



THE X-RAY

A LOOK INSIDE YOUR ALPA ARW NEGOTIATIONS

Happy New Year! Welcome to the January 2013 edition of *THE X-RAY*, a look inside your negotiations. Another year has passed without a new contract with Air Wisconsin. Your negotiators and MEC remain committed to bringing you a new contract and appreciate your engagement in the process.

Last month, we closed our annual pilot survey and will share some of those results with you in this article. Additionally, the pace of negotiations has continued to slow as we get into the economic sections of the agreement. We will review the reasons for this, both the valid ones and those that are simply ridiculous.

Survey Results

Thanks to all of you who took the survey. We know it was tedious to login and fill it out, but the feedback we get from you is critically important to the negotiations process. It shows us what areas of our contract need the most improvement and what areas are good the way they are.

We asked a lot of questions in this last survey about the Company's desire to move some money from benefits to cash, as well as some questions about the future of Air Wisconsin. You overwhelmingly told us that you are not interested in taking money away from benefits and putting it into cash. In fact, only two pilots responded with a straight "yes" to that particular question. We suspected that the pilot group would not be receptive to the "cash for benefits" concept, but the resounding "no" was surprising even to us.

We also asked a question about whether you would vote for a contract with a long duration period if it were tied to an aircraft acquisition. Only 10 pilots were interested in a long contract with no method of amending it over time. This is understandable as we have all had the experience of working under a broken contract for a long time and know that it has some

serious downsides.

Another question we asked was about pay cuts. Not one pilot was interested in taking a pay cut with no guarantee of new flying. In fact, a large majority of respondents said that they are seeking pay raises in the next agreement, period.

Many of the other questions in the survey were similar to ones asked previously. This is because it's important for us to keep our fingers on the pulse of the pilot group in this rapidly changing industry. Even though there are other airlines that are reporting difficulties, Air Wisconsin is far from distress and your responses reflect that. We are encouraged that you continue to expect more (not less) out of your career here at Air Wisconsin.

Negotiations Progress

As you may be aware from previous updates, we are negotiating the benefits sections of the contract. These include the insurance and retirement sections. Progress has slowed considerably and rightfully so. The Company is seeking major changes to the way our health insurance works, and while their proposals are not outrageous, it will take some time to get them right. Looking at the changes from a high level perspective, the Company is seeking to move toward health insurance choices that are meaningful to pilots. Our current three insurance options are very similar, have almost identical costs, and thus offer pilots with no real choice.

The Company would like to move to three distinctly different plans. A traditional PPO like we have now and two Health Savings Accounts (HSAs) that would offer lower premiums than we currently endure. HSAs would be new to our group. If you want more information on HSAs you can find it here: http://en.wikipedia.org/wiki/Health_Savings_Accounts. As always, however, it would be up to each individual pilot to choose the health plan that best suits their needs.

One of the obstacles to negotiating insurance is that it has taken months to even get a real proposal from the Company. While they have given us two in-person presentations from their benefits consultant, Mercer Global, their actual insurance proposals do not reflect the information presented. We are getting closer to a full proposal from the Company, but we are

not yet there. It is frustrating that the Company would expect us to work from a presentation and not from a written proposal.

Another obstacle to negotiating a new agreement is the Company's unwillingness to commit to virtually anything that may change in the future. For example, the Company has told us numerous times that they are seeking a long duration contract but cannot commit to providing things like Crew Self Service (CSS) in the future. ALPA and the Company have built a number of 21st Century improvements into both the Scheduling and Hours of Service sections of the contract. Unfortunately, the Company refuses to commit to allowing those improvements to be seen outside of a crew room computer. Those improvements that we worked hard to negotiate would then be rendered useless if we did not have access.

As this process continues, one of the questions we are frequently asked is whether we think Air Wisconsin can be successful in the future. We certainly hope so; however, being successful means winning new business and we have major doubts about the ability of Air Wisconsin's senior executives to do just that. How can we possibly win new flying if they approach our mainline customers the same way they relate to their employees?

Introduction to SPSC

By Jared Armstrong, SPSC Chairman

You may have heard that some ALPA guy has been showing up to ground schools and crew rooms and buying everyone food. Well, it's true and I'm that ALPA volunteer. I was elected last year to be the Strategic Planning and Strike Committee (SPSC) chairman and was tasked with accomplishing a number of tasks. One of our first and continuing priorities is keeping you informed on negotiations and facilitating your feedback to your MEC and negotiators. We recognize that the best way to accomplish this is through face-to-face interaction and plan to meet with each and every one of you by visiting ground schools and crew rooms. We are doing this to provide information, obtain feedback, and verify that each of you has current membership information with ALPA.

We are also rolling out new and streamlined communication tools. These will provide you with many options to obtain information; however, the information will remain consistent no matter the forum you choose to receive it.

This includes attending events. SPSC is working hard to schedule dates and locations around the country that provide the most opportunity for Family Awareness events and Pilot Unity Building nights. We look forward to exchanging information with both you and your families about our industry and negotiations.

SPSC was originally developed out of strike activities in the 1980s. It's no mystery how difficult it can be to unify pilots who are geographically more displaced than almost any other employee group.

Not only does this make it difficult to reach consensus as a labor group, it means our families are equally at a disadvantage of obtaining information and support. This can lead to a lack of resolve in defending our profession.

During negotiations it is particularly important to have a committee focused on:

- Unifying the pilot group
- Bringing Family Awareness to negotiations
- Building awareness of the RLA
- Executing the MEC strategic plan

So if you see some guy with doughnuts and coffee at 5 a.m., make sure you come over and say hi. I look forward to meeting with you soon.

—Your Negotiating Committee