



AMFA – Alaska Airlines

Article 23 Annual Wage Review Discussions

Second Year Review October 10, 2018

Participants for AMFA:

*Earl Clark – Chairman and Region I Director
Jarod Mills – Airline Representative, Local 14
Mark Dahl – Airline Representative, Local 32*

Participants for Alaska Airlines

*Kurt Kinder – Managing Director, Line Maintenance
Sonia Alvarado – Manager, Labor Services M&E
Rebecca Meissner – Alaska Counsel*

In accordance with the terms outlined in Article 23, Wage Rules, AMFA and Alaska Airlines met on October 2, 2018, to discuss the second year Annual Wage Review of our current Agreement in Seattle, WA. Both sides viewed all data used for the review. We then conducted an external review of our all-in wage compared to our primary competitors in accordance with the Agreement.

The rates used were as of October 1, 2018, with none of the compared carriers' rates expected to change before October 17, 2018, which is the effective date of the contractual 1.5% all-in pay increase. The all-in rates, which includes base pay, license premiums, line premium, and longevity at the top of each scale, are: 1) Delta \$50.67, 2) United \$48.33, 3) American / US Airways \$47.94, 4) Alaska \$47.44, 5) JetBlue \$45.16, 6) Southwest \$43.89, 7) Spirit \$41.88, 8) Hawaiian \$39.02, 9) Allegiant \$35.07, and 10) Frontier \$34.48. The midpoint all-in wage rate for the carriers we are compared with is \$46.55; since our rate with the 1.5% all-in increase is above the midpoint at \$47.44, no additional increase is required.

We proceeded to the internal review. Due to the fact that Alaska negotiated an Agreement in the past twelve months, the Company provided data showing where our co-workers in other labor groups rank compared to their peers in the industry. The rankings are as follows: Pilots (ALPA) fifth, Flight Attendants (AFA) fifth, Dispatchers (TWU) fifth, RSSA (IAM) fifth, and COPS (IAM) fifth. This puts the average ranking of the labor groups on the property at fifth compared to their peers in the industry. We do have questions of the data for the Flight Attendants, but we do not believe it changes anything. With all this in mind, the contractually required minimum 1.5% rate increase keeps us at the number four (4) position; therefore, no additional increase is required.

Before concluding the meeting, we discussed possible dates to continue Transition and Integration discussions, and we have tentatively scheduled October 22, 2018. The reason for the tentative date is that the Company needs to pay for AMFA's expenses to this point before we can meet.

Fraternally,

Your Negotiating Committee