

HCR 119/HR96 Testimony Hearing Talking Points

Introduction – First Officer Sam Taeu, Air Line Pilots Association, Intl., Hawaiian Airlines Pilots, Master Executive Council, Secretary/Treasurer.

On behalf of the 405 pilots of Hawaiian Airlines, we are in support of HCR119/HR96.

This resolution is intended to bring attention to the current status of negotiations between Hawaiian Airlines Management and the Air Line Pilots Association, which have been continuing for over two years now.

We feel strongly that the current pace of negotiations is unacceptable and both parties must find resolutions to these contract talks soon.

We are at a critical stage of negotiations. Tomorrow, April 7, 2009 we begin our fourth negotiating session with management under the watchful eye of a Federal Mediator. This session is scheduled for two weeks.

We feel it important for the public to know that:

- Hawaiian has reported operating profits every year since 2003 and net profits in 2007 and 2008. The airline has been profitable in some of the worst years in the airline business, yet our contract has been at zero cost increases for five years now. Management still says there is no money for pilot pay raises. We continue to work under a concessionary contract negotiated to bring our company out of bankruptcy four years ago.
- Profit sharing expired two years ago when our contract became amendable; the company made a significant profit in 2008, but there's no sharing with us.
- Management is using the current world economy as a reason not to give us raises. However, we are negotiating for the future while keeping our requests in line with what the company can afford now. The economy will recover, Hawaiian will continue to grow and we believe become even more profitable.

The economy *is* bad, but Hawaiian Airlines *is* strong. Here's why:

- 1 Fuel prices have come down. This is a huge upside for the company.
- 2 Unfortunately Aloha and ATA went out of business. The good news: Hawaiian was able to fill the gap with additional airplanes and has picked up additional market share as a result.
- 3 So far *go!* has moderated their fare war. The result is higher fares, higher yields, and higher profits for Hawaiian. Even the recent addition of Mokulele Airlines has not spawned the insane level of fare wars of two years ago. Fares

are significantly higher in the inter-island market today than two years ago.

- 4 Managements at other airlines have negotiated fair raises with their pilots (Delta, Southwest, Mesa). This past week, Island Air negotiated a new four year contract with its pilots, who are also represented by ALPA. Although terms of the agreement must remain confidential until the Island Air pilots receive complete details, we can state that the Island Air pilots received pay raises. Hawaiian's management still thinks they can get away with concessions.
- Management received performance bonuses in 2007 and we anticipate very soon, management is likely to be rewarded with bonuses for 2008. We've done our job too, but management still wants us to pay for cost-of-living raises with further concessions. What we are asking for is fair and affordable.
- 1 Management recently announced a \$7 million stock buy back. They have cash to reward investors, but not the pilots.

Some things we have done to help Hawaiian Airlines become a financially strong and successfully growing airline to better serve the needs the residents of the State of Hawaii and our visitor industry are, but are not limited to:

- 1 In 2003 company came to the employee groups seeking concessions to help. They needed \$16 million from all employee groups, \$8 million from the pilots to keep the company from filing bankruptcy. Within weeks the company filed for bankruptcy anyway. While in bankruptcy, most pilots' defined pension plan was frozen and we lost our disability retirement, while Hawaiian made record profits.
- 2 When Aloha and ATA went out of business, management came to the pilots for relief to increase capacity. Management added 6000 seats to our daily flight schedules because pilots agreed to temporarily waive contractual rights and fly overtime to assist passengers who were affected by the shutdown of Aloha and ATA. Passengers were able to get to their destinations within a reasonable time and no one was stranded.
- 3 Management came to the pilots when they wanted to purchase new Airbus aircraft, and demanded that pilots to fly these larger, faster, longer range aircraft (more seats/revenue) for the same pay rates as our current, smaller 767 aircraft. The pilots agreed so that our company could continue to grow, but were concerned that our management would spend multiple billions of dollars on new aircraft and not negotiate cost-of-living increases with its pilots.
- 4 Pilots agreed to changes in our contract to facilitate maintenance of aircraft to be performed in a state-of-the-art facility in New Zealand.
- 5 Pilots are still working under the concessionary contract and have not had cost of

living adjustments for 5 years now.

Our pilots want people to know that we care about our passengers and the future of Hawaiian Airlines. We ask our management to negotiate a fair agreement so we can move forward together. Hawaiian is a great airline and we thank all of our customers for their support.

TESTIMONY OF KEONI WAGNER ON BEHALF OF HAWAIIAN AIRLINES
REGARDING H.C.R.19 and H.R.96

April 3, 2009

Chair Souki, Vice Chair Awana and Members of the House Committee on Transportation; and Chair Rhodes, Vice Chair Yamashita and Members of the House Committee on Labor & Public Employment:

My name is Keoni Wagner and I am the Vice President of Public Affairs for Hawaiian Airlines speaking on behalf of Hawaiian regarding House Concurrent Resolution 119 and House Resolution 96.

HCR119 and HR96 are filled with misrepresentations.

Hawaiian's approach to labor negotiations has been consistent with all labor groups, and we are delighted with the overwhelming ratification by our flight attendants last week of a progressive new contract. Because of our ability to work collaboratively with the AFA-CWA, we reached an agreement in a timely fashion that provides increased compensation for our flight attendants and operational improvements for the company at the same time.

We believe labor negotiations should be left to the bargaining table. The federal mediator now involved in our negotiations has proffered dates for additional meetings over the next three months if an agreement is not reached sooner and we hope these discussions will yield progress in the time ahead.

For these reasons, we respectfully request that your committees reject passage of these two resolutions.

Thank you for the opportunity to comment.