NEW LOA DEAL REACHED!

After three months of meetings, financial analysis, and negotiations, your MEC has come to an agreement with management (Letter of Agreement 7) for Flight Attendant contractual improvements as a result of the pilot LOA 71. A detailed explanation of the deal follows this summary introduction. Flight Attendants will gain:

- 2.75% Raises Beginning June 1
- Part Time Flight Attendants Restored to 6-day Schedule
- Reserve Early Release (similar to pilots)
- Alternate Deadhead (same as pilots)
- Reserve Commute During Call-out (same as pilots)

Most significant is the raise, which completely restores the wage freeze we gave in bankruptcy. The number one focus of the MEC was to gain real dollars for Flight Attendants, and this deal achieves our “real dollars” goal. The following will be our new wage table: (INSERT SCREENSHOT)

Also significantly, we did not give any concessions to achieve our gains – we did not have to “lessen” any work rules or benefits. The only allowance we made to management was that we would not stand in the way of contractual improvements for the dispatchers group (more on this, below). **We still keep our LOA 5 bankruptcy protections for any future give-backs to the pilot group.**

The MEC has already thanked the AFA leaders and staff who worked hard on this deal: our Union provided the resources necessary to obtain good and fair contractual improvements. In addition, the MEC would like to thank Endeavor management for cordial and cooperative discussions. Management provided us full access to information, and stretched to get us a fair deal.

Most importantly, the MEC wishes to thank our members. One of the reasons we were able to obtain this result was that management was acutely aware
that Flight Attendants were unhappy. We showed our solidarity by wearing our union pins and making our voices heard. Thank you, members!

BACKGROUND OF NEW LOA 7

The following information will provide Flight Attendants with information about how AFA came to the deal and how that deal is valued. The details of LOA 7 are provided in the following section. And, if Flight Attendants wish to review the full LOA 7 it can be viewed by clicking HERE.

Our Bankruptcy Protections

During the Pinnacle bankruptcy in 2012 all employee groups were forced to take concessions to keep the Company airborne. Unionized employees (Flight Attendants, Pilots, and Dispatchers) were able to vote on their concessions, and received certain protections in return.

Ultimately, Flight Attendants gave $19.38 million in concessions over the term of the concessionary agreement. In return Flight Attendants received a general unsecured claim with the bankruptcy court in the same amount (this claim was disbursed to eligible Flight Attendants last year). In addition, Flight Attendants received “me too” protections. These protections assured us that if other unionized employee groups receive concessionary give-backs Flight Attendants are also due give-backs in proportion to the original concessions. Both the bankruptcy claim and “me too” protections are memorialized in our Letter of Agreement (LOA) 5.

The terms of the Pilots’ bankruptcy concessionary agreement were very similar to our LOA 5. However, Pilots gave significantly greater concessions: $138.558 million. This is seven (7) times the amount of Flight Attendant concessions. Therefore, for each dollar (100 cents) of “labor cost savings” that the Company gives back to Pilots, Flight Attendants are due about 14
cents. This is because LOA 5 returns our concessions only in proportion to what we gave. It is not a dollar-for-dollar return.

The Value of Pilot LOA 71

Flight Attendants are aware that on December 15, 2015, the Company entered into an agreement with ALPA, Letter of Agreement (LOA) 71, which provided significant concessionary give-backs to pilots. We met with upper management in early January about LOA 71, and specifically requested concessionary give-backs to Flight Attendants. Early on, we had broad agreement from management that Flight Attendants were due give-backs as a result of LOA 71. However, we differed regarding the amount of and basis for concessionary returns.

Critical to determining what Flight Attendants were due was correctly valuing LOA 71. For the better part of the three months the AFA Research Department and Legal Department reviewed internal confidential information and documentation from Endeavor (subject to non-disclosure agreements) to assist in generating projections and verifying data.

The following items in LOA 71 were evaluated for cost/benefit to the Company:

- First Officer Pay Increase
- OE Pairings Withheld
- 5% Open Time
- Maximum Line Range at 85%
- Report Times
- Increased Vacation Accrual
- 100% Deadhead Pay
- Broken Trips Hotel Pay
- Parking Stipend
- Build-up to Bid
Flight Attendants can view the valuation findings of our Research Department (Theresa O’Donnal, Senior Research Manager) on the linked spreadsheet by clicking HERE. In sum, AFA determined that Flight Attendants’ proportional share of LOA 71 give-backs was, on average, $827K per year (2016–2018) – one-seventh of AFA’s determined value of Pilot give-backs.

AFA received a high degree of cooperation with management throughout the valuation process, and we are confident in the integrity of the underlying data. As a result, our independent valuation of the Pilot deal was very close to management’s valuation.

However, there is one key issue we could not agree upon: whether the Pilot retention and signing bonuses are “labor cost savings,” which must be included in the valuation of the Pilot deal. The Company’s position is that those bonuses are required to retain Pilots, and that they are not really “give-back” for which they owe Flight Attendants in-kind. We of course, believe that is a ridiculous position. Nevertheless, when you take out the costing of the Pilot retention/signing bonuses, there is over a $600K difference between AFA's valuation and Endeavor’s valuation.

**Reaching Agreement**

Despite the initial gap between AFA and management’s positions, we worked to attempt to find common ground and cost various concessionary items. The MEC looked at all the major “real dollar” items that we gave in bankruptcy. Those three items were: wage freeze, deadhead pay, and holiday pay. After costing those three items it was clear that approximately $800K per year would only buy one full item, but returning the wage freeze was the biggest slice of the pie.
At the end, we were able to move the Company to return the wage freeze to Flight Attendants, because, in part, it was the right thing to do. The value of LOA 7 for Flight Attendants is $710K per year (on average) over three years (2016–2017). The entire $710K is in the 2.75% wage increase. All the other items are no-cost items, meaning that management did not “charge” us any cost for any of those items. They were willing to give us those items, in part, to get a deal.

Why did the MEC agree to this deal? The biggest reason was that AFA could not leave over $700K per year, plus the other items, on the table. The only other option would have been to pursue the issue in arbitration, and the risks were not worth the possible gain.

While it is possible that we could have gained an extra $117K per year if we pursued a grievance to arbitration, there are many things we would have lost. First, we would not be entitled to Reserve Early Release, Alternate Deadhead, and Reserve Commute During Call-out, because these are not items we gave up in bankruptcy. Second, we would lose the benefit of receiving the raises and other items today. A grievance would take at least a year to conclude, significantly delaying any return. Third, a complete “win” in arbitration does not mean we would get an additional $117K in raises. Our bankruptcy protections do not specify how we get back our concessions. That would be subject to an arbitrator’s decision. It would be entirely possible that the “money” we won would not go to additional wages or benefits. An arbitrator could rule that our share of give-back should go toward restoration of less desirable items, such as “pay-no credit” for training or the lunch break. While some of those items would be fine to have back, they do not result in any financial gain for Flight Attendants. Agreeing to this deal allowed us to assure our “real dollars” goal- putting money into Flight Attendants’ pockets.

Finally, the MEC, with the advice of the AFA Legal Department, had to assess the risk that a grievance and arbitration would actually result in less money
for Flight Attendants. In that scenario the Company would surely argue that the retention/signing bonuses (over $600K in value per year) should not be considered by the arbitrator in determining what Flight Attendants were owed from the Pilot deal. Although AFA believed we had a strong case, there was always the possibility that we could have lost hundreds of thousands of dollars over the current deal.

Moreover, our LOA 7 has value beyond the specific dollars. Some of the no-cost items will result in real quality-of-life improvements for certain Flight Attendants. And, most importantly, putting all the money into our base rates sets us up for better success negotiating wage increases when our Contract is up for negotiations – it is easier to negotiate from a higher amount. The MEC is very happy that we could get a good deal for Flight Attendants.

DETAILS OF LOA 7

Again, the full Letter of Agreement 7 may be viewed by clicking HERE. What follows is additional information, which may help Flight Attendants understand the new provisions.

2.75% Raises

We’re getting back our wage freeze! Flight Attendants should make sure they read the wage table correctly. Do not simply read straight across to see your hourly rate for 2017 and 2018 – you’ll be shorting yourself a whole step increase!
How do I read this wage table?

**EXAMPLE 1** - (Highlighted in Yellow) As of June 1, 2016 I have completed more than 5 years of service. On June 1, 2016 my hourly rate of pay will increase to $26.53 an hour. My anniversary date is October 1, 2016 and I will then have completed 6 years of service and my hourly rate will increase to $27.50 an hour. On January 1, 2017 I will get another increase to $27.84.

**EXAMPLE 2** - (Highlighted in Blue) I have not yet completed 1 year of service as of June 1, 2016. My hourly rate will be $17.47 an hour. I complete by 1 year on November 1, 2016 and my hourly rate will be $21.44 an hour. On January 1, 2017 my hourly rate will increase again to $21.71 an hour.

**Part Time Flight Attendants Restored to 6-day Schedule**

As of the June bid month Part Time Flight Attendants’ schedules will be returned to 6 days. The MEC was very happy to get a concessionary return for Part Timers. About half of our Part Timers gave up health insurance
benefits during the bankruptcy, so this is a much-deserved quality-of-life restoration.

**Reserve Early Release**

Reserve Flight Attendants will now be released early on their last day of their block of reserve days before a day off: P1 at 1400 and P2 at 1900. This applies to Airport Reserves, as well. Please be aware that Crew Scheduling may still place an assignment on your schedule after your early release time, up to your original scheduled release time. Therefore, Reserves who are early released are still responsible for assignments placed on their schedule, and you should check your schedule by noon Central the day following your early release to check for any assignments.

Also note that AFA and the Company still need to draft language to determine what will happen in the situation where Reserves return from a flight assignment on their last reserve day: whether they may be held at the airport, given an Airport Reserve assignment, be returned to Home Reserve, or shall be released. The outcome of this language will be determined by the resolution of Grievance No. 36–99–02–20–15, which was arbitrated just last week. We expect an award in the next 3–6 months. Until such time, the Company will continue present practice.

**Alternate Deadhead**

We have the same deadhead home ("Alternate Deadhead") requirements as the Pilots. Flight Attendants will be able to replace the last deadhead leg of their trip with positive space travel to an airport within 70 miles of his/her home of record, provided that:

- sales are authorized at the time of booking
- routing does not pass through his/her domicile
- routing does not exceed the deadhead segments scheduled, and
• the deadhead home departs on the same day as the original deadhead.
Requests for Alternate Deadhead must be received by Crew Scheduling by 1700 on the 24th of the month prior to the deadhead leg appearing on your schedule.

**Call Out for Reserves**

Good news for Reserve commuters: on your first day of reserve you no longer are required to be in base prior to your contact period (P1 or P2). Now you will be able to commute in during the first two (2) hours of your contact period. For example, if you are on P2 your first block of reserve days, your commuting flight must be scheduled to arrive in base prior to noon, local time, because this is your earliest possible report time for an assignment on Home Reserve. However, you must still follow the Company’s “Call-In Honest Policy,” plus notify Crew Scheduling before and after your commuting flight.

This Call Out provision will be implemented for the June bid month. Reserve commuters interested in utilizing call out commuting should read LOA 7 carefully and look for a management memorandum in May detailing the procedures and consequences of utilizing this provision.

**“Me Too” Waivers**

In LOA 7 we waived various portions of our bankruptcy protections for fair and practical purposes. We “waived” our protections for any further claims against the Pilot LOA 71 – we have put that issue to rest. However, we still have our bankruptcy protections going forward for any further give-backs that the Pilots might receive.

We determined that out of labor fairness and solidarity that we would waive our bankruptcy protections for any concessionary give-backs to the
Dispatchers (TWU). This is because the Dispatchers have still not received any concessionary returns (nothing from the last Pilot deal). They are a very small group, and we did not wish to stand in the way of any improvements they can achieve.

CONCLUSION

Please feel free to email any questions regarding LOA 7 to info@edvafa.org. Your MEC wants to hear your questions. Questions may be answered on an individual basis, or, depending upon the volume of questions, another FAQ communication may be released in the next week. Again, we thank you for your support!

STRONGER TOGETHER, BETTER TOGETHER!