

# Atlantic Southeast

## Merging into a New Future

**By Jen Lofquist**  
ALPA Senior  
Communications Specialist

**A**s this issue goes to press, the Atlantic Southeast Airlines pilots' Master Executive Council (MEC) and the Joint Negotiating Committee (JNC) are traveling with the ExpressJet MEC, answering all the questions pilots have about an agreement that was more than three years in the making.

The group is conducting an educational tour, to inform pilots about the long-sought tentative agreement (TA). Voting opened on December 17 and closes on Jan. 14, 2014. This TA, although in many respects industry-leading, contains concessions that management required to achieve lower block-hour costs. Even though capacity-purchase agreements (CPAs) once contained substantial profit margins, the regional airline industry is facing challenging times and CPAs are often awarded to the lowest bidder. Regional airlines are struggling to make more with less and asking for concessions across the industry.

"Merging two airlines is never simple or easy. This merger has proven that," says Capt. David Nieuwenhuis, the Atlantic Southeast MEC chairman. "When we started, I think both groups expected a much smoother route. We had a process agreement that almost took for granted that merging the groups would be expedited. As time went on, we realized it was more complicated than just taking the best of both contracts."

As negotiations continued,

the regional airline industry changed. As the groups moved into their third year, some groups within the industry had signed concessionary agreements while others were facing difficult negotiations. The mainline industry was also changing due to the United/Continental merger, the American Airlines bankruptcy, and the proposed American/US Airways merger. With fewer opportunities to differentiate their products and fewer potential mainline clients, the regional industry suffered.

This past summer, management met with the JNC requesting concessions, something management had not addressed prior to the meeting. The reasoning behind management's request was simple: Atlantic Southeast and ExpressJet are owned by SkyWest, Inc., which also owns SkyWest Airlines. ExpressJet and SkyWest, Inc. had historically shown a profit. But with the increasingly competitive environment and slim margins, ExpressJet was showing losses. In fact, the airline was projected to lose millions of dollars in 2013.

The situation was made more difficult as SkyWest, Inc. continues to make a profit, due in large part to SkyWest Airlines, a separate entity. Management has consistently argued that it wants two competitive airlines, the newly merged ExpressJet and SkyWest. However, ExpressJet's block-hour costs are higher than those of SkyWest Airlines and those of many other regional airlines. Therefore, management wanted those two groups brought more in line with the

rest of the industry.

"There is never a good time to hear the word 'concessions.' However, when you're working day in and day out to finalize a merger, it's perhaps the worst," acknowledges Nieuwenhuis. "It completely reframed months, even years, of hard work, long hours, and hundreds of proposals passed back and forth across the table."

Faced by the economic state of the industry, the demands from management, and ExpressJet's own balance sheet, the Atlantic Southeast MEC agreed to authorize its negotiators, accompanied by the ExpressJet MEC, to begin concessionary bargaining. In just a few months, the JNC reached a TA, which was released to the pilots in late November 2013.

The MECs and JNC immediately began planning road shows in 10 cities in less than 16 days. The communications plan also includes a public website, e-mail messages, all-pilot calls, and crew room visits. The MECs and JNC are faced with the unenviable position of presenting a concessionary TA to pilots who just six months ago were expecting gains.

"I expect the Atlantic Southeast pilots will do what I will do," says Nieuwenhuis. "I'm going to read every page of the agreement, ask every question I can think of, and take a good look at the industry and where I think it will be in the next few years. After that, I'm going to drive home, consider my family, my life, and the career I am dedicated to. Then I will vote the way that I think provides the best for all of those." 

### ASA at a Glance

**Pilots joined ALPA:** 1987

**First ALPA contract:** 1989

**Number of pilots:** 1,752

**Headquarters:** Atlanta, Ga.

**Pilot bases:** Dulles, Va.; Atlanta, Ga.; Dallas, Tex.; and Detroit, Mich.

**Fleet:** 112 CRJ200s, 46 CRJ700s, and 10 CRJ900s



**F/O Wesley Blankenship checks the departure boards at Hartsfield – Jackson Atlanta International Airport.**