

LETTER OF AGREEMENT No. 37  
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 LETTER OF AGREEMENT made and entered into in accordance with the provisions of the Railway Labor Act, as amended, is by and between AIR WISCONSIN AIRLINES CORPORATION (hereinafter referred to as "the Company" or "AWAC") and the air line pilots in the service of AIR WISCONSIN AIRLINES CORPORATION (hereinafter referred to as "ALPA" or "the Association").

WHEREAS, the Company and the Association agree that there is a need for incentives to recruit new hire pilots and retain current pilots;

WHEREAS the parties have agreed that the Company will offer a recruiting bonus that may be increased at the Company's discretion; and

WHEREAS, the parties have also agreed that the Company will pay certain fixed retention amounts, which may be increased at Company discretion; and

WHEREAS, the parties are currently in bargaining under Section 6 of the Railway Labor Act, as amended; and

WHEREAS, the parties have agreed that the next bargaining session be no later than the third Quarter of 2017 as determined by the National Mediation Board to allow the Company the opportunity to implement these provisions and focus on pilot hiring and training.

NOW THEREFORE, the parties agree as follows:

A. First Year Pay

Notwithstanding the hourly pay rates set forth in Section 3.A.1. of the Agreement, the Company will have the discretion to raise the hourly first year pay rate to a maximum of \$40.00. Further, the Company has the discretion to increase the first year rate in steps (e.g., \$32, then \$34, then \$35) and the Company need not increase the pay rate. Further, pilots in their first year of service will always receive the greater of the Section 3.A.1. rate, as amended, or the rate designated by the Company in accordance with this paragraph, whichever is higher (e.g. if the Company increases the pay rate to \$32, but the pay rate of Section 3.A.1., as amended, is \$32.50, then the Company must pay \$32.50). Once the Company increases the first year pay rate in accordance with this paragraph, the Company is required to maintain such pay rate until it increases the pay rate further. Any increase in the pay rate, including any Section 3.A.2. increase, if applicable, will apply to all pilots who are in their first year of service.

B. Recruiting Incentive Pay

The Company shall offer a minimum recruiting incentive amount of \$5,000. This amount may be increased at the discretion of the Company. The Company may set reasonable conditions (e.g., payment intervals, minimum time in service, successful completion of training, etc.) on receiving this incentive.

C. Retention Pay

1. Retention Amount

The following are the minimum retention amounts, which may be increased at the discretion of the Company, provided that sum of the First Officer retention and his hourly rate annualized must not exceed the sum of the Captain retention and the Captain hourly rate annualized at his longevity level:

a. Captains

Pilots who are being paid in accordance with the Captain pay scale on the date of payment will receive the following minimum

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retention payments, provided he meets the conditions of paragraph C.2., below:

|              |         |
|--------------|---------|
| May 15, 2017 | \$2,000 |
| Oct 15, 2017 | \$4,000 |

b. First Officers

Pilots who are being paid in accordance with the First Officer pay scale on the date of payment will receive the following minimum retention payments, provided he meets the conditions of paragraph C.2., below:

|              |         |
|--------------|---------|
| May 15, 2017 | \$3,000 |
| Oct 15, 2017 | \$5,000 |

2. Retention Eligibility

- a. The pilot must be an employee of the Company on December 1, 2016;
- b. The pilot must not have not submitted a letter of resignation to the Company prior to the payment date; and
- c. With the exception of Military Leave and ALPA Leave, the pilot must not have been on a leave of absence for more than fourteen consecutive calendar days within the ninety (90) day period immediately prior to the payment date. A pilot's vacation and scheduled day(s) off (provided that the pilot has not been placed on a leave of absence on those particular days) shall not be counted as a leave of absence for the purposes of this provision.

D. LOA Signing Bonus 2016

- 1. All pilots employed with the Company and who have not submitted a letter of resignation by close of business as of December 12, 2016, will be entitled an amount of \$1,500. Such payment will be made December 15, 2016.

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2. Any pilot employed by the Company who has submitted a letter of resignation may rescind his letter of resignation by close of business December 12, 2016 and will thereby be eligible for the LOA Signing Bonus (\$1500). Such payment will be made by December 15, 2016. Any such pilot who submitted a letter of resignation and has not rescinded such letter of resignation in accordance with this paragraph will forfeit the LOA Signing Bonus (\$1500).

### E. Flag Days (Critical Flying Premium Pay)

The Company shall have the discretion to flag any open time trip(s) as critical ("Flagged Trip"). A pilot who adds a Flagged Trip to their schedule will be paid two (2) times his applicable hourly pay rate for the added flying and for credit hours due to any extension or reroute of that trip. This provision will be implemented by the Company within three (3) days of MEC Ratification.

### F. Per Diem

Section 5.D.1. is amended to: Effective December 1, 2016, a pilot will be paid a per diem allowance of \$1.75 per trip hour (fractions will be prorated) for domestic assignments and \$1.90 per trip hour for international assignments (except Canada, which shall be paid at the domestic rate). On December 1, 2017, the per diem rates shall be increased to \$1.80 and \$1.90, respectively.

### G. Extension Pay

Section 3.N. is amended to: Whenever a pilot is required to fly beyond (either prior to or after) his originally scheduled trip(s) (on the final bid award), such pilot shall be paid two (2) times his hourly pay rate for all credited time in excess of his originally scheduled trips(s).

### H. Premium Pay for Initial Open Time

Section 3.B.1 is amended to: A pilot who voluntarily adds a trip (or portion thereof) shall be compensated at one and one-half (1.5) times his applicable hourly pay rate (premium pay) for the added flying (based on credit hours). When a pilot seeks to add a portion of a trip (rather than the entire trip), the award will be made at the discretion of Crew Scheduling.

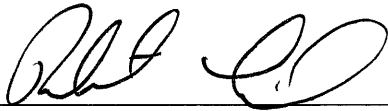
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Upon signing, this Letter of Agreement shall become effective and be retroactive to December 1, 2016 and shall run concurrently with the Pilot Agreement, including any status quo period applicable to that Agreement under the provisions of the Railway Labor Act, as amended.

IN WITNESS WHEREOF, the parties have signed this Letter of Agreement this 1st day of December, 2016.

For AIR WISCONSIN AIRLINES  
CORPORATION

For AIR LINE PILOTS ASSOCIATION,  
INTERNATIONAL




Bob Frisch  
Sr. Vice President & Chief Operating Officer




Captain Timothy G. Canoll  
President



Jeff Bethune  
Vice President, Financial Planning &  
Analysis



Captain Christopher S. Suhs, Chairman  
Master Executive Council (ARW)



Edward Leverton  
Managing Director, Flight Operations



Captain Bob Burgess, Chairman  
ARW MEC Negotiating Committee