

1 B. The current Company plan is that the transition to outsourcing for utility
2 work will take place over approximately a three-month period following the
3 effective date of the agreement. PHL will be the first city outsourced, and
4 utility employees in PHL will be offered a fleet service full-time or part-time
5 position in PHL under the specified terms of attachment G of the Company
6 proposal, prior to being involuntarily furloughed as a result of the
7 outsourcing of PHL utility work (This option is possible due to the large
8 number of fleet vacancies in PHL, combined with the increases due from the
9 February flight schedule and the fact that fleet in PHL will have exhausted
10 their recall list).

11 Other utility or mechanic and related employees who are furloughed as a
12 result of outsourcing will continue to be subject to the provisions of the
13 Company final proposal under attachment G-Preferential Hiring.

14 C. The Company agrees to meet and confer with the union in order to
15 establish rules regarding the implementation of targeted selection for lead
16 mechanic and inspector vacancies. Additionally, any panel interview
17 process set up under targeted selection will include participation by a lead
18 mechanic or inspector from the existing complement.

19 D. The Company will meet and confer with the union within five days
20 following the ratification to decide the applicable holidays under the
21 agreement.

22 The Company recognizes that outsourcing will result in some furloughs. It is
23 our expectation that by delaying any outsourcing until after 3-1-05 that
24 additional vacancies may be created as a result of an increase in retirements.
25 We further believe that this event, combined with current vacancies, will
26 materially reduce the need for involuntary furloughs.

27 These additional provisions in this letter are offered contingent upon
28 ratification of the agreement. As indicated in the original January 6, 2005
29 cover letter, if the agreement is not ratified the Company will implement
30 terms and conditions as it considers appropriate. It is safe to assume that
31 the additional provisions included in this letter will not be implemented. In
32 fact, it is possible the Company's condition in the event of a failed
33 ratification would deteriorate to the point where it might not be
34 economically possible to pay any furlough pay and benefits whatsoever to
35 employees severed as a result of outsourcing.