

Air Transport District 143

2510 Lexington Avenue South
Saint Paul, Minnesota 55120-1260
651.688.2640 fax 651.688.7229



International Association of Machinists and Aerospace Workers (IAM-AEW)

January 9, 2007

Mr. Steve Jarvis
Vice President, Sales and Customer Experience
ALASKA AIRLINES, INC.
PO Box 68900
Seattle, Washington 98188

RE: Home Agent Program

Dear Mr. Jarvis:

By way of background, the Company has proposed a Home Agent Worker Concept to District 143. This letter of understanding will address your request. In order for the Company to evaluate the future of such a concept, the Company needs a Home Agent test period. It would begin in the Boise Reservation Office. With your request, the Company has made the following observations and assurances.

"The Home Agent program is not intended to reduce staff and will not result in a reduction in force. The primary intent of the program is to enhance employee morale, as this is something the employees want and they have worked very hard to acquire this opportunity. We do believe it will provide opportunities for Alaska Airlines to enhance our recruiting of Reservations Agents, by increasing job attractiveness, expanding our recruiting radius, improve work/life balance and employee morale by reducing the time and money spent commuting to the worksite daily. In addition, it will remove the limitations to hiring imposed by the size of each call center facility. We have 24 new agents in class in Boise that we could not have hired without this program, as the facility is at its maximum capacity. During the testing phase, the Company will not exceed 20% of the workforce."

During the test portion of the Home Agent, the Company will use the following criteria for selection:

- Employee advises interest.
- Company uses reservations classification seniority.
- Employee lives in the 50-mile radius of an Alaska Airlines Reservation Center.
- Mandatory attendance in our Ergonomic Training class conducted by Alaska Airlines Safety Department within 60 days of acceptance into the test program.

The Company has agreed to the following during the Home Agent test period.

1.) Home Agent workers will be chosen by seniority from a voluntary group. These Home Agents will be treated as if they were in their respective reservation office as it relates to full IAM-Alaska Airlines contractual benefits such as:

- Hours of service
- Overtime opportunities
- Holidays
- Vacation
- Sick leave matters
- Grievance procedure
- Wages inclusive of shift differential

2.) In addition, all applicable Company policies, regulations, profit sharing opportunities and other non-contractual benefits will apply to this test group. Workers' Compensation claims can be filed as this work has been approved by the Company and is paid for by the Company.

3.) Alaska Airlines has confirmed with the Boise City Licensing and Planning and Zoning that Agents would not be required to obtain a license or permit to work from home.

4.) Accommodation requests to become a Home Agent will be considered, where practical.

5.) Each employee who participates in the test will review the "Home Agent Packet," which will address such items as:

- Home Agent responsibilities
- Home Agent designated work area
- Notification of a move from the home
- Dependent care, child care, pets in home
- Equipment
- Telephone lines
- Maintenance
- Insurance and tax matters

6.) The following would apply to outage/ travel time issues:

- Equipment problems preventing you from signing in must be reported to a supervisor immediately and before the start of your shift if this is your initial sign in for the day. If a supervisor is not on duty, then you must report the down time to the lead overseeing agent staffing.
- You are expected to troubleshoot the issue by contacting the ICS Help Desk at 1-877-238-1077 or 206-392-2411, your local telephone provider or your ISP until resolution, or to a point that allows you enough time to arrive at the call center within 2 hours of the reported outage, unless otherwise instructed by your supervisor.
- Neither yourself nor any other unauthorized person will attempt to access system software or dismantle equipment without the assistance of the ICS Help Desks.
- You will only be paid for 2 hours of outage/travel time; pay for any time over that 2 hours will be determined on a case-by-case basis.

- In cases of equipment or connectivity failure in your at-home office, if there are more than two hours of your scheduled shift remaining, you are required to report to your reservations office to complete the hours remaining on your shift, unless otherwise instructed by a supervisor.
- If there are two hours or less remaining in your scheduled shift, you may be required to report to your reservations office to finish the remaining time or continue to actively troubleshoot the issue to the end of your shift, based on the instructions of your Supervisor.
- If the connectivity/Internet problems extend beyond the initial day of the outage, you are to work in the call center until the issue is resolved, keep your supervisor apprised daily of the situation, and make tangible and material efforts to resolve the issue outside of your work schedule, so you may return to your at-home office as quickly as possible.
- Repeated and/or ongoing technical issues with your at-home office that result in extensive down time and/or repeated and excessive calls to the ICS Help Desk may result in your removal from the Home Agent Program.

7.) The following would apply to the Home Agent shifts and day of schedules, trades or overtime, or working in the office during the test period:

- Home Agent shifts will be realigned at the same time as the reservations office to which you report.
- Home Agents will bid a shift based on reservations classification seniority and will work all scheduled days from their home office location. Trades or overtime may be worked in the office or at home depending on the facility constraints of the call center.
- You are required to attend all scheduled training and team meetings at your assigned reservations office, and will be required to work your entire shift at your reservations office those days on which team meetings and training are scheduled, unless you are able to commute home on your lunch and sign back in as scheduled for the completion of your shift.
- You are responsible for your own transportation to and from the reservations office at all times, and that travel time between your at-home office and the reservations office will be unpaid, except in the event of equipment failure.

8.) The following would apply to a Home Agent having contact with their Supervisor during the test period.

- You are expected to meet with your Supervisor a minimum of twice a month or more as requested or instructed. Your supervisor will coordinate with you on the timing, frequency and methods of contact. Types of

communication may include in-person meetings (in the call center, at your home office or at another location as designated) or by email, voice mail, phone call or conference call.

- The employee will receive no less than 24 hours advance notice from their shift start time if a meeting is to take place at their home, and the employee must agree to meet in their home.

9.) Should the Company conduct an investigation of an employee who is working in the Home Agent capacity, the provision of Article 16 shall apply, most significantly Article 16.G.11, which reads: "If at any time during an investigation the Company interviews an employee, and the subject of that interview may lead to discipline or discharge of that employee, s/he may request the presence of the shop steward during that interview. If the shop steward is not available, an appointed alternate may act in his/her place."

The Company will work with and coordinate with the IAM union representative such matters. These investigation meetings will be in the office rather than the employee's home. The union will continue to disseminate information, as it has, via email and the electronic union bulletin board. The Company will provide the names of any Reservation Agent who participates in the Home Agent test program to the local Shop Steward and District 143.

10.) The following would apply to receiving pay when working in the capacity of the Home Agent.

- Hours worked and pay will be calculated from time shown from signing into the Agent Phone at the start of your shift and signing out at the end of your shift.
- You will only be paid for the time that you are signed into the Agent Phone, including authorized off-phone time (breaks, training or other time authorized by your supervisor)
- Assigned reservations staff will update OASYS with sign-in/sign-out times from the ACD database report gathered from Total Recall Reports.
- For any shift that you work in the reservations office, you will swipe in to and out of the OASYS time clock.

11.) Lastly, the parties will meet to discuss the length of the Home Agent test program, location to be tested and findings from this test. The duration of the test program between the three reservations locations will be staggered and will last at least three (3) months from start date or until the next shift realignment, whichever comes later. District 143 must agree to extend such test programs beyond the three (3) months.

The Company and Union will meet and review the results of the test program. Should the parties desire to continue in a Home Agent concept, the parties will meet and confer to consider such agreement. The Union must agree to such a future permanent program.

If you can agree to the above please sign below; or if you have any additional concerns or questions that I can address, please contact me.

Sincerely,

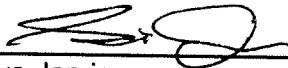


Stephen M. Gordon
President/Directing General Chair

Nab/opeiu#12

cc: Gerald Bernson, General Chair
Nan Otto, General Chair
Jackie Fay, General Chair

Agreed for ALASKA AIRLINES



Steve Jarvis
Vice President, Sales and Customer Experience

JAN 12, 2007

Date