

Alaska Airlines

October 23, 2007

Mr. Stephen Gordon
President and Directing,
General Chair District #143
I.A.M.A.W.
Air Transport District Lodge #143
2510 Lexington Avenue South
St. Paul, Minnesota 55120-1260

Dear Steve,

The purpose of this letter is to formalize the discussion regarding a pay rate change for Ramp Service Leads in Anchorage covered by the RSSA agreement. As you are aware the Company has had trouble recruiting qualified candidates for the Lead Ramp Service positions in this location. The proposed Lead Ramp Service rate change is for a location position differential that would be at twice the current contractual rate of \$1.25 per hour. So the new proposed rate would be \$2.50 per hour

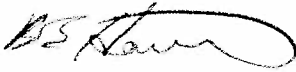
Under this proposed differential, agents will still progress normally through the pay scale as defined by the labor agreement. Employees under the RSSA agreement who transfer to another location will maintain their pay rate and continue to advance annually but they will return to the contractually defined lead differential of \$1.25 per hour.

In conjunction with this rate change we are reestablishing our Lead Ramp training class and will require Leads to attend and successfully complete that class.

This letter and the Anchorage Lead Ramp Service Agent differential will remain in effect through July 19, 2010 unless otherwise mutually agreed.

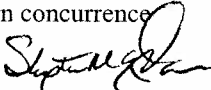
Please sign below if you concur with the Company's proposed change and return a copy to me by FAX or U. S. Mail.

Sincerely



Bob Hartnett
Employee Services, Labor Manager

In concurrence



Stephen Gordon, President/Directing General Chair
Air Transport District #143



Nan Otto
General Chair District #143

cc: Jeff Butler
Toby Skey
Denise Kliskey
Andy Garboden
Miranda Bowey