The Pre-Solicitation Conference met in the Monticello Room, Crowne Plaza Hotel, 1480 Crystal Drive, Arlington, Virginia, at 12:00 p.m., Kristen Jaremback, Contracting Officer, presiding.

PRESENT:

GSA:
KRISTEN JAREMBACK, GSA
LEAH BALLIS, GSA
JEROME BRISTOW, GSA
TIM BURKE, GSA
JERRY ELLIS, GSA

PARTICIPANTS:
DRISS BELMADANI, Jet Blue
TOM BILLONE, United Airlines
ANDREA CARLOCK, DTMO
DENNY CLIFFORD, Delta Airlines
GEORGE COYLE, American Airlines
JEFF HAAG, Southwest Airlines
FLOYD HARALSON, USAF
HOWARD HICKS, DTMO
KELLY JACKSON, Colorado Springs Airport
JEROME JOHNSON, USTRANSCOM
MSGT MONIQUE MARSHALL, USAF

PARTICIPANTS: (cont'd)
STEVE MURA, HQAMC
KEVIN SASILA, HQAMC
GISELA SHANAHAN, Colorado Spring Airport
KEN SPIRITO, Newport News Airport
BRUCE TARLETSKY, Wichita Midcontinent Airport
JESSICA WHARTON, Newport News Airport

TELECONFERENCE PARTICIPANTS:
KIMBERLY BRYANT, National Science Foundation
KAREN CANNON, Alaska Airlines
DONNA CAVOS, Frontier Airlines
MARK DELLINGER, State Department
MARK EDWARDS, HQ Marine Corps
TONY GOODMAN, Virgin America
TERESA HOLLOWELL, NASA
SUSAN MITCHELL, U.S. Airways
RAY MARTINEZ, Small Business Administration
TERESA McGUIRE, USDA
LINDA NELLIS, Sun Country
STAN ROSEN, Department of Treasury
MIKO SNYDER, Alaska Airlines
MARIA VINUP, AMC
STEPHEN YOUNG, Hawaiian Airline
MR. BRISTOW: I wanted to say right up front that we are committed to ongoing dialogue between us and the carriers in moving some of these issues along, making sure that we get completion of these issues pretty soon here. As we talk about the baggage fees, the spoilage, and the unused tickets, I just want to address a few things before we get started here.

The reason that we are here also is we are in the service business. We are in the service business, taking care of our customers, and taking care of our customers also on the City Pair side includes the vendors and includes our customers outside as well.

The decisions we make, we have to ensure that we are not leaving these customers out in the cold, and that we are able to talk through these areas and these issues, number
one, that impact the carriers, but, number
two, have an impact on our customers.

And we understand that some of
these issues that we are going to talk about
now have added costs to our carriers and are
somewhat impacting our customers. And that is
why we want to have this continued dialogue as
we work through each one of these issues.

Number one, how do we stop these
practices, or how do we reduce these costs
that impact our vendors but also impact our
customers in traveling, just like Colorado
Springs or Newport News or Wichita? Those are
clear items for discussion, and thanks for
being here today.

I also wanted to say that as we
work through these, we are requesting data
from different sources. We need the data to
make some decisions. We can't make these
decisions just out in the front of just by
hearsay or just talking about them. We need
to have the supporting data to be able to take
this to our leadership areas to show them what
the impact is and how that is going to impact
our program, impact our customers, and impact
our suppliers as well.

So I wanted to make sure that we
talked about this and that the data that we
collect has a cost structure associated with
it that is actually going to help us make the
determination of which way we go in each one
of these items we are going to discuss.

So GSA, in turn, needs this, to be
able to make sense out of it, and address this
to our leadership, take this out for further
discussions, and we want to make sure we have
these continual, ongoing discussions.

The program management office was
established so we could continue this dialogue
throughout the contracting process. You know,
before we established the program management
office, when the final solicitation came out,
our carriers will tell you discussion stopped
for about five to six months until those were
awarded. It was a dead-end deal, and then we only had a month or so to work on some of these areas.

I understand we have been addressing some of these along the way. I understand we are not done, and that is why we are going to have this continuing dialogue here to ensure that we continue to work through each one of these issues to satisfaction. Okay?

We have not completed those yet, and thus we are going to have these follow-on discussions. So thanks for your attendance today, and thanks for bringing these to our attention.

We also want to make sure that we are going to manage the risk on all of our parts -- manage the risk to the program, manage the risk to our customers, and manage the risk to our suppliers. I want to make sure that that is clear as we start these discussions here, and as we continue to work
through these.

This isn't a one-sided thing. The integrity of the program is at stake once we make these types of changes. So as we come up and have these discussions, how do we maintain the integrity of this program? How do we maintain the service to our customers? And how do we maintain the participation of our carriers?

Because unless we have these discussions and bring these out in the open and bring these to resolution, it may minimize the participation or the extent of participation that some carriers are able to participate with us, or it may send them in a direction that says this contract is too onerous for us to even participate, and now we have lost the -- either the competition or we have lost a service in the critical areas that we need along the way.

So that's why I want to make sure that we are discussing these openly, but also
focused on the fact that we need to maintain
the benefits for our customers and maintain or
lower the impact to our suppliers.

So with that being said, let's go
ahead and open up on baggage fees. I'm sorry,
could we open up my slides there? Thank you.

They actually look better.

One of the areas that came up that
we wanted to address -- and we got this from
AMC -- it was a discussion topic that we had
with regards to a conference report that has
come out from Congress that strongly
encourages DoD not to enter into any contract
agreement with an airline that charges excess
baggage fees to service members who are
traveling on military orders or being deployed
or returning from overseas contingency
operations.

It also calls for the Secretary of
Defense to report to Congressional Defense
Committee's measures being taken to prevent
service members from having to pay out-of-
pocket costs on checked baggage. And I think we had an initial discussion on this, but I think we need to take this a little bit further into our discussion here of these types of bags.

Number one, the carriers cannot just give carte blanche everybody gets free baggage. You would have an RJ coming out of Wichita or Patrick Henry. You would totally overgross the aircraft, and the weight creates a safety factor not only on the ticket counter, the ramp, but also for the aircraft.

On the second part, you know, maybe we have to limit that. And the carriers have provided some of those limits without having to have this as a contract item. So some offer two bags, some offer four, some offer five. I believe there is another slide on that, on the next one.

And these include the B4s and the duffle bags and the service members. You know, that fee is waived, depending on the
carrier. And part of that is to ensure that
the traveler understands before they leave
their origin point what the restrictions are
going to be when they get to their connecting
point.

When they come off that Patriot
Express, how many bags am I allowed to take on
that forwarding carrier that I am going to go
to? And what's the limitations and those
things? So that maybe the advance can be
paid, or if that customer has a travel card,
they could charge those bags and be reimbursed
appropriately.

So I am just putting this out as
the discussion, and let's go from here. Tom?

MR. BILLONE: This is Tom Billone,
United Airlines, and I have a question. It
has been a number of years since I was in the
military, so -- when I traveled in the
military, I got an advance in cash or a check.

Is that still part of the process now?

MR. HARALSON: No.
MR. BILLONE: So when these ladies and gentlemen who have no money and no credit card get to the counter with excess bags, what do they do? I mean, this is an issue that we run into all the time. And do you turn them away, and then, you know, cause customer service issues and patriotic issues?

There is something on the other end that needs to be done, either give these people some kind of card or some kind of payment for bags. You know, like I said, when I traveled, they used to give me, "Hey, here's your money. Good luck." You know, and now I guess you don't get that.

MR. HARALSON: This is Floyd Haralson, Headquarters Air Force. Actually, that question really belongs in the finance arena. What really happens -- in 1998, the TRA, the Travel Reform Act, said that travel should be done with some type of card, and the government has come out with several iterations of those cards, the latest being
the control spend account amount, which means
that any traveler, regardless of their credit
history, is entitled to some type of card.

So they shouldn't be arriving at
the counters without cards. They don't do
cash advances, unless it is an extreme
emergency and there is no other way to do the
cash -- to get the traveler to go.

The commander says that this
individual must be the one to travel -- and
there is no way to get him the card in time --
but they have supervisions in place now where
every single traveler that has to go can get
some type of card.

Now, that is Air Force for sure.
I don't know how -- I can't speak for the Army
or the other branches of service. So they
should not be arriving at the counter without
some means of handling that, because we do
tell them in advance, "Plan to pay for any
excess, and file it on your voucher at the
conclusion of your travel."
MR. ELLIS:  Anybody else?  Any other service want to --

MS. SHANAHAN:  To answer your question, Tom, we get a lot of Army through. I happen to have a son who is active duty Army, husband retired Air Force, so I see both sides of the coin.

Depending on the travel, in the Army, for example, these young troops that are coming back and forth through Fort Carson, they do not get cards. That is, and particularly if they are just starting their career, they are coming out of basic, Carson is their first assignment, they are going back and forth overseas, they do not have a card, they do not get travel advance, and many of them are showing up literally with a buck in their pocket, and all of the bags and all of the uniforms they got issued in basic training, which typically translates into a duffle bag that weighs over a hundred pounds.

And what we have is fortunately we
I have a very good volunteer program, and they go to our volunteer desk. And we have a huge retired military community that literally takes a twenty out of their pocket and hands it to the E1 that just showed up on the counter.

So I did want to clarify that that huge flow on the DoD side -- that is the Army young troops -- that is a big problem. We don't see it on the Air Force side at all, very different type of structure. But you will see that. I have not seen that change. Like I said, my son is active duty now. I don't know where the -- you know, where the resolution is, but I did want to clarify that that is the case. They literally have nothing.

So that you know, as you're talking, you know, to your particular organization that they aren't just showing up and claiming they don't have anything. They don't. You've got an 18-year-old kid, first
time left home, has not a dime to his name.

MS. CARLOCK: And I will say
"shame on us."

(Laughter.)

I say, "Shame on us. Shame on the
Department of Defense." They should -- this
goes back to transportation. They should be
making the proper arrangements to make sure
that they understand, if they have these bags,
that there needs to be some type of form of
payment for paying for that.

So we, the DTMO, we don't really
have a dog in this fight. However, we will go
back to Army -- I don't know if AMC wants to
put something to Army, but we will go back to
Army headquarters and raise this as an issue.

And then, again, it has to go from the top
down, through the chain of command.

The services have to take
responsibility for oversight and management of
each of their services. I know a lot of times
people come to the DTMO as the saving grace
for everything, but we are actually not. We have customers, but we can put that information out.

They should -- first of all, is it authorized? There should be something that they have been given in order to pay for these bags. I don't know, AMC, if you want to add anything to that. Would you concur?

TRANSCOM?

MR. JOHNSON: This is Jay Johnson, U.S. TRANSCOM. Actually, on this conference report, most of you probably recognize how we got here. I think Denny gave an example of a military person, and that got congressional attention. And if you go back a few months, there were several bills written -- one in the House. It was going to mandate in the DoD Appropriations Act that DoD couldn't go to any contracts with any airline that charged for more than four -- that did not give at least four bags free.

There was a House bill that came
out that was going to go in the Air Commerce Act that was going to mandate to the industry that you cannot charge a military member.

Ultimately, this thing came out on 15 December in this House Conference Report.

And we are kind of looking at it -- at least from our perspective -- in two ways. One, it is going to affect a lot of the people in this room, because part of that language is strongly encouraging DoD not to enter into any type of contract agreements with airlines that do charge baggage for troops that are deploying or redeploying.

Well, that could possibly impact everyone in this room. We've got several contracts out there. Even discussions on if it will impact the City Pair Program. The jury is still out on that.

We've got a meeting next week with our legal advisors to kind of walk through the implications of this non-binding report, because it is non-binding and we will have to
bounce that off of the Fly America Act and the CRAF Act, because that is basically what we operate off of.

So, in essence, I think part of this could possibly impact the audience here.

The second part of that deal, though, is that DoD -- the Secretary will get an opportunity 90 days from the date of this report, so on 15 March, DoD has to present a report to Congress that basically says, "Here is what we are doing to make sure that we can prevent a military member from having out-of-pocket expenses."

So DoD is going to get an opportunity to -- as Andrea was saying, shame on DoD. Whatever that case may be, DoD will get an opportunity -- and I'm pretty sure it will impact all of the services that's on the line -- will get a chance to talk to Congress about what the Department is doing to prevent out-of-pocket expenses.

MR. ELLIS: Thank you.
MR. BRISTOW: One of the things on this before we put this into a contract -- that's why we want to have this discussion -- something that is just out there right now for discussion, we are not able to move on this to make that as part of the contract right now until we get some clear clarification as to what direction they are going to move.

We don't want any of our vendors to be inhibited from participating in our contracts, nor the CRAF, nor the Fly America Act. One of the other things we need to make sure -- impact on the code-share partners.

Let's make sure that is clear, because some of these code-share partners do not have some of the same requirements that the U.S. carrier has. Okay? We can't force them. They are not under contract; we wouldn't be able to do that.

MR. BILLONE: One issue on the bags and orders, you know, everything says "military member on orders." Well, we kind of
leave that off the definition, because 85 to 90 percent of the time the service member does not have orders on them. They are electronic, they don't print them out, and they come up and "I'm on orders," and we -- you know, we have to accept that.

I'm telling you right now, if anything is put in where the airlines have to give some kind of baggage allowance for military members on orders, those military members better have their orders with them, because if they do not have the orders with them, they are in violation of that contract provision, and we will not waive the fee.

I'm telling you right now, that's a big issue, and it needs to be addressed, because I keep being told by my people they don't have orders. They say they are electronic; they don't have them. Hey, back in my day, we had them with us, you know? So, but that was a long time ago. That was the brown shoe days, you know?
MR. BRISTOW: Any other discussion on the baggage fees? I believe we have aired that one pretty good. Next one. Oh, sorry.

MS. CARLOCK: We are talking about March 15th that we are supposed -- DoD, we are going to respond back to this congressional report. So when we say we are not doing anything or putting anything in the contract -- and I guess we could probably take this offline -- I'm curious as to, well, what if this goes forward? It gets passed, it gets signed, what are we anticipating, then, that would happen then?

MR. BRISTOW: Well, we continue to have our dialogue with the carriers. There is opportunity down the road to -- I'm not going to speak for contracting, but to amend or modify the contract.

MS. CARLOCK: Okay.

MR. BRISTOW: And we can have those discussions as to acceptance/non-acceptance, and those types of things. It
would be similar to adding an additional customer onto a mandatory City Pair Program.

MS. CARLOCK: Okay. I just want to make this clear to the carriers, that this is something that is being placed on DoD by Congress.

MR. BILLONE: We understand.

MS. CARLOCK: Okay. Not DoD saying that we want to have to do this.

MR. BILLONE: We think it's up to you, though, to report to Congress what the potential ramifications are of where they're going with this.

MS. CARLOCK: And we attempted to do that already. We already did provide them a response. In our response, we indicated that, is it truly out-of-pocket expense? We said no, because they are reimbursed for it. We provided that information to them. That went on deaf ears.

MR. BILLONE: The potential of this program going away by carriers being
forced to provide unlimited bags is great, which then directly relates to the cost to the government for travel. This is a big issue. This is huge. The impact is significant.

I'm telling you right now, this program had for 30-something years, 1,000 cards were --

MR. ELLIS: Well, it's not only -- Tom, to your point, it's what they -- people over in the House and Senate need to understand, it not only affects this program. CRAF -- if you can't enter into an agreement with DoD, what happens to the CRAF program? That comes down like a house of cards. And they need to understand those implications and ramifications.

MR. BILLONE: I don't think they really understand.

MR. ELLIS: Jeff has got a --

MR. HAAG: So, I mean, for potential timing of an impact, modifications to the contract, a decision on whether or not
DoD can contract with the carriers charging bag fees, is that March 15th? I mean, when should we look, as carriers, for some type of action item/potential change to go into effect?

MR. BRISTOW: Nothing will go into effect until we have further discussions or until we find out what has been discussed at this March 15th meeting.

Jerry?

MR. JOHNSON: As far as the March 15th date, first off, the agencies that tasked to do this report in the Department, some of us still don't know who that is going to be.

So the expectation of having a report in Congress by 15 March, you know, I can't speak to that. But in a report there are things that is called an interim. But either way I think the Department will make some type of a response by 15 March, but I think we would be overly optimistic if we
think that we would have some type of agreements in place to have something effective on 15 March. That's just my personal opinion on it.

MR. BRISTOW: It may never grow additional legs once they have their discussion at their congressional meeting. Is that correct? Okay.

Anything else on baggage?

(No response.)

Okay. Let's go on to City Pair fare spoilage. Okay? Huge issue we have had discussions with the carriers on. The definition on the spoilage is reservations made and held but not ticketed and not ever canceled. These are lingering issues out there for the carriers with regards to what they call spoilage of their inventory.

They do not have the capability or the ability to resell that seat, and, therefore, the impact from our program has become substantial for them, and the risks
associated with providing the bids on our
fares, our marketplaces, their participation.

Whether or not it be reduced
participation, or increased fares, we don't
know what that impact is going to be if we
don't really address this as a huge issue that
the airlines are experiencing today.

Next one, please.

We have gone out and talked to the
customers on some of these, the preferred
communications and education approach to the
contractual change, so they prefer a
communication and education approach to go out
to our travelers and say if you have not -- if
you do not have plans to take that trip, that
you should be canceling that as soon as you
find out, or, at a minimum, three days prior
to departure.

Do not leave this inventory
hanging out there. Do not degregate their
inventory along the way and allow them to
resell that seat, so that they can increase
their economics, the profits, or whatever --
remain profitable so they can maintain their
presence under the City Pair Program.

The consideration that they
thought maybe -- 24 hours auto cancellation.
That was for -- that was from our customer
base, those that we had spoken to. The
carriers, or the voice of the industry, is
looking on the 24-hour auto cancellation does
not do much to enable carriers to resell the
inventory. It only gives them that small
window of opportunity to resell that seat at
the projected fare that they need for that
seat at that last-minute travel.

Forty-eight hours auto cancel
request is to be the minimum required by GSA
for the FY13 contract; or 72 hours auto
cancellation, first choice would be this -- to
allow the carriers maximum flexibility to
resell their inventory. That being said and
understood, you can all -- you can see we have
a variance here of 72 hours/24 hours of even
consideration.

So I would like to open up the
floor and the discussion on this from our
customer base as to what the impact is to our
customers and how we can assist in this,
because the numbers that have been provided to
us by some of the carriers are somewhat
astronomical. It is not $100,000. It is not
$1,000,000. It is up in the $50 millions.

So this impact is great. There is
something going on out here that we are unable
to see at this moment. It is very difficult
to get your hands around spoilage -- a ticket
that was -- a reservation that was made and
not ticketed. We have all of the information
on every ticket that we issued. We don't have
any information on any ticket that wasn't
issued, and that is where we have to go to the
carriers and get that information from them.

So this opens it up as a real
difficult issue to talk about and to resolve.
So that is why we are at where we are today.

MR. BILLONE: Okay. This is Tom Billone from United Airlines again. Let me give you a little history on this, because we have been playing with this now for four or five years.

All right. The original impetus from this came from a meeting with AMC where we were asked to, as an industry, put together a focus group to come up with a number of issues on the GSA program that we thought were important to the carriers.

It ended up being this was one of the big issues. We didn't have anything identified at that time, but this when we all met was the spoilage, because we knew there was spoilage, but we didn't have our arms around it.

So one of the first iterations of this was ticketing 10 days after booking. All right? That was the first thing to come out of this, and that seemed to be impossible when
you're dealing with the military. You know,
you've got groups, you don't have the names of
the groups, you have a whole bunch of people
going, and so on.

And then, we went down to a seven-
day prior to departure. We thought it was
pretty logical; we'll go with that. The
report that you, Jerry, gave us a few years
ago showed that 85 percent of the tickets were
issued within four days of travel. So we, as
a compromise, I mean, said, "Okay. Why don't
we do three days?"

All right. Your studies show four
days; three days is logical. And that is
pretty much where we are. Now we are getting
pushed back 24 hours.

Well, you know, we have gone from
10 days after booking to three days prior to
departure. Now, United Airlines' policy is
anybody on any fare, if they don't purchase
their ticket within three days prior to
departure, it's canceled. All right? So that
is our general commercial policy.

And if you purchase within three days, or if you book within three days, you have 24 hours. This is all we are asking to do. It's the same thing we do for everybody else to do for the government travelers.

Now, I understand there is issues about the numbers that we are going back and forth, and Denny can talk to that, because we understand they are seeing some discrepancy of how the evaluations were done.

But I just want to say, this is not something we just magically thought of. We have gone through this process, and now we are being told, well, we may get 24 hours.

Well, you know -- oh, and by the way, why don't you send us notifications 14, seven, and three days prior to let us know? And then, that puts more work on the travel agencies, because everything goes into queue and they've got to look.

So, you know, I'm just -- that's
the background, that's the history, and I think we finally want to come to a resolution at last.

MR. BRISTOW: Yes. Those initial studies that we did a couple of years ago had to deal with ticketing time limits, and now we have narrowed this down to the spoilage.

So, yes, it did start back then, we worked on this, and we wanted to make sure that we are addressing this now. It's not in the solicitation today, but we want to continue to work on this, so that we can come to some kind of resolution.

And as Kristen says, down the road we can modify the contract, we can make sure that we are -- when we have worked through these issues that we have this addressed appropriately. Correct? It's a timing factor at the moment.

MR. CLIFFORD: Denny Clifford, Delta Airlines. Jerry, I realize it's a timing factor. We have been working on this
hard for two years, especially the last year.

This is the pre-solicitation conference. I don't understand why this is not put into the contract, either the draft or the final. I mean, here we are, hurry up and wait.

We have given you mountains of data. The airline industry, individuals collectively, we have given you mountains of data, and still there is no change. And now we're being told, okay, even after a final, which apparently may not even have this in it, we are going to talk about this stuff. We have got to get this resolved, and we have got to get it resolved right now. What's the hold up? What is -- what is it that you don't have to resolve the issue?

MR. BRISTOW: The main thing is the data that we received was disparate across the airlines. I'm not discussing the veracity of the data. Your data is your data, and I'm not saying yours is right or wrong. We have to be able to take this, formulate this into a
process that we can present to the leadership.

This is a fundamental change to the City Pair Program. Never had this before and, once
given up, never to return again. Agree?

MR. CLIFFORD: I agree on that point, but I want to get into the data.

MR. BRISTOW: Right.

MR. CLIFFORD: Because we have to. But go ahead.

MR. BRISTOW: But the data itself, we are not disputing the data. We understand there is a problem. Now, how do we take this to the leadership to say to them, "We are going to make this fundamental change to the City Pair Program that 48 hours, 24 hours, 72 hours prior to departure we are going to be canceling those reservations that aren't ticketed."

And, again, we want to be good stewards of our contracts to our suppliers. At the same time, we have to make sure that we are not sending through such a huge impact to
our customers that all of a sudden they get to
the airport and you have this huge flow of
people who, number one, don't have a
reservation; number two, no ability to pay for
it.

Those are the areas that we are
trying to consider. What is going to be fair
and reasonable? What is going to be
applicable to our customers? And then, how
fast can we take this out to the leadership to
make that change? That is where we're at
today.

MR. CLIFFORD: Two points. One,
from Delta's perspective, our position is that
24 hours does not do us much good at all, as
it is indicated up there. We are after the 72
at a minimum. Obviously, the more we can get
before departure the better. We wouldn't
accept anything less than 72 hours.

And, frankly, I'm not sure why --
how the ticket time limit deal just kind of
fell away somehow, and we have not focused in
on the front end with auto cancel, and the
front end as opposed to the time period
reference from departure date. Are you going
to get into that?

MR. BRISTOW: I am going to show
something here that we do -- oh, sorry, I
thought I had -- I must have lost a slide.
I'm sorry. I had each of the different
agencies and their ticketing time limits they
had set up, and it varied between seven days
and -- here.

MR. CLIFFORD: Okay.

MR. BRISTOW: GSA, Department of
State is three days; Department of Defense is
three days; Social Security Administration is
four days; DOJ is 48 hours, 72 hours prior to
departure; IRS, three days; Bureau of Public
Debt, three days; EPA, three; HHS, 48 hours
prior to departure; and DOI, three.

That's what I'm saying, those are
the dates, those are the hard dates that we
found out that -- when each of these agencies
are having their tickets issued.

Go ahead.

MR. CLIFFORD: Well, I mean, we are of the opinion it has got to be on both ends. You've got to have -- on the front end you've got to have a certain timeframe that is reasonable after the booking, that they can't just continue to hold it forever without, you know, cancellation.

So we've got to have a ticket time limit on the front end, and you've got to have -- on the back end you've got to have -- meaning closer to departure data -- you've got to have a reference point, like the 72-hour rule or whatever. You can't just have one of them; you've got to control them at both ends. Otherwise, we are still experiencing spoilage --

MR. BRISTOW: Right.

MR. CLIFFORD: -- to various degrees as you get, you know, further in.

Let me talk about the data issue,
because we have talked separately as airlines with you all. Not together but separately we have had conversations as recently as this week.

What's that?

PHONE PARTICIPANT: Can you speak up just a little?

MR. CLIFFORD: Is that -- can you hear me now?

So the issues on the data -- now we have all given you data, the airlines have given you data, at least several airlines have. You know what our spoilage numbers are, and I can tell you that the -- Delta's spoilage number, for any of us, this is not small numbers. We are talking about 50 million -- good timing, Tim. You came in at just the right time. How are you, Tim?

It is $50 million for Delta. That is a huge, huge number, and that may be less than some of my competition that is in this room.
But be that as it may, you have our information. You have all of the details associated with it to suggest. And by the way, this is a 100 percent population. Anybody who taken Stats 101 knows you've got to have a statistically valid sample.

The airlines went in and did 100 percent -- separately, we did a 100 percent sample. That is the entire population. We did 831,000 PNRs, okay? That's 100 percent of the population. This is all the M&G stuff, military and government.

I understand that DTMO -- and, Andrea, you can address this -- you took about a one-day cut of your data, and so you came up with a one or two percent spoilage rate. Our spoilage rate was eight percent, and eight percent was taking out all of the other commercial fares. We only focused on the Y and the K fares on the contract fares. Okay?

So I know when -- and we have had these discussions. You need to go to your
customers and say -- and try to explain why there is a difference between a low single-digit number from DTMO and the airline numbers, which range from anywhere from eight to 25 percent spoilage. Okay? be that as it may, we are still having tens of millions of dollars in losses in spoilage.

But I want to address the issue of the sample. This is not really a question of how to explain the difference between DTMO's numbers and the airline's numbers, because DTMO's numbers don't have a statistically valid sample.

MR. BRISTOW: The one-day sample is incorrect, but that -- I will let Andrea --

MR. CLIFFORD: I don't care if it is a week. If they didn't do a year --

MR. BRISTOW: It's a one-year sampling that they gave. What we were doing on a one-day basis each day was with the TMCs to have them check for the previous week -- during that week -- how many records were not
ticketed on the day of departure. That's where our sample was done.

MR. CLIFFORD: Okay. But --

MR. BRISTOW: I believe ours was a year's worth of data. Is that correct, Andrea?

MS. CARLOCK: That's correct. And we looked at a variety of different things. We just didn't look at spoilage. We pulled one year's worth of data.

MR. CLIFFORD: But wait a minute.

If you're going to look at spoilage, that's the issue here.

MS. CARLOCK: I said we didn't only look at spoilage. We looked at when our patterns were for ticket -- issuing the tickets when we are booking the reservations. Spoilage was part of our overall synopsis of what we looked at.

MR. CLIFFORD: Okay. But my understanding is that that sample that you took did not include the Carlson-SATO travel
TMC. Is that right?

MS. CARLOCK: That is not correct.

MR. CLIFFORD: Well, what is the

deal then, Jerry? Because that is what my

understanding was on Monday when we talked.

MR. BRISTOW: That's why I think

we are getting confused here, Denny.

MR. CLIFFORD: Well, we need to

clear it up, because --

MR. BRISTOW: No. What I'm saying

is that we have not received the Carlson,

Wagonlit data on the daily spectra that was
done. This does not pertain to the DoD

portion.

MR. CLIFFORD: All right.

MR. BRISTOW: Okay?

MR. CLIFFORD: Now, Andrea, you

only took DTS information, right? Not non-

DTS, bookings coming through DTS.

MS. CARLOCK: We did. We took DTS

data.

MR. CLIFFORD: So you are missing
what? Maybe 30 percent of the non-DTS data that is out there.

MS. CARLOCK: I won't say we are missing it. Although we only took DTS data, we have been in communication with our commercial travel offices to try to obtain that and get their opinion about spoilage and what is not being ticketed prior to departure. And their numbers do not match either with what has been provided to us by the airlines.

MR. CLIFFORD: And your definition of spoilage, as I understand, is anybody -- any supervisor that approved the travel that eventually got canceled -- or was not canceled, I should say.

MS. CARLOCK: No.

MR. CLIFFORD: What is your definition?

MS. CARLOCK: Do I need a mic?

You keep yours; I'll take this one.

(Laughter.)

Okay. Andrea Carlock, Defense
Travel Management Office. That is not our
definition of spoilage. Our definition -- the
way DTS works right now is, if I make a
reservation, I, as the traveler, if I do not
sign that reservation within 24 hours of me
making that reservation, it is auto canceled.
Okay?

Then, you have the AO's approval.

What we looked at with spoilage was when the
AO did not approve it prior to departure.
That was what we looked at, and I believe you
said something different. You said that it
was approved, and then the ticket was issued,
and then it was canceled?

MR. CLIFFORD: No. If the
supervisor did not approve it --

MS. CARLOCK: That's correct.

MR. CLIFFORD: -- but somehow it
was still booked as a reservation --

MS. CARLOCK: Yes.

MR. CLIFFORD: -- and they could
still book it, right, even if he or she didn't
approve it.

MS. CARLOCK: They can book it.

MR. CLIFFORD: But it still held space on our inventory.

MS. CARLOCK: That's correct.

MR. CLIFFORD: I don't care what happened with the supervisor at this point.

MS. CARLOCK: That's correct.

MR. CLIFFORD: They're holding space on us; that's spoilage.

MS. CARLOCK: That's correct.

MR. CLIFFORD: If it was not canceled, or not ticketed, that is spoilage.

MS. CARLOCK: And we agree.

MR. CLIFFORD: Are you taking those -- and that's in a case where a supervisor did approve it or didn't approve it or what?

MS. CARLOCK: Did not approve it.

Because if the supervisor approved it, three days prior to departure it will be ticketed.

If the supervisor did not approve it, it will
not be ticketed.

MR. CLIFFORD: Well, that was not my understanding when we talked the other day.

All right. Here is my point. You came up with, what, 1.4 percent spoilage?

MS. CARLOCK: That's what we came up with.

MR. CLIFFORD: How in the world do you get to that level when the airlines are, at a minimum, eight percent all the way out to 25 percent? You've got several airlines that have the same big numbers. They are not down to one or two percent.

MS. CARLOCK: Okay.

MR. CLIFFORD: There is something missing here. Did you get 100 percent of the calls from SATO travel data in your sample?

MS. CARLOCK: We did not, because we don't -- all travelers do not book through DTS. Now, that is not to say that our numbers could not be off, and we are willing to sit down with you and look at what we are doing in
our system, how we are pulling the data. I believe that is very important. What facts are we using to pull the data based on what you are using?

And, actually, we have met recently with Southwest, and we are doing that with Southwest. He has provided us some data. We are working with Southwest to specifically look at the samples that we have from Southwest to see where we may have pulled something incorrectly. We are willing to do that.

Now, I know with American the issue was getting some information from Legal, so that you could provide us specifically the PNR information.

MR. COYLE: An update to that -- we did get the clearance from Legal, and we are at 16.4 percent spoilage for all of FY11 -- 16.4. And in those records we have already shipped them, Jerry. You have copies of them as well. So I think that is the difference.
If you can go in and look at those records, you can validate that the numbers we are giving you are actual travelers and real, and you can compare it to your system. And I realize this is -- we are looking at the entire universe of YCA and CA bookings.

MS. CARLOCK: Okay.

MR. COYLE: So it may be happening out of your realm, but nonetheless it is spoilage to us.

MS. CARLOCK: Okay. Right.

MR. COYLE: And this was based on the GSA spoilage, yes --

MS. CARLOCK: Okay. And you guys have to be patient with us.

MR. COYLE: -- definition of it, so --

MS. CARLOCK: This takes time for us to peel back the onion on all of these PNRs. With the data that Southwest has provided us, we are physically going in and looking at the PNRs, looking at when it was
booked, to try to see if we can determine, is there a pattern? Is there something that our system is doing that it shouldn't be doing? Are our travelers doing something?

So if we can get that, give us time to look at the data, we will be able to look to see, are we actually looking at oranges and apples? Or are we comparing the exact same thing?

MR. CLIFFORD: Well, it is still an onion, but we have been peeling back this onion for a year now. How big is this damn thing?

MS. CARLOCK: It's a huge onion.

MR. CLIFFORD: I mean, we are not getting to the core. And here we are, the day of the pre-solicitation meeting, and we don't have any answers. And that is unconscionable, in my opinion. Set that aside.

MS. CARLOCK: Okay.

MR. CLIFFORD: Can I just -- one thought here?
MS. CARLOCK: Wow.

MR. CLIFFORD: How many -- because that's about all I have in my head is one thought. How many PNRs or how many ticket reservations did you use for your one-year sample?

MS. CARLOCK: I didn't bring my numbers with me.

MR. CLIFFORD: Well, just give me a number.

MS. CARLOCK: Do you have --

MR. CLIFFORD: Is it bigger than a breadbox? I mean, how -- what is it?

MS. CARLOCK: Yes, there was millions of reservations. I know we talked about it. I don't have my numbers with me.

MR. CLIFFORD: All right. So whatever that is, it was a big number. You used --

MS. CARLOCK: It was a large number.

MR. CLIFFORD: -- a year's worth
of data, but the part about Carlson-SATO not
being in there --

MS. CARLOCK: No.

MR. CLIFFORD: -- is the non-DTS
stuff or what?

MS. CARLOCK: No, that is not a
true statement. Carlson and SATO -- their
numbers were in there. DTS, Carlson, and SATO
numbers were in there. So to say --

MR. CLIFFORD: Well, what about --
if somebody did not book on DTS, what about
those? Where did that data go?

MS. CARLOCK: We do not have that
data, and that is something --

MR. CLIFFORD: Well, why is that
not chosen?

MS. CARLOCK: That was something
that I indicated we are working with our
commercial travel office to obtain that data,
as well as we have communicated with our
commercial travel office to find out, okay,
these are the numbers that the airlines are
providing us at your locations where your
travelers are not using DTS or those -- and we
call those CTOSYS transactions. What are the
spoilage numbers that you are finding?

Carlson has come back to us and
indicated that we are not finding the large
numbers that the airlines are providing to you
guys. So we need to further look at, if we
have reservations, when we get the data, if it
wasn't booked in the DTS system, we need to
peel the onion back to figure out, Carlson,
this is a transaction that was not booked in
DTS.

It shows as a CTOSYS transaction.

They are showing that there are a thousand of
them that are spoiled. What happened? Can
you assist us with obtaining that information?

And we need to do that. But before we can do
that, we have to have specific information as
the two carriers here have --

MR. CLIFFORD: My bottom line

point is this. It is very simple: your
numbers are a bust. Okay? You've missed 30 percent of your data simply because you are not taking the non-DTS bookings. And there is a lot of other holes in it that we went over the other day, and I can share that separately. I won't go into it now.

But you don't have a valid sample.

If you don't have a valid sample, you can't use that as a reference point. You've got to use what the valid sample is, which is the airline information, which is 100 percent population. We have captured everything -- every scenario you can possibly capture.

Why is there such a resistance to use our data when it is a valid sample and good data from several airlines? I don't -- it just blows my mind that you are down to the one percent level and you have to explain the difference? The problem is you have bad numbers and we don't.

MS. CARLOCK: And I won't say there is a resistance, Denny. What I will say
is that we have to validate. We have a governance process, and in our governance process if we are going to go to them and request that we change the system, and change the process, we have to be able to present to them that what you are providing to us we have validated.

There is a cost impact here as well -- what you have provided to us we have validated, and that we believe that the pattern or the traveler's behavior does warn us to change our process to implement, be it a 24, 48, or 72 hours.

I don't believe we have resistance. I believe that we can work together to validate the numbers. We will go forward to the governance board, and we will present that to the governance board, and then we will vote on that, and then we will make the change, make the process. There are going to have to be changes to our behavior of our travelers. But we are willing to do that. We
just need to be able to validate the numbers.

Now, I will say this. You said we have been working on this for a year or so. You are absolutely correct. But we have not had specific PNR data. We have not had that specific PNR data where we can peel that onion back and look to see, why is this happening? Is it a system problem? Is it a traveler problem? And is it truly 16 percent? Or is it the one percent? But now that we have that data we will be able to do that.

Now, I'm hearing Jerry say that after we do this validation, if we need to do a modification, that we can do that modification. But please bear with us and let us validate the numbers that you have provided to us.

MR. CLIFFORD: We told you all six months ago, what information do you need? Because don't come at the end of the day, at the pre-solicitation meeting, and ask for more information. And that is exactly what is
happening now. You are asking for more PNR
data, and you just started asking for that in
December, after we already gave a year's worth
of -- mountains of data. And now exactly what
the industry told GSA and DTMO six months ago
is happening. And that is wrong.

MS. CARLOCK: Okay. I'm going to
give you the microphone now.

MR. BILLONE: Can I just make --
ask you a question, Andrea?

MS. CARLOCK: Sure.

MR. BILLONE: Get that microphone
back. Did you look at European point of sale?

MS. CARLOCK: Did we look at what?

I'm sorry.

MR. BILLONE: European point of
sale --

MS. CARLOCK: We looked at all --

MR. BILLONE: -- from the data.

MS. CARLOCK: We looked at all DTS
data.

MR. BILLONE: Okay. So --
Ms. Carlock: European, CONUS, OCONUS, we looked at all of that.

Mr. Billone: We found a majority of our issue is basically in Europe, at the basis in Europe.

Ms. Carlock: Okay.

Mr. Billone: Okay? The other thing is what we ran our data on was the required -- what we required -- an OSI field -- to avoid cancellation, auto cancellation, okay, which was the OSI YY Fed Gov City Pair.

Now, that may be a little bit because we find a lot of travel agencies use that on the commercial fares, so their commercial fares won't get canceled.

Ms. Carlock: Okay.

Mr. Billone: I know one in particular, because my son took a trip to Australia for Booz Allen and they put that on his PNR. So I know that happens, but the numbers are not that tremendous.

We offered United Airlines -- and
I had a sample of PNR data, of actual PNRs with the O&D and the dates and the ARC number that sold it, and I presented that to the former program person who is no longer -- and I never got a response. I can't give you the names, but I can give you the PNR information. I can't give you the credit card number.

Okay?

MS. CARLOCK: Yes, PNR information is enough.

MR. BILLONE: You know, but unfortunately, right now we are in the process of combining systems with Continental. And I can't get that data right now, but I'm trying. But we had the actual City Pairs that were in there. I mean, it was a sample I gave. I said, "Do you want this? I can get it." And I never got a response.

So, you know, we are trying. But there has got to be back and forth here, and sometimes I don't know if we are getting there.
MS. CARLOCK: Well, I can say from the DTMO, the DoD, we are willing to work with you, and the back and forth is something that we are open to have.

MR. BURKE: Let me jump in. The government has a responsibility, at DTMO and at GSA, to work together to serve the airlines --

PHONE PARTICIPANT: Can't hear.

MR. BURKE: -- not separate. So I'm going on the record that that is taking place effective now. If it hasn't taken place, it is. There is an issue with it -- Andrea, step in and step up. I don't think you have one.

PHONE PARTICIPANT: Still can't hear.

MR. BURKE: Who can't hear? Oh, sorry. I apologize. Still on the phone there. I came in late, and I was uninformed. I apologize.

This is Tim Burke. The DTMO and
GSA will make a commitment to the airlines right now, and they will discuss it with me and their senior management if there is an issue. You will work together -- DTMO and GSA -- on this data.

Southwest Airlines data going to DoD and not being shared with GSA, unacceptable. You can't run a government-wide program, DoD and GSA, Southwest, or anyone else, with one group having the data and not the other group.

So the commitment that is going to be made here is this solicitation will not go out on the street until we resolve the sample validation, Denny, the right amount, and we get clear definition on what spoilage is.

As far as DoD, we don't have any influence over whether they drive DTS to a modification or not. I think Andrea did a great job explaining to everyone there is a governance process. There is a cost issue involved, there is requirements that have to
be developed, all of those things. They have
a very good process to enable that.

What we don't have completed yet
-- and I will call you all out on this on the
airlines side. I grew up in this business; I
have been hearing this before I even came to
the government. You guys have not delivered
your data in a condensed way that is easy to
understand and explainable.

Our guys don't know your data; you
know it. So the effort that Jerry is going to
put forth going forward is to work that data
until a full, clear understanding. They are
going to be on it every day until the
solicitation goes out. This will not be a
tough decision, but what has to be decided is
the common understanding of the problem.

Listen to our folks talk about it
versus you talking about it versus whether it
is a European destination versus whether
Southwest Airlines is delivering and talking
only about DoD -- with DoD about DTMO's
information about tickets issued. And when it affects a government-wide contract is an unacceptable way for us to have a government-wide contract.

So I'm going to be looking to DoD and GSA's office to come together on all of this information. So, Jerry and Andrea, that is a requirement we've got. I don't think we have an obstacle there, do we?

MS. CARLOCK: We have never had --

MR. BURKE: Okay. So, number one, that problem is resolved. So DoD and GSA will be looking at all of your information you have submitted, and they are going to get on the same page on that.

Why does it have to be DoD and not HHS? It's because DoD is the biggest player in the space. They have the highest impact on this. DoD knows that, and we know that as the service provider to DoD and to you guys. That will be resolved before this solicitation goes on the street. Correct, Jerry?
MR. BRISTOW: Correct.

MR. BURKE: Okay. So you guys will have an answer about what we are doing about this spoilage, and we will all be on the same page on the definition of it. You can't tell me that United spells it out the same way as Delta/Northwest, because you don't. I have looked at the data myself in the last week. It comes in in totally two different bunches of stuff, and it doesn't explain it.

So our job is to bring commonality to you guys, so that we can sell it to the government to change the policy and change the systems. That is what I think you are hearing from Andrea, and I hope what you were hearing from Jerry.

So is there any confusion about that? We are going to get the data reconciled internally in the government. We are going to agree at the DoD/GSA side that we are sharing that information, come to a common understanding.
I would -- I am going to put that up for a vote. Everybody agree that that is an objective? That's a yes or a no.

MR. BRISTOW: Yes.

MR. BURKE: Okay. So that one is buried. Shocking. Hold on to your comment. Let me finish, because I know what you'll do with it. Okay.

I want you guys to have a commercial model more than I can taste it. I've said that to you for the last few years. It has taken this long for us to all get on the same page that it's doable, both systems, policy, awareness, and value.

The marketplace has shifted a lot. I think you see a compelling desire on the part of DoD especially, and GSA especially, to try to bring that to reality and implementation. Do we do it in steps? Maybe. Do we do it in first steps on dealing with spoilage? It sounds to me like you guys came up with a compromise that dealt with a
cancellation a couple of days before and if
the tickets aren't issued, right?

And my understanding -- albeit a
few of you -- you all have the ability to
manage that from your own systems, correct?
So that would mitigate your risk, right?

It's hard for me to believe that
you guys like that as the end-all game,
because it seems to me if an airplane flies
and a seat is empty, you still lose it, right?
Even if we hold the reservation with or
without a ticket. Correct?

And we are taking the necessary
steps and dialogue to at least go in that
direction. What is more important to my
office to serve you guys, and serve DoD, as
well as the rest of the other customers, is
that we get on a common understanding of what
this problem is, so that we can refine the
definition to solve it.

I just listened to four airlines
not say the same things about the same
definition of the spoilage. And I've got you arguing, Denny, that they don't have a good, valid random sampling at DoD.

MS. CARLOCK: We do.

MR. BURKE: If you've got 70 percent, then you've got enough for me to give these guys a recommendation on that contract.

That's enough random sampling.

My problem is, Jerry, did you tell them that we had a problem with Carlson's data? Carlson is the biggest player in the space. Denny was taking --

MR. BRISTOW: We don't have a problem with it.

MR. BURKE: Okay.

MR. BRISTOW: No. The sampling was on a daily basis for one week, and we hadn't received that yet. That was it.

MR. BURKE: Okay. So I'm going to simplify it. So along the line here, everybody has delivered the data at different times throughout this year, correct? George,
did you deliver the same day as Delta and Northwest? Or Delta, I should say. Sorry, Denny.

PARTICIPANT: To address that, the carriers don't sit down together.

MR. BURKE: Right. So you don't collude, you get it in, and your system doesn't work like theirs, correct? Southwest doesn't work like United, correct? Okay.

So the government got four different languages at four different times to deal with four different interpretations.

MR. CLIFFORD: That doesn't mean that it's invalid.

MR. BURKE: I didn't say -- nobody said it was invalid. They are -- be quiet for a minute. No one has said it's invalid. It is not invalid. It is not credible to the governance for the decision to make the recommendation. It is simply a message that has to be clearly understood with some sense of validation.
So what the team has been doing -- it is my understanding -- you have been working with the carriers that have participated, been back on the phone with them, talking to DoD on their interpretation, trying to get to that common place, so that we can be credible with the samplings we have. Is that my understanding?

MR. BRISTOW: Correct.

MR. BURKE: Okay. Yes, feel free. Do you want the mic?

MR. CLIFFORD: Denny Clifford with Delta. The process is different for all of us, for all four airlines, or all 13 airlines. The process of getting there is different, but the end result is the same. We have a monster problem. Ours is a $50 million a year problem. Tom's is $80- to $160 million. American is at, what, $70 million, whatever. It is a monster problem.

Why is there so much focus on DTM0's numbers when we, the partners in this
contract, have a monster problem that needs to be fixed and it needs to be fixed now? What is it that the customers are not going to understand? And let me give you a hypothetical here, Tim.

When you go to the customers and you say, "Okay. The airlines have a big problem; they've got a lot of millions of dollars of spoilage," they don't care. What they care about is their budget.

So why would they, who you are going to to get approval for this change, why would a customer, whether it be State, DOJ, whatever, it doesn't matter, what is their incentive to say, "Oh, okay. We will -- it is going to cost them money." If it is going to cost them money, why would they say yes to this change?

MR. BURKE: Okay. I've got to go to a meeting, so my timing is perfect -- on the way in, on the way out. Okay. Feel free to join me. I think you will get more answers
than you thought you could get.

    All right. First and foremost,

don't interpret how the government implements
these decisions, which you just did. This
office is responsible for this program. This
office reports up to my office. We have a
strong customer service commitment to our
customer users.

    I don't go get permission every
time I want to change a contract, so let me
make it perfectly clear, including the
contracting people that are in this office.
Correct, Kristen? If there's a decision made
on our business, we are going to implement it.

    I have asked to make valid the
information you guys have brought to the
table, so that we can implement improvements
to the program that are doing just the things
you just said about. So get the data looked
at. The contract isn't on the street yet.
The contract is being held up to go on the
street, so that we can get this resolved.
So I think you have already gotten your answer. You have already gotten your answer.

MR. CLIFFORD: Well, Jerry just said the Board of Governors, or whoever they are --

MR. BURKE: Well, let me correct Jerry. Let me -- well, let me correct that.

MR. BRISTOW: No, I didn't say that.

MR. BURKE: Let me --

MR. BRISTOW: Oh, Andrea did. Sorry.

MR. BURKE: But she is not talking about City Pair Program. She is talking about how she does business in her very, very large agency, which is the single largest corporate entity in the world, and we have to serve them.

They have a governance process which implements -- I'm going to speak for you. If I'm wrong, correct me. They
implement physical changes to DTS. It affects their DFAS system, it affects reimbursement, it affects their booking, their reservations, their entire process. It is a custom-built system that sits on a project plan that when -- in order to change that system, where they have to reprioritize modifications to the software, which it sounds to me like you would do, correct?

MS. CARLOCK: It is not only DTS.

MR. BURKE: Right.

MS. CARLOCK: It is any type of change to our business model and our business process. We did the same thing with the GARs.

MR. BURKE: Correct.

MS. CARLOCK: We went for it and we went before the board. So it's not only DTS changes; it would be any process change.

MR. BURKE: And with a 2013 contract, assuming we make the decisions in the modification that are appropriate, which from my personal perspective they are more
than appropriate, spoilage shouldn't take place. The Federal Government travelers should treat your seats the same way you should -- a consumer treats your seats. And we are 100 percent committed for that.

We have got to take a couple of steps -- and I've got to be honest, guys. This data never came flying in on a timely basis over the last four or five years. It hasn't even been organized.

Now, you guys -- some of you have been willing to give some early; some have not been able to give some early. We have four airlines that have participated. Am I correct? That's enough. We don't need all 13.

The problem is a problem. If we have a contract that says we can waste your tickets, and we don't have a responsible traveling policy around not wasting those tickets, inevitably there is going to be some waste of those tickets, because there is no
disincentive for that.

We can change that by establishing a stepped process. It sounds like it is a step process, right, that you guys are looking for -- having auto cancel? Is that the step process you want to go forward with? That sounds like it's something that can be done commercially pretty easily, I think for most of you, not for all of you, is my understanding.

I don't see a problem whatsoever in getting a vote done, because there is no vote.

MR. HAAG: Who makes the decision?

MR. BURKE: Our program office. Our program office makes the decision.

MR. HAAG: They are not aware of that.

MR. BURKE: Who is not aware of that?

MR. HAAG: I was just told on Monday --
MR. BURKE: By who?

MR. HAAG: -- by Gene that no change would be --

MR. BURKE: What did he tell you?

No. What did he tell you?

MR. HAAG: He told me that no change would be made to the contract until you preached it to the Governance Council and got their approval. Are you telling us that is not accurate?

MR. BURKE: Not necessarily. I wasn't on the call when he presented it. We will present the changes to the Governance Council. The Governance Council could say, "We don't want a program like this anymore." We would have to make a decision whether we are going to go to contract or not. How is that for an answer?

This is not -- this is just your guys' office, all right? Don't be confused. We've got a bureaucracy, but we don't go back to my office and talk about it like we're a
bunch of bureaucrats who don't know how to figure it out.

We have a process here where we need your input -- use the word "partner" correctly. Get your data, want your data -- DoD. Southwest Airlines, GSA, and DoD looking at the same data is a good first start, is what I would recommend.

So going forward, I want to make sure that happens. I want to make sure that happens, Jerry. All right? Okay.

The Governance Council is an advisory council that we created at GSA to keep them informed about program developments and where they go. They do not have a charter that says they vote in or out. That's different than DoD. DoD is its own agency. They just happen to be gigantic.

MR. CLIFFORD: If they say, "No, we don't want this stuff," that doesn't necessarily preclude it from going forward.

MR. BURKE: Correct. They have no
governance.

MR. CLIFFORD: Because your office at the end makes the decision.

MR. BURKE: Yes. GSA decides whether they want to put this contract on the street or not. So any interpretation of that understanding, whether Gene said it on Monday or not, is -- I'm correcting it. That's why I'm here. Is it unclear?

MS. CARLOCK: Not to us.

MR. BURKE: Okay. And so it is not unclear to our biggest customer. Let's just say there was a voting issue.

MS. CARLOCK: I do just have to say, we do have a voting process.

MR. BURKE: Sure.

MS. CARLOCK: We do have a charter, and our governance boards do vote on things that we make changes to -- DTS, as Tim has indicated, as well as program changes, travel program changes, that we do make. So --
MR. CLIFFORD: Do they make the
decision on spoilage here?

MS. CARLOCK: Well, not make the
decision on spoilage. We have to present to
them and recommend -- if we could present to
them that we believe there is a need to make
the change, we will make that recommendation,
and then they do vote.

MR. CLIFFORD: And they have how
many people on the council, or whatever you
guys --

MS. CARLOCK: Each of the services
has a person that represents.

MR. CLIFFORD: Like a dozen
people?

MS. CARLOCK: We have an O6 level.
We call it Defense Travel Improvement Board.
And then, we have an O8 level, general
officer level.

MR. CLIFFORD: But they can take
an up or down vote whether they want whatever
the changes proposed are, right?
MS. CARLOCK: They could.

MR. CLIFFORD: And then, that goes to your office or --

MS. CARLOCK: And then, my director and Tim would then need to work that out based on Tim being the program manager in charge of the City Pairs Program. She will take the information that she gets from our governance board, and then Tim and her can hash it out.

MR. CLIFFORD: Put all of this stuff together. Who is the final decision maker on this thing?

MS. CARLOCK: Well, I believe Tim has said he is the final decision maker on the City Pairs Program. So --

MR. CLIFFORD: What do you want for lunch?

(Laughter.)

MS. CARLOCK: I mean, if Tim puts it in, then our director, Ms. Mitchell, needs to decide how does DoD play within that.
MR. BURKE: Yes, let's play this out in real terms. So we get this data banged around from now until when, Jerry, are you targeting?


MR. BURKE: Wow, did you give us that long? Okay, great. Thanks. Everybody got that recorded, right? Okay.

So, Jerry, I think when I saw you yesterday I asked you about the timeline associated. I know you are going to work with Kristen in reference to releasing the final solicitation based on this very important item for us to try to go as much to a value add for the airlines on the spoilage issue as we could.

If I heard you correctly, you said that you figured with what we've got in the house today, with the data, some advances you have made in dialogues, whether it is Gene's conversation on Monday or whether it is with Denny today, is that by the end of February we
should be able to have this data understood
and resolved. Correct?

MR. BRISTOW: Yes.

MR. BURKE: Okay. And we don't
have any problem, Kristen, right, in reference
to the solicitation going out if we mod by
then, correct?

MS. JAREMBACK: Correct.

MR. BURKE: Okay

MS. JAREMBACK: It has to be
sooner probably than the end of February,
because we are targeting, as contracting, to
release the solicitation by the end of
February.

MR. BURKE: Right. But it is not
going out until this issue is signed off on my
desk. So let me make it really clear. That
wasn't a governance council, that wasn't a
vote, there won't be a vote. All right?

There will be constant collaboration with our
customers on the impact, and then GSA has to
make a business decision. I mean, it's real
simple. It is no more difficult than that.
There really isn't.

Now, getting our data understood
so that we can be good communicators to folks
that buy eight to 12 million tickets a year,
and have been doing it the same way for 29
years. I know your organizations don't do
change management without communicating
either. So we are going to have change
management.

But when we put this solicitation
on the street -- and let's talk
optimistically. Let's assume the solicitation
goes on the street and it says that GSA has
put a modification in the contract that we
accept these prices and these terms and
conditions. I'm putting words in your mouth,
so I'm not trying to say it's accurate. All
right? You will correct me.

And it includes that all YCA, _CA
-- I assume those are still the two tiers --
will be canceled -- auto canceled by the
airlines if those things aren't ticketed 24, 48, 72 hours. There is no barrier for that taking place with the release of this contract, except verifying that the data reveals that we are bad users of your seats. And I want that message out across our community.

Let me cut to the chase. I don't want the United States Government traveler to act not like a world-class traveler. I want them to buy it at the best rate, I want them to know how to use it the proper way, and I want our contracts to reflect it. And if our contracts have to drive the incentives of behavior into our travelers, GSA intends to do it.

MR. CLIFFORD: But, Tim, one thing we don't want to have happen is that it is just an educational deal. We need a process.

MR. BURKE: When I say a contract to drive behavior, is that educational? No.

MR. CLIFFORD: That's a matter of
interpretation.

MR. BURKE: No, it isn't. It's
driving behavior. They will buy the tickets
in a proper way, and they will have it
canceled on them if that is the term and
condition we negotiate. Absolutely. If that
-- that sounds to me like the easiest way to
do it.

Now, I'm not sure how that affects
the DTS booking tool, and I know that they are
going to have to work very hard if that
becomes a new way in which we do this. My
general understanding is, though, almost all
customer agencies across the space established
policy a long time ago before there were even
systems to ask their travel agencies to issue
those tickets 72 hours out.

Well, frankly, if that's the case,
I'm not a math wizard, folks, but if we
install a 24 or 48, we don't have a big risk
to us.

MS. CARLOCK: Right.
MR. BURKE: Right. So that's where this is established. Sorry. One second, Andrea, I'll let you back in. That is where we are at, and I have made it clear to this team, including Gene while he was temporarily in this role, that I want this dialogue with the airlines fully understood.

Jerry has no other charge, frankly, right now than to get this resolved. If there is an issue with one of our customers -- no offense, Andrea -- that the DoD seems to be causing the spoilage more than others, they've got the bigger challenge, because it is not only education, it is systems and getting this policy implemented.

But I will assure you the dialogue at DoD is no different than it is at GSA or any other agency. If DoD, which I don't think they are necessarily the culprit, but if they are, if their programs and their systems have been set up to make it easy to spoil, then their 50-plus percent of the transactions that
are out there, the Federal Government is addressing this on a holistic basis.

   Why should we -- to your point earlier -- pay a lot more if DoD can correct it with systems and policy changes? Why would we do that? We're not intending on doing that. If you guys have a problem at DoD, we're going to work with you to fix it. If it's a problem at HHS, we'll fix it there. That's the commitment you've got from us, and the visibility of this data is helping us do that.

   So I'm very interested in, obviously, chatting with Pam and you about it, Andrea and Jerry, about whether the DoD data is .14 percent or if it's 14 or 16.4 percent. Or is that a government-wide problem? Because if it's a government-wide problem, they don't have the same issues that DTS has on its configuration on the commercial booking side on the civilian side. They can change that tomorrow. That is all done commercially.
It is just the flick of a switch.

Now, on your guys' side, I know it is a lot different.

MR. CLIFFORD: We believe it is a government-wide problem, not just isolated to --

MR. BURKE: Yes. But some point don't. Not all of you airlines are saying the same things. So let's not collude you. I won't do that. You are not all saying the same things.

So if you are on GSA's end of this, our job is to get that common understanding onto the table. It doesn't mean, even if it is the same for DoD, or it is the same for civilians, or if it's one or the other, that the government shouldn't change this policy and start behaving more commercial-like.

We don't have a compelling interest, in my opinion, to have these requirements as so exclusive to the Federal
Government. What I would like you guys to do is step up and tell us, what pricing would you give us if we acted more commercial-like? That's a better dialogue to have, because I'm hearing you saying you are charging us more and we are paying more because we behaved badly.

I would rather talk about what we could get if we behaved better. That's a better discussion for taxpayers. That's a better discussion for your yield managers, because you guys know what you want to sell your seats for better than we do.

Go ahead.

MR. BILLONE: Just to answer a point there. And I don't know how this got into the conversation a few weeks ago, but we do not do our pricing based on the spoilage. Matter of fact, our revenue management people had no idea about this issue until we brought it up and got their data.

You know, so one of the things
that came up on the phone call was Gene threw
in there, "Well, we'll get better pricing."
And it was like, "Whoa, whoa, time out, time
out. What are you talking about?"

He says, "Well, we'll get better
pricing because you won't take -- you'll get
better -- you know, we'll get better fares
because there will be no spoilage." And I was
like, "Well, we don't look at that right now
anyway, because nobody knew about it until we
jumped up and down." So --

MR. CLIFFORD: Tom said that --
sorry, but he said that in response to the
question of, well, what is the leverage that
he has to go to the customers to try to
convince them to say yes to this?

PARTICIPANT: I can't speak for an
individual conversation, but I am going on --
okay.

MR. BILLONE: Okay. And then, one
last thing is I -- this working definition
that we have up here, okay, confirmed
reservations that were neither ticketed nor
canceled. We all agreed to that definition.

I guess one of the questions is:
what is a reservation? Does it include all of
the O&Ds on that? All of the segments? I
mean, that is another -- well, I mean, that's
the key, because that is where your spoilage
is. But that was --

MR. BURKE: Okay. I'm going to
close. I want to thank you guys for inviting
me. Let me give you a promise, okay? Here is
the promise. We, by the end of February, will
do our end of the bargain inside the
government. DoD is our biggest partner, not
only transactionally but strategically.

We have got a good working
relationship. We should take a picture of you
two guys right next to each other. Okay.

Pam and I talk regularly, as
Andrea knows, about all sorts of different
approaches and ideas, what we get feedback on
the commercial market. We don't go into a
hole about it, and we've got to be practical
about what can get done when and how it can
get done.

But most importantly, I would like
the term you used, Denny, in partnership. I
would like to see if the dialogue could be --
you guys have given us data, correct, the four
that have given data. I thank you very, very
much. It has been something I know that has
been asked for a long time.

Jerry, the one promise we are
going to make to start first is that by this
time next week you and I will have a dialogue.

Whatever you and Andrea need to do, you guys
do; I'll be glad to jump in if you need my
help. We are going to go back to those four
airlines and let them know that we have the
data, every piece the way we need it.

We understand it, we interpreted
it, we've got all we need. You don't have to
do any more data dumps; you will be done.
Okay? So one week from today.
By the end of February we will do our work internal in the government to make sure that if we are going to release a solicitation for the 2013 City Pair Program, Kristen, that it will or will not have the adjustments made in this contract that we have talked about in reference to spoilage. Fair enough? That's what you're looking for, correct?

MR. CLIFFORD: By the end of the month?

MR. BURKE: By the end of the month, by the end of February.

MR. CLIFFORD: You don't have to pull PNRs or any of that stuff?

MR. BURKE: I told you, by this time next week, we will let you know that we have the data, because I'm going to make a bet. I'm going to make a bet that some of your data isn't as robust and as deep as you've said. But I could be wrong, Jerry, because I just saw you in a fly-by, but you
said some data was missing.  

So I will personally get involved with it, because I care that much about the dialogue of this. The government does not want to have bad contracts with our vendors. I have run a large enough organization in the government now -- by hook or crook, not by choice -- to know when we have bad relationships with vendors' contracts, we are not doing our job.

The commercial vendor is our customer, just like DoD is. That is GSA's primary function or role and responsibility. We need to understand your goals, Denny, whether it's Southwest, whether it's, you know, American, United, or whoever it may be that submitted the data. Understanding your goals, our job is then to say, "Yours might be a little bit different than yours, George."

But somewhere there is a common platform.

And we think yield control, we get it, we think you guys have got full airplanes.
And if we're wasting seats on it, you're not able to sell them. We get it. It's not rocket science for us anymore.

Now, getting the bureaucracy to be responsive, you've accomplished that. This 2013 contract is going to address it. I'm not saying that it is guaranteed to work on it. Agreed. We may make a business choice at GSA not to do it.

And you make your business choices how you want to purchase or pay. That's easy for me to handle. All right? But the risk associated with your participation is very valuable to us. It never has not been, and it remains that way.

But the spoilage thing, I think you have done a great job in 2012, getting to 2012, at least getting it on the table that we can make a decision. Up until now, it was talked about in small corners. You might talk about it; you might not. Well, you always talked about it, Denny. Others didn't talk
about it. It wasn't that important, or -- and it now has become more important.

If spoilage is the first step in the direction for you guys to build credibility with this contract with your management, we want to give you that credibility with your management. Make no bones about it. There is nothing we want more than that in reference to this particular item.

We will pull it off if that data gets organized in a way that we understand that, yes, the airlines have a problem. Anecdotally, we know you do. You could not not have a problem. I see people do it all the time. They make the reservation, they don't care, airplane goes out, one empty seat on it. Oh, that government person is the one that probably held it and you never got to sell the ticket.

That changes with 2013 if there is anything we can do about it in my office. So
don't worry about the approvals. Don't worry about the voting. Don't worry about charters. Andrea has got to worry about that, and we've got to help her in that situation as best we can.

But as far as this contract -- help me out, Kristen -- do you go out and get any votes done? I didn't think so. I don't even think the Commissioner of GSA or the Administrator of GSA is going to do anything but ask us for what we want to do. That is how it works. Fair?

MS. CARLOCK: I will say that on behalf of Ms. Mitchell, our Director, she has the same thought that you had, that if our travelers' behavior is not allowing you to sell those seats, then we should do something about it. Except for we have a little bit of a different process to get there. But she is totally in support of what Tim is saying.

MR. BURKE: Yes. And Pam and I do get together, and Andrea and Jerry, or Andrea
and Gene, I might have been a little tough --
I mean, Gene didn't grow up on that side of
the business. I've got to give him a lot of
credit for jumping in while he was here
temporarily. He certainly understands the
contract.

Jerry understands the industry
very, very well. Gene is off to doing more
contract work, which I think he is excited
about. We are glad we had him. There were
some gaps in between that -- not in reference
to Gene, but how the communication went.

I went out of my way to talk to
Pam, because I knew this was coming up. Pam
exactly echoed what Andrea just said. We are
on board with giving our industry partners and
the airline business specifically a platform
for us to continuously improve, and not let
the government waste your seats. That's all
there is to it. We are going to do it the
best we possibly can.

I think it is great you are
willing to step to an auto cancel. Frankly, it is probably a pragmatic way in which to do it. There are looks going on in our office -- about looking at the models entirely different. Right now, 2013 still looks like it is the basic framework, it makes sense, with these improvements.

But don't be surprised if we start coming to you guys for dialogue about the model looking even different than this. I don't think it's feasible, practical, or convertible that fast, frankly. The market hasn't shifted that much. I'm talking about all markets. You guys may want it; of course you'd want it.

I think there is also resources within the government to actually be able to pull it off and implement it. Don't think it's as easy as your corporate clients. It's not close. There is a lot of fundamental issues that go all the way to funding issues. Okay? And if you get into a funding problem
on this, we are going to have a bigger problem.

You will have an out-of-control market where you guys will be throwing DGs everywhere and hoping you will get it, not get it, customers will be all over the place.

Now, the other thing with a commercial market model is there is also -- there's winners and losers. Today you guys win whenever you want it. You just slap up a DG. Well, if you want to be in a business, you'll put a DG fare up there. If you don't win a market, do you not put a DG fare up there? The answer is yes, by the way, you do.

Okay. So if you don't want to admit it, you do. And we have evaluated all of those. Those DG fares are your choice to be in that business. You didn't win the award, but you still want the business. So the real question is, some markets you guys want to be in it together anyway; other markets you want the exclusivity. So our job
is to make sure that we yield that effectively, so you participate, and that we get the right value.

I think we spend too much money on our City Pair Program. Do you want me to go on the record? I think we spend too much for airplane tickets. I do, with or without spoilage adjustments. And I think you know you have corporate clients that buy certain airplane seats better than we do.

Oh, it's 70 percent discount, then, come on. I'm walking up there. If you want me to pull up Expedia right now and book something with no restrictions, with tomorrow, 48 hours departure, you are going to find air fares across the market space.

So it is not in every market, and we have got some great, great, great competitive markets from you guys that can never be displaced. I won't tell you which markets because some of those carriers in there, you know you have them. Those are
great, great product markets that you guys
give us.

But I think we can buy smarter,
and I think you guys want us to buy smarter.
Don't you want us to buy your seats smarter?

MR. CLIFFORD: Absolutely.

MR. BURKE: You want us buying
them in advance and holding them. Or you want
us paying a penalty if you couldn't resell
them. That's what you've got to want. We
want to train this marketplace to be able to
do that and get the best value as the biggest
buyer of those seats. Fair?

So you've got our promises.
They're on the table. I think when I came in
-- Johnny-Come-Lately, I apologize -- I think
I addressed what I thought I heard were
cconcerns and obstacles about this spoilage for
the 2013 contract. Did I miss anything?

(No response.)

Okay. Then, you've got the
commitment. Our month of February,
Valentine's Day month, right, we've got an extra day, so that's what we needed it for. It's a Leap Year, that was my point.

I thank you guys for staying on top of it. I know you have been hounded about it for a few years. I think we finally have the data, and, most importantly -- and I want to share this with DoD -- until they created the Defense Travel Management Office, we couldn't have had this dialogue. The 60 percent shareholder of our seats did not have an organized travel management office.

We love AMC. They do a great job. We've got CRAF, it works. But we didn't have this dialogue. They were all -- 450 different travel agency contracts, and no one to talk to about it. So now we have that. So you guys have done your job in a big way that makes it easier for us, and I know you already know that and Pam knows that.

So we're really grateful for DoD.

The other customers are a lot more organized,
but they're a lot smaller. Fair enough?

MR. CLIFFORD: Thanks for coming.

MR. BURKE: Okay. I appreciate it, you guys. Sorry it seems frustrating.
I'm sorry if we've given misdirection in different meetings. Our intention is what I said it was. Okay? Fair enough. All right.

See you guys.

MR. BRISTOW: Do we have anything else to discuss?

(Laughter.)

Yes, actually we do. Unused tickets. We want to make sure that we are addressing that as well. Agencies must proactively pursue unused tickets to retain the full value of the unused ticket and reuse the fund in the same fiscal year. What that means is that you have to put in place some unused tickets or refunds reports, or to understand that somebody issued that ticket and that you need to refund.

You have one year to get that
refund back into your coffers. Otherwise, it comes in some ways through GSA, through our Audits Department, and then that money is disbursed through the general fund. So you only have that one year to make sure that you are getting the funds back into your account.

So, and this is part of the Federal Travel Regulations as well, to ensure that you have a refund capability in place, so that you are addressing this issue and get these unused tickets back into your coffers. Okay? That will help you reduce your travel expenditures at the same time and not have them lingering out there.

Under the City Pair contract, we have 10 years to get that refund, but you only have the one year to get that refund back into your agency's coffers. Okay? So just understand that.

Airlines cannot do something for us that we are supposed to be doing on our own in this function. There has been some
requests -- we do have some carriers that do
an auto refund back to the government. Other
carriers do not have the same systems in place
to be able to do that, and we cannot impose
that upon them under a contract. So that's my
say on this.

Any other thoughts on this,
questions, or discussions from our customer
agencies?

MR. CLIFFORD: You are not
segueing into the airlines getting into the
automatic refund type of --

MR. BRISTOW: I wasn't segueing
in, because I just said it. Some have the
capability of doing it; others don't.

Good. That's the last of the
issues that we had. Is there any other issues
that are hanging out here that I don't know
about, since coming back over to the City Pair
Program? I was gone for a while, but now
back, so I would be glad to address those and
continue our dialogue, not only with our
customer agencies but also with our suppliers
as well.

So I believe we got commitment on
the other issues, and we will work through
those as time permits here. Okay? Anything
else?

MR. HAAG: To Tim -- sorry, Jeff
Haag with Southwest. To Tim's point that he
-- I think you were on the call a couple of
weeks ago relative to testing a new model
during FY13. From a Southwest perspective, we
would recommend and encourage that those
conversations continue and we work towards
that test.

MR. BRISTOW: Yes, let me talk --
let me talk about real quick what we -- what
that conversation was about, and part of that
is to introduce to our carriers -- we are
going through a process, and it could be a
benchmark process or a redesign of the City
Pair Program, if you will, with regards to how
we are doing business today, what can we do
better, how can we purchase our City Pairs
better, of how do we need to do?

And the outcome of that may be we
don't have to change anything. But that is
going to be dependent upon the discussions
that the people who are doing the study for us
are going to have with the carriers. We are
not going to influence that.

Each one of you are going to have
the opportunity to have dialogue with the
company that is going to do our redesign study
for us. This is -- in no way impacts this
year's City Pair Program, just to be clear.

Okay?

MR. HAAG: And what is the
timeline on that?

MR. BRISTOW: That timeline is --
I believe it is coming in for production next
week, and probably four weeks from now they
will be -- well, they will be scheduling the
time with you. I'm going to be providing them
with your points of contact, and then you guys
can coordinate your timing schedules with your
people at your carriers as to how you want to
have these discussions. Okay? Is that okay?

MR. HAAG: Yes, perfect.

MR. BRISTOW: Tom?

MR. BILLONE: I have just -- since
we have DoD here, I have a question that came
up, and it is not necessarily with the City
Pair Program, but it has to do with military
members not having passports and the inability
to scan orders through the check-in kiosks.

We have had several instances
where people were expelled from countries that
were military members, and some countries
don't require passports, but some countries
do. So we have had issues there.

We are also -- we are looking at
ways to do automatic check-in using orders, a
barcode scan on the orders, and we were told
by the DoD that that cannot be done because of
certain information that is on there.

So anybody who is out there who is
running into these issues, please understand it is not an airline issue, but it could be a country issue. Or it's a DoD issue, not allowing us to do some of the check-in.

But, again, some of the people --

I just got this e-mail this morning, so I kind of -- I didn't really get a chance to peruse it, but it had to do with people leaving -- I think it was China they were being thrown out of, and they didn't have passports.

So this caused a problem, and it -- you know, a lot of the countries you don't need -- if you're military, you don't need a passport. But apparently some you do, so I don't know how you guys handle that.

That's all.

MR. BRISTOW: Yes. I think they usually take the recommendation from the Department of State, is that correct, on the passport and visa requirements?

MR. MURA: On the passport requirement, a lot of times the DD form -- the
ID card that they carry --

MR. BRISTOW: Is sufficient.

MR. MURA: -- with orders.

MR. BRISTOW: It depends on what country.

MR. MURA: Or NATO orders, yes.

MR. BRISTOW: Yes. And I think since 9/11 we have seen some changes as well. So it would probably be prudent to make sure we are monitoring that and make sure those sites are either up to date or that our people know what is going on.

Thanks, Tom. And if they come through on specific countries, rather than going through all 350, that would be great. So --

MR. BILLONE: I will let you know. I mean, when I get back I'll reread it and get more information on it. It seems to be an issue that came up.

MR. BRISTOW: Okay. Once again, here we are, another year. I think this is
year 32, isn't it, City Pair? Thirty-two
years of the City Pair Program? So 33 -- this
will be 33. With a Leap Year thrown in, okay.

Well, thank you very much for your
attendance today. Thank you on the phone. Is
there any other questions on the phone before
I go or before we adjourn here?

PHONE PARTICIPANT: No, thanks.

MR. BRISTOW: Thank you so much.

Have a good year.

(Whereupon, at 1:31 p.m., the proceedings in
the foregoing matter were
adjourned.)
resell 25:20 27:11
27:13,21 101:9
reservation 28:15
35:4 44:4,5,6,19
65:11 90:4 95:16
reservations 25:14
34:17 41:17 50:5
50:15 52:9 72:3
90:1
resistance 53:14,22
54:15
resolution 7:12
14:15 32:2,13
resolve 28:22 33:16
60:14
resolved 33:13,14
62:12,21 70:22
81:2 85:9
resources 98:16
respond 21:6
response 22:16,16
24:21 25:10 58:5
58:18 89:13
101:20
responsibility
15:20 59:6 93:13
responsible 70:5
73:19
responsible 94:5
rest 65:17
restrictions 10:3
100:14
result 68:16
retain 103:15
retired 13:6 14:3
return 34:4
returning 8:17
reuse 103:16
reveals 83:5
revenue 88:19
right 3:4 19:4,6
20:7,15 23:5 29:7
29:21 30:13,22
33:14,21 34:7
37:19 38:18 42:1
42:15,18 44:3,22
46:4 48:11 50:17
58:12,14 60:2,15
65:2,6,10 67:6
70:2 72:11 74:4
75:20 76:11 78:22
80:8 81:5,15,19
82:19 84:22 85:1
85:9 89:9 90:18
94:12 98:5 100:3
100:13 102:1
103:7
risk 6:17,18,19,20
65:6 84:20 94:12
risks 25:22
RJ 9:8
road 21:16 32:14
robust 92:20
rocket 94:3
role 85:6 93:13
room 1:9 17:9,15
38:22
ROSEN 2:12
rule 37:15
run 11:5 60:8 93:6
running 109:1
safety 9:11
sale 56:13,17
sample 39:6,9 40:9
40:13,14 41:2,21
46:17 50:6 53:7,8
53:10,15 58:1,16
60:14
samples 47:9
sampling 40:19
66:3,8,16
samplings 68:7
SASILA 2:1
satisfaction 6:10
SATO 46:17 51:7,8
saving 15:22
saw 80:9 92:22
saying 18:15 22:9
33:21 36:20 42:10
87:8,10 88:5 94:7
96:20
says 7:16 12:9
18:10 19:21 32:14
73:18 76:16 82:14
89:5
scan 108:11,19
scenario 53:13
schedules 108:1
scheduling 107:20
science 2:6 94:3
seat 25:20 27:1,13
27:15 65:10 95:17
seats 73:3,4 83:5
88:13 94:1 96:17
97:19 100:10
101:5,13 102:11
second 9:13 18:6
85:3
Secretary 8:19
18:7
Security 36:15
see 13:6 14:10,12
27:22 28:13 47:10
49:1,7 55:7 64:16
74:11 91:6 95:15
103:8
seeing 31:10
seen 14:12 110:8
segments 90:5
succeed 105:11,13
sell 63:12 88:12
94:2 95:20 96:17
Senate 23:10
send 7:15 31:17
sending 34:22
senior 60:3
sense 5:12 67:21
98:6
separate 59:10
separately 38:1,2
39:8 53:6
serve 59:7 65:16,16
71:18
service 3:13,14 7:7
7:19 8:15,22 9:21
11:7 12:17 13:2
20:2 62:20 70:7
services 1:1 15:19
15:21 18:18 78:12
set 36:10 49:19
85:21
seven 30:5 31:18
36:10
shame 15:3,5,5
18:15
SHANAHAN 2:2
13:3
share 53:5 102:8
shared 60:7
shareholder 102:11
sharing 63:20
shifted 64:15 98:13
shipped 47:21
Shocking 64:6
shoe 20:22
show 5:1 30:13
36:5
showed 14:5 30:9
showing 13:17
14:20 52:15
shows 52:14
side 3:16 14:8,10
61:5 63:20 86:21
86:21 87:2 97:2
sides 13:7
sign 44:5
signed 21:12 81:16
significant 23:4
similar 22:1
simple 52:22 82:1
simplify 66:20
simply 53:2 67:20
single 12:13 40:2
71:17
sit 46:21 67:5
sites 110:11
sits 72:5
situation 96:4
six 5:22 55:18 56:5
slap 99:10
slide 9:18 36:7
slides 8:6
small 2:10 27:12
38:16 94:20
smaller 103:1
smarter 101:3,4,5
SNYDER 2:12
Social 36:15
software 72:8
sold 58:3
solicitation 5:20
32:11 60:13 61:15
62:21 80:13 81:6
81:13 82:11,13
92:4
solve 65:20
somebody 51:11
103:20
somewhat 4:6 28:8
son 13:5 14:13
57:18
soon 3:8 26:17
sooner 81:11
sorry 8:5 21:3 36:6
36:8 56:15 59:19
67:2 71:13 85:2
89:13 103:4,5
106:7
sorts 90:20
sounds 64:21 72:8
74:3,7 84:7
sources 4:18
Southwest 1:19
47:6,7,8,10 48:20
60:6,9 61:21 67:8
76:6 93:15 106:8
106:11
space 45:4,10 62:18
66:12 84:14
100:16
speak 12:16 21:17
24:18 38:6 71:21
89:17
specific 52:19 55:5
55:6 110:14
specifically 47:8,15
97:17
spectra 42:12
spells 63:6
spend 12:1 100:4,6
SPIRITO 2:2
spoil 85:21
spoilage 3:9 25:12
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: Pre-Solicitation Conference
    PMO Portion

Before: GSA

Date: 02-01-12

Place: Arlington, VZ

was duly recorded and accurately transcribed under
my direction; further, that said transcript is a
true and accurate record of the proceedings.

[Signature]
Court Reporter