

Negotiations and Mediation

Your conflicting statements about negotiations and the mediation process suggest a deliberate attempt to mislead and politicize the process whenever it suits your negotiating team. You ask the question:

“Has Allegiant refused to meet outside mediation sessions to expedite the completion of the CBA?”

You could have just answered with the truth - with one word - YES. Instead, you wrote four paragraphs of eloquent nonsense to make excuses for why you refuse to bargain. You are aware that the RLA permits the Union and company to negotiate in between mediation sessions. You claim that meetings without a mediator present have been “unproductive.” The “unproductive” nature of the sessions are the result of your obstructionism and lack of meaningful engagement across the table.

The effort you and your advisors spent on worthless contract comparisons and your latest message would have been better spent meeting with the union, making progress, and getting closer to an agreement. Instead, you continue to use the “mediation process” as a shield to justify your refusal to negotiate. Your commitment to wasting time and delaying this contract is a disservice to this pilot group. Our pilots’ visceral adverse reaction to the terms in “Mailer 3.0” should have indicated to you that they are tired of the same old games. We collectively reject your refusal to bargain and demand that you return to the table immediately to deliver the contract that you promised.

You claim in your message:

*“When **the company asked the union to present passes** of the other open sections (in either supposal or proposal form), **the union not only refused to do so**, but it also told us that it would walk away from all the progress we had made through the supposals – potentially setting us back months...”*

What you really meant by “setting us back months” is that the Union is not indulging *your demands* to make the passes *according to your agenda, on your timeline, and as you dictate*. More perplexing is that Allegiant has made claims to public media that you have been “waiting for responses” for nearly two years, despite there being no requirement that the Union make passes according to **your** agenda or timeline. You further imply that the union is somehow stalling:

“...The union, however, has not responded or made counter proposals on the majority of the outstanding economic items in nearly two years. We remain hopeful that the union will choose to engage with us at the table over these key sections so we can meet our goal of reaching an agreement for our pilots...”

When it’s convenient, you claim the mediation process removes the parties’ control of the process, weaponizing this as a shield for your inexcusable inaction. However, when there is an opportunity to discredit the Union or sow division, you undermine the process by suggesting the union is negligent by not making proposals according to your agenda and timeline. Typical management hypocrisy; our pilots are over it.

Outside Advisors and “Expedited Negotiations”

“...it is our experience, and the experience of our outside advisors who have negotiated dozens of airline collective bargaining agreements and numerous in other industries, that comprehensive proposals expedite negotiations.”

It’s 2024. The world has Google—and so do pilots. The company’s “outside advisors” are well-known across the industry as the architects of “wait them out” concessionary contracts, who virtually never accelerate negotiations. The company’s primary “advisor” (handpicked by Maury) is a former airline manager known industry-wide for his concessionary, or at best, cost-neutral approach to bargaining. During his tenure at US Airways, he spearheaded concessionary contracts in the early 2000s

There is no recent history where this advisor’s prehistoric tactics have “expedited negotiations”. In fact, a cursory Google search reveals the exact opposite. What history does show is a pattern of destroying labor relations and driving some airline labor groups closer to striking than they’ve been in 15 years – including at American Airlines. Read the experience of another union with this same advisor:

“[advisor] made it very clear on Tuesday, March 19 in front of the mediators, that he had no room to move unless the [union] made concessions on the company’s medical proposal.”

While those tactics may have worked in the pre-informational era, your advisors can't outrun their public record. The record is clear, and their approach opposes fostering collaboration, trust, or expediency.

Claiming that "comprehensive proposals" automatically expedite negotiations is demonstrably false. Management makes deals when they are forced to make deals. Comprehensive proposals are useful as management's trial balloons to gauge pilot reactions to terms while avoiding meaningful bargaining at the table. A recent example is from the Southwest Airlines bargaining unit:

*"...despite having SWAPA's Contract 2020 playbook in hand for **more than three years**, management still holds your Union at arm's length and **refuses to collaborate to improve and repair the operation.**"*

Southwest management had a comprehensive proposal in their possession for over three years, yet no progress was made until public pressure escalated and management was forced back to the bargaining table. Comprehensive proposals can provide cover for delaying tactics while undermining bargaining efforts.

The company's playbook is a stale but stark reminder of their priorities: protecting management interests at the expense of labor relations and meaningful progress.

"Revenue Multiples" and Unique Business Model

Your baseless accusations of "cherry picking" conveniently overlook the fact that your "contract comparison" publicly highlighted the inadequacies of your proposals when compared to virtually every carrier. The industry has a range - and almost every term you offer is outside of it. What we have learned is that "unique" is Allegiant slang for "we just don't want to do it" or "we don't know how it works". *"We're unique unless another carrier offers less, then we're just like them!"*.

At any rate, we don't need to make the case that your offers are substandard; you and your negotiating team have already done that for us. We should take a moment to appreciate the rich hyperbole of management's statements: *"...[airlines that] produce revenues that are **10 to 30 times higher** than Allegiant..."*.

Apparently, your team of "experienced industry experts" doesn't understand how profit or relativity works. Larger carriers produce more revenue simply because, well... they're larger. Allegiant produces more revenue than Sun Country—yet they are apparently

exempt from Allegiant's "revenue multiple theory", since using them justifies paying lower wages and worse working conditions. This theory must also not have applied to Allegiant "best in the business" management team when they spent close to \$1 billion dollars on the financial disaster of a resort in Port Charlotte, Florida, which they continue to lose money on to this day. We checked again - none of the 10x or 30x airlines are building failing resorts, go-kart tracks, or sponsoring race car teams, but we digress.

More revenue, regardless of how dramatic management makes the multiplier, doesn't inherently mean a carrier is more profitable. Profit and margins are the true measures of financial success - and the industry and our pilots judge carriers. Allegiant is no exception and management's own public statements to Wall Street and investors make our case better than we ever could. While boasting about our superior financial performance to investors (claiming **33% better profits than every other airline** for almost 20 years), management demands industry worst pay and working conditions while "crying poor" to its pilots.

Management has all but removed Allegiant from the ULCC characterization entirely, bragging about **our likeness to American, United, and Delta** while being unwilling to provide even the most basic and equitable terms for its pilots. The disconnect is astonishing.

Read management's recent bragging to Wall Street for yourself:

- **"We, Spirit, and Frontier invented this industry segment during the past 20 years...but we've evolved beyond that model. You judge us on our profitability."**
-Maury Gallagher
 - As it turns out, pilots can read too. We judge you on your profitability, Maury—profitability that the pilots deliver. No passenger buys a ticket to visit HQ or meet with your "best in the business" management teams.
- **"Allegiant stands out with a revenue premium close to brand carriers like Delta, American, and United..."** -Greg Anderson
 - Maybe Mr. Anderson should finish the statement like "...while proudly pocketing the profits and offering our pilots worse-than-regional work rules and compensation up to 30% less than their peers".
- **"We are often lumped in with ULCCs like Spirit and Frontier, but we've evolved beyond that model."** -Maury Gallagher

- You've "evolved," but apparently not when it comes to pilot compensation or work rules. Then, you're lumped right back in—unless their pay or work rules are better of course, in which case they're not competitors and "you can't do that" because "we're unique".
- **"Our unit revenue or TRASM was \$0.132 compared to \$0.092 average or 42% greater than [Spirit and Frontier]." -Greg Anderson**
 - Management doesn't want to find itself "in the current position of other ULCC carriers" that are struggling. Seems like we're doing just fine. Or are we? Does your "revenue multiple theory" apply here, or are we ignoring it completely? Asking for 1,300 friends.
- **"...you might be surprised to know that our customers do consider other airlines before choosing us. And for the most part, it's not other low cost carriers. It's really the big four, Southwest, Delta, American, and United. They consider those airlines and they choose us." -Scott DeAngelo**
 - Facts are pesky things. As it turns out, not only are we more profitable and generate more revenue on a relative basis, we don't even share the same customers. Less than 5% commonality to be exact, according to management's presentations.
- **"I understand there's a new label as well for ULCC circulating, LMAs or low margin airlines. That description does not define nor fit our model. At this time, given the names involved and new categories, I'm proposing a new label for us. No more ULCC and certainly no LMA. Our new label is PLFC—Profitable Leisure Focus Carrier. That's what we're going to be called from now on. We are in a class of our own." -Maury Gallagher**
 - Maybe PLFC should stand for Pitiful Lack of Fair Compensation or Pilots Losing Faith Completely.

Your excuse for delaying a fair contract is that Allegiant needs a deal that "ensures our future in this very competitive industry." Let's be clear: **a substandard contract will end this airline.** Allegiant competes for passengers *and* for pilots. Without a competitive contract, this management team seems determined to bring that failure to reality.

Misinformation Regarding Trustee Testimony

Using the standard management playbook of fabrication by way of omission, management yet again attempts, and fails, to discredit the Union. Their suggestion that the Union somehow *forced* the company to accept reassignment language that "didn't comport"

with Allegiant's model is patently false. These were the same negotiated terms which management willfully agreed during bargaining, without objection.

Management falsely claims that the union's case "fell apart" due to Mr. Unterseher's testimony and that he admitted that the reassignment provisions are just "copied from another airline contract" is bogus. In his testimony, Mr. Unterseher explained that certain language in the reassignment provisions reflected standard practice across the industry. What the testimony **does** reveal is that management uses the lack of proper precedent and certain "unique" facets of the operation to exploit the ambiguity of certain provisions for their own gain. This is unsurprising as nearly every pilot on property has been victim at one time or another to management's creative "interpretations" of ambiguous language.

Management believes they have the right to exploit contract language because of their "uniqueness" - the rules just shouldn't apply to them. They purposely engineer ambiguity through their unwillingness to write clear, simple, and enforceable language during bargaining.

Instead of spending more time on this moot subject, you can read the attached transcript and appreciate management's mischaracterizations for yourself (starts at page 47).

Click [here](#)

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Costing

The company's statements are full of misinformation and outright lies. First, the suggestion that Allegiant must "get our economist up to speed" is ridiculous and an insult to the intelligence of everyone involved in these negotiations. The company has two speeds: **lazy** and **off**. These costing "interactions" seem to be a toss up between the two. Here are the actual notes from joint costing. Our pilots can be the judge of the company's "speed" and preparedness, or lack thereof. See the following:

6/20/2024: The Company admits to errors in its costing model. Very little is discussed, and no costing is performed.

7/8/2024: The Union inquires whether the Company reviewed and costed the Union's pass, as previously promised. The Company admits it has not. When asked if the Company identified cost drivers in the scheduling pass, it states it has no idea.

7/11/2024: Scheduling items in the Union's pass are discussed to identify potential cost drivers. The Company again admits it has no data on whether the items increase costs, savings, or headcount. When pressed to explain unstacking's relation to cost, the Company requests "extra time" to respond. Once again, no data or analytics are provided regarding key cost items like COK, ROE, reassignments, cancellations, or delays.

7/18/2024: COMPANY CANCELS MEETING.

7/25/2024: The Company presents CBI 2.0 but demonstrates no understanding of unstacking, nor the difference between unstacking and percentage working. Captain Cole explains the difference. No costing is performed.

8/1/2024: COMPANY CANCELS MEETING.

8/8/2024: Representative acknowledges the solver solution file data requested by the Union at the prior meeting is still outstanding. No costing is performed.

8/15/2024: The CBI Solution Files are reviewed. Again, no costing is performed.

8/30/2024: COMPANY CANCELS MEETING.

9/3/2024: COMPANY CANCELS ALL FUTURE MEETINGS. The Company states that all further cost discussions must occur in mediation. Management then refuses to discuss cost drivers or perform joint costing during mediation sessions, as confirmed via email.

The company's costing "history" is a fabrication. They have consistently demonstrated a stunning lack of preparation and accountability in this process, especially with respect to costing, while blaming the union of the same. Your actions are transparently self-serving

and the pilots have caught on. If your goal is to erode trust and further unify this pilot group, your last two emails alone have succeeded beyond measure.

Industry Standard and Management's "Generous" Offers

The depth of management's shameless behavior playbook continues to amaze! Your recent claims of proposing generous terms to "address quality-of-life" concerns are unfettered bullshit. After the pilots appropriately roasted this management team for your substandard mailer terms, you've now mischaracterized *Union proposals* in a desperate attempt to make yourselves seem more reasonable. The overwhelming majority of these Union proposals were ones that your team vehemently rejected during bargaining - not a single item on your list was an original management proposal. For example:

Reserve Day-Off Protections: The Union proposed safeguarding reserves from having days off arbitrarily moved. Management outright rejected this proposal.

Reserve Callout Times: The Union proposed reasonable, industry-parity callout times, but management rejected it in favor of a lesser offer, with the added provision of allowing management to unilaterally reduce callout times for multi-airport domiciles.

Elimination of Reduced Day-Off Months: When the Union proposed the elimination of this provision, your team falsely accused us of "regressive bargaining" and rejected the proposal outright.

This is the literal definition of a "trial balloon." Management offers nothing substantial, circulates half-baked terms directly to pilots to test your limits, and then comes back to the table with marginal adjustments when the strategy predictably fails. This cycle aims to force pilots to distrust their Union, undermine the process, and settle for less -

transparently reprehensible, which is standard practice for this management group as of late.

The audacity to claim these were original “company” proposals on which the union refused to negotiate is both lazy and pathetic. Suggesting that the Union has been rejecting your supposed generosity and “willingness to bargain” is pure fiction. Mischaracterizing our terms as your own—while downplaying the immense effort it took for our Union to reach this point is appalling.

Captain Hollingsworth, you repeatedly claim to have a desire for a “collaborative and productive relationship with the Union.” Yet every message from you has been the antithesis of collaboration. Your messages are an insult to every Allegiant pilot who continues to endure this broken process that you have created. You should be embarrassed.

Retention Bonus

Contrary to the company’s false narrative, the Union’s position regarding our accrued retention bonus is simple: where is it held and how do you plan to pay it? What we have repeatedly asked is where is our money held? Our Trustee asked this question directly to Greg Anderson (CEO) who dodged the question and failed to respond.

Our pilots are rightfully concerned about these “promised” payments, especially when the CEO of a public company refuses to answer direct questions about the same.

Management has claimed that your retention bonus is “on the books” - what does that actually mean? Our financial research has brought new concerns to our attention. This matter has become more pressing than perhaps previously realized.

Management’s non-sequitur and false rumors won’t distract us from getting answers. We asked a simple question and management, up to and including the CEO, refused to answer it. Why the hesitation? What are you hiding? Our union has the legal right to compel a response to our inquiry. We intend to use it.

Unstacking “Language”

While the company claims that its “proposal” is a 50/70 percent solution, we would be remiss if we didn’t point out that a) “CBI 2.0/Solver doesn’t work and they can’t prove that they actually can run a 50/70 solution; and b) their language gives the appearance of “limits” but in reality is incredibly weak and permissive.

First, after a brief review of the language, you’ll notice that 50% isn’t really a limit. In fact, there is no reason for 50% to exist in their language. “The limit is 50%...well, unless it isn’t...then it’s 70%.” There are no monthly or seasonal limits. It’s 70%, all the time, with a 50% “placebo” to make you “think” that the company proposed some quasi-reasonable limitations.

Second, you’ll notice that although there is a “trigger” to stop the unstacking at the 50% mark ($\leq 5\%$ open trip pairings), there is no such requirement beyond 50%. In simple terms, once the trigger has been hit, the company can disregard the bid preferences of 70% of pilots in any given domicile and force them to work on any given day, without any reasonable limits. What’s more, you’ll notice that 70% isn’t actually 70%. It’s an “Allegiant 70”, i.e., “it’s 70ish” thanks to the “rounding up” effect, which can be **greater than 80%** (and even up to 100% in some limited cases) depending on the base. There are fictional limits that exist on paper. Clever.

Third, it’s always the *missing information* or the “gotchas” that management never shares about its language that’s the concern. What aren’t they telling you? Management’s terms contain a loophole - if the **company**, through no fault of the pilot, fails to maintain appropriate reserve coverage, the **company** is allowed a higher level of unstacking. In simple terms, in addition to the $\leq 5\%$ open trip pairings trigger, if the **company** breaches **their** duty to maintain adequate reserve coverage, our pilots - including the senior ones - pay the price by being forced to work on any day of management’s choosing and having their seniority and preferences disregarded.

Now you know what management’s “reasonableness” and “generosity” really means. Read the fine print.

The best part of this is that management has yet to provide **any** PBS testing data to justify a need for industry-worse unstacking/seniority violating provisions. None. Zero. We don’t know what their requirements are based on, but it’s certainly not actual testing that they shared with us. When the Union offered our **actual** testing data, the company refused to accept it. When the Union invited the company to perform joint testing to see the results for themselves, they refused.

Other Outright Lies

1. *“Inexplicably, the latest iteration of the union’s negotiating committee has claimed that the company has delayed setting up meetings with those vendors.”*
 - a. **OUTRIGHT LIE.** The Union requested the joint meeting no less than 6 times. The company did not schedule the meeting for over 6 months.
2. *“When the union passed its most recent PBS proposal it was a cut-and-paste of the Alaska Airlines PBS LOA.”*
 - a. **OUTRIGHT LIE.** The Union did not “cut-and-paste” the Alaska PBS LOA. The union used the standard PBS LOA format as a template, a template which is fairly standard across the industry. The terms were heavily modified to both satisfy our pilots needs *and* meet the requirements of the “unique” Allegiant operation. The company is well aware of this fact as they have had our proposal for months and participated in our most recent joint meeting. We based our joint working group provisions on the same and for good reason - but the company couldn’t even agree to that because...you know, “cost” or something.
3. *“The union knows those terms do not work with our model with more than 20 pilot domiciles of varying sizes.”*
 - a. **OUTRIGHT LIE.** The union, unlike the company, has actually recently performed and offered to share the testing in PBS using actual pilot bidding preferences that were painstakingly converted from CBI to NAVBLUE. We know **exactly** what works because we have tested it, and we have the data/results to prove it. If the company would commit to joint testing in PBS, they would see the results for themselves. Claiming that “nothing works” with the “unique” model is just lazy, besides being dishonest.
4. *“Although the parties were temporarily engaged in “supposal” type discussions on scheduling, hours of service, and reserve terms in recent months, the overall strategy of using comprehensive proposals had not changed. Nor was there ever a “commitment” by the parties or any requirement from the NMB mediator to pass partial supposals rather than comprehensive proposals.”*
 - a. **OUTRIGHT LIE.** Captain Hollingsworth, you made the commitment to both Captain Allen and Captain Lynch that if the union could agree to certain terms to with regards to a significant amount of “flexibility”, you would address the union’s issues in Sections 14, 15, 16, and the PBS LOA. If there was a legitimate reason the company could not agree, you were to provide the data, testing, or analysis to support your claim. You shook hands and

made that commitment to both the Chairman and Chief of Staff of the Committee in Columbus.

- b. Shortly before our next bargaining session, **you called** Captain Allen to **apologize** for the fact that your negotiating team had decided not to honor the commitments made in Columbus and was instead going to impose new bargaining terms well above what you originally asked for. You pleaded with Captain Allen to keep the Negotiating Committee on board, requested our team “not to freak out”, and assured us that you could get them back to the original commitment they made in Columbus.
 - c. If there was no commitment, why the need to call to apologize? If you are the new “decision maker”, how did your team make the decision not to honor those commitments and why didn’t you have the authority to bring them back in line? Captain Hollingsworth, your revisionist history will not restore your integrity. You made a commitment, you failed to follow through, and you’ve spent the last several emails trying to make excuses for your behavior. The pilots see right through it.
5. *“Recently, we have heard from pilots in Knoxville that a member of the union’s negotiating committee has been telling people that the company has made a proposal to eliminate the retention bonus. There is no truth to this rumor. As we have repeatedly told you and the union, we have not and will not ask to change the terms of the retention bonus agreement. If you do not believe us, we invite the union to share the proposal that it says we have made to change that agreement. The union won’t be able to produce a proposal because no such proposal exists.”*
- a. **OUTRIGHT LIE.** More unsubstantiated garbage from the company’s new “decision maker”. No member of this committee has ever said any such thing to a pilot. The union doesn’t need to “share the proposal” because we never claimed that any such proposal existed. We “heard” from “pilots” is usually the company’s attempt to add credibility to yet another company rumor. What we do know is that we have a pending information request regarding the retention bonus, addressed to the CEO of the company; the Union has not received a response.
 - b. The CEO of this public company refuses to answer direct questions about monies owed to pilots and this pathetic attempt at a distraction doesn’t change that fact. Captain Hollingsworth, this issue is well above your pay grade. You have no authority to make any claims regarding retention bonus. Furthermore, upon review of the company’s financial statements, we have additional questions regarding the security of the retention bonus.

- c. Your CEO, Mr. Greg Anderson, and/or the Board of Directors, can provide the only acceptable response to our actual inquiry, not the one you invented. We will use every legal avenue to compel them to do so.
- 6. The union has put out a number of communications claiming that the company “abruptly” stopped passing so-called supposals , violated its “prior commitments,” and made a comprehensive proposal that demands the union agree to concessions. None of that is true.
 - a. **OUTRIGHT LIE.** Management did, in fact, abruptly and without notice end “supposal” bargaining on the final day of our last session with no prior discussion with the Union.

To be very clear, we are not demanding a return to “supposal” bargaining. The type of bargaining is irrelevant to us. What we are demanding is that Allegiant meet, negotiate, and honor the commitments that they made, all of which they refuse to do

LINK: [ARBITRATION TRANSCRIPT](#)