the wage scales of a carrier used to calculate the Average Rate do not include a longevity year pay rate that parallels the Air Wisconsin longevity scale, the previous year's pay rate will be used in its place. For example, if a carrier's Captain longevity scale extends to fifteen (15) years, and the Air Wisconsin Captain scale extends to eighteen (18) years, the carrier's fifteen (15) year rate would be used for Years 16, 17, and 18 in computing the Average Rate. Conversely, if the longevity scale of a carrier used to calculate the Average Rate includes longevity years that extend beyond Air Wisconsin's longevity scale, then that carrier's extended scale would be used calculate the Average Rate for those years. For example, the CL-65 Captain longevity scale ends at eighteen (18) years. If another carrier's or carriers' scale extends to twenty (20) years, then an Average Rate will be calculated for Years 19 and 20, and will be compared to the Air Wisconsin pay rates for pilots with more than 18 years. Adjustments will be made in accordance with paragraph b. above for those longevity years.
- d. Each longevity step in the Captain BAe-146 and 51-70 seat jet wage scales will be increased by the same percentage as the corresponding longevity step in the CL-65 wage scale.
- e. The CL-65 and 51-70 seat jet First Officer pay rates, by longevity year, will be sixty percent (60%) of the CL-65 Captain pay rate. The BAe-146 First Officer pay rates, by longevity year, will be sixty percent (60%) of the BAe-146 Captain pay rate. The first year First Officer pay rate will not be subject to the 60% rule. The first year First Officer pay rate will be increased by one and one-half percent (1.5%) on an annual basis, and will receive the same percentage increase (if any) as the first year CL-65 Captain in accordance with the Wage Adjustment procedure.

3. Section 3.B.1. is amended to provide that: A pilot who voluntarily adds a trip (or portion thereof after the Initial Open Time Award (Section 25.I.) shall be compensated ... (return to current book language).

B. **Rigs**

1. Section 3.C.2. is amended to provide for one (1) hour of pay for every four (4) trip hours.
2. Add to Section 3.C. after the first sentence: However, either (but not both) the first day or the last day of any three- or four-day trip will be exempt from the minimum daily pay provision, provided the pilot is originally scheduled to check in at or after 1500L (if applied to the first day) or is originally scheduled to report off on or before 1200L (if applied to the last day). Instances in which the minimum day will not apply will be designated on the schedules.

Example: A pilot is scheduled to check in at 1830 on the first day of a three- or four-day trip. He is scheduled for 2.5 block hours. No minimum day will apply on this day. The pilot will be credited with the greater of scheduled, actual, duty rig pay (if any), or trip rig pay (if any).

Example: A pilot is scheduled to report off at 0930 on the last day of a three- or four-day trip. He is scheduled to fly 2 block hours. No minimum day will apply on this day. The pilot will be credited with the greater of scheduled, actual, duty rig pay (if any), or trip rig pay.

Example: A pilot is scheduled to check in at 1830 on the first day of a three- or four-day trip. He is scheduled to fly for 2.5 block hours. On the last day of the trip, the pilot is scheduled to fly 2.5 block hours and is scheduled to report off at 0930 at his domicile. The Company may designate that the minimum day does not apply on either the first or last day of the trip, but not both. The "no minimum day" provision will be designated on the bid schedule and final bid award.

This exception to the minimum day rule applies only to schedule construction, and will not be applied as a result of rescheduling that occurs during daily operations. For example, if a pilot was originally scheduled to check in at 1000, but due to a mechanical problem, his report time is delayed to 1515, the pilot will be credited with the greater of scheduled, actual, minimum day, duty rig pay (if any), or trip rig pay (if any).

3. Section 3.C. will also contain the following exception:

A CDO will not be subject to the minimum day (3.C.3.), duty rig (3.C.1.), or trip rig (3.C.2.). Each CDO will have a minimum value of five (5) hours. A pilot will be credited with the greater of scheduled, actual, or five (5) hours for each CDO.

4. Section 3.C. will also include the following exception:

After the regular lines are constructed in accordance with Section 25.E., the Company may designate up to five percent (5%) of the total time, by position, as trips that are not subject to the duty and trip rigs. These trips will be identified on the relief lines (if applicable), and in open time as non-rigged trips ("NRTs").

Example: 1,000 block hours scheduled for ORD CL-65. No more than 100 hours (10% of the total block hours) may remain unassigned after the regular lines are constructed. No more than fifty (50) hours (five percent) may be constructed into trips designated as NRTs.

C. **Instructors and Check Airmen**

Section 3.H. is amended to provide:

A pilot who is designated as an instructor pilot or line check airman and who performs the duties associated with those positions in a given bid period will receive two hundred fifty dollars (\$250.00) for that month in addition to any and all other pay credits earned in that month. Once an instructor pilot or line check airman has performed twenty five (25) block hours of instruction, line checks, or IOE in a bid period, he will be paid an additional ten dollars (\$10.00) per hour for each additional block hour of instruction, line check, or IOE.

D. **Per Diem**

Section 5.D. (Per Diem) will be modified to provide that: A pilot will be paid a per diem allowance of \$1.40 per trip hour (fractions will be prorated) for domestic assignments and \$1.70 per trip hour for international assignments (except Canada, which shall be paid at the domestic rate). On the Effective Date plus three (3) years, the per diem rates shall be increased to \$1.50 and \$1.80, respectively. On the Effective Date plus six (6) years, the per diem rates shall be increased to \$1.60 and \$1.90, respectively.

E. **Vacation**

Section 7.C.1. is replaced with the following provision:

A pilot will be credited with three (3) hours of pay for each calendar day that falls within the vacation period, regardless of any trips missed.

F. **Check Airmen**

Section 11.G.9.a. is amended to provide that: Except in the case of the introduction of new equipment, a pilot will not be utilized as a check airman (including IOE Check Airman) until after he completes 1) Consolidation of Knowledge and Skills (CKS) as a Captain in the equipment in which he will serve as check airman; 2) one (1) year of active service with the Company; and 3) three hundred (300) hours of line flying.

G. **Short-Term Training Pay**

Section 11.I.1. is replaced with the following provision:

A pilot assigned to short-term training event will be credited with 3.8 hours of pay for each calendar day of the training assignment. There will be no pay for touching trips that must be dropped due to a conflict with the training event. A pilot may indicate at the time he bids that he wants the Company to substitute other flying for the touching trips dropped (on the days dropped). Delete all references to daily trip value in examples following 11.I.4. and replace with the following examples:

A pilot will be paid the greater of the following:

Deadhead to ground school:	Full value of deadhead, or 3 hour minimum day value
Ground school:	3.8 hours
Last day of ground school/travel to domicile:	3.8 hours

Note: As is, but delete "or the schedule trip daily value."

Pay Examples for Recurrent Proficiency Check/Proficiency Training

A pilot will be paid the greater of the following:

Deadhead to Proficiency Check:	Full value of deadhead, or 3 hour minimum day value
Proficiency Check/Deadhead to/from Domicile:	2:00 SIM + full value of deadhead, or 3.8 hours minimum training day, or 4.2 hours if paragraph 11.I.1. above applies.
Proficiency Check/Deadhead/Line Flying:	2:00 SIM + Full value of deadhead + actual flying, or 3.8 minimum training day, or 4.2 hours if paragraph 11.I.1. above applies.

H. **Flight Time Limitations**

Section 12.A.1. through 12.A.5. is deleted.

I. **Trip Time Limitations**

Section 12.B. is modified to allow for 380 trip hours in a bid period (TAFB).

J. **On-Duty Limitations**

Section 12.C.2. is deleted and the following language will appear in its place: No pilot will remain on duty for longer than sixteen (16) hours.

K. **RON Rest**

Section 12.E.2. is deleted and replaced with:

A pilot on an RON will not be scheduled for, nor will he actually receive less than eight (8) hours of rest "at the hotel." At the hotel means the time between entry and exit of the RON hotel. This provision also applies to a pilot who is rescheduled to overnight in his domicile during a trip sequence. See Section 5.H. for in-domicile layover rooms.

L. **Move-Ups**

Section 24.J. is amended to include the following:

c. **Move-Ups For Anticipated Temporary Shifts in Flying**

In the event the Company is required to shift flying from one domicile to another as a result of marketing schedule changes, and the shift in flying is anticipated to occur for four (4) consecutive months (or less), the Company may move up reserve pilots as necessary to cover additional flying, provided the Company maintains the minimum reserve complement as specified in Section 25.N.1. A temporary move-up that exceeds (4) consecutive bid periods will result in the publication of a permanent bid for an additional line holder(s) in the affected domicile. The number of new permanent line holder positions will be equivalent to the number of temporary awards that exceed four (4) bid periods.

- d. The Company will notify the MEC Chairman and the MEC Grievance Chairman, in writing (by e-mail), prior to the publication of the monthly bid of its intent to award a line of time to a reserve pilot due to a shift in flying. The notice will include the total scheduled block hours from the bid period before the shift occurred (labeled by month) and the total scheduled block hours for the affected bid period. If the Company does not notify the ALPA designees as required above, no move-up will occur.

M. **Open Flying**

Section 25.E.2. is modified to provide that regular lines will be constructed until no more than ten percent (10%) of the total flying remains unassigned, by position. This number does not include time planned for IOE.

N. **Eleven Day Off Lines (at Pilot Option)**

Section 25.E.8. is amended to provide:

- a. A bid line will be constructed with no less than twelve (12) days off, except that up to thirty percent (30%) of the bid lines by position may be constructed with eleven (11) days off. The thirty percent (30%) limitation may be exceeded with the written (e-mail) agreement of the MEC Chairman. These lines will be awarded by seniority. A pilot who receives a line with eleven (11) days off will be restored to twelve (12) days off if he notifies the Company in accordance with the instructions on the bid package. A bid line containing eleven (11) days off will “flag” the day that will be dropped if the pilot elects to have twelve (12) days off.
- b. The “flagged” day will be identified in the bid package, and the bid package will also show the original and the revised trip pairing. A pilot who elects to be restored to twelve (12) days off will only be paid for the value of the revised trip pairing (the revised pairing may impact the adjoining day).
- c. A pilot awarded a reserve line with eleven (11) days off who does not elect to be restored to twelve (12) days off will have a monthly guarantee of 79:10.
- d. Neither the insertion nor the deletion of a “flagged” day will result in a schedule with a single day off.

NOTE: A pilot is entitled to drop the “flagged” day regardless of whether the flagged day is inside or outside a planned absence.

O. **Maximum Block Time**

Section 25.E.9. is modified to provide that a bid line will not contain more than ninety-five (95) block hours.

P. **Maximum Trip Hours**

Section 25.E.10. is modified to provide that a bid line will not contain more than three hundred eighty (380) trip hours.

Q. **Maximum Open Time in Conjunction with the Construction of Regular Lines**

Section 25.H.2. and 25.H.3. are amended to change the references from five percent (5%) to ten percent (10%).

R. **Trip Adds**

Section 25.I.3. is amended to allow a pilot to add a trip that results in monthly block of ninety-eight (98) hours.

S. **Health and Dental Plans**

1. Sections 27.B.1.c., 27.B.2.c., 27.B.3.c., and 27.C.1.c. are deleted. Section 27.D.2., paragraph 2, is deleted.

The following language replaces those provisions:

A pilot will pay twenty-five percent (25%) of the premium cost for the health and/or dental plan he selects (Indemnity, EPO, PPO, or HMO) and the Company will pay the other seventy-five percent (75%). The total cost will be calculated in accordance with Sections 27.D.1. and 27.D.2. The cost of each plan will be calculated separately, and the cost of the separate HMO and PPO plans will be calculated by location. For example, if an HMO available only to Appleton-based pilots costs less than an HMO available only to Chicago-based pilots, then the premium charged to Appleton-based pilots would be lower than the premium charged to Chicago-based pilots. A PPO available only in the Denver area may have a different cost than a nationwide PPO. However, pilots participating in a nationwide PPO would be charged the same premium. The pilot share of the premium cost will not be implemented until after a two (2) week Open Enrollment period.

2. Section 27.B.5.a. is amended to provide that a pilot who retires at the normal retirement age of sixty (60) years of age may elect to continue to be covered by a Company health plan for five (5) years from the date of retirement, provided he is participating in a health plan at the time he retires. The pilot will pay twenty-five percent (25%) of the premium cost for the health plan selected. However, Section 27.B.5.a., as it appears in the Agreement executed on September 11, 2001, will apply to any pilot who retired prior to the Effective Date of this Letter of Agreement.

T. **Flexible Spending**

Section 27.F.2. is amended to delete \$2,500 and substitute \$3,500 (commencing with Plan Year 2004).

U. **Retirement**

1. Section 28.C. is amended to provide that the Company shall contribute to the 401(k) Plan on behalf of each eligible pilot an employer contribution in an amount equal to three percent (3%) of each such pilot's regular wages, including overtime and bonuses, which contribution shall be made without regard to whether the pilot makes salary deferral contributions. Remainder of language is current book.

2. Section 28.D. is amended to provide a schedule of Company matching contributions as follows:

<u>Pilot Elective Deferral</u>	<u>Company Match</u>
3%-4%	1%
5%-6%	2%
7%	3%
8%	4% (Effective July 1, 2006)
9%	5% (Effective July 1, 2008)

3. The parties agree to finalize the plan amendment that will change the eligibility requirement to twelve (12) months active service.

V. **General – Jumpseat**

Section 26.S. is amended to delete the limit on the number of flight crew members authorized to occupy an available seat in the cabin.

W. **Commuter Policy**

This policy is designed for commuters in an attempt to assist them in their commute under unusual circumstances. This policy applies only when a pilot is traveling from his permanent address to his assigned domicile, and only on airlines for which the Company has direct access to the computer reservation system. A pilot will not receive any discipline, nor will his unavailability be counted as an “event” or “occurrence” under the Company’s Attendance policy, provided the pilot complies with the following:

1. The commuting pilot will have one original and one back-up flight to his domicile, the first of which must be scheduled to arrive at least two (2) hours prior to the check-in time for the trip in question, and the second must be scheduled to arrive at least one-half (0.5) hour prior to check-in time. The above requirements do not relieve the commuting pilot of his responsibility of exercising good judgment when considering when it is appropriate to start his travel to his domicile. For example, waiting to commute on the day a trip is scheduled to start when there is a forecast of severe winter weather would not be considered “good judgment.” A pilot who is deemed not to have exercised “good judgment” in regards to his commute is not covered under this Section and will be subject to the provisions of the Company’s attendance policy.
2. At least one (1) hour prior to the back-up flight, the pilot will contact Crew Scheduling and request to speak to the Chief Pilot, and if he is not available, will ask to speak with any available Flight Department manager.
3. The pilot will provide the Flight Department with the flight number of the original and back-up flights. The Company will verify that the pilot was listed for the original flight, and that the original and the back-up flights were scheduled to

arrive at least two (2) hours and one-half (.5) hour prior to the scheduled report time, respectively.

4. The Company, if able, may elect to provide positive space transportation for the back-up flight, request that the pilot get to work on the first available flight, or remove the pilot from the trip.
5. A pilot will not be paid or credited for any portions of the trip or duty period for which he was unavailable. This includes the daily minimum credit that might otherwise apply.
6. A pilot whose original trip does not return to the domicile may be assigned to any other trip, provided that the trip ends on the same day as the originally scheduled trip. A pilot who is reassigned will be credited for the trip he actually flies.
7. The pilot and the Company may mutually agree to any other reassignment.

X. **Duration**

Section 31 is modified to read as follows:

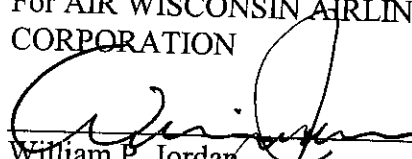
- A. This Agreement shall become effective on the first day of the month following the effective date of the new or amended United Express Agreement, or, if the new or amended United Express Agreement is the first of the month, on that day [this language to be replaced with a specified date in the amended collective bargaining agreement], and shall continue in full force and effect until eight (8) years thereafter, and shall renew itself without change until each succeeding [same date as Effective Date] thereafter, unless written notice of intended change is served in accordance with Section 6, Title I of the Railway Labor Act, as amended, by either party hereto at least ninety (90) days, but not more than three hundred sixty-five (365) days prior to Effective Date, 2011 or any Effective Date thereafter.
- B. As is.

CONTRACT RESTRUCTURING AGREEMENT

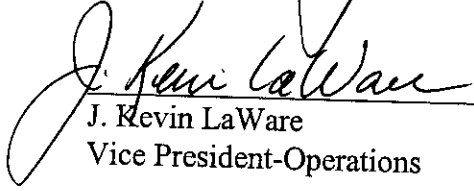
This Letter of Agreement shall become effective on the date of execution and shall remain in full force and effect concurrent with the pilot's basic agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement this 16th day of June, 2003.

For AIR WISCONSIN AIRLINES
CORPORATION

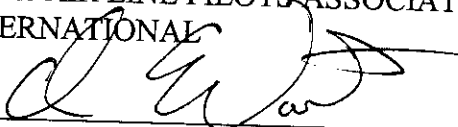


William P. Jordan
EVP-Administration and General Counsel

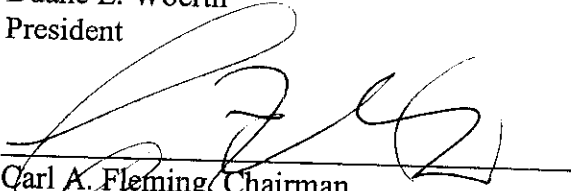


J. Kevin LaWare
Vice President-Operations

For the AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL



Duane E. Woerth
President



Carl A. Fleming, Chairman
Master Executive Council (ARW)

Appendix A
ARW-ALPHA LETTER OF AGREEMENT No. 8

Year	CA	CA	CA	FO	FO	FO
	CL-65 Effective Date	51-70 seat jet Effective Date	B Ae-146 Effective Date	CL-65	51-70 seat jet Effective Date	B Ae-146
Year 1	52.63	56.31	Year 1	22.32	22.32	22.32
Year 2	54.27	58.06	Year 2	32.56	32.56	38.23
Year 3	55.93	59.85	Year 3	33.56	33.56	39.40
Year 4	57.67	61.71	Year 4	34.60	34.60	40.63
Year 5	59.45	63.62	Year 5	35.67	35.67	41.89
Year 6	61.29	65.58	Year 6	36.77	36.77	43.18
Year 7	63.18	67.61	Year 7	37.91	37.91	44.51
Year 8	65.14	69.70	Year 8	39.08	39.08	45.89
Year 9	67.16	71.86	Year 9		40.30	47.31
Year 10	69.23	74.08	Year 10		41.54	48.77
Year 11	71.37	76.36	Year 11			
Year 12	73.57	78.72	Year 12			
Year 13	75.86	81.17	Year 13			
Year 14	78.20	83.68	Year 14			
Year 15	80.62	86.27	Year 15			
Year 16	83.04	88.85	Year 16			
Year 17	85.53	91.52	Year 17			
Year 18	88.10	94.26	Year 18			
Year 19		97.09	Year 19			
Year 20		100.01	Year 20			

Wages will be increased by 1.5% on each anniversary of the Effective Date. In addition, the pilot wage scales will be reviewed and revised, if appropriate, at the Effective Date + 2.5 years (Wage Adjustment 1), Effective Date + 5 years (Wage Adjustment 2), and the Effective Date + 7.5 years (Wage Adjustment 3).