



AMFA/Alaska Airlines Contract Extension Negotiations Update

For Alaska Airlines Mechanics Group

Update #2 March 2, 2009

Participants for AMFA:

Earl Clark – Region 1 Director
Timothy Cullen – Airline Representative Local 14
Mark Dahl – Airline Representative Local 32

Participants for Alaska Airlines

Dennis Hamel – VP Human Resources
Fred Mohr- VP Maintenance & Engineering.
Kurt Kinder – Managing Director, Line Maintenance
Sonia Alvarado – Manager, Labor Services M&E
Tom Richards – Managing Director, Employee Benefits

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.

Your negotiating team met again with the company on their proposed contract extension. After a full day of negotiating we reached an impasse with the following offer on the table.

- 2 year extension of the current agreement through October 17, 2011.
- 1 1/2% increases on both down line years (2009, 2010).
- Pay review based only on external ranking.
- Renewal of the no layoff LOA #11 encompassing the current list from 2005 through October 16, 2011. (39 technicians unprotected)
- Healthcare: The company has agreed to drop their attempt to move us to the management healthcare plan. They have accepted our original offer to remain in our current plan, our proposal of 15% caps, and the 2011 rates remaining in effect until renegotiated.
- Replace the current Variable Pay Plan (VPP) with the Performance Based Pay (PBP), and pay a retroactive lump sum PBP payout at DOS for 2008. This would average to approximately \$2000.00 per Technician.

The sticking points are:

- LOA #11 not encompassing all represented Technicians.
- The refusal to renew the internal pay ranking review.

The Negotiating Committee will be discussing our options, and deciding if we will meet with the Company again regarding the remaining issues. We will inform you of any future meetings as soon as possible.

Fraternally,

Your Negotiating Committee