

LETTER OF AGREEMENT # \_\_\_\_

between

MESA AIRLINES, INC.,

FREEDOM AIRLINES, INC.

and

The Air Line Pilots in the Service of

MESA AIRLINES, INC.

and

FREEDOM AIRLINES, INC.

as represented by the

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

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FURLOUGH MITIGATION

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THIS AGREEMENT is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between Mesa Airlines, Inc. and Freedom Airlines, Inc. (hereinafter referred to as “the Company”) and the Air Line Pilots in the service of Mesa Airlines, Inc. and Freedom Airlines, Inc. as represented by the Air Line Pilots Association, International (hereinafter referred to as “ALPA” or the “Association”).

WHEREAS the parties have agreed that with expected downsizing and reduction in flight hours to be flown for the Company’s codeshare partners, a reduction in the pilot workforce will be required; and

WHEREAS, the parties believe they should work together cooperatively to preserve as many pilot jobs as practicable, while still permitting the Company to reduce its operating

expenses to reflect the revised flight schedule requirements, so that the Company may emerge from Chapter 11 as a viable airline; and

WHEREAS, the parties have met to discuss a variety of options under which the Company might align its operating expenses with the reduced flight schedule,

NOW, THEREFORE it is agreed as follows:

1. Effective on the first day of the first full bid period following execution of this Letter of Agreement by all parties, and continuing while any MAG Seniority List Pilot remains on Involuntary Furlough (except as otherwise expressly provided herein) the following amendments to the Pilot Working Agreement shall become effective:
  - A. Section 4.A.1 of the Pilot Working Agreement shall be modified to reflect Minimum Line Guarantee at 70.00 hours for all pilots (Reserve and Lineholder). This provision shall remain in effect so long as any MAG Seniority List Pilot remains on involuntary furlough (excluding pilots on voluntary furlough, or pilots who, initially placed on Involuntary Furlough, subsequently decline recall pursuant to Section 17.B). Once all MAG Seniority List Pilots have been recalled from furlough, or have declined recall pursuant to Section 17.B, Section 4.A.1 shall be restored to reflect Minimum Line Guarantee of 75.83 hours per bid, effective for the first full bid period following the recall date of the last pilot recalled from furlough, or (if applicable) the date upon which the last pilot on Involuntary Furlough declined recall pursuant to Section 17.B.
  - B. Section 12.B.2 shall be modified to reflect Minimum Days Off per bid period of thirteen (13) days for Reserve Pilots.
  - C. A Line holder will be guaranteed a minimum daily pay of four and a quarter (4.25) hours per day.
  - D. Additionally a Line holder pairings will be guaranteed at an average daily credit of five (5.00) hours per day.
    - i.e. pairing xyz is a four (4) day pairing with daily flying built at four (4.0) hours on day one, three (3.0) hours on day two, six (6.0) hours on day three and five (5.0) hours on day four for a total of nineteen (19) hours. The pairing would be credited at twenty hours because it did not average five (5.0) hour per day.

Day 1 would receive an extra 0.25 hours and day two would receive an extra 1.25 hours of pay all in addition to the twenty hour credit for a four day trip. Total credit is 21.5 hours.

Paring zyx is a two day paring with day one at 4 hours and day two at six hours. The paring meets the five hour average per day. Day one would receive an extra 0.25 hours of pay. Total credit is 10.25 hours.

D. PBS, Staffing and Scheduling Modifications:

- i. During the effective period of this Letter of Agreement, planned reserve coverage shall be no less than twenty-five percent (25%) in every base.
- ii. For bidding purposes, the "PBS Window" shall be set between seventy (70) and eighty-five (85) hours per bid.
- iii. The "Average Line Target" shall be seventy (70) hours per bid period.
- iv. No Pilot shall be scheduled for in excess of eighty-five (85) hours during the initial PBS award.
- v. No pilot will be allowed by ADD, SWAP or TRADE to increase his/her line above eighty-five (85) hours.
- vi. Drop requests initiated by Pilots under FLiCA shall be approved by the Company down to "zero (0) hours" with the appropriate reduction in Minimum Guarantee and Pay/Credit.
- vii. All dropped flying shall only be claimed by reserve pilots or assigned to reserve pilots if it remains uncovered.
- viii. All hours remaining "uncovered" after the initial PBS awards are posted shall be available for bid by Pilots during the Schedule Adjustment Period ("SAP").

Note: The intent of this agreement is to provide a sufficient amount of uncovered flying as to allow pilots to manipulate their schedule through FLiCA.

- ix. Once the Schedule Adjustment Period ("SAP") closes, all Pilots (Lineholders and Reserves) shall be permitted to

claim remaining “open time” on a first come, first served basis. However a reserve pilot may not exceed seventy (70) hours on his/her scheduled reserve days.

x. A reserve pilot may claim “uncovered” flying on his/her days off but not to exceed eighty-five (85) hours.

xi. No Pilot shall be subject to “Junior Available” flight assignment pursuant to Section 13.H.5.2 and 13.H.5.3 while any MAG Seniority List Pilot remains on Involuntary Furlough.

xii. No Reserve Pilot shall be scheduled in excess of 12 hours of duty per calendar day.

xiii. A Reserve Pilot may not exceed six (6) hours of Ready Reserve per calendar day unless waived by the pilot.

2. During the term of this Letter of Agreement, in the event the Company elects to add Instructor Pilot positions, or fills vacancies in existing Instructor Pilot positions, all such “new” Instructor Pilots shall be selected from Pilots on the MAG Pilot Seniority List.

3. The terms of the “Commuter Clause” set forth in the Reserve Letter of Agreement shall become effective upon execution of this Letter of Agreement, and shall remain in effect and run concurrently with the Pilot Working Agreement.

4. A member from the ALPA Negotiating Committee and the Scheduling Committee will meet with the company on the second Wednesday of each month to discuss potential problems and solutions with the LOA.

5. ALPA may cancel the agreement with thirty (30) days written notice.

6. Except as expressly modified herein, all terms and conditions of the Pilot Working Agreement remain in full force and effect.

Executed this \_\_\_\_\_ day of June, 2010 at Phoenix, AZ.

FOR THE COMPANY:

FOR THE ASSOCIATION:

\_\_\_\_\_  
PAUL FOLEY  
Chief Operating Officer

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JOHN PRATER  
President

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ANGELO MATZIARIS  
Chairman  
MAG Master Executive Council

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BRIAN BRUCE  
Chairman  
Negotiating Committee

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JEREMY INGRAM-CLAY  
Member  
Negotiating Committee