

17th February 2009



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❖ NOTICE ❖

TO: ALAEA MEMBERS – SKYWEST AIRLINES

**RE: SKYWEST REQUEST 12 MONTH “FREEZE” TO
EBA PAY NEGOTIATIONS**

The ALAEA/EBA reps negotiating team met with Skywest management in Perth on 12th February 2009.

This was the first EBA meeting since the Skywest CEO Paul Daff wrote to Engineering JCC members on 15th December 2008 seeking a 60 day temporary postponement of EBA discussions.

Your negotiating team was somewhat shocked to be informed by Executive Manager Peter Burrows that Skywest were now requesting a 12 month deferment to EBA negotiations with no pay increase to apply at all during 2009.

There were a number of other EBA issues your negotiating team were seeking to raise and progress but the Company position was rigid that a 12 month deferral of EBA negotiations was required. There was also no assurance about when EBA negotiations would resume or when any future pay increase would apply from.

Your negotiators do not believe the Company position to seek a 12 month freeze is reasonable given the still relatively high levels on inflation and noting the last pay increase for Skywest Engineers was from 1 July 2008.

However it is important that members now fully consider the position the Company are putting and determine the way forward.

The general economic downturn has been cited as the key reason for the Company position. The ALAEA requested that the Skywest position be put in writing and a copy of the letter from Peter Burrows is attached to this Notice for your consideration.


"To undertake supervise and certify for the safety of all who fly."

Skywest management were advised that Skywest Engineers would consider the Company position over the next couple of weeks and then a further meeting would be convened to inform the Company of your response.

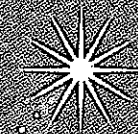
Noting that the current EBA has passed its nominal expiry date of 31 December 2008, members should consider all options available under the Workplace Relations Act to progress efforts to get a new EBA if the Company's current 12 month EBA/pay freeze proposal is regarded by you as unacceptable.

The EBA reps will shortly release details of the member meetings to consider the Company position.

Once members have collectively determined their position, the ALAEA will fully support members in the further discussions with Skywest management as we strive for a fair and reasonable EBA outcome for aircraft engineers at Skywest.



NOEL SPEERS
Industrial Officer



Skywest

Noel Speers
Industrial Officer
Australian Licensed Aircraft Engineers Association
25 Stoney Creek Rd
Bexley NSW 2207

12th February 2009

Dear Noel

Thanks for your time today it was a pleasure meeting with you. Let me summarise the points made in our meeting

- As a sign of goodwill and in the best interested of the company, senior management of Skywest, 1 month ago took a wages reduction of 10% and agreed to forego any bonuses for 12 months or until the business is in another growth phase.
- Administration employees of Skywest have had no wage increase since November 2007 and have agreed to forego increases in the 2009 calendar year.
- Some 45 employees have been made redundant over the past 30 days
- Regular passenger transport has declined significantly since November 2008
- Charter mine flights have been cancelled at this stage to the tune of around \$150,000 per week with more cancellations expected.
- F.M.G amongst other miners have asked for a decrease in price of 20% across the board on their staff transport.
- 50% of the office space is in the process of being vacated and all staff will be moving into the remaining 50% of the space with up to 3 people in a single office
- Phone services have been cut affecting a 22% saving in telecommunication charges.

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- Our suppliers after being contacted have agreed across the board to price decreases of between 15% - 20%.
- Other industrial parties to whom we are talking are looking very favourably at a status quo for 12 months with a moratorium on any increases and changes.

In summary, we have been a successful business operating for 45 years and we want to make sure we are in a position to operate for another 45 years supporting the core fine group of employees to ensure when the upswing comes we are in the best position to take advantage of the benefits that will accrue to the best left standing..

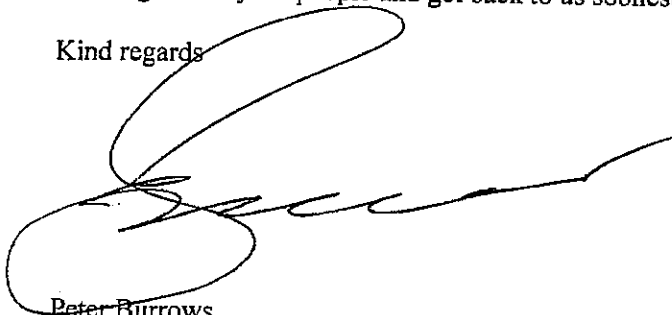
We would be very distressed if your members were the only group who could not join us in our unified support of Skywest our loyal and in the past generous employer.

We are proposing a 12 month deferment of negotiations of the terms and conditions of the current contract with no increases in that 12 month period.

We want to continue these talks with a view to a longer stronger partnership your members and Skywest.

Please get with your people and get back to us soonest

Kind regards

A large, stylized handwritten signature in black ink, appearing to read 'Peter Burrows', is written over the typed name and title.

Peter Burrows
Executive Manager