



THE X-RAY

A LOOK INSIDE YOUR ALPA ARW NEGOTIATIONS

Thanks to everyone who attended the two all-pilot conference calls earlier this month. There were some great questions asked, and we would like to take this opportunity to review some of those questions and the associated answers here in the July 2013 edition of *THE X-RAY*.

Q: Why has the tone of the Negotiating Committee's communications changed?

A: The change of tone was not intentional. We have always strived to ensure that you are informed on the progress of these negotiations. While it may seem like the tone of our communications has changed, the real change has taken place at the bargaining table.

When negotiations began, the Company was clear in saying that they are making money on the current agreement with US Airways and that they are not seeking concessions from the pilots. The Company's position changed a little over time, and while they did not ask for concessions explicitly, they started to look for ways to "move the money around." Then at our April session, Joel Kuplack informed MEC Chairman Richard Swindell and Negotiating Chairman Mark Lockwood that there are three options available in order to conclude these negotiations:

1. Take concessions now.
2. Take concessions later.
3. Spend some time talking about when the pilots are going to take concessions.

Q: Do we need to be concerned about the end of the US Airways jet services agreement (JSA)? When does it end?

A: We have no idea. While we have a heavily redacted version of the JSA, it has since been amended and the Company has repeatedly refused to tell us when the agreement actually ends. We were told that the JSA ends on Dec. 31, 2015, but Air Wisconsin has some option to

extend the agreement. Despite our requests, the Company has never shared the terms of the extension with ALPA.

Frankly, if the JSA was ending and all of us would be out of work in the next 30 months, it would stand to reason that the Company would share those details with us—we have certainly asked for them. However, if there is truly nothing to worry about in regards to our continued partnership with US Airways, we can certainly see why the Company wouldn't want to share any detail with us when they are asking us for concessions.

The bottom line is that we cannot be sure whether the current JSA could leave us in a crisis situation or not until we actually see the specific terms of the JSA for ourselves.

Q. Ok, so now we are in mediation. What does that change for us?

A. Not much. Mediation is simply a way of facilitating negotiations using the assistance of a third party. The mediator's role is to help the parties resolve disputes and come together on an agreement. However, the mediator's authority is limited to when we meet, how often we meet, and for how long. Final decision making authority on the terms of any new agreement still rests with the parties.

Q. Here's a hypothetical scenario: Two years from now, we have Tentative Agreements (TAs) on all sections of the contract except for compensation. The mediator comes to you and says, "You need to accept a 10% pay cut to get this deal done." What happens then?

A. It would be highly unlikely that a mediator would make such a statement; however, even at the end of the process, the decision making authority rests with the parties. So, your negotiators could still say no to the mediator and the Company. This decision would be based on consultation with the MEC and a review of all of the available information up to that point.

Let's take it a step farther: If that were truly the last open item, the mediator could also suggest to the National Mediation Board (NMB) that further negotiations would not be fruitful and that we should be offered a Proffer of Arbitration.

Should the Board agree that all reasonable efforts to reach a voluntary agreement through mediation have failed and decide to offer a Proffer of Arbitration, it can be rejected by either party—ALPA or the Company. If we both agree to arbitration, any open issues (such as wages in this hypothetical example) would be decided by a neutral arbitrator. If either party rejects arbitration, then we would be free to engage in self-help (strike) following a 30-day cooling-off period.

Keep in mind that at any point in this process, the parties can reach an agreement—one that meets your goals and enables our company to prosper and remain competitive.

Q. How long do you expect mediation to take?

A. That is a really hard question to answer as there's no guarantee on how long mediation efforts will continue. Some cases have lasted weeks, others years. As for our expectations, we remain ready to bargain in earnest for a mutually-acceptable agreement. The process would be a much faster process if the Company were to drop its demands for concessions. But if the Company sticks to going down the path for concessions, we will likely be in mediation until the NMB decides that further negotiations will not be fruitful. That could be a long time.

Q. I heard that the Company has a deal in the works for new airplanes and that they filed for mediation to speed things along so that they can take deliveries. Is there any truth to that?

A. That rumor seems false to us. We have often told the Company that if there is a deal in the works, then we should know about it so that we can work on it together. They have not approached us with any such information this year. While we hope management is interested in growing the airline, we think it's unlikely that our owners are truly interested in purchasing new aircraft without a new JSA. This is based on discussions we have had with management in which they have indicated that they do not have anyone interested in investing in new aircraft (current owners included).

Q. I heard that there is a petition going around that if the Company fires "you-know-who," then we would sign a current book deal. Is this true, and if so, how can I sign on?

A. While we think that rumor is fairly humorous, there is no truth to it. Also, don't sell yourself short by saying that you would be willing to continue working under our current concessionary contract just for the Company to get rid of one misfit. Air Wisconsin pilots deserve a contract that reflects their contributions to this airline.

—Your Negotiating Committee