



THE X-RAY

A LOOK INSIDE YOUR ALPA ARW NEGOTIATIONS

Welcome to the May 2013 issue of *THE X-RAY*. We met with the Company last week to continue bargaining, and while there was little progress made at the table, there have been some noteworthy developments within the industry. Namely, the recent announcement from SkyWest Inc. that it entered into an agreement with Embraer for 100 firm EMB-175 aircraft (40 of which will be flown in the United Express system) and an option for 100 more.

What does this have to do with Air Wisconsin? In a word—everything. The regional industry is changing rapidly. This announcement was a clear indication of the type of aircraft that mainline carriers are looking to secure for their regional flying. It is our understanding that the mainlines have already been requesting proposals and more regional flying will be up for bid in the near future.

So what is Air Wisconsin doing to win this new business? While that's a question best left to senior management, we can tell you that the Company is keen on being "competitive" in order to win new business and continue operating as a strong, profitable airline. The obstacle, they believe, to Air Wisconsin securing new business is that costs are too high.

Throughout the course of negotiations, your Negotiating Committee has proposed exploring various methods to ensure that Air Wisconsin wins new business. The Company has unfortunately responded to each of these proposals that they were not interested in our ideas.

One of the concepts that we proposed was a protocol to allow Air Wisconsin to bid on RFPs, negotiate a pilot agreement under a compressed timeline in an effort to reduce pilot costs to the point of being successful in the bid, and provide for an expedited pilot ratification process. In order to accomplish this task, we told the Company that we would need some information up front. This included the terms of the new Jet Services Agreement that they were bidding on, as well as all costs, revenues and related information. The Company

rejected our proposal and said that they would never share such information with us. They would, however, share the information that they thought was appropriate *after* we signed a new long-term pilot contract. That, of course, would be a nonstarter for your union as it would put us in a position where we would be agreeing to something without having all of the facts and, only after signing a deal and they deemed it appropriate for us to know, would we potentially know how badly we were screwed by the Company.

We also proposed to the Company a concept that would allow for competitive wages for any new flying as long as they would agree to paying for pilot retention and providing furlough pay if furloughs became necessary due to the lack of growth. The Company rejected this concept with flair, saying that our pilots should be willing to take concessions in the *hopes* that Air Wisconsin grows.

Growth and stability are extremely important in the airline industry. Air Wisconsin needs to be able to maintain current business and bring in new business; the same can be said for what it needs to do for this pilot group as hiring continues to ramp up at other carriers. We know this and are working overtime to (forgive the cliché) think outside the box. Regrettably, we have gotten no traction with the Company other than continued requests for blind concessions. Such requests are unacceptable. **We need complete transparency from the Company about their plans. Furthermore, the Company needs to address the legitimate interests of this pilot group.** We are Air Wisconsin's largest stakeholder. As such, we are not interested in any concept that would take money out of our pockets and put it into Air Wisconsin's with no assured return on our investment.

Our chips are on the table. It's time for the Company to do the same.

—Your Negotiating Committee