



August 7, 2015

How We Reached the Endgame

Thank you in advance for reading this special edition of the *X-Ray* - A look inside your negotiations. We plan on publishing a special edition each Friday between now and the close of the ratification vote on your new contract. In this issue we will focus on what occurred over the last couple of months to finally bring us to a full Tentative Agreement with the Company.

As we have mentioned to you before we have been days away from a TA for well over a year. All that needed to happen to reach a TA was for the Company to do two things, first - they had to drop their concessionary proposals and second - they had to add value to our contract. At our last mediation session at the end of June the Company did both these things. There was one major remaining open item which prevented us from reaching an agreement at that time and for about a one-month period following that session there was little communication between the parties and no mediation sessions were scheduled.

Fast-forward four weeks after the conclusion of our mediation session at the end of June: the Company reached out to the Negotiating Committee with an amended term sheet and an explanation that we were so close in Chicago that we should find a way to reach an agreement. Negotiations then continued over email and phone for the next 11 days and we finally reached an agreement at 2:10 central time on August 4.

From the outside looking in, it may seem like this tentative agreement came together quickly in the end. Nothing could be farther from the truth. We have spent nearly five years getting to this point and we spent five days of in-person bargaining and 11 days of remote bargaining to hammer out the last few remaining details of the tentative agreement. The fact that we finally accomplished our goals in the last six weeks or so probably seems quick because we have slogged through several years of little progress due to the Company's concessionary malarkey.

The Negotiating Committee Chairman, Mark Lockwood, was actually told at one point by a Company executive, "If you think you are going to keep your incredibly rich retirement plan you are smoking crack." Smoke up, friends -- we are keeping our incredibly rich retirement plan.

Captain Lockwood was also told by the same executive, "You need to wake up and smell the coffee and realize you need to take concessions." We've woken up (probably long before our executives), smelled some crappy Best Western (ROC) coffee

and yet this is not a concessionary agreement.

Our former MEC chairman Richard Swindell and Mark Lockwood were once given three options: whether the pilots wanted to take concessions now, take concessions later, or talk some more about when we are taking concessions. I guess they didn't think about the fourth option, which is the one we are taking in this TA. That is no concessions, not now, not ever.

The concessions that the Company originally demanded were mind-boggling. They demanded that we end up in the bottom one or two in pilot costs in the FFD industry. This included a demand of 10 days off for all pilots, no rigs, a \$1.9 million cut in our retirement, and gutting our insurance plans, to name just a few. The new, non-concessionary agreement which you will be learning about soon achieved none of those Company goals and maintains our position at the top of the FFD industry in total pilot costs.

Now it is our job to inform you of all that we achieved in the last five years of bargaining. As Chairman Chris Suhs mentioned in the FastRead that came out Friday morning, we have a lot planned between now and the planned close of ratification on September 30. Please review that FastRead when you have a moment and plan on participating with us throughout this process.

Fraternally,

Your ARW Negotiating Committee