



AMFA–Alaska Airlines Contract Negotiations Update

Update # 11 August 12, 2016

Participants for AMFA:

*Louie Key – National Director
Earl Clark – Chairman and Region I Director
Jason Munson – Airline Representative, Local 14
Mark Dahl – Airline Representative, Local 32*

Participants for Alaska Airlines:

*Greg Mays – VP Labor Relations
Kurt Kinder – VP Maintenance & Engineering
Constance Von Muehlen – Managing Director, Airframe,
Engine, Component MRO
Bob Hartnett – Director, Labor Relations Ground
Sonia Alvarado – Manager, Labor Services M&E
Megan Koering – Senior Financial Planning Analyst*

The Negotiating Committee is providing this update to the AMFA Membership at Alaska Airlines. This is the only official authorized source of negotiating communications by the Committee.

AMFA and Alaska Airlines met to continue negotiations at the Hilton Hotel in Santa Rosa, California. We were scheduled for a two and a half day session August 3–5, 2016. We got a late start on August 3rd, which was a scheduled half-day session, due to the late arrival of flights. During our short time together on Wednesday, we first discussed issues that have come up under the current agreement and outside of the negotiation process, and then we moved to set up our agenda for Thursday.

We opened on August 4th with the Company providing information on our retirement proposals presented during our last session. The Company started by stating that they have no intention to provide any enhancements to the current defined benefit retirement plan (DB plan), and they provided cost data on our proposal to enhance the plan. The Company contracted with Mercer to do the costing, which showed it would increase the cost of the DB plan between \$21–36 million. We again explained to the Company that with the current DB plan and 401k or the defined contribution plan/enhanced 401k (DC plan) our members have to work well into their sixties or seventies before they can retire. About one third of our members are there, or will be there within next five to ten years, and now is the time to fix both plans. We also explained that our proposal is not out of line compared to others on the property. The Company then stated they believe that education is needed for our members to realize the potential of our current 401k plan. Our Committee's position is that without any changes to our retirement plans there will be no agreement. At the end of all the discussions the Company said that they will give us a complete economic package during our next session.

Next the Company provided industry trend data on the increase in medical plan expenses. The Company contracted with Aon Hewitt on the data, which showed the increases from 2009–2016 ranging from 7.1% to a high of 12.4%. We explained our members have had enough of major increases and that if our proposed increases do not keep up with the 80/20 split, the Company needs to pay more. The Company again stated that they would give us a complete economic package covering all of our open items at our next session.

We then went article by article on the open issues: AMFA's Article 2 Scope proposal for work and job protections, which may include LOA #9 Job Protection; Company's Article 5 Hours of Service proposal to increase flexibility in non-AMFA staffed stations for technical oversight; AMFA's Article

7 Holidays proposal for two additional holidays and the changing of language so an employee working a ten hour shift and the holiday falls on their day off may bank ten hours; AMFA's Article 13 Vacations proposal to increase bank amount; AMFA's Article 14 Sick Leave proposal to increase accrual above 1650, create a program that pays out an employee that reaches the cap accrual, and allow employees to donate sick leave to a fellow employee; Article 20 Retirement Plan; Article 22 Insurance (see Update #10); Article 23 Wage Rules; Article 26 Schedule A; Article 28 Shift Differential; and Article 29 Longevity Allowance, which will be part of the total economics.

Next we discussed items that have been removed from the negotiation process and are being worked as Divisional Policies, including the Commuter Travel Policy, Travel Expense Reimbursement Policy, and Union Override Policy. Kurt explained they are all still in work.

At the end of the day we asked what they had for us the following day and they responded "nothing;" therefore, we then jointly canceled our last day.

Remember to check your Local's website for the most up-to-date information on times and locations of negotiations: www.amfa14.org and www.amfa32.com. If you have any questions, please contact your Airline Representative or attend your next monthly membership meeting for a question and answer period.

If you plan to attend a future negotiation session, please contact your Airline Representative to RSVP; by RSVP'ing you are guaranteed a seat if the room is full.

Sincerely,

Your Negotiations Committee

Upcoming Negotiation Dates – Upcoming meeting location, accommodations, and times are yet to be determined.

August 29–31

September 27–30