



ACROSS THE TABLE

Across the Table is a report from the NWA MEC Negotiating Committee

May 7, 2007

COMPASS AIRLINES

The Compass Negotiating Sub-Committee has prepared this ATT to inform you on a number of issues concerning the Compass start up. We will cover the Mediation/Arbitration that took place to conclude the process, the certification and start-up of Compass, the initial participation in the flow through to Compass, and lastly, rumors and facts regarding Compass.

NEGOTIATIONS

ALPA's representation of Compass Airlines pilots did not result from any normal process. Northwest Airlines' management entered bankruptcy in September 2005. A concession that they sought from the Northwest pilots in the 1113 negotiations was an exception to the Scope language to permit the operation of large regional aircraft at an affiliate. The Northwest pilots negotiated a "flow through" agreement that is unique in ALPA. The flow permits Northwest furloughed pilots to flow "down" to Compass. Also, new hire Compass pilots are able to flow "up" into Northwest new hire positions. Another portion of the Agreement provided for recognition of ALPA as the collective bargaining representative.

Contained within our current contract is a Letter of Agreement (2006-07) that set the specific guidelines for the negotiation of the first Compass contract. This LOA set a timeline for the completion of the contract. In addition to establishing a process to conclude the first Compass pilot contract, the LOA resolved the majority of the economic issues, including pay rates. These agreed-to provisions had to be drafted into contract text.

Negotiations between ALPA and Compass, pursuant to the LOA, began in August 2006. Mediation began in February 2007 and ended on March 1, 2007. With the assistance of mediator Maggie Jacobsen, the parties reached TAs on all but two Sections. Issues remaining in Section 1 (Scope) and Section 27 (Insurance) went to interest arbitration on April 10, 2007. Several of these issues are to be resolved based on an industry standard. The standard is comprised of eight regional carriers operating 70-seat aircraft. Other issues require an interpretation of LOA 2007-06. The arbitrator's decision is expected by early June. Currently, the contract is being proofed to be printed and posted electronically. Additionally, clarification and implementation issues are being handled.

THE START-UP

Compass announced on April 5 that they had received FAA certification to begin commercial passenger operations. The first flight was conducted on May 2, 2007 with a CRJ-200, 50-seat aircraft. The route was between IAD and MSP. Compass is expecting to enter the EMB-175 into revenue service in the third quarter of 2007. The CRJ-200 flying will be done by Compass management pilots. Compass will no longer operate the CRJ-200 when the EMB-175 begins operations.

Northwest has informed ALPA that the first pilot base will be in MSP. The scheduled aircraft deliveries begin with one in June 2007 and an additional aircraft in July 2007 and August 2007. Then the deliveries will be two per month to follow until the order is complete.

STAFFING AND FLOW THROUGH

Part of the agreement includes a flow through to NWA by new hire Compass pilots. This also includes a flow down by NWA pilots to Compass in the event of a furlough. As NWA has pilots currently on

furlough, they have been permitted to exercise this right as Compass starts up. This flow down is designed to be a safety net, a place to go without looking for a job. If, in the future, an NWA pilot receives a furlough notice, they will simply exercise an EPL to work at Compass. Bear in mind, no one is forced to work at Compass; it is not a requirement to be considered for recall at NWA.

Hundreds of currently furloughed Northwest pilots received an opportunity to flow to Compass. These same pilots have now received a Preliminary Notice to Recall at Northwest. A handful of these pilots are scheduled to start class at Compass. Many have deferred class dates to later months. The first class will begin in May. The class will be for six captains. One Northwest furloughed pilot will be in that class. Classes are scheduled weekly into the future. Indoctrination and some ground school will be conducted via distance learning. The remaining ground school will be in Minneapolis, and the flight training will be conducted in Montreal.

The issues most furloughed NWA pilots will be concerned with are seniority, pay and tenure at Compass. These pilots will be placed at Compass in seniority order. If they hold a captain's position, they will not be placed on probation at Compass. They will be entitled to return to NWA after one year at Compass if their seniority will hold a position at NWA at that time. A pilot can be "held" at Compass for a period of time to address staffing issues. This time, however, will be paid at the rate of their awarded position at NWA, and they will also be allotted their NWA defined contribution. The pay rates while employed at Compass have already been established and are part of the LOA. (See enclosed tables.)

The flow through will not allow current NWA pilots to "down" or "back bid" to Compass. You must be a furloughed NWA pilot in order to exercise the flow down agreement.

In the future, a Compass pilot that was originally hired at Compass will be permitted to "flow up" to Northwest. They will have the opportunity to advance to NWA at first year pay and a new year of probation. If they decide against doing this, they will retain their position at Compass and will not be subject to being displaced if a future furloughed NWA pilot should decide to execute their placement right at Compass via the flow through.

CONTRACT ISSUES

The question has been asked as to why ALPA negotiated a contract for an affiliate. Northwest pilots are concerned about encroachment or creep into our mainline flying. Although it is disappointing that we no longer count 76-seat aircraft as mainline flying, it is imperative to know what we lost is limited, and we have contractual items that limit the growth and fractionalization of our flying. The Compass contract will be a contract for NWA pilots who take jobs at CPS now or in the future.

The industry has and will continue to apply upward pressure on every Scope clause that is under contract. Managements around the world view these restrictions within pilots' contracts as a "pox." The LOAs were our response to an aggressive management while negotiating in the environment of bankruptcy. Remember that USAir lost their scope until one year after bankruptcy. They lost the 100-seat flying to Republic last fall because of that restriction on their Section 1. The USAirways pilots only regained this flying through the merger with America West.

The growth of Compass, or any other affiliate that flies aircraft which seat 51 to 76 passengers, is limited after the initial 90 aircraft are acquired based on growth at mainline NWA. Of the 90 total aircraft, up to 36 can be operated by Mesaba Airlines to replace the original 36 AVROs. This can be done without any NWA furloughed pilots having rights to that flying. Through negotiations, three categories of feeder carrier flying were established. Category 1 is Compass. All current and future furloughed NWA pilots have rights to 100 percent of these jobs. Category 2 refers to a carrier that operates the 51- to 76-seat aircraft while NWA finances those aircraft. NWA furloughed pilots are entitled to half of the captain and half of the first officer positions that those aircraft create. Lastly, Category 3 is the carriers that finance the 51- to 76-seat aircraft on their own. A preferential hiring process is afforded to all furloughed NWA pilots for these jobs. The thought process in negotiating these categories was to create job opportunities for our furloughed pilots while enticing feeder carriers to "finance" their aircraft on their own.

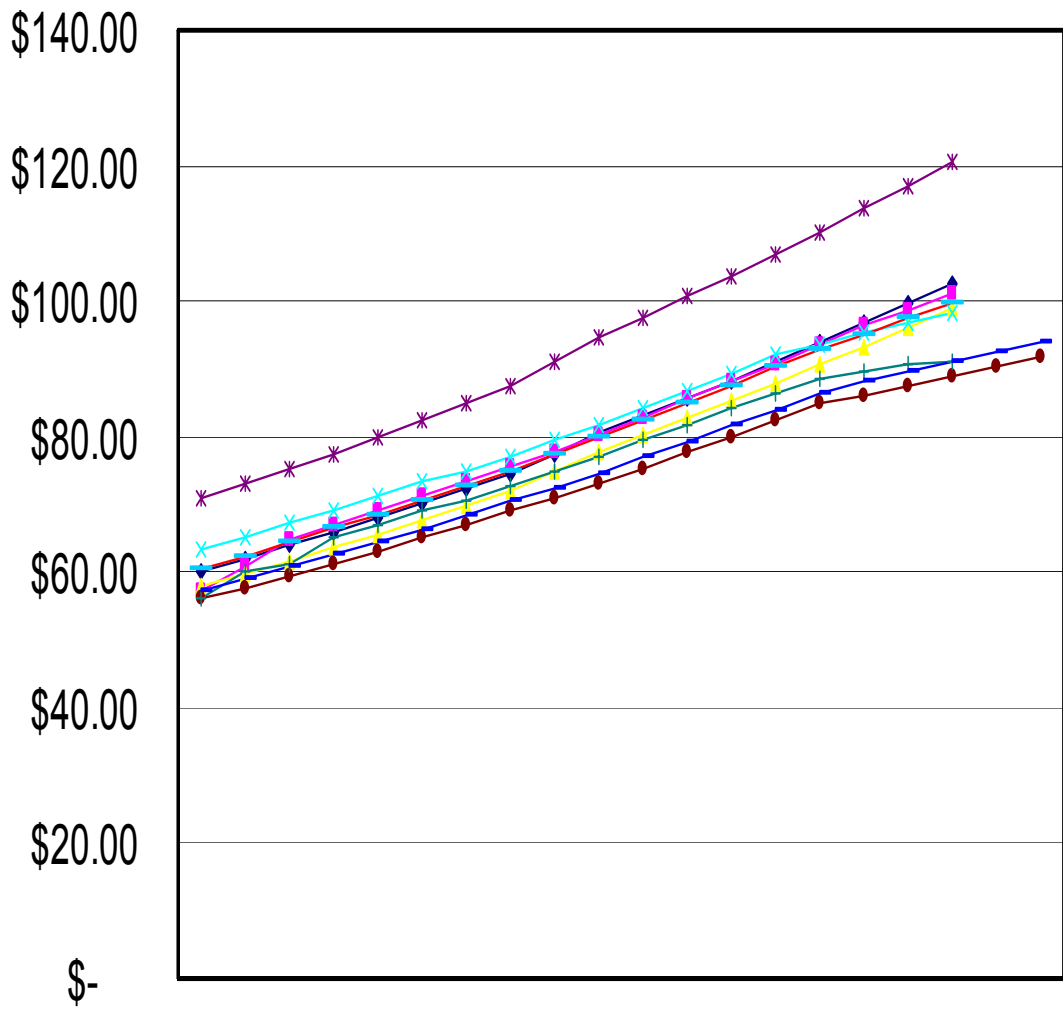
The LOAs have also reduced the potential of whipsawing our two pilot groups. With the flow up arrangement, Compass pilots will see little need to acquire larger aircraft for pay and status as they will have a door to this via the flow.

If Compass were allowed to operate as an affiliate without a contract, the operations would be under terms and conditions that were established by either Northwest or Compass. It would take years to negotiate a first contract. In recent cases, it has taken as long as three years. This contract would be comprised of mostly the terms and conditions the company established, with some minor improvements.

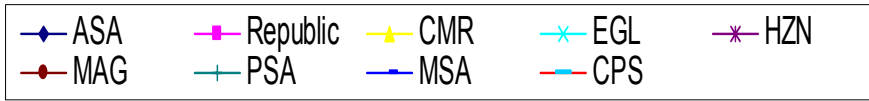
Historically, it takes the second contract, or a later contract, to gain any true, large-scale improvements. It simply could not be allowed to have an affiliate that NWA pilots could potentially fly at, which operated with nothing more than company-established terms and conditions. The fact that we are negotiating a contract and not merely allowing Compass to implement “terms and conditions” of employment for an unknown number of years is a head start. The Compass pilots, inclusive of our own furloughed, will have an industry-standard first contract and it will be enforced.

CONTRACT COMPARISON									
(This chart is a comparison between Compass and the carriers that operate similar aircraft)									
	Compass	ASA	PSA	Mesa	Mesaba	Eagle	Republic	Horizon	Comair
Days Off	Line Holder 11 Reserves 11 (4) inviolate	10 10	10 10	10 8	11 11	10 10	12 11	13 35 day bid period 12	11 11 1 set of (3) and 1 set of (4) immovable days
Reserve Call out	2 hours	75 minutes	Not Specific	60-90 minutes	1-1.5 hrs	2 hrs	90 minutes	90 minutes	90 minutes
Dead Head	75% Pay and Credit	100%	Paid 1 for 2; if duty period contains deadhead only	50%	Paid 1 for 2; if duty period contains deadhead only	75%	75%	100%	75% pay 100% credit
FLOW	Up/Down	No	No	No	No	Yes	No	No	No
Per Diem	\$1.55	\$1.50	\$1.35	\$1.15	\$1.55	\$1.65	\$1.60	\$1.75	\$1.55
Retirement (401k)	YOS MATCH 1-4 3% 5-8 4% 9+ 5%	1 1.2% 2 1.8% 3 2.4% 4 3.0% 7+ 4.5%	1-4 2.5% 5-6 4% 7-9 6.5% 10+9.5%	2%	1-5 25% to 6% 6-10 50% to 8% 11-15 75% to 9% 16-19 100% to 10% 20+ 125% to 10%	1-4 50% to 7% 5-9 75% to 7% 10-14 80% to 8% 15-19 87.5% to 8% 20+ 8%	1-6 2.5% 7-13 4% 14+ 6%	100% of first 10%	1-9 2% 10+ 3% 2011 and beyond 1-5 2.5 % 5-10 4% 10-15 6% 15+ 7%
Min Duty Credit	3:30	None	N.S.	Reserve 3.9 hrs	4:00	3:36	4:00 Reserve	4:00	4:20 Avg.
Monthly Guarantee	Line Holder 75 Reserve 75	75 75	75 72	70 70	75 75	72 75	75 75	(5 week bid period) 92 86.3	75 75
Holiday Pay	Additional 4 hrs	None	None	150%	None	None	Additional 4 hrs	None	None
Vacation	3.00/day	2.65/day	3.00/day	3.00/day	2.86/day	3.75/day	4.00/day (PDO)	3.9/day	2.86/day

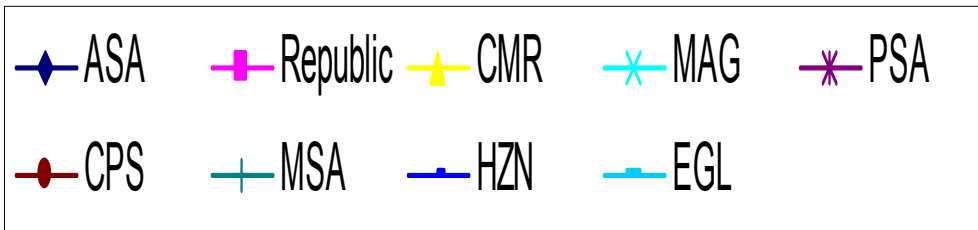
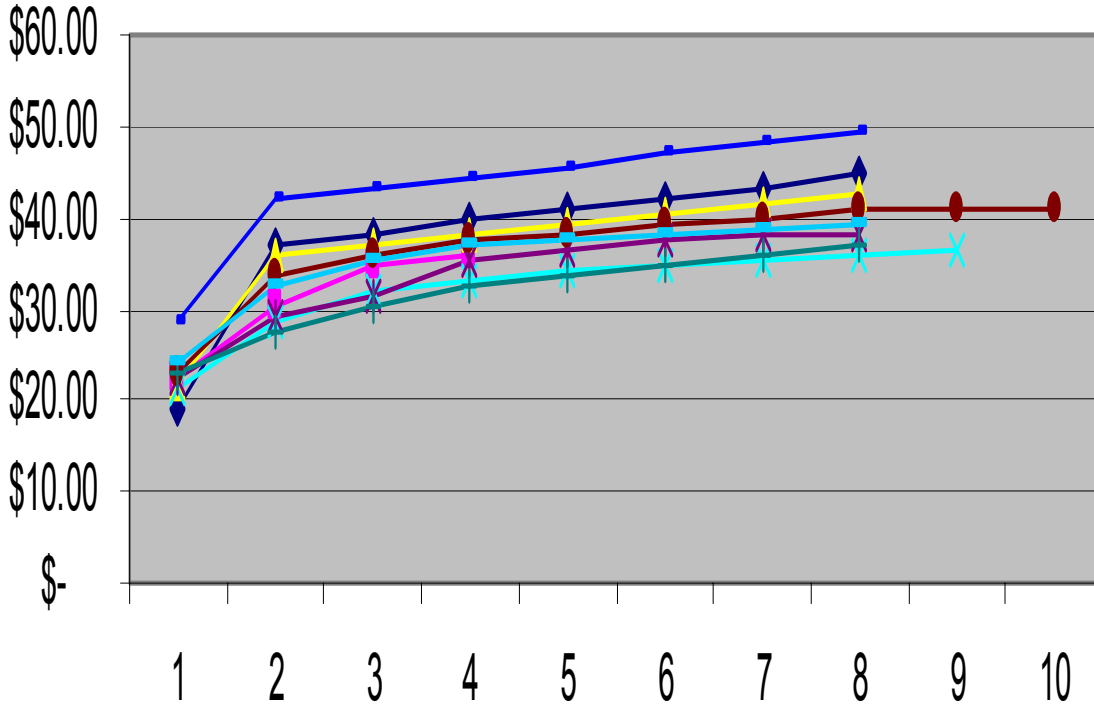
70-seat CA



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20



70 Seat FO



FACTS AND RUMORS

Rumor: A furloughed pilot returning to Northwest and subsequently furloughed would not be able to flow to Compass.

Fact: False. That pilot would have flow rights to Compass.

Rumor: No Northwest pilots are interested in Compass.

Fact: False. Many Northwest pilots have opted for Compass jobs, with most of them deferring a commitment to a class date. As we discussed, the rate of recalls to Northwest is greater than expected. Fortunately, the flow was bargained to last in perpetuity. If in the future there are furloughs, those pilots will have an option to flow to Compass.

Rumor: If a furloughed pilot elects Compass, he will receive no D.C. money upon his return to Northwest.

Fact: False. He will be eligible for D.C. contributions on the same basis as other Northwest pilots. The amount has not yet been finalized.

Rumor: Now that Northwest has acquired Mesaba, they no longer need Compass.

Fact: False. Northwest is going full speed ahead with Compass.

Sincerely,
Compass Negotiating Sub Committee
Ron Barnett
Ron Hay