

I attended the labor meeting with Dan Smith from the IBT on Wed. Feb. 4Th at 11:00 AM PST in PHX at company headquarters.

Doug Parker , CEO, opened the meeting, here are my notes of his comments;

"We lost approx 220 million this quarter. 800 Million for the year. Fuel prices were 1.4 million worse in the past year and we could not pass on the costs to our customers due to the economy being very murky. We don't like what we are seeing out in the economy. Our domestic sales look better then our international sales. Other major carriers are hurting in their intl. cargo sales, but we are not experiencing the same right now. Our revenue picture year over year is declining. Our employees have done an amazing job overall and we are on the right track. Demand for travel is way down right now."

Scott Kirby, President, made a few comments then left to fly to DC; "Pricing environment is weak other carriers are running 0 day advance purchase and the low cost carriers are still not raising their fares, despite the losses which causes us to keep our fares down right now."

Daniel Pon- VP of HR had a review of the new HR system, I sent all of you the presentation via fax today. Let me know if you did not get it. They claim they have tested it many times and the errors are minimal. They have a payroll card so if there is an issue with getting checks to a location or a mistake on an individuals check, they can get that corrected in 2 hours or less. The look of our checks will not change. Please read the documents I sent you and let me know if you have any questions.

Each union had about 10 mins to discuss operational problems in our groups.

Dan and I raised the workbrain issues going on system wide. We were advised that they are planning on installing workbrain in each location-east and west, in the next month or two. Donna Paladini advised that she would set up a conference call with Dan and I with the IT person to review the specific problems. We mentioned the lack of computers for the agents to use to verify their workbrain clock in and out and swaps. They said we need specific documentation to show them the errors occurring in the different ATO's. I emailed her to ask her what type of documents we should be able to provide, she has not responded to me yet. We asked what the IT people have done to fix any of the problems, they did not have any specific answers, we asked Ron Harbinson as well, he was not sure, but said "he was told" they were fixed.

We raised the problems system wide with uniform issues. Part time-upgraded to FT and not being given the FT allowance. Name tags for the CARS in PIT. Winter coat back orders. Suzanne Boda, Senior VP East coast is going to follow up with Camille Soto and get back to me on the answers to these issues.

Reservations main concern was not having a dedicated General sales dept. in INT once 20% of the calls from Manilla will be routed back to them very soon. Kerry Hester is going to meet with Vonda and I in INT this Tuesday to further discuss this since she was planning a trip to INT this week anyway. Kerry said the company is now willing to allow

FT people that want to downgrade to PT to do so very soon. There have been a few senior agents that requested this almost a year ago and the company, even though they claim we are overstaffed in RES, would not entertain the idea at the time.

PIT had many issues and concerns with their operation, bids, admin office hours, health and safety problems, as well as workbrain errors causing discipline. Suzanne Boda would like to have Deb Gula, the local Pres. meet with the Station manager to work on these problems. She has sent me an email advising me that she will make sure this is done and the meetings are done in PIT on a regular basis to resolve local issues. She has emailed me today to tell me she advised the PIT manager to set these meetings up and get these problems resolved asap.

One main issue is the staffing, which we have heard from many of the locations. Robert Isom has assured Dan and I that he will set up a meeting with us to review the staffing formula, but he did claim we are overstaffed in many locations. He did not give specifics, but I did tell him of the issues we are having with the on time departures and not having enough agents to work the gates and our folks getting written up due to the lack of agents working gates in many locations.

Frank sent me some details of the staffing during the inauguration in DC and the mess that the members had to deal with because of poor planning and very little overtime offered in advance. Robert Isom said he was looking into this and he wanted us to know that they did plan months in advance for the problems, but obviously, their planning was inadequate. He said he owes Frank Spencer, the area VP an answer to his email about the fiasco there and will follow up very soon.

Dan and I will be expecting a phone call to set up the meetings for the staffing review, we will let you know what dates they are available and will find out where they want to meet. As far as the Workbrain issues, Donna Paladini wants to talk to Dan and I first and then I want the locals to have a chance to discuss each individual case with her and the IT representative. I will ask that we have both meetings around the same time with them to save us all on the travel.. As you know, we don't get immediate results in these meetings but we do get the company to take some action and try and resolve the problems we bring to the table once we raise them in front of the CEO, President, the COO and directors.

Velvet