

LETTER OF AGREEMENT
between
ALASKA AIRLINES, INC.
and
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION
as representative of the Technicians and Related Crafts

This Letter of Agreement is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between ALASKA AIRLINES, INC. (hereinafter referred to as the "Company") and the AIRCRAFT MECHANICS FRATERNAL ASSOCIATION (hereinafter referred to as the "Association").

WHEREAS, the parties are interested in enhancing the options for employees who retire from the Company to utilize accrued sick leave to offset monthly health care costs following retirement,

NOW, THEREFORE, it is agreed that this Letter of Agreement will replace and supersede Article 20.K, Retiree Medical Coverage, as follows:

K. Retiree Medical Coverage: Beginning at age 62, employees covered by this Agreement who voluntarily retire from the Company ("retired employees") may use accrued, unused sick leave to offset monthly health care costs for themselves and/or spouse and/or eligible dependents in accordance with the following terms:

1. Employees who Retire between Age 62 up to Age 65:

a. Employees must be eligible and enrolled in retiree health care coverage upon retirement. Eligibility under this paragraph also extends to persons covered under the retiree health plan as Eligible Family Members at the time of the employee's retirement unless they cease to be an Eligible Family Member during the period of coverage for the retired employee.

b. Retired employees may trade sick leave for continued medical coverage in the retiree medical plan at the rate of twenty-five (25) hours of sick leave accrued per one month of medical coverage for themselves until the employee reaches Age 65.

c. Retired employees may also trade sick leave for continued medical coverage in the retiree medical plan at the rate of twenty-five (25) hours of sick leave accrued per month of medical coverage for their spouse and/or eligible dependents until the earlier of: (i) for a spouse, the spouse's 65th birthday and, for eligible dependent(s), until the dependent(s) cease to be Eligible Family Member(s) under the plan, or (ii) a maximum of five (5) years.

d. The maximum credit for trading sick leave is twenty-five (25) hours per month regardless of whether the credit is used to cover costs for the retired employee, the retired employee's spouse, the retired employee's dependent(s), or a combination thereof.

e. The maximum period of time the retired employee may trade sick leave under this Article 20.K is five (5) years regardless of whether the credit is used to cover costs for the retired employee, the retired employee's spouse, the retired employee's dependent(s), or a combination thereof. If the retired employee dies or reaches age 65 prior to the expiration of the five (5) years set forth in Article 20.K.1.c above, any remaining credit may be used to offset the monthly health care contributions for the retired employee's surviving spouse and/or eligible dependent(s).

2. Employees who Retire Age 65 and older

a. Retired employees may trade accrued, unused sick leave for a one-time, lump sum payment upon retirement, less any applicable withholdings and deductions, to offset their costs of medical coverage for the retired employee's eligible spouse and/or eligible dependent(s).

b. The maximum amount of accrued, unused sick leave the retired employee may trade per Article 20.K.2.a above shall be calculated at the rate of twenty-five (25) hours of sick leave per month for the lesser of: (i) for a spouse, the number of months remaining until their spouse's 65th birthday and, for eligible dependent(s) the number of months remaining until the dependent(s) cease to be Eligible Family Member(s) under the plan, or (ii) a maximum of five (5) years.

c. Nothing in this Article 20.K.2 is meant to imply that the retired employee may continue in the retiree health care plan beyond age 65 or that the retired employee's spouse/eligible dependent(s) may continue beyond the maximum coverage periods as set forth in the plan documents.

3. Death of Employee Prior to Age 62: If an active employee dies prior to age 62, the available credit from his unused sick leave, calculated as provided in K.1 above will be used to offset monthly health care contributions for the employee's surviving spouse and/or eligible dependent(s) during the period the spouse and/or eligible dependent(s) are eligible for COBRA health care continuation.

This Letter of Agreement shall become effective on date of signing. It shall run concurrent with the current Agreement between the parties and shall remain in full force and effect until mutually amended by the Company and the Union.

Signed this 15th day of May, 2018.

WITNESS:

For ALASKA AIRLINES, INC.

Bob Hartnett

Sonia Alvarado

Rebecca Meissner

Greg Mays

Vice President Labor Relations

Kurt Kinder

Vice President Maintenance &

Engineering

WITNESS:

AIRCRAFT MECHANIC FRATERNAL ASSOCIATION

Mark Dahl

Jarod Mills

Earl Clark

AMFA Region 1 Director

Bret Oestrich

AMFA National Director

