

SKY CHEFS, INC.

AGREEMENT
Between

SKY CHEFS, INC.

and

[UNITE HERE](#)

Covering
Flight Kitchen, Commissary, Hotel/Motel,
Restaurant and Related Employees

Effective date August 22, 1969
Most Recently Amended:

[December 1, 2003](#)

CONTENTS

	PAGE
I. Recognition.....	5
II. Airline Catering Operations (covering both on and off airport, flight kitchen or commissary services).....	6
A. Rates of Pay.....	6
B. Fringe Benefits.....	6
C. Changes in Rates of Pay.....	7
D. Changes in Fringe Benefits, Terms and Conditions.....	7
III. Non-Airline Catering Operations (including on-airport terminal operations, on-airport non-food service operations, and on-airport motels/hotels)	8
A. Existing Units.....	8
1. Rates of Pay.....	8
2. Fringe Benefits, Terms and Conditions.....	8
B. Future Units.....	9
1. Where no Applicable Local Hotel and/or Restaurant Agreement Exists.....	9
2. Where an Applicable Hotel and/or Restaurant Agreement Does Exist.....	9
a. Wages, Fringe Benefits, Terms and Conditions.....	9
b. Changes in Local Agreements.....	9
IV. Definition of "Applicable Local Hotel and/or Restaurant Agreement".....	10
V. System Board of Adjustment.....	11
A. Establishment.....	11
B. Grievances.....	12
VI. Security of Employment.....	14
A. Seniority.....	14
VII. Discharge and Discipline.....	15
VIII. Amendment.....	16
IX. Administration.....	16
X. No Strike or Lockout.....	18
XI. Management Rights.....	18
XII. Union Security.....	19
XIII. Non-Discrimination.....	19

Exhibit A		PAGE
	Fringe Benefits and General Conditions of Employment Airline Catering Operations.....	23
	1. Hours of Employment.....	23
	2. Wages.....	24
	3. Holidays.....	24
	4. Vacations.....	26
	5. Health and Welfare.....	27
	6. Pension.....	31
	7. Reporting Pay.....	32
	8. Employee Meals.....	32
	9. Uniforms.....	32
	10. Sick Leave.....	33
	11. Leave of Absence.....	34
	12. Funeral Leave.....	36
	13. Jury Duty.....	36
	14. No Loss of Wages.....	37
	15. Tool Replacement.....	37
	16. Severance Pay.....	37
	17. Employee Parking.....	37
	18. Promotional Opportunities.....	37
	19. 401(K) Plan.....	38
	20. Child and Dependent Care Subsidy.....	39
	21. Worker's Compensation.....	39
	22. Bargaining Unit Work.....	39

Exhibit B		
	Fringe Benefits and General Conditions of Employment Non-Airline Catering Operations.....	40
	1. Hours of Employment.....	40
	2. Wages.....	41
	3. Holidays.....	41
	4. Vacations.....	43
	5. Health and Welfare.....	44
	6. Pension.....	47
	7. Reporting Pay.....	47
	8. Employee Meals.....	48
	9. Uniforms.....	48
	10. Sick Leave.....	48
	11. Leave of Absence.....	49
	12. Funeral Leave.....	51
	13. Jury Duty.....	51

Cont'd Exhibit B

	PAGE
14. No Loss of Wages.....	51
15. Tool Replacement.....	52
16. Severance Pay.....	52
17. Promotional Opportunities.....	52
18. Employee Parking.....	52
19. 401(K) Plan.....	53
20. Child and Dependent Care Subsidy.....	53
21. Worker's Compensation.....	54
22. Bargaining Unit Work.....	54

Exhibit C

Health Matters Health Care Options.....	57
---	----

Additional Related Documents

Side Letters and Memorandum of Agreement.....	61-67
---	-------

SKY CHEFS, INC.

**MASTER NATIONAL AGREEMENT
FLIGHT KITCHEN, COMMISSARY, HOTEL/MOTEL,
RESTAURANT AND RELATED EMPLOYEES**

THIS AGREEMENT, made the 22nd day of August, 1969, and amended the 21st day of December, 1972, and further amended October 23, 1975, June 29, 1979, September 1, 1982, November 1, 1985, November 1, 1988, November 1, 1991, June 1, 1995, and December 1, 2003, by and between Sky Chefs, Inc. (name changed from Flagship International, Inc.) (the Company), the employees in its service comprising the craft or class of flight kitchen, commissary, hotel/motel, restaurant and related employees, as represented by the UNITE HERE (AFL-CIO), (the Union), formerly known as the HOTEL EMPLOYEES AND RESTAURANT EMPLOYEES INTERNATIONAL UNION, formerly known as Hotel and Restaurant Employees and Bartenders International Union, for itself and its constituent local unions and Joint Boards, in accordance with the provisions of the Railway Labor Act, as amended.

WITNESSETH:

WHEREAS, the Company and the Union desire to establish general conditions of employment and procedures which will insure the peaceful, speedy and orderly adjustment of differences without compulsion, coercion, strikes, boycotts, picketing, slowdowns, or other interferences with the smooth operation of the business of the Company or interruptions to employment; and

WHEREAS, the parties seek to avoid unnecessary friction resulting from litigation, legal debate and controversy; and

WHEREAS, the Company agrees that employees shall be treated in a respectful and courteous manner at all times; and

WHEREAS, the parties have agreed to use voluntary efforts to achieve industrial stability under the structure provided by the Railway Labor Act;

NOW, THEREFORE, the parties do hereby agree as follows:

I. Recognition

The Union has shown satisfactory proof to the Company that it represents more than a majority of the system wide craft or class of flight kitchen, commissary, hotel/motel, restaurant and related employees. Included in the craft or class are employees throughout the United States and its territories (including, but not limited to the Virgin Islands and Puerto Rico) who are now or may in the future be employed by the Company and its subsidiaries (including firms controlled or managed by the Company). Excluded are supervisors, guards, management employees, office clerical employees, and employees outside of the United States and its Territories. The Company therefore has recognized the Union as the exclusive bargaining agent for the employees in said system wide unit.

II. Airline Catering Operations (covering both on and off-airport, flight kitchen or commissary services)

A. Rates of Pay

1. Employees shall receive rates of pay which reflect "parity" with the rates received by hotel and restaurant employees in corresponding job classifications in the same locality in which they perform most of their services.

Annexed hereto and made a part hereof are local supplements setting forth the rates that shall be deemed to constitute "parity" until changed by new local supplements as provided herein.

2. Rates of pay of future units where there is an applicable local hotel and/or restaurant agreement shall reflect parity with said agreement and shall be established in the same manner as the existing supplements, or shall be such rates as are otherwise mutually agreed upon.
3. Should the Company in the future establish units where there is no applicable local hotel and/or restaurant agreement, the rates shall be based upon the local hotel and/or restaurant rates for similar establishments in the area plus such factors as may be applicable to the employees of the Company, or such rates as may otherwise be agreed to by the parties.
4. If the parties are unable to agree upon the rates, the matter shall be referred to the System Board of Adjustment, which shall establish same in accordance with the above.

B. Fringe Benefits

Employees shall receive the fringe benefits and General Conditions of Employment set forth in Exhibit A attached hereto, which fringe benefits and conditions shall remain unchanged for a period of 3 years and 30 days from the most recently amended date of this agreement unless changed by mutual agreement.

C. Changes in Rates of Pay

1. In the event there are changes in rates of pay provided by the applicable local hotel and/or restaurant agreement for a unit, the Union shall notify the Company promptly of such changes with a request that they be set forth in a new local supplement for such unit to be effective no later than thirty days from the date of the request. It is the intent of the parties that all local wage supplements shall be resolved within 30 calendar days from receipt by the Company in writing of the specific changes requested by the Union, along with any applicable local agreement and all other acceptable justification for the request. Said supplement shall embody the same changes in rates of pay (on a cents per-hour basis), as those in the applicable local hotel and/or restaurant agreement. In no event shall a new local supplement be required more frequently than every 12 months for any particular unit of the Company.

If the Union and the Company are unable to agree on the new rates of pay to be incorporated in the local supplement, either the Company or the Union may submit the dispute to the System Board of Adjustment. The System Board of Adjustment shall determine the applicable local hotel and/or restaurant agreement to be followed, if any, and the rates of pay based thereon to be incorporated in the local supplement, to be effective no later than thirty days from the date of the request.

2. Where there is no applicable local hotel and/or restaurant agreement, either party may request a change in rates of pay to be incorporated in a new local supplement at any time following the expiration of twelve months after the last such change. If the Union and the Company are not able to agree, the matter shall be referred to the System Board of Adjustment at the request of either party, and the System Board of Adjustment shall determine what, if any, change shall be granted by reason of a general change in the hotel and restaurant rates in the area or because of other factors generally applicable to hotel or restaurant employees in the area. The changes, if any, shall be effective no later than thirty days from the date of the request.

D. Changes in Fringe Benefits, Terms and Conditions

No more often than once every five years the Union may request changes in the fringe benefits, terms and conditions with respect to employees in a particular locality. If the parties are unable to agree, the matter will be referred to the System Board of Adjustment to determine whether with respect to such employees, the total value of the fringe benefits, terms and conditions provided by the Company equals or exceeds, in the aggregate, (i) the value of fringe benefits, terms and conditions available to employees under the applicable local hotel and/or restaurant agreement or, if there is none (ii) the value of fringe benefits generally available to hotel and restaurant employees in the same locality.

If it finds that the total value of the Company's fringe benefits, terms or conditions does not, the System Board of Adjustment shall determine what changes should be made for employees in the locality in question and the effective date thereof (which in no event shall be earlier than the date of the Union's request). Changes in fringe benefits, terms or conditions made in accordance with the foregoing will be incorporated in the applicable local supplement.

III. Non-Airline Catering Operations (including on-airport terminal operations, on-airport non-food service operations, and on-airport motels/ hotels)

A. Existing Units

1. **Rates of Pay** - to be determined as provided in Sections II A and II C above.

2. **Fringe Benefits, Terms and Conditions**

- a. Employees shall receive the fringe benefits, terms and conditions set forth in Exhibit B attached hereto. Fringe benefits, terms and conditions which apply only to a particular unit shall be set forth in the applicable local supplement.
- b. The Union may request changes in the fringe benefits, terms and conditions set forth in Exhibit B for employees in a particular local unit.
 - (i) Once every five years, if there is no applicable local hotel and/or restaurant agreement, and
 - (ii) If there is an applicable local hotel and/or restaurant agreement, every time said applicable local hotel and/or restaurant agreement is changed.

If the parties are unable to agree, the matter will be referred to the System Board of Adjustment to determine whether with respect to such employees, the total value of the fringe benefits, terms and conditions provided by the Company equals or exceeds in the aggregate, (i) the value of fringe benefits, terms and conditions available to employees under the applicable local hotel and/or restaurant agreement or, if there is none, (ii) the value of fringe benefits generally available to hotel and restaurant employees in the same locality. If it finds that the total value of the Company's fringe benefits, terms or conditions does not, the System Board of Adjustment shall determine what changes should be made for employees in the locality in question and the effective date thereof (which in no event shall be earlier than the date of the Union's request). Changes in fringe benefits, terms and/or conditions made in accordance with the foregoing will be incorporated in the applicable local supplement.

B. Future Units

1. Where no Applicable Local Hotel and/or Restaurant Agreement Exists

Where there is no applicable local hotel and/or restaurant agreement, rates of pay and fringe benefits, terms and conditions for future units shall be determined in accordance with Sections II A, II C 2 and III A 2 above.

2. Where an Applicable Hotel and/or Restaurant Agreement Does Exist

a. Wages, Fringe Benefits, Terms and Conditions

In future units where there is an applicable local hotel and/or restaurant agreement, and Article III B 3 below does not apply, rates of pay, fringe benefits, terms and conditions of employment shall be the same as in the applicable local hotel and/or restaurant agreement, except that

- (i) The Union shop, no-strike, no lockout, and grievance and arbitration provisions of this agreement shall prevail over any other agreement.
- (ii) If there is no local health and welfare program, the Company's system wide health and welfare program will apply and will be incorporated in the local supplement.
- (iii) Should the rates of pay for certain classifications in the unit in question not be contained in the applicable local hotel and/or restaurant agreement, the parties will agree on the rate or rates for said classifications. If the parties are unable to agree, the matter will be referred to the System Board of Adjustment, which will establish said rates based upon the rates of pay for other employees in similar restaurant and/or hotel establishments in the area. Local fringe benefits, terms and conditions will apply to said employees, and subsequent increases in pay will be based upon increases granted to other employees in the bargaining units.

b. Changes in Local Agreements

When the applicable local hotel and/or restaurant agreement is changed, the changed rates of pay, including increases on a cents-per-hour basis, hours, fringe benefits and terms and conditions shall be placed in effect by the Company in its local unit effective as of the same date.

3. Off-Airport Hotel/Motel Units in New York, Philadelphia, Miami-Miami Beach, Chicago, Los Angeles, San Francisco, Honolulu, and Washington, D.C.

If a Hotel/Motel unit is established in the future in any of the cities named above, the applicable agreement shall be:

New York - New York Hotel/Motel Association
Philadelphia - Philadelphia Hotel/Motel Association
Miami - Miami Beach-Southern Florida Hotel & Motel Association
Chicago - The Chicago Downtown Hotels Agreement
Los Angeles - Los Angeles Hotels Association
San Francisco - San Francisco Hotels Association
Honolulu - Council of Hawaii Hotels
Washington, D.C. - Hotel Association of Washington, D.C.

In the event of a dispute, the System Board of Adjustment shall determine if the new unit falls within the appropriate area for application of one of the above agreements.

When one of the above agreements is applicable, its terms shall be deemed incorporated herein except that Sections X and XII of this agreement shall continue to apply, and shall prevail in the event of any inconsistencies. When such agreement is being renegotiated, there shall be no strikes, picketing, etc., with respect to the Company, but the changes in the agreement when a new settlement is reached shall be binding upon the Company and incorporated in a local supplement effective as of the same date.

4. The benefits for employees established under this Section III shall be in lieu of any other Company benefits.

IV. Definition of "Applicable Local Hotel and/or Restaurant Agreement"

- A. For the purpose of this agreement, the applicable local hotel and/or restaurant agreement shall, depending upon the type of establishment involved, be the Union's prevailing hotel and/or restaurant association agreement, if any, in the area or, in the absence of such an association agreement, the Union's prevailing local agreement or agreements for similar establishments in the hotel and/or restaurant industries in the area, or such other agreement or agreements as the parties may select. In the case of off-airport establishments only, in the event the local hotel and/or restaurant agreement of the Union does not cover all classifications of employees employed by the Company, then in that event, if it is the established pattern of long duration that such employees are covered by agreements of local unions of other international unions, the applicable local hotel and/or restaurant agreement shall be deemed to include the prevailing agreements of said locals of other international unions covering such classifications of employees.

Any dispute as to which agreement or agreements, if any, shall be considered the applicable local hotel and/or restaurant agreement shall be determined by the System Board of Adjustment.

- B. Whenever an agreement treated in the past as the applicable local hotel and/or restaurant agreement is changed, either party may contend that such agreement should be no longer so regarded because it is not fairly representative of the terms applicable to local hotel and/or restaurant employees in similar establishments. In such an event, the parties shall seek to select another agreement to substitute as the applicable local and/or restaurant agreement but, if they are unable to agree, the dispute may be submitted by either party to the System Board of Adjustment. The System Board of Adjustment shall thereupon determine which of the Union's local hotel and/or restaurant agreements, if any, should be regarded as the applicable local hotel and/or restaurant agreement. If it finds that no such agreement should be so regarded, then the provisions of this agreement relating to units where there is no applicable local hotel and/or restaurant agreement shall apply to the unit in question for the purpose of determining changes in wages, hours, fringe benefits, and working conditions under this agreement.

This paragraph shall not apply where there is an applicable prevailing hotel and/or restaurant association agreement for similar establishments in the area, in which event such association agreement shall continue to apply.

V. System Board of Adjustment

A. Establishment

The System Board of Adjustment shall consist of one member appointed by the Company, one member appointed by the Union, and a neutral referee. The Company and Union members shall be appointed within ten days after the date of this agreement or after any vacancy occurs. The neutral referee shall be Mr. Dana Eischen so long as he is able to serve, or such other person as the parties may agree upon, but either party may terminate his services by giving thirty days' written notice thereof to the neutral referee and the other party. When the position of neutral referee becomes vacant, the parties shall seek to fill the vacancy within ten days after the vacancy occurs by submitting to each other a list of six nationally known and experienced arbitrators, preferable with experience in the airline or related industry, along with available biographical and professional information about each arbitrator listed. From the pool of twelve arbitrators, each party may strike three. The parties shall then endeavor to reach agreement on one of the remaining six. If the parties are unable to agree on filling the vacancy within ten days, either party may petition the American Arbitration Association to submit a list of five names - preferably of persons familiar with the airline or related industry business - from which each party may strike two, and the American Arbitration Association shall designate the neutral referee from the remaining name or names. Each party shall bear its own expenses, and the cost of the neutral referee shall be shared equally by the parties. The decisions of the System Board of Adjustment shall be final and binding.

Effective March 1, 2004, from the list of the six remaining arbitrators referred to above in paragraph 1, the parties shall select two (2) arbitrators, who shall be the alternate neutrals. If the primary neutral referee, Dana Eischen, selected pursuant to paragraph 1, is unavailable to hear an Article VII Disciplinary Termination case within 120 days after the timely appeal of such a case to the System Board of Adjustment, then one of the alternate neutrals may, at the request of either party, serve as the Neutral Referee for the System Board hearing of that case; provided, however, that any grievance requiring the interpretation or application Article X may be heard only by the Primary Neutral Referee. Either party may terminate the service of the alternate neutral by giving 30 days written notice thereof to the alternate neutral and the other party. When the position of alternate neutral becomes vacant, the parties shall within ten (10) days after the vacancy occurs fill the vacancy from the remaining arbitrators on the list referred to in paragraph 1.

B. Grievances

1. Any grievance or dispute involving interpretation or application of this agreement may be submitted by either the Union or the Company. Effective March 1, 2004:

a. In the case of matters submitted by the Union the following procedure shall be followed:

Step 1:

(a). A written grievance will be filed with the Company's general manager in the unit concerned within fourteen (14) calendar days after the Union or the employee affected becomes aware of the conditions giving rise to the complaint. The Company's general manager, or designee will respond in writing to the written grievance submitted by the business representative of the local union within fourteen (14) calendar days after the grievance was filed. The Company's Step 1 response shall be signed by the responsible local management representative.

(b). In order to insure appropriate and competent use of Step 1 grievance process by local unions and local management, each grievance shall be signed by the employee(s) affected and/or by the responsible local union representative on behalf of a named grievant or group of named grievants.

Step 2:

If the matter is not settled on a local level within 14 calendar days after the grievance was filed, the International Union may appeal it to the Company's Vice President Industrial Relations within 35 days of the filing of the grievance, plus the number of days (not to exceed 10 days) in excess of 14 calendar days which the Company's general manager may have used to issue his/her Step 1 Response. If the parties mutually agree, a Step 2 Fact-Finding Hearing will be held within thirty-five (35) calendar days after the date the Company's Vice President Industrial Relations receives the Step 2 appeal. If a Step 2 Fact-Finding Hearing is held, the Company shall respond in writing with its decision on the Step 2 grievance within 15 days after the date of said hearing. If no hearing is held, the Company shall respond in writing with its decision within 35 days after the date the Company's Vice President Industrial Relations receives the Step 2 appeal.

Step 3:

If the grievance is then not settled, the International Union or the Company may appeal the matter to the System Board of Adjustment within 21 calendar days of the decision in Step 2. It is the intent of the parties that all termination grievances be heard by the System Board of Adjustment within 60 days of the request for the hearing and within 90 days for all other matters. By mutual agreement, cases may be heard earlier or later

- b. At any point in the grievance process, the parties may, by mutual agreement, refer a grievance or group of grievances to mediation. The mediation shall be provided by public or private sector entities as agreed upon by the parties. The Company and the Union further agree that the timelines set forth in the grievance procedures be held in abeyance and that either party may terminate mediation and return to the procedures set forth herein. It is understood that unless and until a written settlement agreement is reached between the parties, any mediation is non-binding on the parties.
 - c. The Company and the Union recognize that it is mutually desirable to resolve grievances at the earliest possible stage. Accordingly, at the earliest opportunity and throughout the grievance procedure, the Company and the Union agree to share the contents of the reports and other relevant information that form the basis for the action or positions taken by the parties.
 - d. In the case of matters submitted by the Company, the submission shall be signed by the Company's Vice President Industrial Relations and a copy mailed to the General President of the International Union (or his designee). The submission shall go directly to the System Board of Adjustment.
2. The parties desire that the docket of cases before the System Board of Adjustment be kept current. In the event the grieving party fails to meet the time limits provided herein (unless the time is extended by written agreements) the grievance shall be dismissed for lack of jurisdiction. In the event the responding party fails to meet the time limits provided herein, the grievance shall be considered moved to the next step of the procedure. It is understood that when a grievance automatically moves to the next Step, the time limits do not begin to run until the grieving party formally submits, in writing, said grievance to that next step.

The Union may not appeal a grievance to the next step until the Company has responded at the prior Step, or until the time for such response has expired.

- 3. The System Board of Adjustment shall have no jurisdiction over damage claims resulting from violation of Section X hereof, but such claims shall be presented to a court of competent jurisdiction, nor shall the System Board of Adjustment have jurisdiction to alter, modify or add to the terms of this agreement or to any way limit or restrict the Company rights under Section XI.
- 4. Matters relating to wages, fringes and conditions shall not be processed through the steps set forth in paragraph 1 but shall be submitted directly to the System Board of Adjustment.

VI. Security of Employment- Seniority

- A.** The Company shall have the right to reduce the size of the work forces from time to time, but no employee shall be laid off because of lack of work so long as a junior employee who performs work in the same classification at the same location is not laid off. A non-probationary employee who is laid off and remains qualified will be recalled if the position becomes open within twelve months after he/she was laid off and no more senior employee is in the same status. The laid off employee must advise the Company within 48 hours after notice of recall is received at his/her address in the Company's records, that he/she will return to work within two weeks of receipt of notice, or his/her right to return will be forfeited. An employee on layoff will receive Company Seniority when the employee returns to active employment within 12 months.
- B.** Whenever practicable, Company seniority shall govern in the selection of vacations and job classification seniority shall govern in the assignment of shifts and days off when vacancies occur. This shall not apply to promotions.
- C.** Shift bids will be conducted as indicated by operational schedule changes and other operation conditions, normally twice a year, on written notice to the local union. Less than twice a year will require the Union's consent; more than twice a year will remain within the Company's discretion, with advance written notice to the local union.
- D.** Employees paid a "lead" differential shall be treated, not separately, but as members of their basic job classification, for purposes of shift bids.
- E.** In the event of a layoff, any employee in the bargaining unit subject to layoff may exercise Company seniority in order to return to a previously held job classification (bumpback). The job classification seniority in the classification to which the employee returns shall be the sum of the job classification seniority during the most recent period in each of the two job classifications. This new job classification seniority can first be exercised at the next scheduled shift bid. Employees displaced and unable to bumpback into a previously held job classification will have the option of accepting a vacancy in an equal or lower Job Classification base on Company seniority and qualifications, provided no employees are on a recall list for that particular job classification. The employee's pay rate will be based on Company seniority in the new job classification. The Employee shall be assigned a new job classification date starting his or her first day in the new job classification.
- F.** Whenever practicable overtime shall be offered by seniority (most senior first) to available and qualified employees within the classification, and shall be required to be worked by reverse seniority (least senior first).
- G.** The parties recognize that Mandatory overtime is a necessary element of the Company's Business. The parties also recognize the need to balance business requirements with employee needs. Accordingly, effective March 1, 2004, the Company shall provide 2 hours advance notice to employees required to work overtime. The Company may require Mandatory overtime with less than 2 hours notice due to events beyond the Company's control, including, but not limited to, business demands due to weather, upcounts, Airline Equipment imbalance, and failure of employees on a prior shift to provide required call-in notice.

Mandatory overtime will be limited to 3 hours/day per employee with a maximum of 12 hours/week per employee.

VII. Discharge and Discipline

- A. Effective March 1, 2004, During the first 60 days of employment, employees shall be considered probationary employees and may be disciplined or discharged without recourse to the grievance procedures set forth in this Agreement. Once an employee has completed his/her probationary period, the employee may only be disciplined or discharged with just cause; it is understood that the Union has the right to grieve any alleged infractions. The following list of infractions constitutes just cause for purposes of discipline up to and including termination:
1. Drinking or being under the influence of alcoholic beverages or drugs during work hours.
 2. Insubordination.
 3. Dishonesty or theft.
 4. Fighting on the premises.
 5. Violation of any house rule or regulation.
 6. Insolence or lack of courtesy to the Company, or any supervisor, guest or customer.
 7. Failure to perform the services required by the position held by the employee.
 8. Failure to maintain reasonable standards of personal appearance, sanitation and cleanliness required by the Company.
 9. Inefficiency.
 10. Any physical conditions which endanger the health of a guest, fellow employee or of the employee himself/herself.
 11. Failure to report to work as scheduled, except in the case of established illness, which must be verified by a medical certificate or satisfactory evidence.
 12. Damage to or loss of the property or equipment of the Company or any of its customers.
 13. Violation of Section X of this Agreement.

It is understood and agreed that the above enumerated list is not to be all inclusive.

- B.
1. An employee shall be permitted to request the presence of an appropriate representative at the time of an investigatory interview that he or she reasonably believes will result in his or her discipline and or discharge.
 2. If the person first requested is not available, the employee may request another person.
 3. An appropriate representative shall be:
 - a) A Shop Committeeperson or
 - b) Another employee present in the kitchen or
 - c) A non-employee union representative present at the time

Employees acting as a representative in the investigatory interview, when released from their current work duties, shall be on the clock for the duration of the interview. Employees need not be released when doing so will be disruptive to the operation.

4. If no representative is available to attend the interview at the time determined by the Company, the interview will take place at that time without such a representative being present. The Company will make a good faith effort to schedule investigatory interviews when an appropriate representative is available.
5. The Company shall have the right to refuse to permit the presence of a representative whose presence may compromise the integrity of the investigation.

6. This provision shall not be construed to otherwise prevent a Shop Committeeperson from exercising his or her rights and responsibilities under Article IX. B to discuss and/or resolve grievances or disputes with his/her department manager if authorized to do so by the local union.
 7. The investigatory interview does not substitute for or duplicate the functions of the grievance process and the representative shall not interfere with management's investigation.
- C. Discipline shall normally be progressive and corrective in nature. However, it is understood that some offenses or circumstances are of such a serious nature that they may warrant immediate suspension or termination.
 - D. Employees will be offered written notice of the reasons for any written discipline within four (4) days of the incident. The timing of the notice shall not affect the validity of the discipline; however, time limits to grieve discipline will not start until the offer of written notice is made.
 - E. No employee shall be discharged or otherwise disciplined for Union activity, provided that such activity is lawfully conducted and does not constitute a breach of this Agreement, nor for reporting any violation of this Agreement.
 - F. No employee shall be required to take a "lie-detector" test except as permitted by law.

VIII. Amendment

- A. This Master Agreement establishes permanent procedures for the necessary changes in terms of employment and the settlement of disputes, and shall remain in effect permanently unless otherwise changed or terminated by agreement between the Company and the Union, and shall be for the benefit of and binding upon the parties and their subsidiaries, locals, Joint Boards, successors and assigns, and upon the individual employees concerned. In the event the Company shall be sold as a going concern, it shall be a condition of any such sale by the Company, and shall be provided in the contract of sale, that the purchaser: (1) Assume, as of the date of purchase, the Master National Agreement as amended herein between the UNITE HERE (AFL-CIO) and Sky Chefs, Inc.; (2) hire all Sky Chefs' employees represented by the UNITE HERE (AFL-CIO); and (3) recognize the UNITE HERE (AFL-CIO) as the duly-designated representative of those employees. If any provision or provisions of this agreement should for any reason become unenforceable at any time in the future, and the parties are unable to agree upon a substitute, the matter shall be submitted to arbitration under Sections 7 and 8 of the Railway Labor Act.
- B. The Company shall not enter into any agreement with employees that conflict with the terms of this agreement, and the General Conditions and Supplements attached hereto.

IX. Administration

- A. Full authority with respect to the collective bargaining relations of the parties and the administration of this agreement shall rest in the General President of the International Union (or his designee) and the Vice President Industrial Relations of the Company, and any dispute not otherwise resolved must be referred to them; provided, however, that the day to day administration of the local supplements shall be administered by a local representative as provided in the grievance procedure herein.

B. Effective January 1, 2004:

1. Authorized representatives of the Union shall be admitted to the establishments of the Company at reasonable times and locations provided that said representatives will not interfere with employee's duties during scheduled working hours.
2. The Union Representatives will comply with all applicable laws and government directives while on Company property.
3. Union Representatives shall notify management when entering the property and shall advise management what areas they will visit.
4. The Company will work with Union to obtain the necessary SIDA badges. Any costs associated with obtaining badges for Union Representatives shall be borne by the Union.
5. Meetings with management to discuss grievances and other issues shall be scheduled in advance.
6. Regularly scheduled meetings between management and the Union Representative(s) are strongly encouraged.
7. In locations where no management representatives would normally be available, reasonable advance notification may be required to obtain access.
8. The local union shall notify local management, in writing, of the names of the authorized Union Representative(s).
9. When a new local union representative is assigned an introductory/orientation meeting with management shall take place.
10. The local union shall have the right to appoint one or, if necessary, two departmental shop committeepeople per department in each unit of the Company, and such individuals are authorized to act as a liaison between the employees and the local business representative. Such shop committeepeople may also discuss and/or resolve grievances or disputes with her/his department manager if authorized to do so by the local union. Written grievances or other such disputes filed with the Company shall be handled by the local business representative in accordance with Article V, Section B of this Agreement. The work of the shop committeepeople will be conducted on other than Company time and shall not interfere with the work of the employees or others or the normal operation of the business.

C. The Company will provide a bulletin board at each of its establishments on which official union notices shall be posted.

D. In order to assure efficient and expeditious administration of this agreement, the parties shall agree to meet at mutually reasonable and convenient times and locations.

X. No Strike or Lockout

This Master Agreement establishes permanent collective bargaining relationships and equitable procedures for the peaceful resolution of any disputes which may arise. Accordingly, it is agreed that neither the Company nor the International, its locals or Joint Boards, nor the employees involved, will engage in any economic action, whether it takes the form of strikes, lockouts, slowdowns, picketing, boycotts, or any other interference with smooth operations, and whether such action is attributable to a dispute over existing contract rights, the negotiation of new contract rights, or to a dispute involving another unit of the Company, another employer or Union. The obligations of this section shall constitute an undertaking which is severable from all of the other provisions of this agreement, and shall continue in effect permanently, notwithstanding the effectiveness of any other provisions.

In the event that any local or Joint Board of the International Union engages in any action in violation of this Section, the International Union shall order said local union to cease and desist from said action immediately, and in good faith shall use its best efforts, to the full extent of its power under its Constitution, to bring such unlawful action to a stop. Should the International Union carry out said obligation but the violation of this Section nonetheless continue, the International Union only shall be relieved of liability.

XI. Management Rights

- A. Except as provided in this agreement, including supplements thereto, the Company shall have sole jurisdiction of the management and operation of its business and the direction of its working force. Subject to the terms of this and applicable local agreements incorporated herein as supplements, the Company shall have the unrestricted right (a) to maintain discipline and efficiency, (b) to establish and maintain work rules, procedures, standards and methods, (c) to determine job classification, and (d) to assign employees to duties in any of the various job classifications. The Union recognizes a continuing obligation to cooperate fully in making available the benefits of technological progress and change to the operations of the Company and its customers.
- B. The Company shall have the right to increase the wages and fringe benefits in excess of those provided hereunder but notice of same to the employees shall be jointly issued by the Company and the Union.

XII. Union Security

- A. Within sixty days following (a) the beginning of employment with the Company or (b) the effective date of this agreement, whichever is later, all employees covered by this agreement shall, as a condition of continued employment, become members of the Union, and shall maintain membership in the Union so long as this agreement remains in effect, provided that this condition of employment shall not apply to an employee to whom membership is not available upon the same terms and conditions as are generally applicable to any other member or with respect to any employee to whom membership was denied or terminated for any reason other than the failure of the employee to tender the periodic dues (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership.
- B. The Company will deduct from the wages of any employee furnishing an assignment which conforms to applicable law the periodic dues and initiation fees (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in the appropriate local unit and remit said dues to said local.

- C. The Union will hold harmless, defend and indemnify the Company and its employees with respect to any and all claims, liabilities, costs and expenses (including attorneys' fees) arising out of or in connection with this Article XII or any action taken under it at the request of the Union, provided that the Union shall have the right to defend against all such claims and that no settlement thereof shall be made without the prior written agreement of the Union.
- D. The Company shall provide the respective local unions with up to date seniority lists once every four months. This list is to contain the names and last known addresses of employees, their classifications and job classification seniority dates. The Company shall provide changes in said seniority list (new hires and terminations) once a week.

XIII. Non-Discrimination

The Company and the Union agree to make it a matter of record in this Agreement that in accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees hereunder regardless of sex, color, race, creed, national origin, age, sexual orientation or handicap.

IN WITNESS WHEREOF, the parties have set forth hereunto their signatures this 22nd day of August, 1969.

Witnesses:
ALISTAIR W. MITCHELL
ARTHUR M. WISEHART

SKY CHEFS, INC.
By ROBERT J. CAVERLY
"Chairman-of-the-Board"

CHARLES A. PAULSEN
JONAS B. KATZ

HOTEL & RESTAURANT
EMPLOYEES AND
BARTENDERS INTERNATIONAL
UNION (AFL-CIO)
By ED. S. MILLER
General President

AMENDED THE 21st DAY OF DECEMBER, 1972

Witnesses:
ELAINE HELTON

FLAGSHIP INTERNATIONAL, INC.
By ALISTAIR W. MITCHELL
Vice President, Industrial Relations

CHARLES A. PAULSEN

HOTEL & RESTAURANT
EMPLOYEES AND
BARTENDERS INTERNATIONAL
UNION (AFL-CIO)
By ED. S. MILLER
General President

AMENDED THIS 23rd DAY OF OCTOBER, 1975

Witnesses: FLAGSHIP INTERNATIONAL, INC.
CAROL HILLMAN By ALISTAIR W. MITCHELL
Vice President, Industrial Relations

HOTEL & RESTAURANT
EMPLOYEES AND
BARTENDERS INTERNATIONAL
UNION (AFL-CIO)
CHARLES A. PAULSEN By EDWARD T. HANLEY
General President

AMENDED THIS 29th DAY OF JUNE, 1979

Witnesses: FLAGSHIP INTERNATIONAL, INC.
ALISTAIR W. MITCHELL By JOSEPH T. PRIMAVERA
Assistant Vice President
Industrial Relations

HOTEL & RESTAURANT
EMPLOYEES AND
BARTENDERS INTERNATIONAL
UNION (AFL-CIO)
CHARLES A. PAULSEN By EDWARD T. HANLEY
General President

AMENDED THIS 1st DAY OF SEPTEMBER, 1982

Witnesses: FLAGSHIP INTERNATIONAL, INC.
KENNETH M. DIEBOLD By JOSEPH T. PRIMAVERA
Assistant Vice President
Industrial Relations

HOTEL EMPLOYEES
AND RESTAURANT
EMPLOYEES INTERNATIONAL
UNION (AFL-CIO)
HERMAN LEAVITT By EDWARD T. HANLEY
General President

AMENDED THIS 1st DAY OF JUNE 1995

Witnesses:

PETER VYGANTAS
MARK EDWARDS

SKY CHEFS, INC.
By
JOSEPH T. PRIMAVERA
Vice President
Industrial Relations

HOTEL EMPLOYEES
AND RESTAURANT
EMPLOYEES INTERNATIONAL
UNION (AFL-CIO)

VALENTINE CONNOLLY
GEORGE PAPAGEORGE

By
EDWARD T. HANLEY
General President

AMENDED THIS 1st DAY OF DECEMBER 2003

Witnesses:

CLIFTON JONES

SKY CHEFS, INC.

By: _____
MARK EDWARDS
Vice President Industrial Relations

UNITE HERE (AFL-CIO)

CAROL CARLSON

By: _____
SHERRI CHIESA
Executive Vice President & MNA Designee

EXHIBIT A

FRINGE BENEFITS AND GENERAL CONDITIONS OF EMPLOYMENT

AIRLINE CATERING OPERATIONS - Effective December 1, 2003, unless otherwise provided

1. HOURS OF EMPLOYMENT

- (a) The work day shall consist of 8 hours within 8-1/2 hours. The work week shall consist of 5 days within 7 days commencing at 12:01 a.m., Friday. All work performed in excess of 8 hours per day, 40 hours per week, or on the 6th consecutive day shall be paid for at a rate of time and one-half the employee's regular rate of pay. All work performed on the 7th consecutive day shall be paid at the rate of double time. Premium pay will not be paid when an employee works the 6th or 7th consecutive day as a result of shift changes due to changes in airline schedules, vacation relief or employees changing off days. Premium pay for work performed on the 6th or 7th consecutive day shall be paid for shift changes due to changes in airline schedules that are in excess of two shift changes per year. Nothing shall prohibit the Company from scheduling a four (4) day, ten (10) hour work week. The four (4) day, ten (10) hour work week shall be scheduled by the Company on consecutive days only. Each employee working a four (4) day, ten (10) hour work week shall receive time and one-half (1-1/2) the regular rate of pay for all work performed in excess of ten (10) hours a day or four (4) days per week, with the exception of all work performed on the sixth (6th) or seventh (7th) day in a work week, which shall be paid for at the rate of two (2) times the regular rate of pay. The foregoing shall apply to all short shift employees.
- (b) In computing the 5 work days in any 7-day work week, or the 4 work days for 4-day, 10-hour employees, days paid for but not worked or days off due to illness shall not be treated as work days for the purpose of pay of time and one-half on the 6th day and double time on the 7th day, or in the case of the 4-day, 10-hour work week, time and one-half on the 5th day and double time on the 6th and 7th day.
- (c) Employees may not be required to make up any days paid but not worked, but if an employee agrees to work on a day not scheduled, during a week with a day paid but not worked, then he/she shall be paid at straight time for that day up to 40 hours worked during that week and at time and one-half, thereafter.
- (d) The work week shall consist of five (5) consecutive work days, or four (4) consecutive work days for employees working ten-hour shifts.
- (e) Employees required to handle money shall be paid their regular rate of pay or premium pay, as the case may be, for all time spent in receiving, counting, or accounting for said monies.
- (f) Where and whenever feasible, the Company shall provide two ten-minute paid breaks for employees with eight hour work schedules. Short shift employees will be provided with one ten-minute paid break.
- (g) Employees shall not be required to return to work with less than ten (10) hours between shifts.
- (h) For the purposes of calculating overtime pay, "regular rate of pay" shall include any lead pay and/or shift differential being regularly received at the time.

2. WAGES

- (a) Effective on the dates set forth on the attached wage supplements for the respective local units, employees shall receive the wage rates set forth in such wage supplements. Employees whose rates of pay are in excess of the minimum rate set forth, shall receive not less than the minimum across the board increases provided for employees in their respective job classification.
- (b) Tipped employees shall receive their regular wage rates or the State or Federal Minimum Wage (before allowances or deductions), whichever is the greater amount, plus claimed gratuities for all authorized paid time off such as paid vacation, paid sick leave, paid holidays, paid funeral leave, and paid injury on duty leave.
- (c) No employee shall be required to make any contributions to any other employee or person or share gratuities with any other employee or person unless agreed to by the Company and the Union.
- (d) Whenever an employee is required to replace another employee in a higher paid classification, such employee shall receive the contract rate for the higher paid classification provided that the employee works one (1) hour or more of his/her normally scheduled work day replacing the employee in the higher paid classification.

3. HOLIDAYS

- (a) Effective July 1, 1995, all employees who have completed 60 days of employment, shall be eligible for the following holidays:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day
	Employee's Birthday, effective January 1, 1998

- (b) Five-day, eight-hour employees who work on any of the said holidays shall receive eight (8) hours of holiday pay in addition to their regular pay. Four-day, ten-hour employees who work on any of the said holidays shall receive ten (10) hours of holiday pay in addition to their regular pay. Employees who do not work on a holiday shall be paid their regular pay for said holidays if said holiday falls on an employee's normally scheduled work day, and, beginning January 1, 1996, if said holiday falls on the employee's scheduled day off, provided such employee works his/her scheduled work day prior to and next scheduled work day after said holiday, but not if the holiday falls on his/her scheduled day off prior to January 1, 1996.
- (c) In addition to the paid holidays listed above, all employees hired prior to January 1, 1992, shall receive two (2) paid personal days. Said employees shall receive one (1) additional paid personal day following the year in which he/she completes three years of service with the Company. Effective January 1, 1996, said employees shall be entitled to one (1) additional paid personal day for a maximum total of four (4) paid personal days.
- (d) Effective January 1, 1996, employees hired on or after January 1, 1992, but before July 1, 1995, shall receive one paid personal day.

(e) Use of Paid Personal Days

Use of each paid personal day will be subject to the following conditions:

- 1) Employees who use a paid personal day while scheduled to work five-day, eight-hour work weeks shall receive eight (8) hours of paid personal time.
 - 2) Employees who use a paid personal day while scheduled to work four-day, ten hour work weeks shall receive ten (10) hours of paid personal time.
 - 3) Days requested by September 1, but not granted by the last paycheck of the year shall be paid through payroll.
 - 4) No more than two employees in any one unit will be granted a personal day on any one given day in one given week.
 - 5) Two weeks notice must be given by the employee of his/her desire for a paid personal day; once granted, permission to take a paid personal day shall not arbitrarily be rescinded.
 - 6) When preferences are available, Company seniority will be used to determine preference.
- (f) Weekly schedules shall not be changed in any way to avoid holiday pay.
- (g) An employee on paid or unpaid sick leave, or other leave of absence, disciplinary suspension or layoff, shall not be eligible for paid holidays or paid personal days. Employees shall be eligible for paid holidays falling within their paid vacation period.
- (h) Employees who are scheduled to work on a holiday and do not report as scheduled shall not receive the holiday pay.
- (i) Any employee who is requested to work on a paid holiday, who is scheduled to work five (5) other days during that work week, or four (4) other days during that work week for four-day, ten-hour employees, and who agrees to do so, shall receive two and one-half his/her regular rate of pay for that work day.
- (j) Holiday pay shall include any lead, shift differential, all length-of-service, and seniority-based increases being regularly received by the employee at the time.

4. VACATIONS

- (a) The Company will provide paid vacations based on length of service and straight-time hours paid in accordance with its present plan of accrual in the following amounts computed as of the second to last Thursday in December of each year:

6 months to 1 year of service:	1/2 day vacation for each month of service up to the maximum of forty (40) hours,
2 years or more of service:	Eighty (80) hours paid vacation,
5 years or more of service:	One-hundred twenty (120) hours paid vacation,
15 years or more of service:	One-hundred sixty (160) hours paid vacation,
25 years or more of service:	Two-hundred (200) hours paid vacation.

- (b) If an employee has earned less than eighty (80) hours of paid vacation, he/she may be granted, if requested in writing by the employee and if operations permit, sufficient unpaid vacation time in conjunction with paid vacation so as to permit eighty hours (80) of vacation.

If an employee has earned at least eighty (80) hours paid vacation, but less than one-hundred twenty (120) hours paid vacation, he/she may be granted, if requested in writing by the employee and if operations permit, sufficient unpaid vacation time in conjunction with paid vacation time to permit 120 hours of vacation.

Employees may elect to schedule split vacation periods, but they must be in full week units. When unpaid vacation time is granted in conjunction with paid vacation, the vacation may not be split.

- (c) In the event that an employee has timely and duly selected or otherwise requested paid vacation for a calendar year but the Company has been unable to grant it during the calendar year, the employee may opt (a) to be paid the unused vacation at the employee's regular rate or (b) to carry over the vacation into the following year, with the understanding that if the Company has not scheduled the vacation to be taken by March 31st, the Company shall pay the unused vacation at the employee's regular rate by April 15th.
- (d) Effective January 1, 1993, employees with 25 years or more of service who are eligible for two-hundred (200) hours of paid vacation may sell forty (40) hours of vacation pay at actual rate of pay back to the Company upon written notification. Notification must be made by September 15th of each eligible year. Payouts will be made the second pay week in December.
- (e) Vacation pay shall include any lead and/or shift differential being regularly received by the employee at the time.

5. HEALTH AND WELFARE

- (a) **New Exclusive Provider Organization (EPO) PLAN.** Effective 7-1-04, the Company shall implement a revised Network 10 and Network 20 Exclusive Provider Organization (EPO) plan as outlined on the attached revised charts in Exhibit C. The revised Plan will make EPO's the exclusive provider of all medical care for all eligible Company employees and their dependents, including those previously utilizing out-of-network doctors and hospitals. Under the revised Plan, coverage for the Managed Behavioral Health Program for mental health and substance abuse coverage will be available exclusively through the Company's Employee Assistance Program (EAP). If necessary, the Company and the Union will meet and confer before the next Amendable date for the purpose of exploring other potential plan designs including a Consumer Driven Health Care (CDHC) Plan. The revised Plan shall be implemented at all locations except:
- (i) At LAX and MIA, where the Health Maintenance Organization (HMO) in place will continue to be offered. Employees will also be allowed to participate in the Company's Exclusive Provider Organization (EPO) Plans or other self insured plans (i.e. PPOs, Indemnity Plans, etc.) if available and offered. This includes those CSC's other than LAX and MIA (PSP, ONT, OAK, SFI, SFO, SJC, SMF, SNA, and FLL) that currently have HMO's available.
- (b) **Eligibility.** Eligible for said Plans will be all regular employees who are scheduled to work 20 hours or more per week and have completed six months of service with the Company, until the date of their termination.

Spouses of eligible employees shall be eligible for coverage under both the Company's medical and dental plans except that for employees hired after June 30, 1995, spouses eligible for medical and/or dental coverage with another employer will not be eligible to participate in the Company's Plan(s) unless the employee shows that the other employer's coverage is not comparable to that of the Company's Plan(s).

- (c) **Employee Contributions.** Employee contributions towards the cost of the various coverages contained in said Plans for the first year of said Plans, shall be as agreed as stated in Exhibit C.

Employee contributions toward the cost of the employee only, employee + child (children), employee + spouse coverages contained in said Plans for the first year of said Plans, shall be as agreed.

20% reduction, effective 7/1/2004

20% reduction, effective 1/1/2005

10% reduction, effective 1/1/2006

Employee contributions towards the cost of the family coverage contained in said Plans for the first year of said Plans, shall be as agreed.

20% reduction, effective 7/1/2004

30% reduction, effective 1/1/2005

20% reduction, effective 1/1/2006

For the EPO Plan year beginning July 1, 2004, there will be no increase in employee contribution cost (weekly price tags).

For EPO Plan years beginning January 1, 2005; January 1, 2006 and thereafter, the employee contributions will increase on a prospective basis by industry determined trend factors and actual Plan experience by which total claims increase year over year, with the Company and the employees equally sharing the percent increase. For those employees enrolled in EPO Plans for Plan Year January 1, 2005, that have selected the (employee only), (employee + child), or (employee + spouse) coverage categories, the employee contribution annual % cost sharing (weekly price tags) will be capped at 3% maximum. For those employees that have selected the (employee + family) coverage category, the employee contribution annual % cost sharing (weekly price tags) will be capped at 2% maximum. For those employees enrolled in EPO Plans for Plan Year January 1, 2006, for all coverage categories, the employee contribution annual % cost sharing (weekly price tags) will be capped at 2% maximum.

For HMO Plan Years beginning January 1, 2005; January 1, 2006 and thereafter, the employee contributions will be based on the HMO premium percent increase, with the Company and the employees equally sharing the percent increase. For those employees enrolled in HMO Plans for Plan Years January 1, 2005; and January 1, 2006, the employee contribution annual % cost sharing (weekly price tags) will be capped at 5% maximum.

In addition, there will be the following two additional Healthy Lifestyle Price Tag reductions:

\$1.25/week reduction, effective 7/1/96, for employees who participate and cooperate on an on-going basis in a voluntary and follow-up care health risk appraisal program.

\$1.25/week reduction, effective 7/1/96, for employees who show that they have resided for 12 months and continue to reside in a tobacco-free household.

For each EPO, QMCP and HMO Plan years beginning 7-1-04 , the Company shall determine employee contribution amounts as provided in this section, and shall announce said amounts at least two months before the end of the prior Plan year, so that employees will then have the opportunity to determine for themselves whether and to what extent to participate in the Plan in the next year.

- (d) **Selection of Provider Organizations.** In selecting a new provider organization and/or network (EPO, HMO or DMO), the Company shall provide the Union with at least 30 days prior written notice of its intent, along with material providing the Union with the opportunity to conduct an independent quality review. The Company will consider, as part of its decision-making process, the results of any such review submitted by the Union to the Company within 10 days from delivery of the material to the Union.

(e) **Retiree Group Life and Medical Expense Benefits Plan.** Consistent with the introductions of medical contribution for active employees, Sky Chefs will modify the post-retirement medical plan to:

- (1) Introduce contributions for employees who retire prior to age 65. The contributions will be a percentage of the cost of post-retirement medical coverage for retirees under age 65 and will be determined based on the employee's age at retirement. The contributions will be:

<u>Age at Retirement</u>	<u>% of Pre-65 Cost Paid by Retirees</u>
55 But Less Than 60	50%
60 But Less Than 62	25%
62 But Less Than 65	15%
65 Or Older	None

The contributions will change each year as the cost of pre-65 post-retirement medical changes. Contributions cease with the month that a retiree reaches age 65.

- (2) Apply contributions to any new retirees after July 1, 1989. However, employees who are eligible to retire on July 1, 1989, will be grandfathered (i.e., no contributions will be required of them), and employees who retire with a disability pension will not be required to contribute regardless of age at time of retirement.
- (3) Change the lifetime maximum benefit for post-retirement medical to \$20,000, regardless of age at retirement. However, employees who are eligible to retire on July 1, 1989 will remain subject to the prior lifetime limits.
- (4) Employees hired before 7/1/95 and who retire after 6/30/95 at age 55-64 will receive medical benefit coverage through the EPO program, subject to the existing lifetime maximum. Employees hired after 6/30/95 will not be entitled to retiree medical and life insurance benefits.
- (5) Sky Chefs will continue to provide 100% coordination of benefits with Medicare for current retirees. Future retirees under the age of 50 and with less than 10 years of service as of 6/30/95 will have medical benefits offset by Medicare. Charges above the Medicare reimbursement rates will not be paid by Sky Chefs.

(f) **Vision Plan.** Effective July 1, 2004 all eligible employees enrolled in the Company Medical Plan will be eligible to participate in a Vision Plan as follows:

Annual Exam per covered Employee and Dependant(s) (\$10 Co-pay)

Retail Frame allowance per covered Employee and Dependant (up to \$100 every 12 months) utilizing a variety of retail network vision providers.

	<u>Monthly Price Tag</u>
Employee Only	FREE
Employee + Child	\$1.00
Employee + Spouse	\$1.00
Employee + Family	\$1.00

- (g) **Compensable Injury.** If an employee is not able to work due to injury while on the job, the Company will pay the employee for the remainder of the shift and through December 31, 1992, full pay at the employee's regular rate for the first five days of absence for each such accident less any worker's compensation paid for said five days.

Effective January 1, 1993, the employee will be permitted to use available paid sick leave for absences due to on the job injury, subject to the provisions of Section 10.

- (h) **Booklets.** As soon as practicable, the Company will provide booklets to each employee explaining the Flexible Benefits Plan, and all available coverages and their costs to the Company and employees, respectively, in further detail.
- (i) **New Prescription Drug Program.** The Company shall introduce a new prescription drug program as the exclusive provider of immediate and maintenance prescription drugs, with \$5 *generic* or \$15 *brand* co-payment for drugs purchased at network pharmacies and for a three-month supply of maintenance prescription drugs purchased through mail-order, and with \$50/year deductible. Effective July 1, 2004, the \$50/year prescription drug deductible will be reduced to \$25/year. Co-payments will be as follows for a new 3-tier plan.

Employees enrolled in the Network 10 & 20 Plans or HMO's without prescription drug plans:

	<u>Purchased at Network Pharmacies</u>	<u>Mail Order 91-Day Supply</u>
Generic	\$5.00	\$10.00
Preferred	\$15.00	\$30.00
Non-Preferred	\$30.00	\$60.00

The Company will utilize the provider prescription drug list, amended from time to time, to determine the appropriate classification (1. Generic, 2. Preferred Brand, 3. Non-Preferred Brand) of each prescription drug, and provide that list to the Union.

- (j) **Dental Maintenance Organization (DMO) Plan.** Employee contributions (weekly price tags) for DMO Plan years beginning 7/1/2004 and thereafter will increase by the percentage as determined by the DMO carrier with the Company and the employees equally sharing the percentage increase. Effective July 1, 2004, employee cost for specific services will be adjusted based on the chart in Exhibit C.

6. PENSION

The Company will amend the Pension Plan to include the following major improvements:

- (a) Effective January 1, 1986, the Plan will be modified to reduce the age requirement to be eligible to participate in the Plan from 25 years old to 21 years old for all employees who become Plan members on or after January 1, 1986.
- (b) Effective January 1, 1986, the Plan will be modified to allow active employees to accrue vesting service during years after age 18.
- (c) Effective January 1, 1986, the Plan will be modified to change the break-in-service provisions to require a period of five (5) consecutive break-in-service years for Plan participants before prior vesting rights may be forfeited.
- (d) The Company will further amend the Pension Plan, as it deems necessary, to conform to the requirements of the Retirement Equity Act passed in August of 1984.
- (e) The minimum retirement benefit at age 65 will be increased as follows for employees who retire after 12/31/95:

Effective January 1, 1995:	\$14.00 per month
Effective January 1, 1996:	\$14.50 per month
Effective January 1, 1997:	\$15.50 per month
Effective January 1, 1998:	\$16.50 per month
- (f) As soon as practicable, the Company will provide a booklet to each Plan participant explaining the Plan.
- (g) Effective January 1, 1989, the Plan will be modified to reduce to five (5) years, from ten (10) years, the number of years of vesting service under the plan required for vesting of accrued benefits.
- (h) Effective January 1, 1989, the Plan will be modified to increase to 1.35% (from 1.25%) the benefit under the Basic formula on monthly compensation up to \$550, to conform to applicable law.
- (i) Employees hired after 6/30/95 will not be eligible for participation in the Pension Plan.

7. REPORTING PAY

Any employee reporting for work on a regular shift and not permitted to work shall receive four (4) hours pay at the employee's regular rate, and any employee who regularly works a four-day, ten-hour workweek and reporting for work on a regular shift and not permitted to work shall receive five (5) hours pay at the employee's regular rate; provided, however, that if said employee was notified the night before not to report for work and the employee nevertheless reports for work, no minimum reporting pay will be required. Records of such notification will be maintained for two weeks, and shall be given to the local union upon their written request.

8. EMPLOYEE MEALS

Regularly scheduled employees shall receive 1 wholesome meal per day without charge. Employees scheduled to work ten (10) hour days shall receive 2 wholesome meals without charge. Meal periods shall be unpaid and are normally scheduled for 30 minutes.

9. UNIFORMS

- (a) Employees required to wear uniforms shall be provided a sufficient number of same by the Company, which uniforms shall be laundered and maintained by the Company. The Company's uniform is intended to enhance Sky Chefs' image within the airport community and with the traveling public. Due to its "street wear" design, employees may wear their uniform to and from work. Where the Company does not launder the uniforms, it shall reimburse the employee in the amount of \$.75 per day for maintenance of the uniforms.
- (b) Employees shall be permitted to wear one (1) standard Union button (no "issue" buttons), if and when not prohibited by FDA or other governmental regulations.
- (c) The Company shall also provide the necessary tools of the trade to each employee without charge to the employee.
- (d) The Company is committed to provide to all employees assigned to work in the refrigerated areas of the Customer Service Center and in inclement weather, appropriate outer garments in compliance with federal and or state health laws.
- (e) The Company is committed to provide individual outer garments in order to keep sharing of garments to a minimum.
- (f) The Company will be responsible for the cost of laundering and maintaining outer garments provided by the Company. Employees will be responsible for the cost of lost outer garments provided by the Company.

10. PAID SICK LEAVE

- (a) Effective January 1, 1993, the Company will provide paid sick leave for employees in accordance with the following: twenty-four (24) hours after the first year of service and after each year of service through the fifth calendar year of service; thereafter, one day for each 2 months worked with a maximum of forty (40) hours for each calendar year of service with a maximum accrual of 200 hours.
- (b) Effective January 1, 1996, the Company will provide paid sick leave for employees in accordance with the following:
 - twenty-four (24) hours after one (1) year of Company service;
 - thereafter, twenty-four (24) hours effective January 1st of the employee's second (2nd) and third (3rd) calendar years of service;
 - and thereafter, effective each January 1st of the employee's fourth (4th) and subsequent calendar years of service: eight (8) hours for each 2 months worked in the prior calendar year with a maximum of forty-eight (48) hours for a calendar year of service, and a maximum individual accrual of 240 hours.
- (c) Effective January 1, 1993, paid sick leave may be used for absences due to on-the-job injuries, with the understanding that paid sick leave shall be coordinated with state disability benefits or worker's compensation benefits, if applicable, to ensure that no employee receives more weekly income than the wage that would have been earned had the employee worked his/her regular schedule.
- (d) Doctor or Dentist certificates shall be required in order to obtain the sick leave benefits except for the remainder of the shift when an employee is sent home by a Company nurse, manager or manager's agent and/or except for sick leave of one day or less. The certificates need not disclose the employee's medical condition unless relevant under the Americans with Disabilities Act.
- (e) There shall be the following four options available to employees with paid sick leave accruals in excess of 200 hours as of December 31, 1992:
 - 1) Use said excess as needed for illness at 100% of rate of pay at time of payment or;
 - 2) Cash out said excess at retirement at a rate of 70% of rate of pay (1/1/96 at 80%, 1/1/97 at 90%, 1/1/98 at 100%) at the time of retirement or;
 - 3) Cash out said excess to the Company, at a minimum of forty (40) hours up to a maximum of eighty (80) hours each successive January as opted for by September 15th at 50% of rate of pay (1/1/96 at 60%, 1/1/97 at 70%, 1/1/98 at 75%) at the time of payment or;
 - 4) Cash out said excess at time of termination provided that the termination results from permanent closing of a unit or concession in which the employee is employed and which entitles the employee to severance pay under Section 16, at 50% of rate of pay (1/1/96 at 60%, 1/1/97 at 70%, 1/1/98 at 75%) at time of termination.
- (f) Effective July 1, 1995, paid sick leave shall include any length-of-service and seniority-based increases being regularly received by the employee at the time, including any lead and/or shift differential pay.

11. LEAVE OF ABSENCE

- (a) **Sick Leave:** Employees will be eligible for leave of absence in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
60 days, but less than 6 months	30 days
6 months, but less than 2 years	6 months
2 years, but less than 5 years	1 year
5 years or more	2 years

Sick leaves shall initially be granted for periods of not more than ninety (90) days, but may be extended in periods of not more than ninety days. Each extension must be supported by a medical certificate. This medical certificate must indicate that the employee is disabled and unable to perform required job duties, the nature of the disability and the approximate date of return to work.

Employees released from medical care must apply for reinstatement and be available for work assignment within seven (7) days of such release. Failure to comply with the above waives an employee's right to reinstatement. The Company reserves the right to require employees to be examined by a Company doctor before reinstatement. Upon reinstatement, the employee's return to work will be handled as follows:

- 1) If their job has been filled by a new (60 days or less) employee, the returning employee may bump the new employee;
- 2) If the returning employee's job has been filled by an employee with 60 days or more of Company seniority, the returning employee will be given the most desirable vacancy available in his/her classification;
- 3) If there is no vacancy available, the returning employee may bump the least senior person in his/her classification;
- 4) In all cases, the returning employee will remain in that shift until the next bid procedure is conducted, at which time he/she will exercise job classification seniority as provided by Article VI. B.

Effective January 1, 2004, an employee on sick leave will receive accrued Company Seniority when the employee returns to active employment.

- (b) **Injury on Duty Leave:** Employees will be eligible for leaves of absence in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
60 days, but less than 1 year	6 months
1 year, but less than 5 years	1 year
5 years or more	3 years

Injury on Duty Leaves shall initially be granted for periods of not more than ninety (90) days, but may be extended in periods of not more than ninety days. Each ninety day extension must be supported by a medical certificate. This medical certification must indicate that the employee is disabled and unable to perform required job duties, the nature of the disability, and the approximate date of return to work.

Employees released from medical care must apply for reinstatement and be available for work assignment within seven (7) calendar days of such release. Failure to comply with the above waives the employee's right to reinstatement. The Company reserves the right to require employees to be examined by a Company doctor before reinstatement.

Seniority shall accrue during the entire period of an Injury on Duty Leave.

- (c) **Personal Leave:** Employees with one year or more of seniority may be granted personal leaves for periods of no longer than 30 calendar days. Such leaves shall be granted at the sole discretion of the Company.

All personal leaves must be requested in writing. The Company may grant additional 30-day leaves in conjunction with the initial leave, but each extension must be accompanied by a written request from the employee.

An employee will not be eligible for more than ninety (90) days of personal leave during any twelve (12) month period.

- (d) **Union Business Leave:** Whenever practicable, employees with one year of seniority shall be eligible for a leave of absence, if designated by the Union, to attend labor conventions or serve in any other capacity for the Union, provided 10-day notice is given in writing to the Company.

The maximum length of the leave will be based on Company seniority and will be in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
1 year, but less than 5 years	1 year
5 years or more	3 years

Seniority shall continue to accrue during the leave for Union business .

Group health and life insurance benefits will terminate as of the last day worked. The employee on leave can purchase continued group medical and dental coverage which he/she has selected from the Company at the effective C.O.B.R.A. rates.

- (e) The Company intends to provide the respective local unions with names of employees on leaves of absence, once every four months.
- (f) Effective January 1, 2004, an employee with at least one year of service may request time off without pay for the purpose of Union Business not covered by Section 11(d), for up to two weeks per request. Employees must submit the request for leave to local management at least one week in advance of the commencement of such leave. Business conditions may not always allow for such leaves, however, management will make every reasonable effort to accommodate such request.

12. FUNERAL LEAVE

Employees shall be entitled to three (3) days with pay in the event of death in the immediate family (mother, father, spouse, sister, brother, child, grandparent, mother-in-law, father-in-law, stepparent, stepchild, or any other relative residing in the employee's home). Employees may extend the funeral leave period by using their paid personal days or one unpaid funeral leave day. Funeral leave pay shall include any lead and/or shift differential and all length-of-service and seniority-based increases being regularly received by the employee at the time. Effective January 1, 2004 employees shall be entitled to these funeral leave benefits in the event of the death of a domestic partner, provided the employee signs a Company issued affidavit attesting to the domestic partner relationship at the time funeral leave is requested.

13. JURY DUTY

Employees called for jury duty who have been in the employ of the Company for more than one year shall receive full pay for jury service on a scheduled work day, with no deduction for jury fees. Jury duty pay shall include any lead and/or shift differential and all length-of-service and seniority-based increases being regularly received by the employee at the time.

Effective January 1, 2004, For each day of jury duty that falls on an employee's scheduled day off, the employee shall receive a different day off that week.

14. NO LOSS OF WAGES

No employee of the Company shall suffer any loss of wages, fringe benefits or conditions existing prior to August 22, 1969, unless such have been changed subsequent to that date by mutual agreement of the parties hereto.

15. TOOL REPLACEMENT {"SENIORITY" has been moved and incorporated into Article VI A. Seniority}

The Company will institute a tool replacement program for employee-owned tools which are broken during the course of the employee's normal job duties with the Company. This policy affects all mechanic and maintenance personnel.

Effective January 1, 2004, the Company will reimburse the employee at a rate of 50% of the established value for the broken tool as based on a valid receipt provided by the employee. Maximum reimbursement in any one calendar year will be \$900 with a lifetime maximum of \$1800.

16. SEVERANCE PAY

Employees with six (6) months or more of Company seniority who are terminated from employment as a result of a permanent closing of a unit or concession in which they are employed shall receive severance pay in accordance with the following schedule:

<u>Company Seniority</u>	<u>Severance Pay</u>
6 months, but less than 1 year	2 days
1 year, but less than 2 years	4 days
2 years, but less than 5 years	8 days
5 years, but less than 10 years	10 days
10 years or more	15 days

17. EMPLOYEE PARKING

In the event free parking facilities for employees are not available at airport locations, the Company will assume the monthly parking charges, assessed by the proper authority at existing on-airport locations, up to a maximum of fifteen dollars (\$15.00) per month for parking in an area designated for employees.

18. PROMOTIONAL OPPORTUNITIES

- (a) When a promotional opportunity (any new job classification with a rate of pay equal to or greater than the one presently held) becomes permanently open, not including temporary or part time positions, openings due to leaves of absences or vacations, the most senior qualified employee applying for the open position will be given preference over all other employees so long as skill, ability and work records are equal. The Company shall have the right to determine qualifications.
- (b) Procedures for application will be issued by the Company, posted on Company bulletin boards, and provided to a local union upon its written request. Promotional job vacancies will be posted on the Company bulletin board 5 days before filling, however this does not prevent the Company from temporarily filling the position. Any special requirements for the job shall be included with the job posting.
- (c) Within forty-five (45) calendar days from a promotion, the employee shall have the right in his/her discretion to return to his/her former job classification, and the Company shall have the right in its discretion to return the employee to his/her former job classification.

19. 401(k) PLAN

- (a) Effective July 1, 1989, the Company shall provide to employees with six months of service the opportunity to participate in a Section 401(k) wage-deferral retirement savings plan, for so long as the Company maintains a 401(k) Plan for the salaried employees.
- (b) Subject to paragraph (c), for each 401(k) plan year ending June 30, the Company will make contributions (of up to 20% of up to the first 5% of the employee's compensation elected by the employee as a contribution) based and depending on Company performance. In this regard, the Company shall annually notify the Union of the matching contribution in writing and, the Union hereby waives any rights or claims to inspect or copy the Company's books and records, or to be furnished with any information or documents, so as to verify the existence, amount and calculation of Company matching contributions on behalf of the salaried employees.
- (c) The Company will, as IRS regulations permit, transition the 401(k) plan year to a calendar year, and the Company will then make its matching contribution at the same time as it makes the contribution for salaried employees. The Company's contribution will be based and will depend on Company performance. Maximum matching contribution percentages shall be as follows:
 - 1991 plan year - 20%
 - 1992 plan year - 30%
 - 1993 plan year - 40%
 - 1994 plan year - 50%
- (d) Company matching contributions, for all employees, will be based on the employee's "gross pay", subject to the conditions of the 401(k) Plan.
- (e) Effective 1/1/96, the Company will contribute an amount equal to 1% of each employee's individual "gross wages" for the prior calendar year, to the Company's 401(k) Plan, each year, for all employees hired after 6/30/95 (whether or not they have previously participated in the Plan) with one (1) year or more of Company seniority. These 1% contributions will be subject to current 401(k) vesting, (whether or not the employee is otherwise participating in the Plan) and will be in addition to any Company matching contributions made under Sections 19 (b) and (c).

20. CHILD AND DEPENDENT CARE SUBSIDY

Effective January 1, 1992, the Company will reimburse the employee for weekly dependent care expenses, as defined by and which qualify under Internal Revenue Code Section 129, to the extent shown below:

Employee with service:

Less than 3 years	- 0
3 years to 4.9 years	- 30%
5 years to 7 years	- 40%
7.1 years or more	- 50%

However, the subsidy shall not exceed \$60 per dependent, per week.

21. WORKER'S COMPENSATION

The Company shall retain the right to withdraw from the Worker's Compensation system where permissible by state law and replace such coverage with a Company-sponsored ERISA benefit plan which provides weekly disability income and medical care and death benefits at least comparable in level to those previously provided through the Worker's Compensation system.

22. Bargaining Unit Work

- (a) Subject to subsections (b) and (e) below, no work traditionally performed in the Company's flight kitchens by classifications covered by this Agreement shall be performed in the flight kitchens by subcontractors of the Company.
- (b) Notwithstanding the foregoing, where business circumstances so require, the Company may hire temporary workers in the flight kitchen to perform work that is traditionally performed in the flight kitchen by classifications covered by the Agreement: provided however, that in such instances the Company agrees that such work will be limited to no more than 60 calendar days after which the Company may no longer fill said positions with subcontracted or temporary workers.

The Company also agrees that before any work is subcontracted out to temporary workers, current employees or employees on layoff shall first be offered the opportunity to fill such position on either a regular straight time or overtime basis.

Temporary workers shall in no case displace a regular employee.

- (c) It is recognized that the Company may, without regard to the preceding paragraph (b), continue to subcontract work in the flight kitchens that it currently, traditionally has subcontracted.
- (d) The Union recognizes that the Company's need to meet customer business fluctuations and unexpected schedule changes will sometimes, in those emergency situations, require management personnel to perform work traditionally performed in the flight kitchens by classifications covered by this Agreement. It is agreed, however, that management personnel shall not normally perform such work.
- (e) Work of any kind that is performed at locations other than the premises of the Company's flight kitchens may be performed by outside contractors and/or by workers who are neither employed by the Company nor covered by the Agreement. This Section 22 shall not apply to such work, and the Union recognizes the Company's right to outsource or contract-out such work in its sole discretion.

EXHIBIT B

FRINGE BENEFITS AND GENERAL CONDITIONS OF EMPLOYMENT NON-AIRLINE CATERING OPERATIONS (Current airline catering operations (before 6/1/95), and employees will be brought under the provisions of Exhibit A effective 6/1/95.)

1. HOURS OF EMPLOYMENT

- (a) The work day shall consist of 8 hours within 8-1/2 hours. The work week shall consist of 5 days within 7 days commencing at 12:01 a.m., Friday. All work performed in excess of 8 hours per day, 40 hours per week, or on the 6th and 7th consecutive day shall be paid for at a rate of time and one-half the employee's regular rate of pay. Premium pay will not be paid when an employee works the 6th or 7th consecutive day as a result of shift changes due to changes in airline schedules, vacation relief or employees changing off days. Premium pay for work performed on the 6th or 7th consecutive day shall be paid for shift changes due to changes in airline schedules that are in excess of two shift changes per year. Nothing shall prohibit the Company from scheduling a four (4) day, ten (10) hour work week. The four (4) day, ten (10) hour work week shall be scheduled by the Company on consecutive days where and whenever feasible. Each employee working a four (4) day, ten (10) hour work week shall receive time and one-half (1-1/2) the regular rate of pay for all work performed on the 5th and 6th consecutive day, and double time on the 7th consecutive day. The foregoing shall apply to all short shift employees.
- (b) In computing the 5 work days in any 7-day work week, or the 4 work days for 4-day, 10-hour employees, days paid for but not worked or days off due to illness shall not be treated as work days for the purpose of pay of time and one-half on the 6th day and 7th day, or in the case of the 4-day, 10-hour work week, time and one-half on the 5th, 6th, and 7th day.
- (c) Employees may not be required to make up any days paid but not worked, but if an employee agrees to work on a day not scheduled, during a week with a day paid but not worked, then he/she shall be paid at straight time for that day up to 40 hours worked during that week and at time and one-half, thereafter.
- (d) Where and whenever feasible, the work week shall consist of five (5) consecutive work days, or four (4) consecutive work days for employees working ten-hour shifts.
- (e) Employees required to handle money shall be paid their regular rate of pay or premium pay, as the case may be, for all time spent in receiving, counting, or accounting for said monies.
- (f) Where and whenever feasible, the Company shall provide two ten-minute paid breaks for employees with eight hour work schedules. Short shift employees will be provided with one ten-minute paid break.
- (g) For the purposes of calculating overtime pay, "regular rate of pay" shall include any lead pay and/or shift differential being regularly received at the time.

2. WAGES

- (a) Effective on the dates set forth on the attached wage supplements for the respective local units, employees shall receive the wage rates set forth in such wage supplements. Employees whose rates of pay are in excess of the minimum rate set forth, shall receive not less than the minimum across the board increases provided for employees in their respective job classification.
- (b) Tipped employees shall receive their regular wage rates or the State or Federal Minimum Wage (before allowances or deductions), whichever is the greater amount, plus claimed gratuities for all authorized paid time off such as paid vacation, paid sick leave, paid holidays, paid funeral leave, and paid injury on duty leave.
- (c) No employee shall be required to make any contributions to any other employee or person or share gratuities with any other employee or person unless agreed to by the Company and the Union.
- (d) Whenever an employee is required to replace another employee in a higher paid classification, such employee shall receive the contract rate for the higher paid classification provided that the employee works on (2) hours or more of his/her normally scheduled work day replacing the employee in the higher paid classification.

3. HOLIDAYS

- (a) Effective July 1, 1995, all employees who have completed 60 days of employment, shall be eligible for the following holidays:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day
	Employee's Birthday, effective January 1, 1998

- (b) Five-day, eight-hour employees who work on any of the said holidays shall receive eight (8) hours of holiday pay in addition to their regular pay. Four-day, ten-hour employees who work on any of the said holidays shall receive ten (10) hours of holiday pay in addition to their regular pay. Employees who do not work on a holiday shall be paid their regular pay for said holidays if said holiday falls on an employee's normally scheduled work day, and, beginning January 1, 1996, if said holiday falls on the employee's scheduled day off, provided such employee works his/her scheduled work day prior to and next scheduled work day after said holiday, but not if the holiday falls on his/her scheduled day off prior to January 1, 1996.
- (c) In addition to the above listed holidays and effective January 1, 1992, all employees hired prior to that date shall receive one paid personal day. Effective January 1, 1996, said employees shall be entitled to one (1) additional paid personal day for a maximum total of two (2) paid personal days.
- (d) Effective January 1, 1996, employees hired on or after January 1, 1992, but before July 1, 1995, shall receive one paid personal day.

(e) Use of Paid Personal Days

Use of each paid personal day will be subject to the following conditions:

- 1) Employees who use a paid personal day while scheduled to work five-day, eight-hour work weeks shall receive eight (8) hours of paid personal time.
 - 2) Employees who use a paid personal day while scheduled to work four-day, ten hour work weeks shall receive ten (10) hours of paid personal time.
 - 3) Days requested by September 1, but not granted by the last paycheck of the year shall be paid through payroll.
 - 4) No more than two employees in any one unit will be granted a personal day on any one given day in one given week.
 - 5) Two weeks notice must be given by the employee of his/her desire for a paid personal day; once granted, permission to take a paid personal day shall not arbitrarily be rescinded.
 - 6) When preferences are available, Company seniority will be used to determine preference.
- (f) Weekly schedules shall not be changed in any way to avoid holiday pay.
- (g) An employee on paid or unpaid sick leave, or other leave of absence, disciplinary suspension or layoff, shall not be eligible for paid holidays or paid personal days. Employees shall be eligible for paid holidays falling within their paid vacation period.
- (h) Employees who are scheduled to work on a holiday and do not report as scheduled shall not receive the holiday pay.
- (i) Any employee who is requested to work on a paid holiday, who is scheduled to work five (5) other days during that work week, or four (4) other days during that work week for four-day, ten-hour employees, and who agrees to do so, shall receive two and one-half his/her regular rate of pay for that work day.
- (j) Holiday pay shall include any lead, shift differential, all length-of-service, and seniority-based increases being regularly received by the employee at the time.

4. VACATIONS

- (a) The Company will provide paid vacations based on length of service and straight-time hours paid in accordance with its present plan of accrual in the following amounts computed as of the second to last Thursday in December of each year:

6 months to 1 year of service:	1/2 day vacation for each month of service up to the maximum of forty (40) hours.
2 years or more of service:	Eighty (80) hours paid vacation,
5 years or more of service:	One-hundred twenty (120) hours paid vacation,
15 years or more of service:	One-hundred sixty (160) hours paid vacation,
25 years or more of service:	Two-hundred (200) hours paid vacation.

- (b) If an employee has earned less than eighty (80) hours of paid vacation, he/she may be granted, if requested in writing by the employee and if operations permit, sufficient unpaid vacation time in conjunction with paid vacation so as to permit eighty hours (80) of vacation.

If an employee has earned at least eighty (80) hours paid vacation, but less than one-hundred twenty (120) hours paid vacation, he/she may be granted, if requested in writing by the employee and if operations permit, sufficient unpaid vacation time in conjunction with paid vacation time to permit 120 hours of vacation.

Employees may elect to schedule split vacation periods, but they must be in full week units. When unpaid vacation time is granted in conjunction with paid vacation, the vacation may not be split.

- (c) In the event that an employee has timely and duly selected or otherwise requested paid vacation for a calendar year but the Company has been unable to grant it during the calendar year, the employee may opt (a) to be paid the unused vacation at the employee's regular rate or (b) to carry over the vacation into the following year, with the understanding that if the Company has not scheduled the vacation to be taken by March 31st, the Company shall pay the unused vacation at the employee's regular rate by April 15th.
- (d) Vacation pay shall include any lead and/or shift differential being regularly received by the employee at the time.

5. HEALTH AND WELFARE

- (a) **New Exclusive Provider Organization (EPO) PLAN.** Effective 7-1-04, the Company shall implement a revised Network 10 and Network 20 Exclusive Provider Organization (EPO) plan as outlined on the attached revised charts in Exhibit C. The revised Plan will make EPO's the exclusive provider of all medical care for all eligible Company employees and their dependents, including those previously utilizing out-of-network doctors and hospitals. Under the revised Plan, coverage for the Managed Behavioral Health Program for mental health and substance abuse coverage will be available exclusively through the Company's Employee Assistance Program (EAP). If necessary, the Company and Union will meet and confer before the next Amendable date for the purpose of exploring other potential plan designs including a Consumer Driven Health Care (CDHC) Plan. The revised EPO Plan shall be implemented at all locations except:
- (i) At LAX and MIA, the, Health Maintenance Organization (HMO) in place will continue to be offered. Employees will also be allowed to participate in the Company's Exclusive Provider Organization (EPO) Plans or other self-insured plans (i.e. PPOs, Indemnity Plans, etc.) if available and offered. This includes those CSC's other than LAX and MIA (PSP, ONT, OAK, SFI, SFO, SJC, SMF, SNA, and FLL) that currently have HMO's available.
- (b) **Eligibility.** Eligible for said Plans will be all regular employees who are scheduled to work 20 hours or more per week and have completed six months of service with the Company, until the date of their termination. Spouses of eligible employees shall be eligible for coverage under both the Company's medical and dental plans except that for employees hired after June 30, 1995, spouses eligible for medical and/or dental coverage with another employer will not be eligible to participate in the Company's Plan(s) unless the employee shows that the other employer's coverage is not comparable to that of the Company's Plan(s).
- (c) **Employee Contributions.** Employee contributions towards the cost of the various coverages contained in said Plans for the first year of said Plans, shall be as agreed.

20% reduction, effective 7/1/2004
20% reduction, effective 1/1/2005
10% reduction, effective 1/1/2006

Employee contributions towards the cost of the family coverage contained in said Plans for the first year of said Plans, shall be as agreed.

20% reduction, effective 7/1/2004
30% reduction, effective 1/1/2005
20% reduction, effective 1/1/2006

For the EPO Plan years beginning July 1, 2004, there will be no increase in employee contribution cost (weekly price tags).

For EPO Plan years beginning January 1, 2005; January 1, 2006 and thereafter, the employee contributions will increase on a prospective basis by industry determined trend factors and actual Plan experience by which total claims increase year over year, with the Company and the employees equally sharing the percent increase. For those employees enrolled in EPO Plans for Plan Year January 1, 2005, that have selected the (employee only), (employee + child), or (employee + spouse) coverage categories, the employee contribution annual % cost sharing (weekly price tags) will be capped at 3% maximum. For those employees that have selected the (employee + Family) coverage category, the employee contribution annual % cost sharing (weekly price tags) will be capped at 2% maximum. For those employees enrolled in EPO Plans for Plan Year January 1, 2006, for all coverage categories, the employee contribution annual % cost sharing (weekly price tags) will be capped at 2% maximum.

For HMO Plan years beginning January 1, 2005; January 1, 2006 and thereafter, the employee contributions will be based on the HMO premium percent increase, with the Company and the employees equally sharing the percent increase. For those employees enrolled in HMO Plans for Plan Years January 1, 2005; and January 1, 2006, the employee contribution annual % cost sharing (weekly price tags) will be capped at 5% maximum.

In addition, there will be the following two additional Healthy Lifestyle Price Tag reductions:

\$1.25/week reduction, effective 7/1/96, for employees who participate and cooperate on an on-going basis in a voluntary and follow-up care health risk appraisal program.

\$1.25/week reduction, effective 7/1/96, for employees who show that they have resided for 12 months and continue to reside in a tobacco-free household.

For each EPO and HMO Plan years beginning 7/1/04, the Company shall determine employee contribution amounts as provided in this section, and shall announce said amounts at least two months before the end of the prior Plan year, so that employees will then have the opportunity to determine for themselves whether and to what extent to participate in the Plan in the next year.

- (d) **Selection of Provider Organizations.** In selecting a new provider organization and/or network (EPO, HMO or DMO), the Company shall provide the Union with at least 30 days prior written notice of its intent, along with material providing the Union with the opportunity to conduct an independent quality review. The Company will consider, as part of its decision-making process, the results of any such review submitted by the Union to the Company within 10 days from delivery of the material to the Union.

(e) **Retiree Group Life and Medical Expense Benefits Plan.** Consistent with the introductions of medical contribution for active employees, Sky Chefs will modify the post-retirement medical plan to:

- (1) Introduce contributions for employees who retire prior to age 65. The contributions will be a percentage of the cost of post-retirement medical coverage for retirees under age 65 and will be determined based on the employee's age at retirement. The contributions will be:

<u>Age at Retirement</u>	<u>% of Pre-65 Cost Paid by Retirees</u>
55 But Less Than 60	50%
60 But Less Than 62	25%
62 But Less Than 65	15%
65 Or Older	None

The contributions will change each year as the cost of pre-65 post-retirement medical changes. Contributions cease with the month that a retiree reaches age 65.

- (2) Apply contributions to any new retirees after July 1, 1989. However, employees who are eligible to retire on July 1, 1989, will be grandfathered (i.e., no contributions will be required of them), and employees who retire with a disability pension will not be required to contribute regardless of age at time of retirement.
- (3) Change the lifetime maximum benefit for post-retirement medical to \$20,000, regardless of age at retirement. However, employees who are eligible to retire on July 1, 1989 will remain subject to the prior lifetime limits.
- (4) Employees hired before 7/1/95 and who retire after 6/30/95 at age 55-64 will receive medical benefit coverage through the EPO program, subject to the existing lifetime maximum. Employees hired after 6/30/95 will not be entitled to retiree medical and life insurance benefits.
- (5) Sky Chefs will continue to provide 100% coordination of benefits with Medicare for current retirees. Future retirees under the age of 50 and with less than 10 years of service as of 6/30/95 will have medical benefits offset by Medicare. Charges above the Medicare reimbursement rates will not be paid by Sky Chefs.

(f) **VISION PLAN**

Effective July 1, 2004 all eligible employees enrolled in the Company Medical Plan will be eligible to participate in a Vision Plan as follows:

Annual Exam per covered Employee and Dependand(s) (\$10 Co-pay)

Retail Frame allowance per covered Employee and Dependand (up to \$100 every 12 months) utilizing a variety of retail networks vision providers.

	<u>Monthly Price Tag</u>
Employee Only	FREE
Employee + Child	\$1.00
Employee + Spouse	\$1.00
Employee + Family	\$1.00

- (g) **Compensable Injury.** If an employee is not able to work due to injury while on the job, the Company will pay the employee for the remainder of the shift.

Effective January 1, 1993, the employee will be permitted to use available paid sick leave for absences due to on the job injury, subject to the provisions of Section 10.

- (h) **Booklets.** As soon as practicable, the Company will provide booklets to each employee explaining the Flexible Benefits Plan, and all available coverages and their costs to the Company and employees, respectively, in further detail.
- (i) **New Prescription Drug Program.** The Company shall introduce a new prescription drug program as the exclusive provider of immediate and maintenance prescription drugs, with \$5 *generic* or \$15 *brand* co-payment for drugs purchased at network pharmacies and for a three-month supply of maintenance prescription drugs purchased through mail-order, and with \$50/year deductible. Effective July 1, 2004, the \$50/year prescription drug deductible will be reduced to \$25/year. Co-payments will be as follows for a new 3-tier plan.

Employees enrolled in the Network 10 & 20 Plans or HMO's without prescription drug plans:

	Purchased at <u>Network Pharmacies</u>	Mail Order <u>90-Day Supply</u>
Generic	\$5.00	\$10.00
Preferred	\$15.00	\$30.00
Non-Preferred	\$30.00	\$60.00

The Company will utilize the provider prescription drug list, amended from time to time, to determine the appropriate classification (1. Generic, 2. Preferred Brand, 3. Non-Preferred Brand) of each prescription drug, and provide that list to the Union.

- (j) **Dental Maintenance Organization (DMO) Plan.** Employee contributions (weekly price tags) for DMO Plan years beginning 7/1/2004 and thereafter will increase by the percentage as determined by the DMO carrier with the Company and the employees equally sharing the percentage increase. Effective July 1, 2004, employee cost for specific services will be adjusted based on the chart in Exhibit C.

6. PENSION

If the applicable local hotel and/or restaurant agreement contains a pension plan, the Company will participate in said plan and make the contribution required by said agreement to the appropriate fund.

7. REPORTING PAY

Any employee reporting for work on a regular shift and not permitted to work shall receive four (4) hours pay at the employee's regular rate, and any employee who regularly works a four-day, ten-hour workweek and reporting for work on a regular shift and not permitted to work shall receive five (5) hours pay at the employee's regular rate; provided, however, that if said employee was notified the night before not to report for work and the employee nevertheless reports for work, no minimum reporting pay will be required. Records of such notification will be maintained for two weeks, and shall be given to the local union upon their written request.

8. EMPLOYEE MEALS

Regularly scheduled employees shall receive 1 wholesome meal per day without charge. Employees scheduled to work ten (10) hour days shall receive 2 wholesome meals without charge. Employees working in non-food and beverage service related jobs shall not be entitled to a meal without charge. Meal periods shall be unpaid and are normally scheduled for 30 minutes.

9. UNIFORMS

- (a) Employees required to wear uniforms shall be provided a sufficient number of same by the Company, which uniforms shall be laundered and maintained by the Company. The Company's uniform is intended to enhance Sky Chefs' image within the airport community and with the traveling public. Due to its "street wear" design, employees may wear their uniform to and from work. Where the Company does not launder the uniforms, it shall reimburse the employee in the amount of \$.75 per day for maintenance of the uniforms.
- (b) Employees shall be permitted to wear one (1) standard Union button (no "issue" buttons), if and when not prohibited by FDA or other governmental regulations.
- (c) The Company shall also provide the necessary tools of the trade to each employee without charge to the employee.
- (d) The Company is committed to provide to all employees assigned to work in the refrigerated areas of the Customer Service Center and in inclement weather, appropriate outer garments in compliance with Federal and/or state health laws.
- (e) The Company is committed to provide individual outer garments in order to keep sharing of garments to a minimum.
- (f) The Company will be responsible for the cost of laundering and maintaining outer garments provided by the Company. Employees will be responsible for the cost of lost outer garments provided by the Company.

10. PAID SICK LEAVE

- (a) Effective January 1, 1993, the Company will provide paid sick leave for employees in accordance with the following: twenty-four (24) hours after the first year of service and after each year of service through the fifth calendar year of service; thereafter, one day for each 3 months worked with a maximum of thirty-two (32) hours for each calendar year of service with a maximum accrual of (80) hours.
- (b) Effective January 1, 1996, the Company will provide paid sick leave for employees in accordance with the following:
 - twenty-four (24) hours after one (1) year of Company service;
 - thereafter, twenty-four (24) hours effective January 1st of the employee's second (2nd) and third (3rd) calendar years of service;
 - and thereafter, effective each January 1st of the employee's fourth (4th) and subsequent calendar years of service: eight (8) hours for each 2 months worked in the prior calendar year with a maximum of forty-eight (48) hours for a calendar year of service, and a maximum individual accrual of 240 hours.

- (c) Effective January 1, 1993, paid sick leave may be used for absences due to on-the-job injuries, with the understanding that paid sick leave shall be coordinated with state disability benefits or worker's compensation benefits, if applicable, to ensure that no employee receives more weekly income than the wage that would have been earned had the employee worked his/her regular schedule.
- (d) Doctor or Dentist certificates shall be required in order to obtain the sick leave benefits except for the remainder of the shift when an employee is sent home by a Company nurse, manager or manager's agent and/or except for sick leave of one day or less. The certificates need not disclose the employee's medical condition unless relevant under the Americans with Disabilities Act.
- (e) Effective July 1, 1995, paid sick leave shall include any length-of-service and seniority-based increases being regularly received by the employee at the time, including any lead and/or shift differential pay.

11. LEAVE OF ABSENCE

- (a) **Sick Leave:** Employees will be eligible for leave of absence in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
60 days, but less than 6 months	30 days
6 months, but less than 2 years	6 months
2 years, but less than 5 years	1 year
5 years or more	2 years

Sick leaves shall initially be granted for periods of not more than ninety (90) days, but may be extended in periods of not more than ninety days. Each extension must be supported by a medical certificate. This medical certificate must indicate that the employee is disabled and unable to perform required job duties, the nature of the disability and the approximate date of return to work.

Employees released from medical care must apply for reinstatement and be available for work assignment within seven (7) days of such release. Failure to comply with the above waives an employee's right to reinstatement. The Company reserves the right to require employees to be examined by a Company doctor before reinstatement. Upon reinstatement, the employee's return to work will be handled as follows:

- 1) If their job has been filled by a new (60 days or less) employee, the returning employee may bump the new employee;
- 2) If the returning employee's job has been filled by an employee with 60 days or more of Company seniority, the returning employee will be given the most desirable vacancy available in his/her classification;
- 3) If there is no vacancy available, the returning employee may bump the least senior person in his/her classification;
- 4) In all cases, the returning employee will remain in that shift until the next bid procedure is conducted, at which time he/she will exercise job classification seniority as provided by Article VI.B.

Effective January 1, 2004, an employee on sick leave will receive accrued Company Seniority when the employee returns to active employment.

- (b) **Injury on Duty Leave:** Employees will be eligible for leaves of absence in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
60 days, but less than 1 year	6 months
1 year, but less than 5 years	1 year
5 years or more	3 years

Injury on Duty Leaves shall initially be granted for periods of not more than ninety (90) days, but may be extended in periods of not more than ninety days. Each ninety day extension must be supported by a medical certificate. This medical certification must indicate that the employee is disabled and unable to perform required job duties, the nature of the disability, and the approximate date of return to work.

Employees released from medical care must apply for reinstatement and be available for work assignment within seven (7) calendar days of such release. Failure to comply with the above waives the employee's right to reinstatement. The Company reserves the right to require employees to be examined by a Company doctor before reinstatement.

Seniority shall accrue during the entire period of an Injury on Duty Leave.

- (c) **Personal Leave:** Employees with one year or more of seniority may be granted personal leaves for periods of no longer than 30 calendar days. Such leaves shall be granted at the sole discretion of the Company.

All personal leaves must be requested in writing. The Company may grant additional 30-day leaves in conjunction with the initial leave, but each extension must be accompanied by a written request from the employee.

An employee will not be eligible for more than ninety (90) days of personal leave during any twelve (12) month period.

- (d) **Union Business Leave:** Whenever practicable, employees with one year of seniority shall be eligible for a leave of absence, if designated by the Union, to attend labor conventions or serve in any other capacity for the Union, provided 10-day notice is given in writing to the Company.

The maximum length of the leave will be based on Company seniority and will be in accordance with the following schedule:

<u>Company Seniority</u>	<u>Maximum Length of Leave</u>
1 year, but less than 5 years	1 year
5 years or more	3 years

Seniority shall continue to accrue during the leave for Union business.

Group health and life insurance benefits will terminate as of the last day worked. The employee on leave can purchase continued group medical and dental coverage which he/she has selected from the Company at the effective C.O.B.R.A. rates.

- (e) The Company intends to provide the respective local unions with names of employees on leaves of absence, once every four months.
- (f) Effective January 1, 2004, an employee with at least one year of service may request time off without pay for the purpose of Union Business not covered by Section 11(d), for up to two weeks per request. Employees must submit the request for leave to local management at least one week in advance of the commencement of such leave. Business conditions may not always allow for such leaves, however, management will make every reasonable effort to accommodate such requests.

12. FUNERAL LEAVE

Employees shall be entitled to three (3) days with pay in the event of death in the immediate family (mother, father, spouse, sister, brother, child, grandparent, mother-in-law, father-in-law, stepparent, stepchild, or any other relative residing in the employee's home). Employees may extend the funeral leave period by using their paid personal days or one unpaid funeral leave day. Funeral leave pay shall include any lead and/or shift differential and all length-of-service and seniority-based increases being regularly received by the employee at the time. Effective January 1, 2004, employees shall be entitled to these funeral leave benefits in the event of the death of a domestic partner, provided the employee signs a Company issued affidavit attesting to the domestic partner relationship at the time the funeral leave is requested.

13. JURY DUTY

Employees called for jury duty who have been in the employ of the Company for more than one year shall receive full pay for jury service on a scheduled work day, with no deduction for jury fees. Jury duty pay shall include any lead and/or shift differential and all length-of-service and seniority-based increases being regularly received by the employee at the time.

Effective January 1, 2004, for each day of jury duty that falls on an employee's scheduled day off, the employee shall receive a different day off that week.

14. NO LOSS OF WAGES

No employee of the Company shall suffer any loss of wages, fringe benefits or conditions existing prior to August 22, 1969, unless such have been changed subsequent to that date by mutual agreement of the parties hereto.

15. TOOL REPLACEMENT {"SENIORITY" has been moved and incorporated into Article VI A. Seniority}

The Company will institute a tool replacement program for employee-owned tools which are broken during the course of the employee's normal job duties with the Company. This policy affects all mechanic and maintenance personnel.

Effective January 1, 2004 the Company will reimburse the employee at a rate of 50% of the established value for the broken tool as based on a valid receipt provided by the employee. Maximum reimbursement in any one calendar year will be \$900 with a lifetime maximum of \$1800.

16. SEVERANCE PAY

Employees with six (6) months or more of Company seniority who are terminated from employment as a result of a permanent closing of a unit or concession in which they are employed shall receive severance pay in accordance with the following schedule:

<u>Company Seniority</u>	<u>Severance Pay</u>
6 months, but less than 1 year	2 days
1 year, but less than 2 years	4 days
2 years, but less than 5 years	8 days
5 years, but less than 10 years	10 days
10 years or more	15 days

17. PROMOTIONAL OPPORTUNITIES

- (a) When a promotional opportunity (any new job classification with a rate of pay equal to or greater than the one presently held) becomes permanently open, not including temporary or part time positions, openings due to leaves of absences or vacations, the most senior qualified employee applying for the open position will be given preference over all other employees so long as skill, ability and work records are equal. The Company shall have the right to determine qualifications.
- (b) Procedures for application will be issued by the Company, posted on Company bulletin boards, and provided to a local union upon its written request. Promotional job vacancies will be posted on the Company bulletin board 5 days before filling, however this does not prevent the company from temporarily filling the position. Any special requirements for the job shall be included with the job posting.
- (c) Within forty-five (45) calendar days from a promotion, the employee shall have the right in his/her discretion to return to his/her former job classification, and the Company shall have the right in its discretion to return the employee to his/her former job classification.

18. EMPLOYEE PARKING

In the event free parking facilities for employees are not available at airport locations, the Company will assume the monthly parking charges, assessed by the proper authority at existing on-airport locations, up to a maximum of fifteen dollars (\$15.00) per month for parking in an area designated for employees.

19. 401(k) PLAN

- (a) Effective July 1, 1989, the Company shall provide to employees with six months of service the opportunity to participate in a Section 401(k) wage-deferral retirement savings plan, for so long as the Company maintains a 401(k) Plan for the salaried employees.
- (b) Subject to paragraph (c), for each 401(k) plan year ending June 30, the Company will make contributions (of up to 20% of up to the first 5% of the employee's compensation elected by the employee as a contribution) based and depending on Company performance. In this regard, the Company shall annually notify the Union of the matching contribution in writing and, the Union hereby waives any rights or claims to inspect or copy the Company's books and records, or to be furnished with any information or documents, so as to verify the existence, amount and calculation of Company matching contributions on behalf of the salaried employees.
- (c) The Company will, as IRS regulations permit, transition the 401(k) plan year to a calendar year, and the Company will then make its matching contribution at the same time as it makes the contribution for salaried employees. The Company's contribution will be based and will depend on Company performance. Maximum matching contribution percentages shall be as follows:
 - 1991 plan year - 20%
 - 1992 plan year - 30%
 - 1993 plan year - 40%
 - 1994 plan year - 50%
- (d) Company matching contributions, for all employees, will be based on the employee's "gross pay", subject to the conditions of the 401(k) Plan.
- (e) Effective 1/1/96, the Company will contribute an amount equal to 1% of each employee's individual "gross wages" for the prior calendar year, to the Company's 401(k) Plan, each year, for all employees hired after 6/30/95 (whether or not they have previously participated in the Plan) with one (1) year or more of Company seniority. These 1% contributions will be subject to current 401(k) vesting, (whether or not the employee is otherwise participating in the Plan) and will be in addition to any Company matching contributions made under Sections 19 (b) and (c).

20. CHILD AND DEPENDENT CARE SUBSIDY

Effective January 1, 1992, the Company will reimburse the employee for weekly dependent care expenses, as defined by and which qualify under Internal Revenue Code Section 129, to the extent shown below:

Employee with service:

Less than 3 years	- 0
3 years to 4.9 years	- 30%
5 years to 7 years	- 40%
7.1 years or more	- 50%

However, the subsidy shall not exceed \$60 per dependent, per week.

21. WORKER'S COMPENSATION

The Company shall retain the right to withdraw from the Worker's Compensation system where permissible by state law and replace such coverage with a Company-sponsored ERISA benefit plan which provides weekly disability income and medical care and death benefits at least comparable in level to those previously provided through the Worker's Compensation system.

22. Bargaining Unit Work

- (a) Subject to subsections (b) and (e) below, no work traditionally performed in the Company's flight kitchens by classifications covered by this Agreement shall be performed in the flight kitchens by subcontractors of the Company.
- (b) Notwithstanding the foregoing, where business circumstances so require, the Company may hire temporary workers in the flight kitchen to perform work that is traditionally performed in the flight kitchen by classifications covered by the Agreement; provided however, that in such instances the Company agrees that such work will be limited to no more than 60 calendar days after which the Company may no longer fill said positions with subcontracted or temporary workers.

The Company also agrees that before any work is subcontracted out to temporary workers, current employees or employees on layoff shall first be offered the opportunity to fill such position on either a regular straight time or overtime basis.

Temporary workers shall in no case displace a regular employee.

- (c) It is recognized that the Company may, without regard to the preceding paragraph (b), continue to subcontract work in the flight kitchens that it currently, traditionally has subcontracted.
- (d) The Union recognizes that the Company's need to meet customer business fluctuations and unexpected schedule changes will sometimes, in those emergency situations, require management personnel to perform work traditionally performed in the flight kitchens by classifications covered by this Agreement. It is agreed, however, that management personnel shall not normally perform such work.
- (e) Work of any kind that is performed at locations other than the premises of the Company's flight kitchens may be performed by outside contractors and/or by workers who are neither employed by the Company nor covered by this Agreement. This Section 22 shall not apply to such work, and the Union recognizes the Company's right to outsource or contract-out such work in its sole discretion.

SKY CHEFS, INC.
Sky Chefs Units Covered by the Master National Agreement

1.	Albuquerque, New Mexico CSC #1388
2.	Anchorage, Alaska CSC #1616
3.	Atlanta, Georgia CSC #1608
4.	Austin, Texas CSC #260
5.	Baltimore, Maryland CSC #1060
6.	Boston, Massachusetts CSC #100
7.	Boston, Massachusetts CSC #1379
8.	Charleston, South Carolina CSC #1484
9.	Charlotte, North Carolina CSC #468
10.	Chicago, Illinois CSC #120
11.	Cleveland, Ohio CSC #165
12.	Dallas/Ft. Worth, Texas CSC #180
13.	Dallas/Ft. Worth, Texas International CSC #195
14.	Denver, Colorado CSC #230
15.	Detroit, Michigan CSC #200
16.	Detroit, Michigan CSC #1399
17.	El Paso, Texas CSC #255
18.	Ft Lauderdale, Florida CSC #1682
19.	Ft. Myers, Florida CSC #1481
20.	Hartford, Connecticut CSC #1604
21.	Honolulu, Hawaii CSC #1344
22.	Houston, Texas CSC #1316
23.	John F. Kennedy Airport, New York CSC #420
24.	John F. Kennedy Airport, New York CSC #425
25.	John F. Kennedy Airport, New York CSC #1371
26.	John F. Kennedy Airport, New York CSC #1502
27.	Kansas City, Missouri CSC #1396
28.	LaGuardia, New York CSC #1505
29.	Las Vegas, Nevada CSC #1681
30.	Los Angeles, California CSC #370
31.	Los Angeles, California CSC #1510
32.	Los Angeles, California CSC #1607
33.	Miami, Florida CSC #145
34.	Miami, Florida CSC #1366
35.	Milwaukee, Wisconsin CSC #665
36.	Nashville, Tennessee CSC #400
37.	New Orleans, Louisiana CSC #1621
38.	Newark, New Jersey CSC #450
39.	Minneapolis, Minnesota CSC #1390
40.	Oakland, California CSC #1304
41.	Omaha, Nebraska CSC #770
42.	Ontario, California CSC #1383
43.	Orlando, Florida CSC #1479
44.	Orlando, Florida CSC #1475

SKY CHEFS, INC.
Sky Chefs Units Covered by the Master National Agreement - Cont.

44	Philadelphia, Pennsylvania CSC #1376
45	Phoenix, Arizona CSC #1692
46.	Pittsburgh, Pennsylvania CSC #1375
47.	Portland, Oregon CSC #710
48.	Raleigh-Durham, North Carolina CSC #460
49.	Reno, Nevada CSC #1303
50.	Sacramento, California CSC #1302
51.	Salt Lake City, Utah CSC #1307
52.	San Diego, California CSC #720
53.	San Francisco, California CSC #790
54.	San Francisco, California CSC #1368
55.	San Jose, California CSC #1393
56.	San Jose, California CSC #1740
57.	Santa Ana, California CSC #1381
58.	Seattle, Washington CSC #1612
59.	Tampa, Florida CSC #1483
60.	Tucson, Arizona CSC #840
61.	Tulsa, Oklahoma CSC #870
62.	Washington, D.C. CSC #1026
63.	Washington Dulles, Virginia CSC #1059

EXHIBIT C

Health Care Options
 For employees Represented by HERE
 Effective July 1, 2004

	CIGNA Network Plan 10	CIGNA Network Plan 20
	When care is coordinated by primary care physician, you pay:	When care is coordinated by primary care physician, you pay:
Annual deductible	None	None
Annual out-of-pocket maximum	\$1,000 per individual; \$3,000 per family	\$2,000 per individual; \$6,000 per family
Doctor's office visits	\$10 per visit	\$20 per visit
Specialist's office visits	\$20 per visit	\$40 per visit
Hospital charges	10%	20%
Emergency room visits	10% after \$50 co-payment per visit. Co-payment waived if admitted to a hospital. No Coverage for non-emergency use.	20% after \$50 co-payment per visit. Co-payment waived if admitted to a hospital. No Coverage for non-emergency use.
Laboratory/X-ray	10%	20%
Pregnancy	\$20 for first visit, then 10% of remaining obstetrician and hospital costs	\$40 for first visit, then 20% of remaining obstetrician and hospital costs

VISION PLAN

Effective July 1, 2004 all eligible employees enrolled in the Company Medical Plan will be eligible to participate in a Vision Plan as follows:

Annual Exam per covered Employee and Dependant(s) (\$10 Co-pay)

Retail Frame allowance per covered Employee and Dependant (up to \$100 every 12 months) utilizing a variety of retail networks vision providers.

	<u>Monthly Price Tag</u>
Employee Only	FREE
Employee + Child	\$1.00
Employee + Spouse	\$1.00
Employee + Family	\$1.00

PRESCRIPTION DRUG

Effective July 1, 2004, the \$50/year prescription drug deductible will be reduced to \$25/year. Co-payments will be as follows for a new 3-tier plan.

Employees enrolled in the Network 10 & 20 Plans:

	<u>Purchased at Network Pharmacies</u>	<u>Mail Order 90-Day Supply</u>
Generic	\$5.00	\$10.00
Preferred	\$15.00	\$30.00
Non-Preferred	\$30.00	\$60.00

The Company will utilize the provider prescription drug list, amended from time to time, to determine the appropriate classification (1. Generic, 2. Preferred Brand, 3. Non-Preferred Brand) of each prescription drug, and provide that list to the Union.

DENTAL MAINTENANCE ORGANIZATION (DMO) PLAN.

- Deductible: \$0.00
- Co-pay: Fixed Co-pay based on type of procedure
- Maximum: Annual- None

Effective 7/1/2004 the following procedures shall be changed as follows:

Procedure	Current Rates	New Rates
Office Visit	No Charge	No Charge
<u>Diagnostic/Preventive:</u> Sealant, X-Rays – Complete Series	\$15 No Charge	\$10 No Charge
<u>Restorative:</u> Amalgam - 3 Surface	\$14	No Charge
<u>Endodontics:</u> Anterior Root Canal	\$215	\$95
<u>Prosthetics:</u> Denture (Upper)	\$350	\$440
<u>Oral Surgery:</u> Surgical Extraction of Erupted Tooth	\$70	\$35
<u>Orthodontics:</u> Child Adult	\$1,900 \$2,500	\$1,400 \$1,900
<u>Emergency Services:</u> Exam & Visit for Pain Relief	\$40	No Charge

**Health Care Plan For
Employees Represented by UNITE HERE
Benefit Allowance
Effective July 1, 2004**

Medical and Dental Categories:

- A. Employee Only
- B. Employee + Child(ren)
- C. Employee + Spouse
- D. Employee +Family

Current Weekly Medical Benefit Allowance:

Hire Date (Non-Transition)	A	B	C	D
Prior to April 14, 1989	\$4.17	\$6.97	\$7.74	\$10.93
After April 14, 1989	0.00	0.00	0.00	0.00

Dental 175 Plan:

Deductible: \$175/450
Co-pay: 80/20, 50/50
Maximum: Annual - \$1,000
Child Ortho - \$1,000

Current Weekly Dental Benefit Allowance:

Hire Date (Non-Transition)	A	B	C	D
Prior to April 14, 1989	\$0.82	\$1.64	\$1.44	\$2.25
After April 14, 1989	0.00	0.00	0.00	0.00

Additional Company Provided Benefits:

Life Insurance

Paid by You:

Additional Employee Term
Spouse Term \$17,500
Child Term \$5,000

Voluntary Personal Accident -Current Schedule
LTD -Current Plan
Reimbursement Accounts -Medical
-Dependent Care

**SIDE LETTTERS
AND
MEMORANDUM OF AGREEMENT**

Memorandum Of Agreement (Page 1 of 2)

By and Between Hotel Employees & Restaurant Employees International Union And Sky Chefs, Inc.

Opportunity For Correction Of Falsified Employee Name and/or Social Security Number

Until January 1, 2007, the Company will allow current employees on payroll as of the effective date of the Amended Agreement, to the extent consistent with applicable law, the opportunity to come forward to the Company without fear of termination for doing so, and make changes in their name and/or social security number, where such changes are the direct result of a change in the employee's immigration status, provided that the employee's new social security number is valid, belongs to that individual employee, not someone else, and the employee is authorized and properly documented to work in the United States.

Compensation & Benefits

To the extent consistent with applicable law, no employee covered by this Agreement shall suffer any loss of Company-provided seniority, compensation, or benefits due to coming forward to make changes in their name and/or social security number where such changes are the direct result of a change in the employee's immigration status, provided that the employee's new social security number is valid, belongs to that individual employee, not someone else, and the employee is authorized and properly documented to work in the United States. If the new Social Security number or its use is found to be fraudulent and/or illegal, the employee will no longer be eligible for employment and will not be allowed to submit additional new documentation. It is understood that this provision does not apply to any loss of compensation or benefits beyond the Company's control.

Job Required Airport Access Credentials For Employees

If in the process of coming forward to make changes in their name and/or social security number, (due to the direct result of a change in the employee's immigration status), the employee is denied by the Airport and/or government entities, the appropriate airport access credentials which are necessary to complete their job, the employee will not have a job to return to and will be considered terminated.

Employees With Expiring Work Authorization Documents

Upon request by the Local Union, the Company agrees to provide a report reflecting the names of employees whose work authorizations are known to be expiring in the next 60 days from the date of the request, for that particular location. The Union shall hold the Company harmless on account of any liability, claim, suit or dispute arising out of the providing of information, or from the failure to provide complete information, relating to employee work authorization, including the reasonable cost of defense made necessary by any such liability, claim, suit or dispute. Nothing in this subsection limits the Company's ability to comply with IRCA or other laws or government directives.

Social Security "No Match" Letters

Prior to the distribution of any Social Security "No Match" letters, the Company shall notify the Union and the parties shall work together to issue a joint communication to the employees regarding said letters. The parties shall work together to educate managers and employees concerning the legal obligations of the Company and the rights of employees regarding "No Match" letters.

Memorandum Of Agreement (Page 2 of 2)
By and Between
Hotel Employees & Restaurant Employees International Union
And
Sky Chefs, Inc.

Re-Hire Opportunity After Termination For Falsified Employee Name and/or Social Security #

Effective beginning____ [the effective date of the Amended Agreement], in the event an employee, who has completed at least 1 year of Company seniority, but less than 2 years, is terminated due to a lack of proper work authorization, the employee will be eligible for reinstatement at the same CSC, or in the event of a consolidation, the consolidated CSC, upon providing proper documentation of work authorization to the Company within six months of the date of his/her termination and provided the employee meets all requirements which the Company sets forth for newly hired employees. Employees with two or more years of Company seniority as of their termination date shall be permitted an additional six months (i.e., 12 months from the date of termination) to re-apply and provide proper documentation of work authorization to the Company.

If the employee is able to provide proper documentation of work authorization to the Company, the employee shall be reinstated as soon as practicable to his or her former job classification, as long as he/she has more adjusted job classification seniority than the least senior employee in that former job classification who would then be laid off. The re-hired employee will have their Company and Job Classification seniority adjusted to reflect their time away from the Company due to lack of proper work authorization. If the employee to be rehired is unable to return to the job classification he or she was terminated from, he or she may attempt to be rehired into a former job classification using the job class seniority in that prior job classification.

If an employee with two or more years of Company seniority as of their termination date is unable to re-apply and provide the documentation referred to in the preceding section within twelve months of termination, the Company will offer, (as job class seniority permits and upon the employee's presentation to the Company of proper documentation of work authorization), the employee the next available opening in the employee's most recent former classification, but as a new hire without seniority. The parties agree that such employees will be subject to a new probationary period.

Seniority & Job Classification For Previously Terminated Employees With Open Grievances

Those employees previously terminated in calendar years 2001, 2002, or 2003, for submitting false name and/or Social Security number or due to a lack of proper work authorization, will be eligible for reinstatement at the same CSC or consolidated CSC upon providing proper documentation of work authorization to the Company and provided the employee meets all requirements which the Company sets forth for newly hired employees. If the employee is able to provide proper documentation of work authorization to the Company, the employee shall be reinstated as soon as practicable to his or her former job classification, as long as he/she has more adjusted job classification seniority than the least senior employee in that former job classification who would then be laid off. These employees will not have their Company or Job Classification Seniority adjusted upon return to work. If the employee to be rehired is unable to return to the job classification he or she was terminated from, he or she may attempt to be rehired into a former job classification using the job class seniority in that prior job classification. The Union agrees to withdraw all grievances of those employees in consideration for the above agreement.

Signature on File

Sherri Chiesa
MNA Designee
H.E.R.E.I.U.

Signature on File

Darwin Day
Vice President, Industrial Relations
Sky Chefs, Inc.

Date

Date

Letter of Agreement

(Addendum to MOA on opportunity for correction of falsified name and or Social Security #)

To the extent possible, but limited, based on applicable law, airport security directives, FAA, TSA, and other Government entities with regulatory authority over Sky Chefs Inc., the Company agrees to the following terms for employees hired after the effective date of this Agreement:

1. If an employee is terminated for lack of proper work authorization, upon request, the Company agrees to meet and confer with the Union regarding the termination.
2. In the event a new amnesty is passed by the government allowing employees, who were hired after the effective date of the MNA to obtain work authorization, the employees shall then be covered under the provisions of the MOA.
3. Employees shall not be barred from future employment with Sky Chefs Inc. provided that they meet all Company requirements for new hires.
4. The Company shall provide all new applicants with information concerning possible legal consequences of accepting employment with companies doing business in the airline industry for applicants who may not have proper work authorization.

Signature on File _____

Sherri Chiesa
MNA Designee
H.E.R.E.I.U.

Date

Signature on File _____

Darwin Day
Vice President, Industrial Relations
Sky Chefs, Inc.

Date

Letter Of Agreement

Tie-Ins (Local Applicable Agreements)

The Company and the Union agree that, in addition to those agreed upon tie-ins listed below, in any other city which is not listed below and where a Gate Gourmet kitchen exists that is serviced solely by HEREIU, the Gate Gourmet Agreement shall be considered the tie-in agreement. It is understood that by virtue of this Letter of Agreement, neither party waives its respective position concerning whether other Gate Gourmet kitchens serviced by the IBT or any other union may or should be the appropriate tie-in in a particular location. This shall apply to all CSCs. The parties will maintain a current list of same for all CSCs. The following is the list of Applicable Local Tie-In Agreements agreed upon by the Company and Union, as of the date of signing this Letter of Agreement. Article II.C.I will remain in effect.

ABQ 1388	CA One Services	PDX 710	Benson Hotel
ANC 1616	Captain Cook Hotel	PHX 1691	CA One Services
BOS 100	Member Hotels of Greater Boston	PHX 1692	CA One Services
BOS 1379	Member Hotels of Greater Boston	PSP 1683	Riviera Resort Hotel
DFI 195	Sheraton Grand Hotel	RNO 1303	Reno Hilton
DFW 180	Sheraton Grand Hotel	SAN 720	Host International San Diego
HNL 1344	Honolulu Hotel Association	SEA 1318	Host Marriott
LAS 1681	Gate Gourmet	SEA 1612	Host Marriott
LAX 370	Host Marriott	SFO 790	San Mateo County Hotel Owners Assn.
LAX 1510	Host Marriott	SFO 1368	San Mateo County Hotel Owners Assn.
LAX 1607	Host Marriott	SMF 1302	Host Marriott
MIA 145	Gate Gourmet	TUS 840	CA One Services
MIA 155	Gate Gourmet	FLL 1682	Gate Gourmet
MIA 1366	Gate Gourmet		
MSP 1390	Thunderbird Hotel		
MSY 1621	Fairmont Hotel		
ORD 120	Gate Gourmet		

Signature on File _____

Sherri Chiesa
MNA Designee
H.E.R.E.I.U.

Signature on File _____

Darwin Day
Vice President, Industrial Relations
Sky Chefs, Inc.

On File _____

Date

On File _____

Date

Letter Of Agreement

Union Dues Sub-Committee

This Letter of Agreement will confirm that the Company will continue its joint effort with HEREIU to improve the Union Dues process on a go forward basis. Both parties believe that this joint effort will improve the accuracy and timeliness of the monthly union dues deduction process while creating efficiencies in each step of the process, benefiting the Union, Company, and Sky Chef's employees. The Company also acknowledges the HEREIU commitment to train and support the HERE Local Unions in the TIMS technology, which is a key driver in improving the process. The Company is re-affirming its continued commitment to support the Union Dues process.

Signature on File

Sherri Chiesa
MNA Designee
H.E.R.E.I.U.

Signature on File

Darwin Day
Vice President, Industrial Relations
Sky Chefs, Inc.

On File

Date

On File

Date

Letter of Agreement Labor Management Committee

Subject to signing of the complete amended MNA settling all other issues

Labor/Management Committee:

Recognizing that it is not possible to address all issues of concern to both parties during the collective bargaining process, the parties agree to set up a formal Labor/Management Committee to enhance communication, address problems of significance that arise during the life of the Agreement, and to explore ways in which the parties can work together to make the Company and Employees as successful as possible.

The parties shall meet within 90 days following the conclusion of negotiations to discuss, among other things, the composition of such a committee, place and frequency of meetings, suggested topics of discussion, and external consulting arrangements that might be made to enhance the long-term relationship.

Signature on File _____

Sherri Chiesa
MNA Designee
H.E.R.E.I.U.

Signature on File _____

Darwin Day
Vice President, Industrial Relations
Sky Chefs, Inc.

Date

Date