

Economic Overview

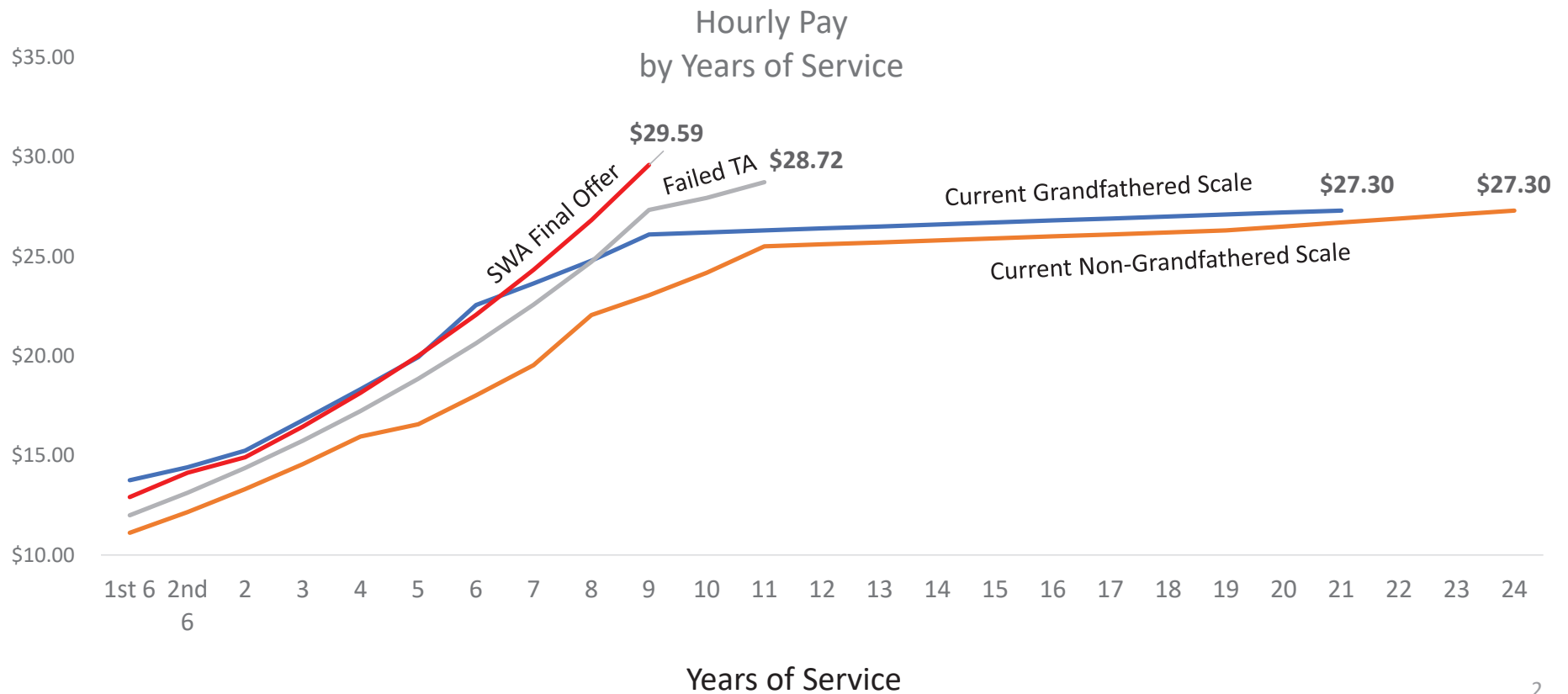
SWA Final Offer – June 14, 2018



Pay Structure and Signing Bonus versus Current Contract and failed TA



SWA Final Offer vs Previous Failed TA and Two Current Pay Scales by Years of Service





SWA Final Offer Compensation Highlights

- SWA Final Offer Contains a Unified Pay Rate Table Format
 - SWA Final Offer combines the Two current scales (Grandfathered and Lower Paid Non-Grandfathered) into One scale
 - Previous separate longevity pay scale is included in new rate scale - so you are getting money NOW that you would have had to wait 10 years to start getting longevity pay
 - Failed TA top out was 11 years of service and was a major reason for failed TA (survey)
 - SWA Final Offer reduces pay scale top out to 9 years of service and increases rates over failed TA
 - SWA Offered a choice of either 30% Bonus and 10 Year top out OR a 25% Bonus and a 9 year top out
 - IBT NC voted to accept 2nd option of a 25% Bonus and 9 year top out
- Pay Table Increases
 - SWA Final Offer has average scale increase of 14.4% at DOR over current pay rates
 - Failed TA scale average increase of 9.3% at DOR over current pay rates
 - SWA Final Offer retains 3% annual scale raises in each year of the contract
 - SWA Final Offer increases employee earnings by \$35,000 to \$72,000 vs. current scale over next five years
 - 5 Year payroll cost of SWA Final Offer increases by \$8.1 m over the failed TA and \$20 m over current
- Signing Bonus
 - SWA Final Offer has a 25% payout based on employee earnings paid in 2017 worth \$4.0 million
 - Failed TA had a 20% signing bonus worth \$3.2 million

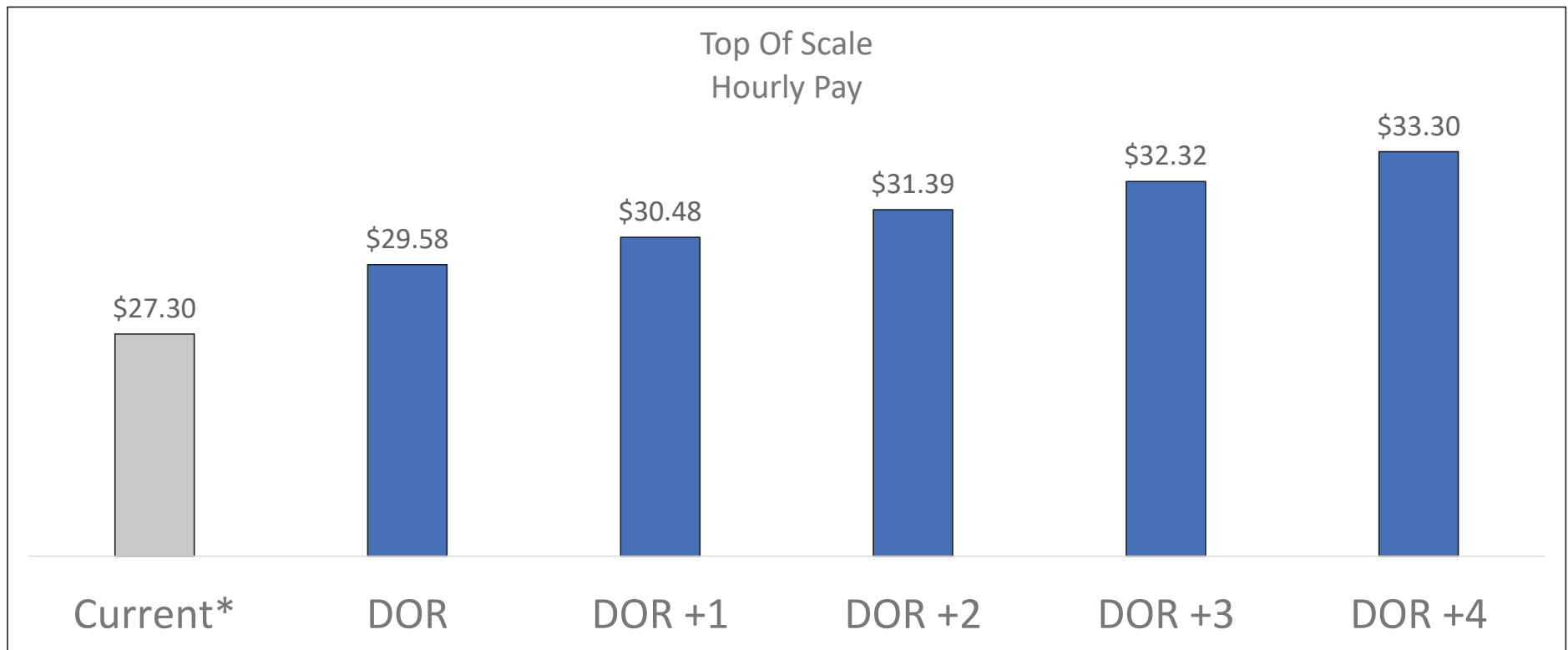
SWA Final Offer Drops Top Out to 9 Years At Date of Ratification and Increases Pay over Failed TA



YOS	Current	Failed TA 4/1/2017	SWA Final Offer
1st 6 Mos.	\$ 11.11	\$ 12.00	\$ 12.91
2nd 6 Mos.	\$ 12.16	\$ 13.13	\$ 14.13
2nd Yr	\$ 13.31	\$ 14.37	\$ 14.91
3rd Yr	\$ 14.57	\$ 15.74	\$ 16.45
4th Yr	\$ 15.95	\$ 17.23	\$ 18.14
5th Yr	\$ 17.45	\$ 18.85	\$ 20.00
6th Yr	\$ 19.10	\$ 20.63	\$ 22.06
7th Yr	\$ 20.91	\$ 22.58	\$ 24.32
8th Yr	\$ 22.89	\$ 24.72	\$ 26.82
9th Yr*	\$ 26.10	\$ 27.33	\$ 29.59
10th Yr		\$ 27.94	
11th Yr		\$ 28.72	
LEAD*	\$ 28.39	\$ 30.47	\$ 31.33

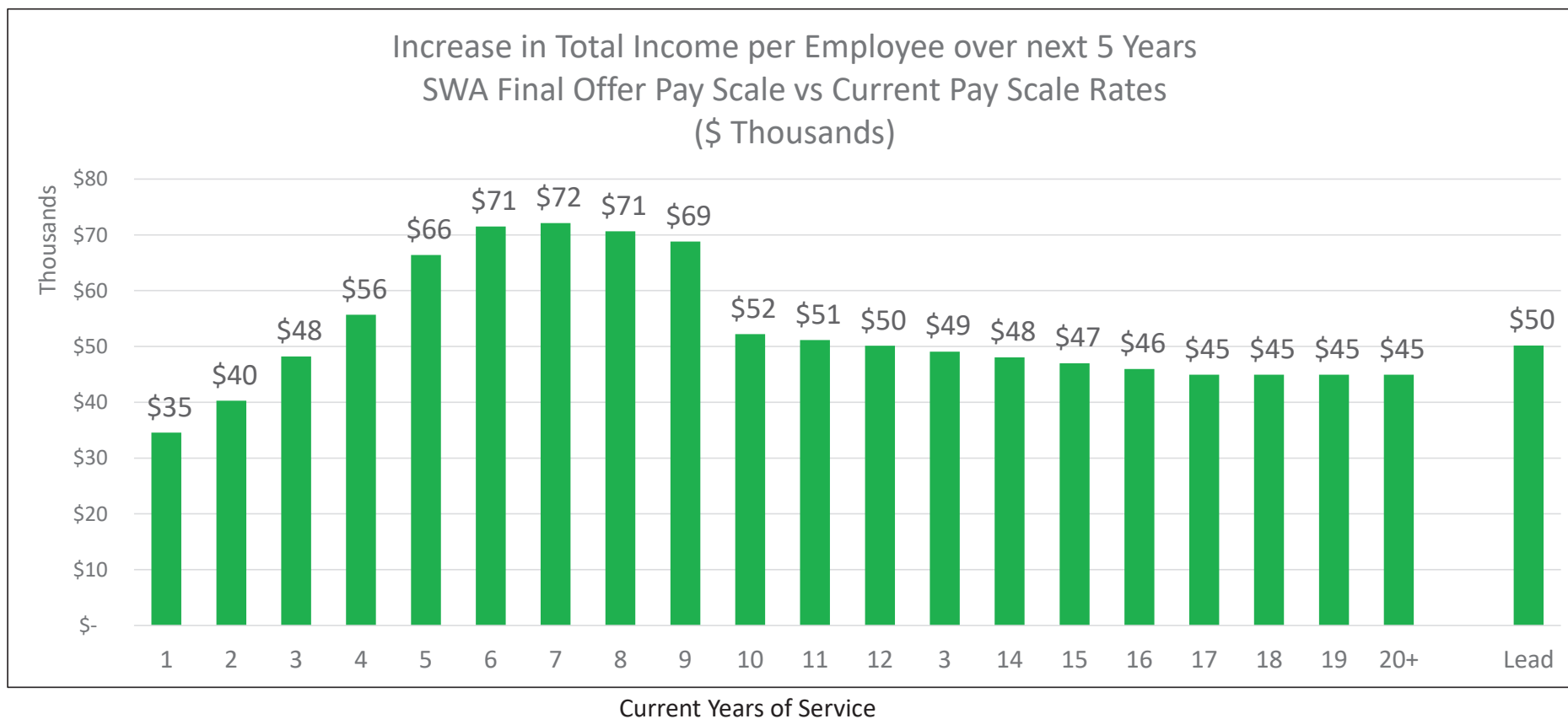
* Note: 9th YOS includes current Grandfathered wage rate plus longevity.

SWA Final Offer Top of Scale Pay Rates Increase 22% by Year 5 to Highest in the Industry



*Note: Current top of scale rate includes maximum \$2.00 hourly longevity.

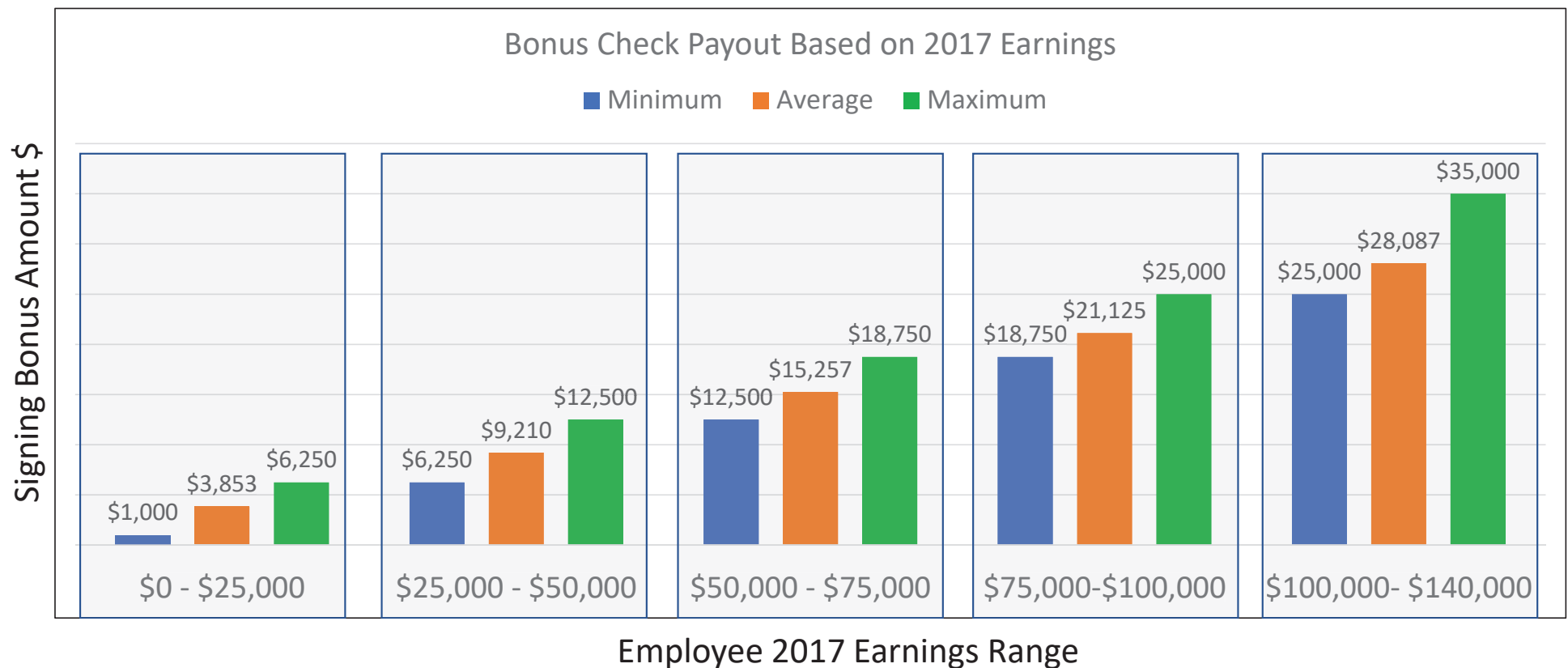
SWA Final Offer Increase in Individual Employee Earnings Above Current Scale Over Next 5 Years



Note: Based on 2080 annual hours individual employee earnings progressing through current pay scale vs. SWA Final Offer pay scale.
Current pay in Years of Service 1-9 based on non-grandfathered scale, steps above 9 based on current pay in grandfathered scale.



Signing Bonus Payout Amounts Based on 25% of 2017 Employee Earnings*



*Note: A minimum bonus of \$1,000 per employee will be paid to those on payroll at DOR hired in 2018 or with less than \$4,000 total earnings in 2017 .
Bonus average is based on 25% of 2017 Materials Specialist's average earnings in each earnings range.



SWA's Final Offer Increases Payroll 28.8% over Current Payroll Expense and 12% Over Failed TA

Pay Rates	Payroll '18 - '22	vs Current	% Incr. vs Current
Current	\$68,404,336		
Failed TA	\$79,943,192	\$11,538,856	16.9%
SWA Final Offer	\$88,055,043	\$19,701,410	28.8%
5 Year Increase Cost			
SWA Final Offer vs TA		\$8,162,554	12.0%
Annual Avg. Payroll Increase vs TA		\$1,632,511	

BONUS	Cost
20% Signing Bonus in Failed TA	\$3,200,000
25% Signing Bonus in Final Offer	\$4,000,000
Bonus Increase	\$800,000

Note: Based on June 14, 2018 SWA Final Offer and 2017 failed TA.