



AMFA/Alaska Airlines Contract Negotiations Update

Update # 14 **October 18, 2016**

Participants for AMFA:

*Bret Oestriech – 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.

October 11–13, 2016, AMFA and Alaska Airlines met to continue negotiations at the Semiahmoo Resort near Blaine, WA. We started the first day at 9:00 AM, with the Company informing us that they were not yet ready to give us a complete comprehensive counter proposal, and required some more time before they would be able to present it to us. Before the Company left to work on their proposal, we informed them of the differences of the ratings in the Company 401(k) plans. As a side note, our Committee continues to take the position that we have no desire to discuss the Virgin America merger until we have an agreement on this contract.

The Company got back with us at 2:40 PM to inform us that they were concerned about the gap between our last comprehensive proposal and their original offer from the August 30 – September 1, 2016, negotiating session. They were not yet ready to give us a counter proposal, but would have it ready for us the following morning; therefore, we broke for the day.

The following morning the Company gave us their comprehensive proposal for a 5-year contract with a 9% increase at the day of signing, along with 1.5% increases on the following years. They offered increases to our license premiums by \$0.75, \$2.00 for the first license, and \$3.00 for the second license with a maximum of \$5.00 an hour. Line premium increased by \$0.20 from \$0.40 to \$0.60 an hour.

The Company did not move from their previous proposal of increasing our monthly insurance contribution rates to 8% over our current contractual cap limits through the life of this agreement, rather than the actual amount that we are currently paying, which is under the cap amount. The initial increase for the first year of the contract would actually be closer to 13% over the current rates that we are paying. The rest of the article would remain as book, with exception to the increase in chiropractic care and increases to our Life and AD & D benefit. They did not offer any increases to our dental plan or hearing aid benefit.

They offered no changes to our retirement plans; both the defined benefit plan and the defined contribution plan would remain at the current book rates.

The only addition to the previously negotiated Letter of Agreement (LOA) #12, Vacation Buyback – which would allow the employee to sell vacation two times during the period of December 1 through September 15 – would be to allow employees the option to put the money from the buyout directly into their 401(k) plan or receive cash. The cash buyouts would be 401(k) eligible. They didn't offer any changes to our Article 2, Scope, but did agree to update LOA #9, Job Protection to cover through the next amendable date. The Company also

wanted a Virgin America transition agreement letter. We then broke for the day in order for us to work on a counter to the Company's offer.

The next morning we presented our comprehensive counter proposal to the Company, which included a 5% reduction from our last counter, to a 20% increase of wages at the day of signing, along with 3% increase on each of the down years of the agreement. At that point the Company took a two-hour caucus and upon their return we finished explaining our proposal. We kept our previous proposed increases to our shift differential of \$0.65 for shift 2, \$1.00 for shift 3, and \$1.10 for shift 4 and increases to Inspector, Lead, Trainer, and RII premiums by \$0.25 per hour. We also increased our license premiums to \$2.25 for the first license and \$3.00 for the second license for a maximum of \$5.25 an hour. We proposed increasing the Technician Helper, Step 1 starting wage to \$15.00 an hour in order to match the SeaTac minimum wage, along with increases of 3.75% for each step above the new Step 1 increase. We remained with our previous proposal of a signing bonus equal to one month's wages at the newly ratified rate. We changed our offer on the PBP plan – if PBP targets are met the payout will be 401(k) plan match able.

On Article 20, Retirement, we remained with our previous proposal to the Company of increased benefits to our members from the July 18 – 20, 2016, negotiation session. Those increases included, for those in the defined benefit plan, we kept the current 1.4% multiplier, but it will be based on the highest five (5) years of consecutive earnings of your base hourly rate. We also proposed changes to the Company match for the 401(k) plan, from \$0.50 to \$0.75 for each \$1.00 contributed by the employee up to the maximum employee contribution of 6%. For those in the enhanced 401K plan only, the Company contribution would increase to 9%. These changes would bring both plans up equally to 13.5% of eligible compensation.

On Article 22, Insurance, we moved from 5% cap to 6% on the caps for insurance premiums and kept our previous increases in our dental coverage, hearing aid benefits, changes to chiropractic care, and increased Life and AD&D coverage up to a maximum of \$150,000. We also remained with our previous additional layoff protection language if the Company chooses to farm out maintenance into Article 2, Scope and agreed to our previous changes to the LOA #9, Job Protection. We withdrew our open proposal on Article 14, Sick Leave, which was upon reaching the sick leave cap of 1650 hours an employee would have the option to be paid out or roll over to his vacation any hours in excess of 1650.

We explained to the Company that the reductions on our proposal were contingent on us receiving increased benefits to our retirement plans. The Company then ended the day with no questions about our proposal and said they would get back to us in November.

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.

Nov. 1-3

Dec. 7-9