

Capt. Paul Rice, ALPA First Vice President

Spring 2009 Executive Board remarks

Good morning Executive Board members, guests, soon-to-be and returning members.

Since this body met last September, your union has taken aggressive steps on a number of fronts to strengthen our position for ALPA members here at home and around the globe. The ultimate goal of the October Board of Directors' meeting was to develop strategic priorities that address every aspect of our members' professional lives. This morning you'll hear Capt. Couette talk about our evolution of membership services. You'll hear Capt. Helling talk about your union's continuous financial re-engineering that ensures we maintain the highest level of service and support for our members. And you just heard Capt. Prater highlight a number of significant accomplishments and achievements that we, as a union, have been able to reach in the past six months.

As you all know, my primary area of concentration is ensuring that our mission as an International union fits logically into the global arena. That we, as THE authoritative voice for airline pilots in U.S. and Canada, are sought out as advisors, supporters, and leaders for the airline profession around the globe. And I don't mind telling you, as this meeting follows on the heels of a very productive and well-attended IFALPA Conference, that we ARE looked upon as leaders in the profession, and we ARE expected to take the lead on many initiatives on the international front.

We take this mentorship role seriously and proudly. This was hugely demonstrated by our BOD meeting when we set a new course for this union. Within the strategic priorities that we all developed and agreed upon was the resolution that came out of Delegate Committee 7, whose charge was to fine-tune our priorities in the legislative and regulatory arena, including international issues.

The BOD directed that we:

- Continue to position ALPA to effectively influence the White House, Capitol Hill, Canada's Parliament, and government agencies on energy, transportation and labor policies, and international treaties affecting the airline industry, and
- Continue to oppose efforts to modify foreign ownership and/or control limitations that would not benefit ALPA members.

For some of you and certainly for some of our members, it may be difficult to see the connection between your work and the international level. Maybe you don't think it applies to you. But, the truth is, it has, it does and it will affect you.

It is our responsibility as an ALPA governing body to stay abreast and ahead of any and all issues lurking – here at home and abroad – so that we are not caught off guard by potential threats to our members' job security.

I'd like to share a few examples with you that clearly demonstrate that we are fundamentally connected to the rest of the globe and that connection starts here in our own backyard.

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A simple business venture between United Airlines and Aer Lingus has exposed itself to be a blatant form of union-busting. Let me explain: United and Aer Lingus have forged a partnership to add new flights between Washington, D.C., and Madrid, Spain. In theory, it's not a bad business idea. And it wouldn't be bad for our pilots to fly the new international route. But there's one HUGE, HUGE problem – the managements of both companies do NOT plan to use United or Aer Lingus crews.

The flights are scheduled to begin at this time next year, and the companies plan to add service to additional cities in 2011. In 2012, the airlines intend to create a new jointly-owned European carrier to take over these employees and routes. It is an understatement to say that is an outrage and you should know that ALPA is keeping an ever so watchful eye on this situation and we are drumming up support on every level. On the international front, United MEC Chairman Capt. Steve Wallach addressed the IFALPA delegation last month urging a unified stance against this injustice.

That's right, we took our fight to the international level and not surprisingly, our IFALPA brothers and sisters quickly unified in support of the pilots from United and Aer Lingus against this shameful, shameful scheme.

Just last week, Capt. Prater was able to voice ALPA's concerns regarding the United/Aer Lingus plan during the Annual New York AirFinance Conference. He had the undivided attention of airline CFOs from North, Central and South America along with a broad range of bankers, investors, and government officials, including U.S. Assistant Secretary of State for Transportation Mr. John Byerly and European Commission Director of Air Transport, Mr. Daniel Calleja. While speaking on a panel that addressed international air service negotiations, Capt. Prater cautioned the U.S. and the European Union against rushing into "Stage II" negotiations of the air services agreement until the results of the "Stage I" agreement is really understood. And that agreement went into effect in March 2008.

He pointed out the establishment of OpenSkies Airlines, the British Airways subsidiary, flying to the U.S. from points in continental Europe using non-BA pilots and the announcement of United and Aer Lingus new airline joint venture as two examples of the types of business arrangements that are permitted by the Stage I agreement that concern airline pilots on both sides of the Atlantic. We will continue to sound the horn against these union-busting operations.

Last week I hosted a coordination meeting here, in our Washington, DC offices, between the pilot leadership of the European Cockpit Association and the US side of

ALPA. We continue to work together to strategize a coordinated response to the bargaining positions of our two governments. Working with our brothers and sisters from across the Atlantic allows us our greatest chance of success as we battle the globalization and liberalization of our profession.

And if that's not enough, then there is the unending issue of foreign ownership and foreign control. Again, illustrated by another backyard example: Alaska Airlines vs. Virgin America.

Talk about a competitive disadvantage. This scheme, if allowed, allows Virgin America to operate under a completely different set of ownership rules giving it a significant unfair and unlawful advantage over U.S. airlines, thereby jeopardizing U.S. jobs. Our brothers and sisters of Alaska Airlines would surely be the first affected by this competitive disadvantage, and your Union will not stop until this plan has been banished.

And we're making headway. Here is where the situation stands: In addition to Alaska pilots joining the AAGEC and ALPA filing a petition with the Department of Transportation, ALPA had been a vigilant watchdog and alerted Rep. Jim Oberstar, Chairman of the House Transportation and Infrastructure Committee, of this situation. This prompted the Chairman to send a letter to Transportation Secretary Ray LaHood expressing his concern about whether Virgin America still met the statutory citizenship requirements. You may recall recent series of news articles in the Wall Street Journal indicating that U.S. private equity funds have transferred all financial interest in their shares to the British-based Virgin Group.

If this is true, and no replacement investors have been found, Virgin America would not meet the requirements for holding a certificate to operate as a U.S. air carrier. Chairman Oberstar has asked the Secretary to undertake a comprehensive review of the accuracy of the news reports and if necessary to hold a public hearing to examine the question of Virgin America's citizenship. We will continue to alert you, the leadership, regarding this situation.

Another similar international issue that compromises our members' job security: violations of cabotage laws. Next week, Capt. Prater will meet with Secretary LaHood to discuss the current violation of cabotage regulations by Air Canada as the carrier continues to fly a National Hockey League charter within the U.S. boundaries. ALPA is adamant that the Obama Administration upholds our cabotage laws and firmly impose penalties against violators. We are keeping an attentive eye on this ongoing saga and look for important news in the very near future.

Job security – that's what this is all about. We can negotiate great terms and conditions in our collective agreements but if the jobs are outsourced ... there is no

security. And the term job security really is rendered obsolete if you're imprisoned in another country because of an accident or incident.

Here in North America, our federal regulators that govern our industry are not quick to claim "pilot error" after an accident or incident. This is not true in other parts of the world, and that includes many countries to which our members fly. We are urging federal authorities around the globe to look beyond assigning blame and to strive to find root causes of incidents and accidents.

Many countries are of the opinion that an aircraft accident is the same as a motorway accident. Review the scene, write up a report, and assign responsibility to the driver—in this case, the pilots. Rarely, if ever, is an aviation accident that simple.

During the IFALPA conference, the Federation issued a public statement expressing its dissatisfaction with Italy's recent prosecution and sentencing of a Tunisian airline crew for an accident involving an ATR 72 with incorrectly installed fuel gauge sensors, which led to a double-engine failure. The Federation reported that "the flight crew reacted to the loss of power in a textbook fashion and completed a successful ditching at sea" near the Sicilian coast. The IFALPA Legal Committee is striving to ensure investigations are carried out in accordance with ICAO procedures and our fellow pilots are protected to the fullest extent possible.

As Capt. Prater mentioned in his speech, one of the most important issues we discussed during the IFALPA Conference was pilot fatigue. The International Civil Aviation Organization (ICAO), the aviation policy branch of the United Nations, has passed an amendment to Annex 6, calling on member states to modernize flight-time limitations (FTL) by this fall. The IFALPA FTL Working Group, which ALPA's executive administrator, Capt. Don Wykoff (Delta), is a member, recommended policy, which the Federation approved to create a science-based, prescriptive approach to pilot scheduling. This path will ultimately result in integrating fatigue management systems to provide the greatest level of mitigating fatigue.

The Federation also issued a public statement about the prevalence of pilot fatigue in Europe. IFALPA called on the European Parliament and other authorities to work with the European Cockpit Association and other IFALPA member groups to adhere to the findings of an independent flight crew fatigue study, conducted by the European Aviation Safety Agency (EASA).

The study indicates that current European flight-time limitations are insufficient and must be updated to reduce the risk of accidents or incidents attributable to fatigue. The scientific study, if accepted and used by ICAO, could form the foundation to pushes for change in flight- and duty-time regulations in the U.S. and Canada to bring them also up-to-date.

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And finally, a few words on the environment. A few years ago, ALPA became aware of growing signs that environmental activists would be successful in forcing reductions in greenhouse gas emissions, notably carbon dioxide, on airlines in North America. European Airlines came under harsh attack by activist groups several years ago, which has had the effect of influencing not only the airlines but also the European Union. In fact, this past November, the European Union issued a directive which includes aviation activities in its emissions-trading scheme, or ETS. Per this directive, as of January 1, 2012, all airlines operating into the EU member countries will be required to participate in that governing body's ETS. You have no doubt heard that the U.S. government is also moving rapidly toward the creation of an ETS and, in fact, hearings were held last week by the U.S. House of Representatives' Energy and Commerce Committee on an extensive, draft bill. The legislation would not only create an ETS which would ultimately raise the price of jet fuel, it would do nothing to increase the domestic supply of oil.

Capt. Prater last week sent a letter to each member of the Energy and Commerce Committee to inform them of our views on the legislation and ask them to incorporate our comments into the official record. You may recall that the October BOD established a priority for creating a national energy policy which calls on governments to avoid levying any additional taxes or fees on fuel and encourages increased domestic production of oil in an environmentally responsible fashion, among other actions. We will continue to promote the creation of such a policy.

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My union brothers and sisters, it is hard to believe that it's only been 6 months since we concluded our BOD meeting in Las Vegas – more determined than ever to guarantee our union's position and our invaluable assets. And, as you have heard, our determination has driven rhetoric into action. Not only are we embracing change but we are intrinsically involved in efforts around the world that will improve the lives of ALPA members today and for years to come. I'm proud to say that despite the economic forces that stand before and stand against us we are stronger – welcome AirTran pilots, we are honored by your commitment and strong resolve to merge with ALPA. We are focused – our eyes are looking “out of the cockpit” as far down the runway as possible – looking out towards the horizon. That is where we are going. Let's seize the opportunities that lay ahead. And continue to make the Air Line Pilots Association, International the best pilots' union – comprised of the best union pilots!

Thank you and good morning.