UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

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FY16 CITY PAIR PROGRAM
PRE-SOLICITATION CONFERENCE

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WEDNESDAY
FEBRUARY 11, 2015

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The Pre-Solicitation Conference met in Room 3042, General Services Administration, 1800 F Street, N.W., Washington, D.C., at 1:00 p.m., Jerry Bristow, presiding.

PRESENT

RONDA BOATRIGHT, Management and Program Analyst
JERRY BRISTOW, Program Manager
KWANITA BROWN, Contracting Officer
TIM BURKE, Director, of Travel and Transportation
LAUREN CONCKLIN, Program Co-manager
JERRY ELLIS, Business Management Specialist
CINDY GUO, Contracting Specialist
COURTNEY HAMMOND, Program Analyst
MAILE PARKER, Director, Travel and Transportation Acquisition
JANELLE SCRIBNER, GSA*
KEITH SMILEY, Director, Travel Acquisition Support
PARTICIPANTS

TOM BILLONE, United
DOUGLAS BRITTEN-DAVIS, VA*
ANGELA BURRILL, Department of State
ANDREA CARLOCK, DTMO
GEORGE COYLE, Delta
MARK DELLINGER, Department of State
CHERYL ELZIE, Department of Commerce*
LARRY FATTORUSSO, Delta*
JACKSON GERST, Qatar Airways
Raphael GIRARDONI, American
DAVID GOBER, Delta
ALEX GRAFF, Delta
JEFF HAAG, Southwest
HOWARD HICKS, DTMO
THERESA HOLLOWELL, NASA*
TRICIA HOOVER, State
JEFF JEWELL, VA*
MARIETTA LANDON, Alaska*
ERIC LANE, JetBlue*
ZIYU LU, VA*
AMISH MEHTA, Virgin*
KEVIN MERRY*
CHRIS MOSS, JetBlue
JIMMY ROMO, Delta*
JON ROSENMEIER*
TOM RUESINK*
MATT SCHLESSMAN, American
WILLIAM SU, JetBlue*
BARRY TAYLOR, HHS/CDC

MICHELLE de VERA, JetBlue*

RICHARD WOOTEN

*Participating by telephone
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Adjourn
MR. BRISTOW: Good afternoon, everyone. Thanks for waiting. Thanks for everyone attending. Gosh, there's standing room only here for those who are on the phone who can't see this. There's a lot of people here interested in the FY16 pre-solicitation conference. I want to welcome you. I'm Jerry Bristow. I'm the program manager for the City Pair Program. We have a cadre of resources and support here from the City Pair. They'll introduce themselves as we go around the room here.

Here we are. Year 35 of the City Pair Program, long-standing, long-term program. We can't do without our suppliers and of course, our customers, otherwise a benefit from their participation. So thanks for being here today. Thanks for your interest in the program, not only our industry partners, but also our stakeholders and our customer travelers. So thanks for
attending today.

We'll move this along here pretty
good, pretty quickly, but first of all, I think
we have people on the phone. Can you please
identify yourselves so we take a roll call here
and then we'll pass around the room as well.

I'm sorry, who is on the phone,
please?

MR. GIRARDONI: We are getting word
that the bridge line hasn't been opened. The
guys aren't able to dial in.

MR. BRISTOW: Can they hear us?

MR. ELLIS: Are we dialed in as the
leader? Are there any people on the phone? I
don't think they can hear us.

MR. GIRARDONI: They're just getting
music on hold saying that it hasn't been
activated.

MR. SHANNON: Hey Jerry, this is Bob
Shannon and Jay Johnson from USTRANSCOM, along
with Steve Mura and Kevin Sasila from Air
Mobility Command.
MR. BRISTOW: Okay, thank you.

MS. SCRIBNER: Jerry, this is Janelle Scribner.

MR. BRISTOW: Janelle, thank you.

MR. LANE: Hi, Jerry. This is Eric Lane calling on behalf of JetBlue.

MR. BRISTOW: Hi, Eric. Thank you.

MR. ELLIS: So when you're calling in can you also see the screen for the presentation? Is that okay as well?

MR. LANE: Yes, we can see it.

MR. BRISTOW: All right, great. Maybe we are connected then.

MR. GIRARDONI: It sounds like we are connected, except that are we sure it's the same number, that everybody has the right number?

Okay. I think our guys are still --

MS. CONCKLIN: Send an email out to all the attendees to redial in.

MR. BRISTOW: Sorry, everyone for the technical difficulties. We'll get those corrected here shortly.
MR. FATTORUSO: Good afternoon.

MR. BRISTOW: Who joined, please?

MR. FATTORUSO: Larry Fattoruso from Delta.

MR. BRISTOW: Thank you.

MR. BROPHY: John Brophy from the Traffic Safety Administration.

MR. BRISTOW: Thank you. Okay, now that we have everyone, I believe, we'll open up again. As I said, this is our 35th for the City Pair Program. Thanks for your participation, your attendance here today. It's important to us as we go through the FY 16 solicitation.

We had started to do the introductions on the phone. Those that just joined us, could you please identify yourself on the phone, please.

MR. FATTORUSO: Larry Fattoruso from Delta Airlines.

MR. BRISTOW: Thank you.

MR. BRISTOW: Thank you, Heather.

PARTICIPANT: (Telephonic interference)

-- Sun Country.

MR. BRISTOW: Sun Country. Thank you.

MR. BYRNE: Bill Byrne, United.

MR. BRISTOW: Hi, Bill. Just for everyone's information, this afternoon, the meeting is being recorded. So if you need to ask a question, you need to first identify yourself and the company you work for and so we can properly document the conversations and the meeting throughout, okay? So we do this every year. And that helps us be able to keep track of what's going on, identify the issues that are at stake, and for us to address those before the final solicitation comes out, so if you could do that, I'd appreciate it.

For those on the phone, if you are not going to speak at this time, if you could place your phones on mute so we don't have background noise and what not, we can continue. If you do have something, a question to ask, please feel
free to interrupt us during the time and ask
those questions. So thanks a lot.

I'm going to introduce Kwanita Brown.
She's our contracting officer. I'm sorry, I'll
do that in a second. Let's go around the room
and identify who is here in the room so we can
get that recorded as well.

Lauren?

MS. CONCKLIN: I'll start. Lauren Concklin, new CPPM and I help Jerry manage the
program. So welcome, everyone.

MR. HAAG: Jeff Haag, Southwest Airlines.

MR. DELLINGER: Mark Dellinger, State Department.

MS. CARLOCK: Andrea Carlock, DoD DTMO.

MR. BRISTOW: Jerry Bristow, Program Manager for City Pair Program.

MS. PARKER: Maile Parker, Center Director for Travel and Transportation at GSA.

MR. TAYLOR: Barry Taylor, HHS,
Centers for Disease Control Prevention.

MR. ELLIS: Jerry Ellis, GSA City Pair Program, Business Management Specialist.

MR. SCHLESSMAN: Matt Schlessman, American Airlines.

MR. GIRARDONI: Raphael Girardoni from Revenue Management at American. This is my first time actually going through the bidding process. RM now owns the contract so I'm very excited to be here.

MR. BILLONE: Tom Billone, United Airlines.

MR. GOBER: David Gober, Delta Airlines.

MR. GRAFF: Alex Graff, Delta Airlines.

MR. COYLE: George Coyle, Delta Airlines.

MR. MILLER: Eric Miller, Department of State.

MS. HOOVER: Trisha Hoover, Department of State.
MS. BURRILL: Angela Burrill, Department of State.

MS. SHEA: Debra Shea, Department of State.

MR. MOSS: Chris Moss, JetBlue.

MR. GERST: Jackson Gerst, Qatar Airways

PARTICIPANT: (Telephonic interference)

MR. SMILEY: Keith Smiley, GSA.

MS GUO: I'm Cindy Guo and I'm a contract specialist who will be helping Kwanita today.

MS. BROWN: Hi, everyone. I'm Kwanita Brown, contracting officer for the City Pair Program.

MR. HICKS: Howard Hicks, DTMO.

MR. JOHNSON: Rob Johnson, DTMO.

MS. SMITH: Tina Smith, DTMO.

MS. HAMMOND: Courtney Hammond for the GSA.

MR. BRISTOW: Welcome here, as well.

So let's go ahead and start with Kwanita Brown,
who will introduce the City Pair contract for the FY2016 pre-solicitation conference and let's get this thing rolling. Thanks.

MS. BROWN: Hi, everyone. So I'm just going to go over the agenda items and then Cindy will go over the general solicitation requirement and then we'll turn it over to Jerry Ellis, and he'll go over our market requirements. And then I will pick it up with the solicitation significant changes.

So today what we're going to do is we're going over the general solicitation requirements. Then Jerry will talk about our dual fare reporting and SmartPay to spend. Then he'll get into the FY16 market selection and market information.

I'll pick up from there going over the FY16 solicitation changes. And then program will take over and discuss some program topics that they would like to share with you. And then from there, we'll open the floor for any questions. And then at the very end we have our points of
contact for the City Pair Program as well as points of contact for general inquiries.

So I'm going to turn this over to Cindy now. I'll switch seats with her.

MS. GUO: Hi, everyone. So as I mentioned before my name is Cindy Guo and I'm a contract specialist. I'm actually on a rotational intern program, so I'll only be here for a few months, but you might see some emails with my name on them —— at least CC'ed. And so I just wanted to go over -- I don't know if everyone can see. Maybe I'll stand over here.

So I just wanted to go over the general solicitation requirements and I'm sure that most of you are a lot more familiar with this than I am. But basically, as the practice goes, everything is submitted through the City Pair Offer Preparation Systems or COPS. And these are some important dates for you. So basically, there will be a test application open from February 23rd to February 27th. And I'll be reaching out to the POCs that we have on file
next week to get the names and emails of people
who will be using the test system. So that's
just to make sure that everything works well.

And then, for Group 1, the COPS system
is going to open on March 4th and close on April
6th. So you'll have about that month to upload
all of your offers and then we'll close that and
open again on April 7th and Group 2 will have to
submit by April 27th. So just to make sure
that's clear, Group 1 will be submitting from
March 4th to April 6th. And then Group 2 will be
submitting from April 7th to the 27th.

MR. ELLIS: Can I make a point here?
For you airline people, Cindy just gave you the
dates, but we ask that you do not wait until the
last moment, especially the larger carriers that
will have quite a few line items to upload, both
in Group 1 and Group 2. Later, you will see
we're soliciting about another thousand markets
this year. And so your uploads for the larger
carriers is going to be quite extensive. So we
ask that you do not wait until the last day or
the last minute to upload because if two big airlines try to upload at the same time, it's going to lock up the system. So again, please don't wait to the last minute to upload either Group 1 or Group 2. We appreciate it.

MR. BILLONE: Real quick question.

When are the final City Pairs going to be released?

MS. BROWN: Right now, the anticipated date for release in the final RFP will be March 4th.

MR. BILLONE: We can't hear you. Can you identify yourself?

MS. BROWN: This is Kwanita Brown, the contracting officer. Right now, the anticipated date for releasing the final RFP is March 4th. And that will also be the date that we will be opening up COPS.

MR. BILLONE: Okay, what about the City Pairs? We got a draft of City Pairs now. Will that come out the same time? This is Tom Billone, United. Will that come out the same
time or earlier?

    MS. BROWN: No, it's going to come out
the same time. So when we release the final RFP,
we'll also be releasing the final market. As of
right now, we don't anticipate any changes to
those markets. So it will be the same document.

    MR. BILLONE: Thank you.

    MR. BRISTOW: Unless any of you
airlines find where I've made a mistake and I've
been known to do that before, let me know if
there's a market I missed -- I didn't miss, but I
misled you on a market. Let me know so we can
make any changes to the final, but you consider
the markets that we set out should be the final
list.

    MS. GUO: And a few more general
things about the solicitation. Last year, the
RFP, request for proposal, was changed to the
uniform contract format and that is still the
case. From now on, last year may have been a
little different, but by now you should be a
little bit used to the format of how it looks.
And a few of the important sections, Section J1 is the proposal checklist so you'll look on that and make sure you have everything that we ask for.

And then for everyone, I'm sure you all know, but you have to be registered in the system for award management prior to submission just to make sure that you are registered and allowed to have a government contract.

All of these submissions are going to be electronic. And so we went over the due dates before, but I think that's for the second group actually. But another section is L1 and that's where all the offeror submission instructions are. We're going to be going over all of the changes from last year's RFP. So we'll highlight the big things, but of course, as always, be sure to read that section in full to make sure you are submitting properly.

And subcontracting plans. I know that a lot of carriers who have contracts right now, your subcontracting plans run through the
calendar year, so when you are submitting, if
your plan is due -- goes until December, just
submit your current subcontracting plan. But if
you do not have a current award and you don't
have a subcontracting plan already, you'll have
to submit one when you submit -- when you apply
to the RFP. So is that clear?

And then, of course, you will have to
resubmit another subcontracting plan once your
current one finishes up in December. All right?

And so that is all we have about the
general requirements. And now I'll turn it over
to Jerry Ellis.

MR. ELLIS: Good afternoon, ladies and
gentlemen. Jerry Ellis for GSA. The dual fare
reporting. Most of you are doing an excellent
job with this and I thank you, but there is still
a few carriers that are not following the
template as set forth in Section F7. The item
number, origin destination, the percentage on the
YCA, percentage on the capacity control CA,
separate domestic and international, and give me
a total of domestic and international at the end. Also, please, please, please, only report those markets and item numbers in which you offered and were rewarded a dual fare. If you also include the markets where you only have a YCA fare, that's always going to be 100 percent. And it throws off my calculate. So again, only markets in which you have a dual fare award, origin destination, item number, and the percentages, and then a total percentage at the end of an average. Is there any questions?

I know that a lot of airlines, they have new people doing the reporting, but please have a pass-down log or have them talk to me before they submit their report.

Next slide.

Okay, just to let you know, we've got a response from the SmartPay 2 card of the total spend in FY14. This includes not only the contract fares, but the commercial fares, other fares, anything that was purchased on the SmartPay card and so we broke it down for you
airline by airline and you can see what the spend was and how many transactions SmartPay did on your airline. So that's pretty impressive. The $2.7 billion total Government spend in FY14 and each one of you carriers can see what your piece of the pie was. Any questions? Okay, thank you.

Okay, so looking forward to FY16, we again, based on customer request and through the normal SmartPay MIS ARC data, we're submitting a total of 9,805 markets this year. And you can see the breakdown. There's 4,277 Group 1 markets and broken down by the domestic, international, the extended connection domestic, and extended connection international, as well as the Group 2 markets.

What we are finding is that with code shares and with customer requests, we're reaching further places out there in the world, Central, Eastern Africa, the Middle East is becoming especially popular, down into Australia, Micronesia. So in trying to satisfy our customers' need, we're reaching out because our
customers say we want more City Pairs under contract and we're trying to accommodate that wish.

Go ahead. That's okay. And here's the market dynamics. So we're soliciting 12.5 percent more markets than we did in FY15. You can see the large number of extended connection markets domestically. Again, most of those domestic extended connection markets are in and out of Alaska and Hawaii. However, we have a lot of smaller airports that are served gateway cities for the DoD bases that we are doing.

Extended connection international, we do have 17 fewer markets this year and so you can go on down and again, we're seeing a little bit of a decrease again in government travel, so we have about 9,000 fewer estimated passengers associated with your City Pair contract. Again, these are estimated numbers on the markets that we are soliciting.

Next slide.

So here are the dynamics. As I
indicated before, it's based on -- we have some
new markets that you have not seen before. This
is based on customer requests or in accordance
with the 5th Freedom Rights of carriage. We have
solicited nine markets, international to
international, which we have not seen before.
This is the 5th Freedom Rights. This does not
include the 17 Guam markets that are
international, but a lot of these are over Tokyo,
like Tokyo to Singapore, Tokyo to Saipan. So we
have some of those. Again, there are nine
markets international to international that will
help DoD and the State Department hopefully.

We also, based on State Department
requests, and with the dynamics that go on
politically today, we're soliciting 16 markets in
and out of Havana.

MR. BILLONE: This is Tom Billone.
How can we respond to that when the contract
requires us to have service starting October 1st
when we don't even know if we're going to have
service allowed by October 1st? How can you bid
that?

MR. ELLIS: We always allow for proposed and we're trying to look into the future. We don't know when possibly the White House or the people across the Potomac say hey, we're going to open an embassy in Havana and boom.

MR. BILLONE: So long as can bid on a guess.

MR. FATTORUSSO: Larry here. Without the basic background on this, we can't do anything until we have --

MR. ELLIS: Again, we are just trying to look over the horizon and if nobody serves it on October 1st, then it won't be awarded. But we have to make a supposition that possibly something may happen and we would rather err on the side of what our customer needs may be.

MR. HAAG: That's in contradiction to the language in the contract. You're contradicting your own contract to meet the hypothetical need of the Government.
MR. ELLIS: We always have what's called sometimes unfortunately, throwaway markets that no carrier meets the qualification. But still again, based on customer requests, you know --

MR. HAAG: This is not a throwaway market. This is a hypothetical situation of a market that may or may not be served in the future or needed by the Government in the future. So in my opinion, rather than contradict the terms of your own contract, maybe this is handled in this solicitation period --

MR. BILLONE: As an amendment.

MR. HAAG: -- or an amendment and we actually bid on it when it's a viable market that carriers are serving and the Government actually needs.

MR. BILLONE: Right, we don't know --

Tom Billone, United Airlines. We don't know how many flights we're going to have. So I could be shady about it and say well, I'm going to have five flights out of Newark, six flights out of
Houston, when that's just pie in the sky.

MR. HAAG: If you're going to be shady, Tom, about Havana, I'm going to be shady about a couple of other markets because GSA said it's okay.

MR. BILLONE: This is the issue. Unless -- we don't know if any of the carriers are going to be allowed to fly there yet. So until that time, we really can't bid it. All right? So what we're suggesting possibly is when authorization is received, an amendment to that particular location comes out and we address it at that time, not in the solicitation.

MR. ELLIS: Again, that's why we put it as minimal service, one flight in, one flight out, operating three days a week. And again, the contract does allow for you to make an offer based on either your current schedule or proposed service as long as that service commences before October 1st.

MS. BROWN: This is Kwanita Brown, GSA. I understand what Tom and Jeff are saying
in the sense that they don't know whether they
have the service, so therefore they can't really
say that it's planned service that they don't
know. It may be something that we as a team need
to go back and evaluate whether this is something
we solicit the initial RFP for, solicit as an
amendment before the deadline closes. But this
may be a conversation we need to have internally
again as to whether it's appropriate to solicit
this at the time.

MR. BILLONE: Thank you.

MR. ELLIS: Next slide. And here is
the numbering system for our markets, line items
1 through 2317. They're going to be Group 1
domestic and you can kind of read through that.
As you see, on the Group 2 international markets,
we have reached the 10,000 level, so we're moving
on up there with the markets. Again, this is
based on customer request and customer demand
that they want to see more markets under
contract. And we're trying to accommodate those
wishes. So that is my part of the market
selection of the market dynamics. Any questions?

Yes, Jeff.

MR. HAAG: This is Jeff from Southwest. Educate me here a little bit on your methodology in identifying a Group 1 market versus a Group 2 market. Is it purely passenger volume?

MR. ELLIS: No, no. It goes by volume. All your A through E markets are going to end up in Group 1. Any market in which at least one carrier has nonstop service is going to end up in Group 1. Any market in and out of Washington National Airport, no matter the passenger count, is going to end up in Group 1. And I think you can see the dynamics why that is.

MR. HAAG: Yes, thank you.

MR. ELLIS: Thank you. Good question.

MS. BROWN: That concludes the sections talking about the FY16 market. This is Kwanita Brown again from GSA. And I'll begin to talk about some of the solicitation significant changes.
So this first slide that we're looking at is basically just itemizing out all of the different sections that I'm going to go over. So we'll go ahead and just get started with this.

So basically the first change that we made is to highlight what's in the definition section. So we just added a couple of different languages. So first was the jet section, we just added the classification of a regional jet. We also added a definition for regional jet so we defined what that meant. And then the final three are related to our YCA, our _CA and our _CB fare. And we found that it didn't include both — it had domestic, but it did not include international when we talked about being subject to the auto cancellation, so we just wanted to make that adjustment.

MR. COYLE: George Coyle, Delta Airlines. How did we come up with the cutoff at 100 seats for the RJs?

MS. BROWN: I'll let Jerry comment, expand on that a little bit.
MR. ELLIS: Well, we needed a starting point and if any one of the carriers have another thought, we're certainly willing to accommodate that. There are so many different types of regional jets out there right now and we weren't exactly sure exactly what would be considered an RJ.

And again, what we're kind of looking at is not only the number of seats, but the accommodation of baggage. Your smaller RJs, your 50- and 70-seat RJs have very limited baggage compartments. So it makes it real hard, especially on DoD if they're moving their B4 bags, their flight gear, NBC gear or something like that. It maxes out the cargo pits pretty fast.

MR. BILLONE: This is Tom Billone, United Airlines. There are 90 seaters coming on line.

MR. ELLIS: Yes.

MR. BILLONE: So if you're eliminating those, also we are putting them in a lower
category. They will have larger baggage Class A, larger passenger Class B.

MR. ELLIS: Okay, good to know.

Mr. BILLONE: What you do -- I think the reasoning behind this is to change how they're evaluated in the proposal.

MR. ELLIS: Yes, sir.

MR. BILLONE: They're not valued as jets, they're regional jets, but they're not commuters.

MR. ELLIS: Yes.

MR. BILLONE: It's something ambiguously in between.

MR. ELLIS: Yes.

MR. BILLONE: Which most of your DoD locations are serviced by regional jets, unless Southwest, it doesn't fly regional jets, gets an advantage. So it's a disadvantage to some of your major carriers who fly regional jets to evaluate those differently in those markets and I'm sorry to put this on Southwest, but that's one of the things that you look at is who gets
the advantage.

So you're going to do what you're
going to do, but we think that maybe you should
just leave the 90 seaters alone at least.

MR. ELLIS: Okay, that's a good point,
Tom. And the carriers, especially the three
majors that fly a lot of -- that have an express
jet or something like that, I'd like to hear from
you what would -- do you think that the seat
threshold, we certainly can make an adjustment on
the final. If you think it should be less than
90 seats, we're certainly willing to accommodate
that, if that seems to be the direction.

MR. BILLONE: We'll get back to you on
that after consultation.

MR. ELLIS: Very good.

MR. GIRARDONI: Raphael Girardoni from
American. I think we'll back to you on that as
well. I would second the concern from Tom that
this is certainly one of the items that we have
concerns with.

MR. ELLIS: Okay.
MR. GIRARDONI: I think for very similar reasons. It just feels somewhat arbitrary to choose a seat count. You're almost incentivizing us to put more seats on planes which could really go against what you're actually trying to accomplish. And so I wonder if there's actually a better metric than a seat count to use in this scenario. If the real concern is around baggage space and the ability to load bags, is there something that would be more meaningful along the lines of some sort of ratio of seat count to the cargo hold or is there something even from a policy perspective that we could use to address this concern.

MR. BILLONE: Tom, again, from United. I just wanted to say we understand DoD's concerns. Believe me, we've run into it all the time in specific locations or when there's group movements or anything like that. So when that -- but the 90 seater should take care of most of that issue. Okay?

MR. ELLIS: We are more than willing
to listen.

MR. BRISTOW: This is Jerry Bristow from City Pair Program. It's not just about the baggage, but it's also whether or not you can accommodate the threshold of passengers for that area. That's the other way to properly evaluate whether or not you have enough seats on that aircraft or evaluation to accommodate the number of passengers that are on that market. That's the other thing.

MR. GIRARDONI: Raphael from American again. To a certain degree that is covered by frequency, right, potentially. You could be incenting larger aircraft to once a day to versus multiple frequencies that give customers the option to fly at multiple times during the day. So there's a bit of a tradeoff there.

MR. ELLIS: George?

MR. COYLE: George, Delta Airlines. I think you'll see a lot of these and for lack of a better term the secondary markets. We had one this week that came up at a location that was a
proximity to a base location. So maybe if we
look at whether this is not necessarily in direct
competition with jets, but in other markets,
really the RJs are all that are operating in that
location.

So if we have some O&Ds to look at,
that would be very helpful.

MS. BROWN: Thank you for all those
comments. The next slide is a change that was
made to Section C.3.B(2)(a) which is in our
technical requirements for domestic market. So
the change here was that we increased the
connection time and we took it from 100 to 120.
So that is the change that was done there. Any
questions before I move on to the next one?
Okay.

So next slide also deals with
technical requirements for domestic markets. The
section reference for this is C.3.B(4)(c). And
here is where we make some adjustments to the
maximum circuity. So for here what we did was we
combined the first two lowest like mileage into
just one section so it's now 0 to 600 miles. And we increased the maximum circuity from 175 to 185 and then for the 601 to 1000 miles, we increased the circuity from 160 to 175 here.

I'm going to go to the next one. This is also related to technical requirements. This was a change that was made in the draft, but was inadvertently changed. It should not have been included as a change. So basically for section C.3.C(4)(b) which is technical requirements for international routes, it showed a change to the great circle mileage and the maximum circuity and that is incorrect. This should actually remain as it was in FY15. We will adjust this language in the final RFP, but I did want to bring it to everyone's attention because it is shown in the draft RFP. So this will remain the same as FY15.

MR. COYLE: So Kwanita, this is correct.

MS. BROWN: Yes, yes. What I'm showing you is what it should say. And it's different from what is listed in the RFP. So we
1. I will make that adjustment.

The next slide is in regard to Section H5 which deals with the Civil Reserve Air Fleet
better known as CRAF program. So we made one
word change here which was taking one of the
final sentences in the section from GSA will
terminate to GSA may terminate. I'm going to
allow Jerry to kind of give a little more back
story as to how this derives. So we're
contemplating making this change. I'm not saying
this is set in stone for the final, but we are
contemplating the change.

MR. BRISTOW: We have a request from
industry to take a look at delinking or
decoupling from CRAF. We do not condone that
move as far as that goes. But we have been
looking into this and the change of the wording
is that we maintain the link of the CRAF with the
City Pair Program but in such a way that it
allows you to bid on your CRAF program as well as
the City Pair Program.

I will tell you, we are in
collaboration with AMC TRANSCOM in this
discussion. We will be attending their meeting
next week and within the next month before the
final solicitation is released, we'll come out
with our final determination. So this is not in
any way delinking the program. Nor will it move
you in any which way to not maintain the
requirements not only of the current contract,
but of the future contract.

MR. BILLONE: Tom Billone, United.

What does "may" mean?

MR. BRISTOW: Shall.

MR. BILLONE: You went from "will" to "may" or "shall" to "may". And there's no
parameters around the "may." How is that
decision you may or may not terminate somebody?

MR. BRISTOW: Shall means that you
will be terminated.

MR. BILLONE: Well, I know, but may
means you may or may not be and what's the
determination factor we'll be or not?

MR. BRISTOW: And this is where we
need to continually discuss with our CRAF partners here with regards to how this would work with regards to maintaining the contract, maintaining the participation in both contracts. That's the goal. Maintain participation in both contracts. You understand the mission requirements of the CRAF requirements and you also understand the requirements of the City Pair contract.

We want to make sure that we're not losing participation in some specific areas because of one area or another. We've lost some carriers before in the past and we need to make sure that we have participation in a number of these areas.

MR. BILLONE: This is Tom Billone again, United. Right now, as far as I know, all the carriers with the present rules for CRAF are in no way. So if the three majors decide that they're not going to participate in CRAF because the rules are too onerous for them to proceed, that means you don't have three majors in the
City Pair Program, but you may have three because you may say well, that's going to destroy the City Pair Program so we want to keep them in. Is that what I'm reading into this?

MR. BRISTOW: We will be in discussions with the CRAF people between now and this final solicitation.

MR. BILLONE: Okay.

MR. BRISTOW: We will let you know what that outcome is.

George?

MR. COYLE: George Coyle, Delta Airlines. I'm glad that we're paying close attention to the proposed CRAF changes. They're significant and they put a lot more risk to the network carriers. So I'm in favor of looking at this area of the agreement so that we're not risking both programs if one happens to not go through.

MR. BRISTOW: I understand. This also allows us to -- this remaining time, to work this through. We understand your concerns, but we
also know that we have to work with our
stakeholders in this to make sure that we're not
adversely impacting their contract as well.

MS. CONCKLIN: This is not something
we are taking lightly.

MR. BRISTOW: It's on the board here
for discussion and this is why it's being
presented today as well.

MR. BYRNE: This is Bill Byrne from
United. Clarity regarding this language being
pretty important, so I understand the may as a
placeholder for something, but if "may" remains
in the contract, in the solicitation, I don't
know what our response would be. So United Air
is neutral on this, but you've got to take a side
on this. You've got say one way or the other
what you're going to bill. And I think it's
difficult for us when you guys have to sit on the
fence. I understand that you need to have what
you're trying to achieve on both sides. I do
understand that actually. But in terms of the
solicitation, we've got to know one way or the
other what we're bidding against. This "may" is not going to fly because we won't know who we're bidding against.

MR. BRISTOW: That really is correct. You won't know who you're bidding against until that comes out.

MR. BYRNE: So that makes the solicitation, in our view, completely unfair. We need to know who we can bid against. What is the universe of people we can bid against? If we do not know, a blind solicitation, not fair.

MR. BRISTOW: You know who your competition is in those markets and it's going to be up to those carriers to determine whether or not they're going to participate or not.

MR. BYRNE: So Jerry, just so I understand what you're saying, so if you're saying CRAF will matter or not matter based on some determination that you may or may not make later, we do not know the universe of people we are bidding against.

If you're saying that everybody that
applies it, then you're telling that CRAF doesn't matter.

MR. BRISTOW: Each of the carriers has been telling us that you want to have each of those contracts separate, which means a delink. I'm telling you, we're not in favor of the delinking of the program, but we'll continue to work through this process and we'll let you know by the final solicitation.

MR. BYRNE: I understand what you're saying. My comment still stands. You did not address my comments. You clarified what you said and I appreciate it.

MR. HAAG: So Jerry, does this -- obviously applies to those carriers who are participating in CRAF today and may or may not participate in CRAF tomorrow. My interpretation of this, the use of "may" also opens it up potentially to those carriers who have never participated in CRAF. Am I understanding that correctly?

So to the gentleman's point of United,
those carriers who in the past have been removed from the City Pair Program because they didn't participate in CRAF, now by changing the language to "may" depending on how GSA feels at the time they get that bid, you may allow them to bid or you may not. Am I misinterpreting that?

MR. BRISTOW: I think that's a misinterpretation. What it says we may terminate for cause, which means that you would have had already met the CRAF requirements of participation under that before you even submitted your bid. That's the way the contract is. You've got to meet the CRAF requirements either be going through the approval process for the certification or receive a letter of ineligibility to be able to bid on the contract. But this says you may terminate for cause. This is after you've already applied, been approved or received your letter of ineligibility.

MR. HAAG: So essentially, you're protecting yourself in case of a situation where I guess the three majors, not including me, don't
participate in CRAF. My feelings aren't hurt, guys. It's all right. Don't participate in CRAF, but you recognize the need in the City Pair Program and you want the flexibility to be able to say okay, legacy carriers, you chose not to participate in CRAF because of the changes there. We're going to keep you in the program. Is that what you're after?

MR. BRISTOW: It may keep them in the program only for the remainder of that year. That's it. They would not qualify for participation in the next year.

MR. HAAG: I think that's what needs to be defined. I think the subjectivity of this that will completely change the landscape of the program, we can't operate in the gray here. We need to know.

MR. BRISTOW: We don't know when that nonparticipation --

MR. HAAG: When are we going to know? And why don't we know? Let me ask that first.

MR. BRISTOW: I wouldn't know when a
carrier was going to drop out of the program.
Our contracts are not awarded at the same time.

MR. HAAG: No, but I think what's holding this up is we're waiting on US TRANSCOM to make a decision, right, on how CRAF will be facilitated during this next contract period. When is that decision going to be made? Because if I'm understanding you correctly, "may" will either stay or go back to "shall" depending on what the CRAF folks decide. Is that correct?

MR. BRISTOW: Depending on what our conversations with CRAF are going to be and how we maintain participation in the program.

MR. HAAG: Okay, but I think the carriers' participating is dictated on the changes that may or may not happen within CRAF. When is that decision going to be made in regards to the changes or not changes in CRAF?

MR. BRISTOW: I don't have that information.

MR. HAAG: So are the folks from US TRANSCOM on the line now?
MS. BROWN: Is there anyone from US TRANSCOM that can comment on Jeff's question?

MR. BRISTOW: Or can we get back with them on the date of submission for CRAF?

MR. HAAG: We've been kicking this can for a while now and it seems like a decision hasn't been made. We understand where our positions are, I think, from this perspective, but a decision has to be made on CRAF because whatever that decision is has a strong probability of impacting this contract and the solicitation which you're telling us we have to submit in a month.

MR. BRISTOW: And that's the area, too. Do I know what carriers are going to submit or not based on that requirement? Do I know at the time that you submitted for the City Pair and we make award, you say I'm not going to participate in CRAF. Well, now I've made an award and now I have to go either to a secondary award or there's going to be markets that don't have an award. That's where the impact is. So
we don't have that same qualification on your part. That's the point.

MR. HAAG: I get that, but I think we would have that if we knew what was happening with CRAF.

MR. BRISTOW: We are in constant communication with them with regard to the requirements. We are going to try and work this in tandem so that we get a better answer for you.

MR. HAAG: But there is no time frame, is that correct, on when that answer will come?

MR. BRISTOW: I'm going to be out in St. Louis next week to the Executive Working Group. We will have our discussions during that time as well. We will come to a conclusion by the end of the final solicitation when it's released.

MS. CONCKLIN: I know this sounds very wishy-washy. We spent many hours on this subject, both internally, TRANSCOM. It's not been taken lightly.

MR. HAAG: And we appreciate that. I
think one, we need to come to a conclusion. And
two, I think the concern is from our perspective
is GSA is manipulating the contract to meet their
needs, not necessarily the needs of the carriers
that are participating. And I think that just
substantiates the one-sided argument that is the
City Pair Program.

MR. BRISTOW: I don't think we have been
manipulating the contract. The CRAF requirements
have been in since 1992.

MR. HAAG: Right, but you've now said
that you may or may not terminate depending on
somebody's participation in CRAF, where before it
was if you didn't participate or going through
the participation, or going through the process
of participating in CRAF or how to -- a letter of
ineligibility, you were out. There was no
subjectivity about it. It was one way or the
other.

MR. BRISTOW: That's correct.

MR. HAAG: And now to meet your needs,
you've opened it up to say well, maybe we will.

MR. BRISTOW: Excuse me, this was a request from industry that we're addressing at the moment. This wasn't to meet our needs on this. This was a request from industry that asked for this.

MR. BILLONE: The industry asked for it to be decoupled totally.

MR. BRISTOW: Right.

MR. HAAG: Which is not Southwest Airlines' position, I'll say.

MR. BILLONE: We don't care.

MR. HAAG: I just want an answer one way or the other.

MR. BILLONE: We don't. We bid each one individually. So if we're not in CRAF so goes the City Pair Program. I mean that's just the way it is. But we don't think in the long term for anybody it's healthy for it to be coupled. It just doesn't make sense because of some of the onerous conditions that are being put on the carriers in CRAF that are being
proposed. It just doesn't work. And what that does is affect your government travelers, totally, because if you have the three majors which do most of your international haul, out of the program, what are your employees, your customers going to do for travel? I mean it's going to cause an uproar. Because somebody stuck to their guns and said we want this, this, this, and this. And it's going to be a nightmare for you. More than a nightmare. People are going to be screaming.

I mean when you don't award City Pairs, I get calls. Why weren't they awarded? Well, we bid it. So you know, take that on a massive scale and what that's going to be like. So I'm just telling you, that's why we want it decoupled.

Again, we don't care whether you do it or not, but I think for the interest of the industry itself and for the travelers, it's best to have them separate. That's what I can say.

MR. BRISTOW: We will continue to work
this, like I said.

  MR. BILLONE: Okay.
  
  MR. BRISTOW: Nothing gone unnoted.
  
  MR. SHANNON: Jerry, this is Bob Shannon in USTRANSCOM.

  MR. BRISTOW: Hi, Bob.
  
  MR. SHANNON: I don't have the exact dates on the CRAFT RFP, and I can get those, but my understanding was that those dates were pretty close to your time line on your contract.

  In terms of the language about termination shall be versus may, that's news to us, but obviously, we've supported all these years the current language which is shall be terminated. But we look forward to working with you on that language.

  MR. BRISTOW: Thank you.
  
  MS. BROWN: Before I move to the next slide, is there any other final comments on this particular section? Okay.

  So the next slide is just basically highlighting and bringing to your attention that
there were some recent FAR changes, so we wanted to just highlight the FAR clauses for you to just go at your leisure, to go back and basically review these new FAR solicitations.

One is 52.212-4. We have 52.212-5 and this is also the GSAM, 552.212-71. So all of these were updated within October and December of 2014. So you do want to make sure you look at these and look at any new changes that were made. We didn't highlight all the individual changes because some of them were extensive changes. So you just want to go in and review that again.

Moving on to the next slide, we have Section J.1 which is our Attachment 1 proposal checklist. It lists all of the documents that need to be submitted when you're submitting your Group 1 proposals. We wanted to just highlight one word unchanged that was added for the completed baggage policy, just highlighting that this is to be used for solicitation purposes only.

Specifically, I believe everyone is
aware that we do do a price evaluation factor
which talks about baggage fees, so we wanted to
understand whatever carrier who is submitting an
offer, what their baggage policy would be as it
relates to civilian and military employees. So
we use that specifically for -- in tandem with
that subfactor for price evaluation.

MR. COYLE: Kwanita, George with Delta
Airlines. That's still subject to change, so
it's not going to be hardwired to the language of
the agreement.

MS. BROWN: As of right now, we're not
looking to make another change to that. It's
going to basically remain that the policy as used
for the solicitation purposes we're evaluating.

MR. BILLONE: This is Tom from United
Airlines. I have concerns about this as to what
happened last year. I think there should be
language in there that this is not binding on the
carriers. We do the military as a thank you to
the military. And it's a voluntary thing. And
our commercial bag policy is based on market
conditions and that can change any time. So last year when the signature page was attached to this Attachment 1, it made like we were signing off on this is where our policy was and we’re not going to change it.

You need to make it very clear that this is not part of the contract. That it’s for information purposes only and it can change at any time.

MS. BROWN: Again, I thought it was pretty clear when it says "for solicitation purposes only" but I will go back and see how we can adjust it to make it even clearer.

MR. BILLONE: Thank you.

MS. BROWN: Moving on to -- I believe it might be my -- oh, I have two more. Okay, so the next slide is also just bringing to your attention FAR references that have been updated. So Section K-10 was included in the draft RFP. Section L-4 was not. So this is just something I wanted to bring to your attention that will be referenced in the final RFP. But basically, this
was another section of the FAR which was updated
in April of 2014. And Section M-1, the FAR
reference there was also updated in October of
2014, so please make sure you go and review those
FAR clauses to see what changes were made.

MS. CARLOCK: I have a question.
Could we go back to J-1? For the policy on bags.
If it's for information purposes only, what's the
added value in having it at all?

MS. BROWN: Basically, what we're
doing is, as I said, we have a price evaluation
factor, but we use baggage fee as a
consideration. And so in order for us to be able
to evaluate baggage because we need to know what
the baggage fee policy is for the carriers if
they're going to apply on a City Pair contract
fares. So that is the purpose behind asking for
that information.

MS. CARLOCK: Can you explain that,
you use it for consideration. Can you explain
what you mean by that?

MS. BROWN: For the price evaluation
section, basically, we're saying is if there is a
carrier who offers no bags, like it has a no
baggage fee policy, then if their price --
awarded price is within two percent, then we
might look at making the award to that carrier
for that particular contract.

So when you're looking at -- I'm
sorry, for that particular market. So when we're
looking at that as part of one of the factors for
our price, you need to understand whether that
airline actually has a baggage policy that will
permit no baggage fees for the CPP contract.

MS. CARLOCK: But he just said, he can
tell you that he has no baggage fee, but at any
time he can pull that back and actually charge
you a baggage fee, so to take that into
consideration would be false.

MS. BROWN: It says in the contract,
too, that if their baggage policy does change,
GSA can re-award that market to another carrier.

MS. CARLOCK: Okay.

MR. BILLONE: What section is that?
That's some new information.

MS. BROWN: It is in --

MR. BILLONE: That is the proposal check list.

MS. BROWN: It is on page 93 of the current draft solicitation. It falls under Section M.5, price evaluation for Group 1 and it is item 6.

MR. BILLONE: That's the one where you outlined as two percent.

MS. BROWN: Yes, and it says if an awarded market is issued on this base, the contract carrier must maintain baggage fee waiver for the market during the entire performance period of the contract. If the awarded contract carrier does not maintain the baggage fee waiver during the performance period of the contract, the Government reserves the right to re-award the market.

MR. BILLONE: Okay, but if I have a baggage fee already in place and I increase it, that section doesn't address that, right?
MR. HAAG: It is an opportunity for revision, Tom.

MS. CARLOCK: When you say increase, what do you mean by increase?

MR. BILLONE: Okay, say it's $25 for the first bag. And the industry is changing it to $30. So we say okay, we're going to change it to $30. I can do that.

MS. BROWN: But this particular baggage reconsideration is based upon a theory that does not impose check baggage --

MR. BILLONE: That does not impose. Okay. I just want to make sure that's clear.

MS. BROWN: So you're getting an added value of if you don't impose it.

MR. BILLONE: I just want to make that clear.

MS. CARLOCK: How is GSA monitoring that to assure that the baggage fee policy is in effect? What are you doing to manage that so that doesn't change? What are you doing to manage that?
MR. ELLIS: This is Jerry Ellis. We monitor what's going on with industry news and obviously a carrier through any one of the medias that come out in travel will say all of a sudden hey, Brand X is now charging for bags where they didn't before. Actually, there was one carrier that at this time allows one free bag, but they're also thinking of doing a bundling, fare bundling and with the very lowest passengers, they will be charging a bag, so I'm in communications with that carrier saying okay, where does the contract people fall into that low tier of your bundle fee or in the middle or whatever? So we do monitor it, Andrea.

MR. HICKS: So Jerry, so do you make it a requirement that is there a change they say it to you first before they make that change so it would be in the actual contract?

MR. ELLIS: It's not a requirement. It's just following the industry dynamics. That's part of our job description.

MR. HICKS: No, I understand, but if
an airline is considering a change, should they submit to you first? Should they send it to you prior to contract as a requirement, to make you aware that you know that they're changing it?

MS. BROWN: I see what you're saying. We can actually discuss whether or not that's something we can put into the contract. But I understand what you're saying. It's the same as if they're market changes and they have to let us know that they're no longer serving the market.

MR. BILLONE: I'm trying to follow you were saying. And so if I'm a carrier and I charge $25 --

MR. HICKS: No, you're not charging.

MR. BILLONE: If you're not charging, you have to --

MS. CARLOCK: Based on what she just read.

MR. BILLONE: I got it, okay. I just wanted to make sure. Yes, got it.

MS. BROWN: Any additional questions or comments related to that?
MR. GIRARDONI: Raphael from American.

I do have one question. So when evaluating the contract carrier that imposes a checked baggage fee against a carrier that does not, are we talking about a first bag, is there a number of bags or are we just talking about a first bag?

MS. BROWN: The first, yes.

MR. GIRARDONI: Thank you.

MR. SCHLESSMAN: This is Matt from American Airlines. The two percent price consideration has been there for a number of contracts. Has that ever been reviewed or has GSA ever looked at is two percent actually the amount of savings that a first bag is presenting?

MR. BRISTOW: No, it's as carriers come within two percent of each other and their pricing mechanism, so if you come within two percent of the carrier that charges for a bag, and you don't charge for a bag, then the valuation factor goes into place.

MR. SCHLESSMAN: So why is it not one percent? Or three percent? Is it just an
arbitrary -- an arbitrarily chosen number?

MR. BRISTOW: It wasn't arbitrary. It was basically looking at the cost of the contract and how close you guys came in your pricing. You know who your competition. You know what you're pricing is in those areas. If you came within two percent of each other, two percent of a $300 fare.

MS. SAMP: Hey Jerry, this is Heather Samp from American. I just really want to reiterate that even for the carriers that do charge for the first bag the actual CPP passengers that are actually getting charged because they are either otherwise exempt for some reason or for some elite status or they're on military or they're already getting those waived, so it's putting the carriers that do charge probably at a serious disadvantage relative to who is actually being charged that's falling under those fares.

MR. BRISTOW: Yes, I understand. I understand it from a carrier's perspective. We
have to look at it on the perspective of our customers and the contract on this side.

MR. GIRARDONI: Right. This is Raphael from American. I think the point that Heather is making is that I think what we're getting at here really is just this question of is two percent the right number or is it zero percent or one percent, three percent, five percent and is that based on the estimated incremental cost of the Government having to pay for baggage fees?

MR. BRISTOW: For having to pay for a bag, yes.

MR. GIRARDONI: So the point that Heather is making is have we recently looked at what percent of CPP customers are actually paying a bag fee. We, a carrier, may have a first bag fee in a given market, but we also have free bags for military, X number of free bags for military. Elite passengers get bags free often, the frequent flyer program members that are elite, so there's many different ways that many of our
customers actually get free bags and they don't pay that first bag fee. And even those policies have changed over time. So I think what we're wondering is has that been reevaluated as what the actual cost of baggage fees to the Government is?

MR. BRISTOW: Well, if the carriers would like to advise us what bags they charge under the SmartPay, I'd be glad to do that analysis for you. If you could tell me how many bags you checked that you didn't charge for, I'd be glad to do that. However, those are the unknowns that we don't know and this is why we're trying to provide this application.

MS. CONCKLIN: And what is the actual concern? I mean what is the concern if you want to state we would like to see it one percent or three percent. Here's why. Give us that definition.

MR. GIRARDONI: Okay.

MS. CONCKLIN: That's the time to do that, right now.
MR. GIRARDONI: Okay. We'll get back to you on that. Thank you.

MS. BROWN: I am going to move on to the very final slide that I have related to solicitation changes and this in regards to Sections M.5 and M.6 of the solicitation. These relate to the price evaluation for Group 1 and Group 2. So pretty much the only change we're making here is in domestic markets for Group 1 and Group 2. We're changing the weighting factor so the YCA fare will now be weighted at .30 percent versus the .25 percent. And then the _CA fare will be weighted at .70 percent versus the .75 percent. So those are the changes that will be made to those two sections. I believe in the draft RFP it only referenced that we were changing the Section M.5, but I will adjust that so that it shows that I'm changing it to both sections in M.5 and M.6.

That is the very last slide that I have related to solicitation changes. Were there any final comments? George.
MR. COYLE: George, Delta Airlines. Does that more closely match the actual usage as far as the breakdown between YCA and _CA?

MR. BRISTOW: We are trying to get closer to that.

MR. COYLE: To actuals?

MR. BRISTOW: Yes, we understand the dynamics of the industry and understand your load factors and where they are and whether or not we can obtain those types of fares.

We also understand when we make that award, based on that weighted value that we want to get as close to that as possible. I'd hate to say that a carrier submitted a pricing proposal and didn't have the intention of giving us _CA fares in that market.

MR. COYLE: Actually, that's a good point because I think on the international side there was a lot of awards that were made for a single fare that was offered versus a carrier that offered a _CA and a YCA. And their composite was actually lower.
MR. BRISTOW: On the international market it's a little bit different because some of your code share partners don't have a match up into your _CA inventory. So they weren't proposing a _CA fare in that market. We did make an award based on that to make sure that we had coverage in that market.

MR. COYLE: Right, and if you had a carrier that's offering you a lower composite, wouldn't it be beneficial in terms of cost to the Federal Government to look at that? But what are you comparing, the YCA to the YCA or the composite to the YCA?

MR. ELLIS: George, Jerry Ellis. Again, keep in mind that the contract reads that if you submit a single level, a YCA fare, that becomes your composite fare. If you do a dual fare, the formula, either the 70-30 or the 60-40 formula becomes your composite fare. So the price, so comparing apples to apples and oranges to oranges, we compare based on the composite fare. Your YCA becomes your composite fare if
you're only doing one level.

MR. COYLE: I would agree with that.

It was confusing with some of the awards when you did the comparison and found the lower composite out there.

MR. BILLONE: Tom Billone, United. I had two questions on the split. One has to do with the letter we received recently where it kind of indicated that this was a requirement in the contract, that the split between YCA and _CA should be X and in these markets you didn't achieve that. I wonder why. That's not part of the contract. I want to make that clear, right? That's not a goal in the contract that we have to give you 70 percent of your customers have to purchase the _CA.

MR. BRISTOW: What we were looking for was the inventory in those markets. We went out and did an evaluation on each one of these markets. First of all, you had to fall below the low threshold of _CA utilization in that market. When you provide us with the reports, your _CA
utilization reports, those that fall below that
threshold that we're looking for --

    MR. BILLONE: Right, but that doesn't
take into account variable factors. It just
looks at you did 48 percent _CA in this market.

    MR. BRISTOW: Correct and then we go
out and look in inventory.

    MR. BILLONE: Right.

    MR. BRISTOW: Zero to 3 days out, 7
days out, 21 42 days out.

    MR. BILLONE: Right, and the City
Pairs that we noticed that we got were all Navy
locations. Okay? Which have high booking out.
If they want to do groups, they'll book way out.
So your inventory is not going to necessarily be
there 30 days out or 45 days out. The inventory
is going to be gone. If it's a group, they're
going to take up a lot of the inventory.
Especially again, we talk about regional jets.
So most of the ones that you sent to us were
regional jet markets were 50 or 70 seaters.
You're not going to have more than maybe 15 or 20
S seats in there, maybe. Okay? So the other two thirds of the inventory.

So none of that was taken into consideration when we got this report. And our reports for the past 5 or 6 years that I'm aware of, have been showing almost a 50-50 split constantly. So to pick out out of the all the non-stop markets, 5 City Pairs where we're hitting 30 percent is disingenuous to me.

MR. BRISTOW: It wasn't just that you were hitting the 30 percent. It's that we went out and looked at the inventory. We weren't seeing the inventory.

MR. BILLONE: You looked at inventory out, too.

MR. BRISTOW: Correct.

MR. BILLONE: And again, you didn't take into account the locations.

MR. BRISTOW: I understand that.

MR. BILLONE: Okay? So I'm just saying, you know, but the way it came across in the letter was this was a mandate in the contract
and it's not a mandate in the contract.

MR. BRISTOW: That was not the intent of the letter.

MR. BILLONE: That's the way it came across.

MR. BRISTOW: The intent of the letter, in fact, two years ago, even when we changed to the international composite rate, the weighted factor, when we went to 60-40, that was to better align you with your utilization in those areas --

MR. BILLONE: I know, I know. I understand.

MR. BRISTOW: -- so that you could manage your revenue as well as manage your inventory in those areas. So there is an intent that we get a certain percentage in these areas. When we see that the -- through this new type of data that we're getting, we're able to see these utilizations with benchmarking up against yours, what did we have, we had 7,000 some markets and I think 38 fell within a scrutiny. Okay? We're
just asking what's up with this market.

MR. BILLONE: Okay.

MR. BRISTOW: That's what we're doing.

MR. BILLONE: That's kind of not the way it came across.

MR. BRISTOW: And as it turns out, like you said, you identify a certain utilization. Well, now that you know who the customer base is and now that you know what's happening in that area, we're better able to define that and not come out -- we're not saying you're not complying under the contract. But we do have to audit these to a certain extent. If we're going to give the weighted value in there and award that market, we need to make sure that we're going to see some of that inventory as well.

MR. BILLONE: Right. And again, that's where you ask for it and you have two thirds of our inventory.

MR. BRISTOW: Right.

MR. BILLONE: Just because you look 45
days out, and you see it, but you didn't look at
-- maybe other flights that were in there? I
noticed on a couple of other flights that there
was full inventory.

MR. BRISTOW: Yes.

MR. BILLONE: So it's kind of --

MR. BRISTOW: Depends on the day of the
week. It depends on the time of the flight.

MR. BILLONE: The letter was kind of
misleading in the fact where it stated almost it
was requirements.

MS. CONCKLIN: It's a way we can
revert back to you guys, so we can go to you and
report back to our customers what is going on so
there is a fair consistency the way we're
speaking to them as well. Because they come to
us and ask us, too. So it's just making sure
we're all speaking the same language and saying
the same thing.

MR. BILLONE: Right. If you guys
aren't able to get it, neither are the customers.

MS. CARLOCK: I have to say I have not
1 gotten any --

2 MR. BRISTOW: No, we're just finishing

3 that up.

4 MS. CONCKLIN: We are just finishing,

5 it's the first step for the goal is to have a

6 model where we're being more open to our

7 customers about what the markets are doing, what

8 the flights are.

9 MS. CARLOCK: So these are new reports

10 that you've never gotten before?

11 MS. CONCKLIN: Correct.

12 MR. BRISTOW: Because we have expanded

13 the _CA markets this year, we want to make sure

14 that we're seeing -- because we did award it

15 based on the weighted value, that we're at least

16 seeing the inventory in these markets. We're

17 trying to educate our customers to go out and

18 book earlier and to make sure that they're taking

19 advantage of these lower costs, dual fare

20 markets. And if they're booking earlier, they

21 could take advantage of that time. If they're

22 not seeing the inventory, then we've lost that
capability. That's all.

MS. CARLOCK: How often are the reports coming from the carriers?

MR. BRISTOW: This is the first one.

MR. BILLONE: We get reports every month as far as the splits go by O&D.

MR. HAAG: That we generate.

MR. BILLONE: That we generate. We generate reports to them and say this is how many on this date, this O&D, how many YCAs, how many _CAs, every month they get those reports.

MS. CARLOCK: We can't get the raw data?

MR. BRISTOW: We are looking at the ARC data to validate that.

MS. CARLOCK: I am talking about information that they give you. We can't get what they send you, versus you --

MR. BRISTOW: We can send you those markets. It doesn't bother me.

MR. HAAG: We thought GSA disseminated it out to the customer base, but if they're not
and you want it, feel free to reach out to me and I'm happy to provide it to you.

MS. CARLOCK: I would rather get the raw data than get the data that has been -- and then let us --

MR. BRISTOW: We don't have those broken down by agency.

MR. BILLONE: We don't. It's all by O&D.

MR. BRISTOW: So when Tom comes back and says well, these are the Navy markets in those areas, the Naval customer, that's what he's saying.

MS. CARLOCK: Yes, well, I mean we can kind of figure --

MR. BILLONE: After looking at this for so long, pulling my hair out over Norfolk.

MR. BRISTOW: In fact, that was our discussion today to send you those markets so you could do an evaluation.

MS. CARLOCK: Okay, so yes, I personally would like to have the raw data versus
having whatever you're doing with the data. I'd rather have --

MR. BILLONE: I don't know. I can't get the raw data.

MS. CARLOCK: No, I am talking about whatever you send them directly.

MR. BILLONE: Oh, I see, yes.

MS. CARLOCK: Then them getting it and doing whatever they do with it and you give it to us and they do whatever they do with it. That's just a request.

MR. BILLONE: No problem.

MS. CONCKLIN: We are using it to understand what's going on in the market for the next year is when we set up the solicitation --

MR. BRISTOW: It's also helped us to look at this here and whether or not we need to adjust this weighted value this year from 75-25 to 70-30 to get us closer to being able to meet those weighted values.

MS. CARLOCK: So for us the purpose of the data would be to -- if our travelers aren't
using the _CAs, the sooner we get the data, the
sooner we're able to react and try to analyze why
aren't our travelers using those _CAs and being
able to increase the use of the _CAs for the
customer.

MR. BRISTOW: If they're available.

MS. CARLOCK: If they're available, but
that's all the research --

MS. CONCKLIN: In an ideal world,
that's exactly --

MR. BILLONE: But a lot of them don't
necessarily buy the _CA. They buy the YCA.

MR. BRISTOW: This is Jerry Bristow.
And that's one of the things we're looking at.
And if that inventory is available and we're not
making that selection, then the Government needs
to reeducate the customer. We need to make this
change in this type of behavior. This is what
we're looking at. It's not just a pound a
carrier. It's to make sure we're looking at and
evaluating this. But if we're identifying the
markets, we need some assistance to say what's
happening here, are we in the right bucket? And we found some that we weren't so carriers are making an adjustment. This is the first effort on our part. Because of the amount of CA markets we have associated this year, it behooves us to take a look at those and are we changing the customer behavior? Are they looking at that inventory and say, yes, I'm going to take the lowest available aircraft that's associated with that. That's the way the federal travel regulations are set up. That's the way M.1212 is set up and they should stay on the contract carrier up until the points they offer a lower available airfare. That's the compliance factor that we need to make sure that assist you in this contract.

MR. MOSS: How often are you looking at that client?

MR. BRISTOW: We just got October-November data to do the summary. We just got December's in, so we're -- as we get it in, we're looking at it. From the carriers, we get it
every month.

MR. MOSS: I look at compliance every month.

MR. HAAG: Jerry, this is Jeff at Southwest. If I could just make a recommendation, maybe to ask you all to reach out to the carriers proactively prior to this audit going out. Explain -- this is a little late, obviously. Explain to us what you're looking for, the methodology behind the data that you're providing us and ensure that your methodology jives with how we do business, if that makes sense, because your methodology doesn't apply equally to all of the carriers that are participating in your program. And as a result, it would cause somebody to question the validity of what you're actually providing. And I'll take this as a one-off because I'm sure I'm the special kid in the room. But just remember, not all things are equal within the airline industry and the methodology that you're using on this audit for the _CA utilization does not apply
equally to all the carriers and I'm happy to
provide more detailed information to you guys.

    But I think it would have been nice,
at least from my perspective to have a call
explaining this new endeavor that you guys are
approaching, how you're going about it and what
you would like to see from the carriers in
response.

    MR. BILLONE: Second point, and this
is brought up by my pricing and revenue
management people. In the contract, it says
among other items, schedule, type of aircraft,
that the composite fare is used for the price
evaluation. So we had an instance in the last
bid where you guys thought the price spread was
too high, between the capacity control and the
YCA. Okay?

    So we kept the composite fare the
same. We lowered the YCA and upped the capacity
control. Then you denied it for us because you
really wanted to see the composite come down.
But that's not what the contract reads.
So that's an arbitrary decision you're making that you want to see that comparable. I mean my people are confused. They don't know what the heck they're bidding on now. They bid something and then they say well, we don't like this, so we make an adjustment and then they say they still don't like it. But the composite is the same.

MS. BROWN: This is Kwanita from GSA. I believe, Tom, when we were having those negotiations, we were actually negotiating with you for price reduction. So that's where, you know, what I think what happened was there was an adjustment made with your split and not with your comparable. But what we were asking for was reductions to your comparable.

MR. BILLONE: Well, you need to make that -- we had this conversation, because I was in China. I wasn't on the --

MS. BROWN: Yes, you weren't on the call.

MR. BILLONE: But my pricing and
revenue management people came back --

MS. BROWN: Okay, I can say I believe I --

MR. BILLONE: That's something that
needs to be very clear in those negotiations to
everybody, what exactly you're looking for.

MS. BROWN: Typically, when we're
doing negotiations we're asking for price
reductions.

MR. BILLONE: They were like not
happy. They were like they beat me up. And I
said look, I wasn't on the call. This is what
I'm being told.

MS. BROWN: RM beat you up?

MR. HAAG: If I could just kind of
piggyback, this is Jeff at Southwest, on Tom's
comment. I think, too, what added to some of the
subjectivity during the negotiation period and
where I think we would all benefit from this
process being better defined in the contract is
that you know, you're asking for a price
reduction in a designated number of markets,
right, that you send out to all of these
carriers, but maybe this was an anomaly to
Southwest.

At the same time, you also made an
offer for us to go in and adjust all of our
fares. Lower, not higher. But if we wanted to
lower them, feel free, go ahead and do it. Not
that that was going to constitute a rebid which
is what it should do if carriers are going in
adjusting their fares, but I think that level of
subjectivity on GSA's part to do what you feel
you need to do to meet your cost objectives is
not necessarily in the best interest of the
program. So defining the process around
negotiations and what it is specifically you're
looking for and what it is -- or how the carriers
can respond in that negotiation process would be
incredibly helpful.

MR. BRISTOW: Let me add to that just
a little bit because that negotiation process,
when you talk about that you could lower your
fares, the dynamics in the market sometimes
dictated that where you didn't know who was --

MR. HAAG: You asked for a best and final bid. And the carriers are submitting a best and final bid. And at the time of negotiations, COPS is closed. The bidding process is over, except for those defined negotiated markets.

MR. BRISTOW: We're not asking that you can ---

MR. HAAG: And when you go beyond negotiated markets and you make an arbitrary comment that you can't raise your fares, but feel free to lower them in any market that you want to, you're no longer soliciting best and final.

MR. BILLONE: You're introducing a new bid.

MR. HAAG: You're introducing a new bid --

MR. BRISTOW: We're not introducing new markets.

MR. HAAG: --- that's no longer competitive because you're not going back and
reevaluating everybody's price adjustment.
You're just saying hey, guys, if you want to give
us a little more, we sure would have appreciated
it here at GSA. But you're not rebidding the
bid. You've just negated your best and final
request that you've made by reopening up the
whole bid to lower fares. How is that right?

MR. BRISTOW: We're not asking for any
new markets. We're only asking for those markets
--

MR. HAAG: Yes, you are. No, you
offered every market to be reduced in price,
should we so chose. Not just the negotiated
markets. Correct me, maybe I'm the only one who
heard it.

MR. BRISTOW: But we're not asking for
any new markets.

MR. HAAG: No, the markets that we
bid. Or no, the offer was made that if we found
some markets that we hadn't bid, we can throw
them in, too.

MR. BRISTOW: No, no, that didn't
happen.

MR. HAAG: Yes, I'm happy to show you my notes from the call, but that potential was there and the ability to go in and relook at the already-bid markets was there. I feel that contradiction, the language of the contract. Why submit a best and final now if I know during negotiations I'm going to have the opportunity to go back and relook at everything and know that what I reprice isn't going to be compared against my competition.

MS. BROWN: It is. Any market in which there's a final proposal revision that is received, we receive new evaluation sheets. We go back and we reevaluate those markets.

MR. HAAG: That's not what I was told, Kwanita. I asked you that specifically. If we reprice these markets, will they be reevaluated? And you said no.

MS. BROWN: I don't recall saying that, so I mean we can have a disagreement.

MR. HAAG: That's fine, we can. I
don't want to rehash this now. All I'm saying is
in this next solicitation process, in this next
contract, I think it would behoove us to better
define that process and what can be done and what
can't be done on both parts.

MR. SCHLESSMAN: A quick comment.
Matt Schlessman for American Airlines. Every
year, we're seeing larger and larger lists of
negotiated markets that are coming out and at a
certain point when those are getting and larger,
we're going to have start taking that into
account and not offering our best and final. If
we're having to revise everything down, why would
we want to start at our best and final if we're
just going to have to renegotiate larger and
larger market lists?

MR. BRISTOW: Two things on that.
Number one, we had hoped that you give us the
best price in the get-go and we don't have to go
through that other area. You know what our
determination is and how we benchmark up against
our corporate fares. So having said that, when
we come back and look for negotiations at those particular movements, we see that there's a difference or a spread between that benchmark corporate fare and what you're offering us. So we're taking a look at that and offering that and say this is what we're seeing, what are you going to give us here? Are we going to -- and that's what the negotiating part is all about. It's not to go back and say gosh, don't give me your best price the first time. Let me throw it into negotiations and I'll do it then. I don't think that's really the intent that we want.

If your first offer comes in and it benchmarks up against well, against our corporate fares, we don't have an issue with that. You won't see it on the negotiations. But if we constantly have to come back, you're going to see that negotiation grow and a number of markets is going to grow for those negotiations. And I think we have somewhat tapped this year on all the requirements. You see the number of new markets that are solicited. In the last two
years, we've increased those. First year, last
year, you're going to have additional markets
here for negotiation. This year, we'll probably
have another additional market, but we would
rather have your best first price rather than
your best last price in the final negotiation.
We don't want to go through that process either,
but if that's what we have to do, that's what
we'll do. Makes sense?

MS. BROWN: If there are no other
comments, this concludes my section talking about
the solicitation -- oh, got a little tongue tied
there, sorry, solicitation changes. I'm going to
now turn it over to Jerry and his team to go over
some of the program topics that they wanted to
share.

MR. BRISTOW: Next one here is the
year over year comparison. We're seeing a number
of airlines, as you can see, through contraction,
through merges and acquisitions, you'll see how
the number of carriers have diminished over the
years from 13 down to maybe 8 or 9 this year.
The solicited number of markets is 9,805. These are markets that meet the requirements of the contract, so we've really knuckled down this year. Jerry Ellis probably aged another three years trying to go through these additional markets, but he has qualified these that meet the requirements of the contract and we think they're very viable to extend these markets out to our Government travelers, have our spend and our market share out there for the number of markets for our travelers to take advantage of the City Pair fares.

A word on markets, again, to be determined. Dual fare markets again, we had a significant increase last year. We're looking to increase that as well this year for dual fare application. We're seeing some good adjustments here. We're actually seeing an uptick in our _CA utilization, so as we see that that means our travelers are changing their behavior. They're getting more accustomed to seeing these _CA fares and getting more accustomed to taking those, so
good for us, good for you. As those buckets close, then we have the cap on the YCA fare.

George?

MR. COYLE: George from Delta. You may have mentioned this earlier, but in terms of the additional markets that were solicited, the minimum is at 50, at least 50 annual travelers and that's O&D?

MR. ELLIS: Seventy for domestic, 50 for international.

MR. COYLE: Thank you.

MR. ELLIS: Unless George, there are some that might be a little lower that and that's because got an agency request for a specific market.

MR. COYLE: Okay.

MR. BRISTOW: Contract value, based on the number of markets, as you can see, the contract value actually went down. That's due to that composite fare. That's due to the weighted value in that composite fare, that YCA, _CA composite.
As you can see, the contract fare or the contract value, not only because of reduction in travel, but also the composite fare adjustment has a different value in that contract. We're trying to get as close to that composite fare value of the contract so that you can properly bid on these markets.

Contract savings. We adjusted that again from going from the market fare that was supplied before by the carriers down to our corporate benchmark. So these are our projected savings here for FY15 and we think it's going to hold true for next year in about the $2 billion range.

Percent off of our corporate benchmark, this is what the new benchmark is. Started in '14, have to apply this to '15 and it's going to carry over into '16.

MR. BILLONE: This is Tom, United. What is that fare?

MR. BRISTOW: Corporate benchmark, we go out in each one of these markets, we purchase
data from three of the largest travel agencies.

MR. BILLONE: Right.

MR. BRISTOW: And they have to have a corporate program of $50 million or more, so that we can benchmark up against corporations' fares.

MR. BILLONE: Okay, do you benchmark up against full refundability, full changeability without a fee?

MR. BRISTOW: No, we don't. We're looking at fares based on what corporations do. Otherwise, the dynamics of the program is going to change.

MR. HAAG: Are they discounted corporate rates? Are they all booked corporate rates? I'll remind you not all airlines negotiate discounts with travel agencies. I'll remind you that no travel agency should be sharing the details of any respective contract they have with the customer with somebody else.

MR. BRISTOW: They are not sharing the details with us. We don't know who --

MR. HAAG: Are you looking purely at
corporate discounted rates or do these numbers
include retail fares as well?

MR. BRISTOW: No, purely discounted
corporate rates.

MR. BILLONE: But then no knowledge as
to whether they're fully refundable?

MR. BRISTOW: No. I don't have
knowledge of whether they're fully refundable.

MR. BILLONE: That number, that 28
percent to 23 percent --

MR. HAAG: Is completely arbitrary.

All of your carriers that participate in the
program included in the data that you're getting
from your three travel agencies.

MR. BRISTOW: Yes, they are and
they're included in the markets. We make sure
that we cover the markets that we're soliciting.

MR. HAAG: So you are getting my
discounted rates with my corporate customers
through three travel agencies?

MR. BRISTOW: Correct.

MR. HAAG: That is very concerning.
MR. BRISTOW: I don't know who they are. I don't know what the rate is. All I know is that in that market this is what we're paying in that market.

MR. HAAG: So that TMC is in violation of every confidentiality agreement that we have in place with those corporate customers in providing that data to you all.

MR. BRISTOW: It is not going to say that this is Southwest in that market. If you have -- this is just in that market. What's the average fare in that market for these corporations.

MR. MOSS: It's the amalgamated price.

MR. HAAG: I get that, but I still struggle to understand, understanding how we play with those folks, how you're getting a true depiction.

MR. MOSS: It is through the GSA program versus what a normal corporate --- they're just trying to look apples to apples.

MR. HAAG: There is no correlation
that you can draw there. No, you're asking for completely different products. No corporate customer is asking for fully refundable fares, with no ticketing time on that, that can be held and not booked ever, no change fees, last seat availability? Listen, we're not giving that to any corporate customer. I mean we're not. I assume that the rest of my colleagues aren't.

MR. MOSS: They're not looking at the added value.

MR. HAAG: Absolutely, we're at a disadvantage if they're benchmarking it because they're not comparing it apples to apples fare requirement.

MR. BRISTOW: We are trying to benchmark that up against the market fare and we could never really see that specific market fare in any of the inventories that you guys were providing us based on those requirements, based on the benefits that we're currently getting. We had to go to something that was going to be more
relevant as far as price went. No, they do not have all of the same benefits, but price-wise, this is what large corporations are paying in that market. We need to be as competitive in those markets as possible.

You agreed to the fact that we can get no change fees, no cancellation penalties, totally refundable. We understand that. But we're trying to get as close to that as possible. We need a benchmark that says what is GSA doing here with regards to the spend? That was the M.1212. Reduce spend by 30 percent.

MR. HAAG: I feel it is a completely arbitrary number, a completely arbitrary benchmark and I think if you're using that as an indicator or a way in which to go back to the carriers and negotiate price reductions, the argument doesn't stick with us at all, because I guarantee you, you're not getting accurate data on Southwest Airlines and how we work with our corporate customers through whatever travel agencies you may be buying this data from. I
guarantee it.

MR. BRISTOW: As I said, this is an average fare in that market that we're looking for. And that's what we're benchmarking up against.

MR. HAAG: Just for the record, from a Southwest Airlines perspective, we don't agree with that methodology whatsoever. We don't feel that it's an accurate benchmark and we don't feel that it should be used to -- as a negotiation lever to ask us to lower costs or determine how well we're performing or not performing within the contract, the savings that we're providing or not providing the Government.

MR. BRISTOW: I'd be glad to listen to -- open up any other discussions with you as to what would be a better --

MR. HAAG: I mean I would encourage you to reach out to your airline partners and ask us how you're benchmarking compared to our other corporate customers.

MR. BRISTOW: Well, we have and what
we were getting before was the market fare which
didn't align to anything that we could see either
in our purchase or the inventory.

MR. BILLONE: Well, if you're looking
at market fares, if you're trying to compare YCA,
you can compare it to a full Y. You get a YCA in
a specific market and you look at a full Y,
you're going to see more than a 23 percent
discount. You're going to see about 70 percent
discount there.

MR. GIRARDONI: Raphael from American.
I guess the issue is it's not the same product
that's being compared. You are comparing a fully
flexible, fully refundable product which God
knows what it actually is that it's being
compared to.

MR. BRISTOW: We have gone outside and
looked at your sites as well, what fares are you
getting in that market and we see a disparity in
that. We don't see that same market fare that
you're telling me. We're seeing a lower fare
than that.
MR. HAAG: You are not looking at equal buying practices. I mean if you're going out and you're price comparing Southwest.com to what we bid, in the City Pair Program, you're comparing again a fare that has all the flexibility in the world with no penalty to the Government whatsoever to a retail fare that may have a 21-day AP purchase requirement on it that's instant purchase and is non-refundable.

MR. BRISTOW: We're looking at those.

MR. HAAG: How is that a fair comparison.

MR. BRISTOW: We are looking at those at 3 days out, 7 days, 21, 14 days, 21 days.

MR. HAAG: How is that a fair comparison when you're looking at a retail fare that's instant purchase that's not refundable, that's not transferrable, that you can't book and hold until never if you so choose. How is that a fair comparison?

MR. MOSS: Jerry, how do you intend to use that data?
MR. BRISTOW: We use that data in each one of these markets. We look at the competition, the quality service index from each of the carriers, what is your strength of schedule in that market, what the fares look like for the last five years, what did we award, what did you propose, those types of areas. We benchmark it up against the business class fares. These are large corporations that you'd be having contracts with that would be providing for you that type of business, just like we are. We have compliance. We have federal travel regulations that have compliance in those areas. So we're motivated to bring to you the business that you're bidding at.

MS. CONCKLIN: And the buying habits of the actual travelers, how far are they booking, what rates are they getting versus what they can get if they go to the commercial market. We're just analyzing it all.

MR. MOSS: So you're saying from year '14 to '15, you're seeing things versus the
corporate benchmark increase from 20 to 23 percent. That's a good thing for GSA.

MR. BRISTOW: Yes.

MR. HAAG: How is it good for you?

MR. MOSS: It's not that it's bad for me. My bidding has been off this year for GSA. I'm satisfied. I'm able to bid at my own discretion.

MR. BILLONE: What airline are you with?

MR. MOSS: JetBlue.

MR. BILLONE: JetBlue, okay. Thank you.

MS. PARKER: This is Maile Parker. If you're willing to submit your comparative data about --

MR. HAAG: We would love to.

MS. PARKER: -- what you're doing with corporate, we would be happy to accept it. So you're next discussion with Jerry ---

MR. HAAG: We would love to go through a study with you on corporate customers, on other
government customers. We'd love to work with you in a true partnership fashion instead of getting arbitrary numbers from travel agencies that your carriers may or may not work with, go to the suppliers that are participating in the program in the true spirit of partnership and cooperation and see what information we can provide you. I'd be happy to do that analysis because unfortunately, we're being compared and leveraged against something that isn't realistic, not in our space.

MS. PARKER: Under your current contract when you have your program management meetings with our City Pair folks, we'd be happy to take a look at that data.

MS. CONCKLIN: Could you clarify the leveraging part of it as far as --

MR. HAAG: This corporate benchmarking -- benchmarks are used as leverage in our negotiations to try to lower our fare.

MS. CONCKLIN: Your negotiations up against the other fares that are competing and
going against each other, so we're looking at what the fares are being submitted.

MR. HAAG: No. During the negotiation period in the contract, corporate benchmarking is used as a leverage point against the carriers to lower fares. So the argument goes like this. Our study has shown that corporate customers in this market are paying X. You bid Y. We're asking you to lower your price to be more in line with the corporate best model in that particular market. Am I correct?

MR. BRISTOW: That gives you the opportunity to make that correction, if you like.

MR. HAAG: Right, and all I'm saying is the point of comparison is completely arbitrary. It's not relevant in this space. We need a different benchmark.

MR. MOSS: The subjectivity of the carrier-producing data would not make that any more objective in a benchmark they're going to come up with.

MR. HAAG: It would give them a more
realistic comparison on fares that we're providing the customers. You can't compare the discounts and the benefits we're giving the Federal Government from a fare perspective, from the flexibility perspective with a percentage off discount that we may have with a corporate client on a retail fare. It's not the same.

MR. BRISTOW: But in light of that, it's also based on the volume, based on the utilization. So like I said --

MR. BILLONE: And they make a commitment, too.

MR. BRISTOW: A firm commitment.

MR. BILLONE: A firm commitment.

They're going to give us so much business, either percentage of business or so much share premium that they commit to. The Government doesn't commit to anything. When you say they're supposed to use us, the contract carrier, but I mean let's be real. I like American Airlines, so I'm going to fly American Airlines. I like United. I'm going to fly United, no matter who
the contract carrier is. And that happens every day.

MR. HAAG: What's the utilization on the City Fare Program, Jerry?

MR. BRISTOW: Utilization is running about 84 percent in the City Fare Program.

MR. HAAG: How does that change year over year?

MR. BRISTOW: It's pretty consistent.

MR. BILLONE: I'm just saying you have things --

MR. BURKE: I'm challenging you, Tom, that your corporate clients don't give you 100 percent of their volume.

MR. BILLONE: No, they don't.

MR. BURKE: No, they don't. Hold on a minute, let me finish. Let the argument be constructive about having the partnership, about looking at data because I don't think that the airlines and GSA ever have worked on having data sharing. And that's why this dialogue is a good dialogue, right? Jerry's team went out to find
data and if our contract requirements up to date,
I don't think require the airlines to provide any
data sharing. I don't know if it makes sense.
If you guys think it does, that's great. You
should do that. But your corporate clients don't
give you 100 percent. That's number one. Let's
just cut to the chase.

Number two, if we're at 84 percent,
let's make sure we prove that we're at 84
percent. Number three, we have mandatory
requirements first consideration in the City Pair
Program and with 84 percent utilization. And
number four, you guys provide DG fares for
attracting customers away from the ones you want
committed. So that's what the truth of the real
market is, right?

MR. BILLONE: No, no, what I'm saying,
the DG fares, I have my own issue with DG fares,
okay, because I know what I'm getting, but I
don't know what I'm losing, okay? I know what my
compliance is.

MR. BURKE: I agree with that.
MR. BILLONE: And I agree that no corporation, when I tell people what our compliance is, you don't get that with a corporation.

MR. BURKE: I agree.

MR. BILLONE: But they have to hit targets to keep fares --

MR. BURKE: I think a great point was made is what's apples to apples versus apples to oranges, right? We have this great benefit, you guys, sorry, everyone and all giving the Government this flexibility because of mission requirements in the Government -- sort of public service sort of asked for that. That is unparalleled. Nobody does that, right? That is a paramount benefit of this program. And we asked the IG to come in. I asked the IG two years ago and I think I shared with some of that, to look at our program and ask what the value is at. They worked the dickens off and couldn't come up with what the value was. I think they actually reached out to a couple of airlines and
no one was either receptive to it or couldn't figure it out either. But I would very much welcome the invite on what should be the right sharing relationship of data.

I know when I was working with you guys in my own private sector, the sharing of data between the corporate buyer and the corporate supplier that varied dramatically frankly, depending on the relationship. But we live in a place where we sort of view you're a taxpayer. You guys are corporations. Certainly, we want to negotiate good rates, right? We want to save taxpayers' dollars and what is fair to you guys. You're not the forced to sign up to anything.

But I think the answer to the game for us and the Government today is data-driven decisions. Everybody wants them. What's the best way to do that? I think that's a big walk away that I just got when I walked in here that I think if we can do that, we have made a big leap.

MS. CARLOCK: And Tim, I have been
asking for the last how many meetings about data
and actually putting some requirements in the
contract for data to be required so we shared
part of a contract and I haven't gotten the
support on that like I --

MR. BILLONE: Okay, part of that could
be because the method we use in the airlines to
collect data is through collecting it by
passenger name, ticket, and it goes through
Prism. I don't know if everybody uses Prism.
Some agencies in the Government don't want to
share that information

MR. BRISTOW: We are not ever looking
for PII-attached, personal-identifiable
information attached to any data.

MR. BILLONE: Right. So I know it's
all masked. When it first came out, you remember
the issues. I can't give you this. I can't
give you that. But that's the only way we can do
the data. If we sign an agreement with you all
and Prism, then we can get some kind of decent
reporting as to what's really happening out
there.

    MR. HAAG: I think Tom brings up a
great point. I think the problem with the
industry is we're all different. We don't play
with Prism. Not that we won't work with you to
provide the data. We certainly will, but I think
to Andrea's point and I think it's a good one to
have the language added in the contract, I think
GSA has to appreciate the fact that we're all
different. We all operate differently. We all
require different things from our customers. We
all track and report data differently. But these
are things that we're doing for our corporate
customers today on a monthly, quarterly basis,
that we would like to do for GSA, but the ability
isn't here. And unfortunately, at least from my
perspective, the data sources you have chosen are
not accurate.

    MR. BURKE: We have to start
someplace, right? Up until now there's all sorts
of myths about whether this ---- look at this
myth. There's myths why data could or could not
be used. Let's just summarize that everybody
does it different, so there was no way to
standardize it up until now.

MR. HAAG: There is.

MR. BURKE: No, there wasn't. You
just said the way you price your products, given
the way Tom prices his products, the way you
inventory control here, versus other inventory
control, they're apples and oranges. Now what
you can do and I agree with this, Jeff, is I
agree that it's apples and oranges if the data
that we're using today, lacking any other data
we've got, is a guideline for us to start having
discussions about which is what the intent was I
think when they went out and got the data.

It's not a black and white issue.
It's okay. That's a starting point. You
revealed some weaknesses and gaps in it, but what
Maile said I think is great. How do we take this
to the next step to have what should be our data
business relationship and then build that into
the requirements and build that into the business
practice. I don't know the best way to do that, but that's what I hear you saying.

MR. HAAG: I will make one recommendation.

MR. BURKE: Great.

MR. HAAG: Don't go to a third party. Come to your carriers. Come to someone who playing in your program. We know what our data is.

MR. BURKE: I just said it three times. I can say it again. What is the next best step to do that so we build in fairness? I don't know what's the best step.

First of all, let me at least get on the record and then I'll get out of here. I don't think we say just put it in the contract, respectfully. I think you have got to have a good dialogue across the table and that's what goes in the contract.

MS. CARLOCK: I agree. We haven't had that dialogue.

MR. BURKE: We are having it now.
MR. HAAG: Honestly, where it goes from here is a huge unknown. You come into a couple of these and you think it's always constructive. You've got great insight, really good direction. I don't mean to over compliment you, but unfortunately, when you walk out of the room, when you walk out of the room, sometimes the conversation stops. So what's the action item here? How do we really turn this into a --

MR. BURKE: You've got my promise. What I'm hearing you say. We have good dialogue together as a community, and then execution is sort of falls to the side lines. Is that a fair -- I'll make a promise. I'll get with our team after this meeting is over within 24 hours. Within 48 hours, we'll come back with a summary point of what the next action step should be. Is that fair.

MR. HAAG: I appreciate it.

MR. BURKE: Okay, you got it. And you, I'd like to talk to you about how to do that.
MS. CARLOCK: Absolutely.

MR. BURKE: We're in. So there you go. I didn't mean to interrupt.

MR. BRISTOW: No, it's okay. Next slide, please. As you know, FY15, also Government-wide policy is implemented, reporting requirements concerning premium class travel. So we're looking at 14-hour travel allows for business class. When we look at our business class spend for FY14, we're seeing $106 million in spend in business class, but only 10 percent of that is captured under a City Pair Program business class fare.

The concern for us, number one, is that business class fare in the correct bucket. Number two, is that business class fare in this international travel applicable, number one, to be used; or number two, to even be posted on the City Pair fares. So this year, we took a position where we did not award or post business class fares for FY 15. That was done because we could not come to an agreement of business class
fares as to what the viable fare might be, could be, should be, and what the optics were when we looked at other business class fares in these international markets. So as we see, 90 percent of them are not choosing the fares that we posted which means that they're able to get better business class fares on your flights and this way we're looking at are we in the correct bucket or do we change the application for business class fare.

George?

MR. COYLE: Jerry, has GSA thought to work on the federal travel regulations? I think that will change this picture as far as utilization, how carriers do and how carriers bid. But it's important that we get delivery on the promise in terms of the utilization once something is plugged in.

MR. BRISTOW: When you talk about that are you specifically talking the mandatory use of business class fares?

MR. COYLE: Or use of the awarded
carrier for any of those classes.

MR. BRISTOW: That's part of the issue is that we are negotiating or contracting for coach class service. Business class is an exception to that. And therefore, we want them to stay in the contract carrier. We want them to get a business class fare when it's appropriate and when the exception applies. However, it's difficult for us to make that award based on the utilization we're seeing here when only maybe ten percent of them are even using the posted awarded figures.

MR. COYLE: So maybe focus on the key markets that are used.

MR. BRISTOW: One of the things we wanted to look at was the 14-hour rule, but you also had exceptions to business class, whether or not they're medical or have to travel with foreign dignitaries and things like that. There's other exceptions out there that people need to have a business class. And even in the short range international markets.
By the way, these are business class for international travel, not for domestic.

MR. BILLONE: This is Tom from United. I just don't even know why you put business class in at all. I mean it's not a mandatory use. So nobody has to use the business class fare that you were awarded and I think if everybody looked at the utilization of their awarded business class which hasn't been much in the past couple of years, they're going to see that people are using OA. They're not using the contract carrier. The using the carrier where they got their card or where they're going to get the miles.

MR. BRISTOW: If there is no business class fare posted on that carrier, then all bets are off.

MR. BILLONE: Well, why even have it part of the contract is what I'm saying because it's not mandatory.

MR. BRISTOW: I know, but $106 million
is pretty significant.

MR. BILLONE: Yes, but if each carrier
decides to put their own government business
class fare in without it being arbitrarily
awarded by you based on this benchmark, well, the
optics aren't looking good because it's $7,000
and the actual business class fare is $10,000 or
$12,000 in '15, why not just let the carriers
implement a business class structure themselves
and don't even put it in the contract, because
again, it's not mandatory. I don't want to fly
American because I've got status on United and
I'll get X amount of miles for using their
business class. Or American has got a better
plate than me, so I'm going to fly their business
class.

To me, for the past several years I've
looked at this it doesn't make any sense. If
it's not mandatory, why even have it? Why even
award it to a carrier? Just let the carriers
decide they're going to put a business class fare
and if it doesn't work, then we can look at
something else. But this thing, you don't award half of the ones that are bid anyway.

MR. BRISTOW: Yes, that was an approach last year because no one changed their direction on the business.

MR. BILLONE: I don't know if it's going to change any this year, whether some people from pricing and revenue management may want to change it or do it different, I don't know. I am not privy to that. But they may just say it's not mandatory anyway, so why do we want to do anything? I mean I don't know. You're from PRM aren't you?

MR. BRISTOW: Yes.

MR. BILLONE: You look at utilization, right?

MR. BRISTOW: Yes.

MR. BILLONE: And you're going okay, I may get XYZ and I price it that way. But to me, I don't think it should be even in the contract. That's my opinion. I've been known to be wrong at times. That's all.
MR. BRISTOW: We will take that out to our customer base and see what their discussions are on that and see where we fall on business practices. Do we find it's significant enough to have that conversation today?

MR. BILLONE: It falls along the lines of all the others when you're not awarded a market, you say the price is too high. It's still a discount. So you're telling the government traveler I am not awarding that market because I think their prices are too high, so you make them go publish fares which are even higher than what we bid. So it's the same thing. It just doesn't make sense. I'm not awarding this because I think you bid too hard.

MR. BRISTOW: When we don't award a market, I can tell you we don't go out there and send it to a higher price. I can tell you. When we're looking at the non-award in that market, we're looking at what you're able to get 3 days out from departure, 7 days, 14, 21.

MR. BILLONE: Right.
MR. BRISTOW: We do that analysis.

MR. BILLONE: Costs for refunds, not fully refundable. They're restricted markets.

So --

MR. BRISTOW: If you're getting a $499 fare, but you're showing commercial fares out there for $250, we have to make a determination.

MR. BILLONE: Right, with X amount of ticketing time limit and $300 change fee and it's non-refundable. It's a different product.

MR. GIRARDONI: It's a different product.

MR. BRISTOW: I understand your thoughts.

MR. BILLONE: Okay.

MS. PARKER: We do have passengers and travelers that don't all have cards and may only travel once a year.

MR. BILLONE: Well, I understand that.

MS. PARKER: And they're going to some place like Qatar or Dubai. They're traveling. They're just not frequent passengers and fed.
rules apply. So we've made the compensation of
the requirement in the contract to take care of
those travelers. And we're asking you to help us
with that process. Now if you don't want to bid
on those markets, that's your prerogative.

MR. BILLONE: I understand that. I
understand that.

MS. PARKER: We have to have something
in order to make the competition fair and these
are our requirements as we see them today which
we can revalidate with our customers.

MR. BILLONE: Whatever. I just trying
to understand. Okay?

MR. BRISTOW: I was trying to move the
business towards the one that gets the award as
well. That's the point. If there's no contract
fare in that market --

MR. BILLONE: That's rough. I know
that.

MR. BRISTOW: Okay. Next slide,
please. Impact of _CA fares. This is something
that we're really looking at this year. Like I
said earlier, because of the number of new dual fare markets under the FY15 contract as well as those that are going to be under FY16, we want to make sure that you have full knowledge of the _CA part of this contract. So right now, we have 87 percent of our City Pair fares have a dual fare capacity associated with them, so good for us, good for you.

The _CA offering does impact the evaluation on the weighted value. Last year was 75 percent weighted value for _CA. This year it's going to be 70 percent. We want to get you a little bit closer to reality here so that you can properly price these markets and utilize this _CA. We have an education process out for our government agencies and utilization of _CA. There's mandates out there for using the lowest available airfare. We have some agencies that are only posting _CAs until that inventory disappears. So that passengers or travelers are only selecting those _CAs until they're no longer available. So like I said, it's an education
process. It's a behavioral change process that we're going through. We're seeing an uptick in CA utilization, so we want to see that continue as well.

We know that it's capacity controlled by the carriers. We just want to make sure that we're in the right bucket, and we're in the right area to hopefully take advantage of these lower fares when they're available. Of course, that advanced booking to obtain that lower fare, we're looking farther out. We're encouraging our travelers to book farther out than normally. As we look at our government agencies, we're also seeing that they're starting to book farther out, get that approval process done, issue those tickets and obtain those lower fares. So of course, all of that is increased savings to the government agencies. They're still able to do -- meet their mission requirements, traveling on the same benefits other than capacity control. So that's why we're doing what we're doing on the impact of _CAs. I think it's a new look at
reduced fares, but also at a point it's
appropriate for you to bid on and appropriate for
you to manage in capacity controls. Any thoughts
on these?

MR. GIRARDONI: Raphael from American.

I actually have on question that isn't totally
related to _CA fares, but in terms of the
policies for travelers, at what point are they
allowed to use a non-contracted fare? Is it a
dollar cheaper than the lowest contracted fare or
is there some other threshold?

MR. BRISTOW: It could be as much as
a dollar cheaper, but also -- you have a number
of agencies that are taking into consideration
what the change fee is, what the cancellation
penalty might be. So whether or not they would
take that fare for a dollar less and give up the
benefits of the City Pair Program with no change
fee, no cancellation penalty, total refundable, I
think you're seeing government agencies take a
look at that. Is there a $200 change fee
associated with that? A dollar off, it's not
going to win it, I don't think. They're going to
take that into consideration, right before they
jump off the City Fare carrier.

MR. GIRARDONI: Okay, thank you.

MR. BRISTOW: It's not just about the
price. It's going to be about the total cost of
the trip or the ability to make those changes
down the road or when those become available or
viable.

MR. GIRARDONI: Thank you.

MR. BRISTOW: Next one, please.

Partner with ETS2. As you know, ETS2, we're tied
at the hip with ETS2 with regards to ensuring our
suppliers display and support the OMB mandates in
the federal travel regulations. ETS2 services
our government agencies with online booking
ingenie, provides them with access to government
fares because they're not posted out in other
sites. You have to have a portal with visibility
to these government fares. So ETS2 does that for
us.

This year, ETS2 will be transitioning
most of the government agencies over to that
program. ETS1 will go by the wayside by November
2015. So you'll see these changes of going to
ETS2 providers. It's on the Federal Government
side, of course. DoD, DTMO has the DTS which is
significant for the DoD components and
organizations to obtain government fares through
them.

Again, 78 percent of the participating
agencies have transitioned over in that and that
will be completed by November. It also helps us
to capture some of this data, appropriate to
support our strategic sourcing on this
initiative. Also, aligns with our new category
management of this type of program. In other
words, as we work through these solicitations on
an annual basis, you know, how effective is this
program? How relevant do we maintain this
program? Part of that's only part of the
contract, but it's also our carrier participation
as well as our compliance of our government
travelers, how they go out and view the fares,
how they're able to select them, and
appropriately travel on these fares. So that's
what's important to all of us, I think, in this
pre-solicitation conference, but also in
participating under the City Pair Program.

Again, we're going to focus on
delivering support to our government agencies
with regards to increasing the number of markets
in the solicitation. I think it's appropriate
that we do put them under the contract of it,
they can participate under it and fly
appropriately. So I think you better see as the
suppliers that these are viable customers that
help you in your business needs as well. You can
manage your programs, manage your inventories
appropriately and participate under this.

As we look back on that SmartPay data,
it's significant. $2.7 billion with a B. I
think it's a significant program, monies that the
Government spends with our suppliers and that's
why we're here to push forward on this contract
on the FY16 solicitation.
George?

MR. COYLE: Jerry, maybe ETS2 is the platform for reporting that will help you get your arms around baggage fees and service fees or who's booking what fares or commercial fares and zero in on even specific agencies and unique challenges they may be facing.

It should also be used for policy enforcement, exception reporting back to the carriers, compliance to the contract. It has the potential to address all of the issues, I think that we've brought to the table here over the last couple of years.

MR. BRISTOW: And more and more it does. On ETS1, we had three suppliers. We now have two. But you had more and more government agencies participating in this than they did before. I think as we move towards the data collection that is part of that contract. That is -- we came up with Travel MIS at one point. However, we weren't getting all the agencies involved. Now that you get more and more of the
government agencies participating in ETS2, it is
going to allow us to see more of this data, to
see more of what are we spending for bags? What
are we spending on these ancillary fees? That as
the dynamics of the industry change, it's
important for us to see what impact that's going
to have on government travel. It's going to
allow us to change our policies or even change or
make new policies and then be able to manage
those or measure those changes as to how
effective those changes are going to be. So it's
important that we have central repositories for
this information, that we have an ETS2 function
with an online booking engine that helps us
manage these processes.

I agree, we're getting closer and
closer. It's voluminous at this point.

Next one, here. Again, inventory
discussion. This one here says all City Pair
fares are above the bottom third in that bucket
calculation. That includes your _CA. YCA fares
provide that last seat availability. _CA fares
is the capacity control, so we are advocating
that our government customers book early and are
able to capture those savings, be able to get
those tickets to have that ability to fly to meet
their mission requirements.

Seat assignments, travelers may not
have the option to pick a seat at the check-in,
but will always have a seat on the airplane.

MR. BILLONE: That's not true. That's
a false statement. I don't think anybody can
guarantee anybody will have a seat on an
airplane.

MR. MOSS: JetBlue can.

MR. GERST: And Qatar Airways.

MR. MOSS: We don't overbook.

MR. BILLONE: That's fine. There are
other carriers that do overbook because we get
the --

COURT REPORTER: We can't hear you.

MR. BILLONE: Let me put it this way,
they can guarantee it, the rest of us can't.
Okay, they can guarantee it on somebody else's airline because they don't fly the route.

MR. BRISTOW: I don't believe that's what he said.

MR. BILLONE: But I'm just saying they don't -- we cannot, the major carriers, cannot -- we will overbook. Cannot guarantee a person will have a seat on the plane; 99.9 percent of time they will, but I can't say 100 percent of the time somebody is going to have a seat on the plane. Somebody gets to the airport 15 minutes before a flight, all the seats are signed out, they're not getting on that plane. Guaranteed.

MR. BRISTOW: I understand we have to meet the requirements.

MR. BILLONE: Right. But the statement then "will always have a seat on a plane" is not correct.

MR. BRISTOW: I can change that one quick.

MR. BILLONE: Okay.

MR. BRISTOW: The ability to upgrade.
That was from the YCA capability to upgrade to the business class especially on the international markets. So that's one of the areas that we're looking at as well.

These are upcoming dates. Any RFP comments are due on the 20th. We're planning our final RFP release on the 6th of March.

MS. BROWN: Correction, the 4th.

MR. BRISTOW: Sorry?

MS. BROWN: The 4th of March.

MR. BRISTOW: Okay. A special board will convene on the 4th of May. That's an accumulation of the government agency participation that help us and assist us in reviewing the proposals as to how it affects their travel for their government agencies and they assist us in making their determination either for award or for negotiations or for no award. So those are some of the things that they help us with.

MR. HAAG: Are those public meetings, Jerry, the special board?
MR. BRISTOW: I'm sorry, the special board? No, they're not. And award is scheduled for early August as it has been for the last previous years. And there's an issue on that. We have a time clock on awarding at that time. Carriers have 20 days to post their fares after award in their distribution channels. So we need to make sure we get that inventory out to our government customers that are coming back and starting to book. There are trips for October 1st. It's important for us to have that information out there so you can pretty much bank on that as the drop-dead date for award, okay?

Any thoughts or discussion points we haven't covered? They're all out here on the table. This is what today is about, folks. If you haven't had a good time having this discussion, I don't know what's up today.

MR. COYLE: Jerry, as to the international ticketing time limits, we still want to pay close attention to those. Obviously, our ability to resell the inventory inside of 48
hours is virtually impossible.

It's tough on the domestic side. It's impossible on the international side just by nature of the booking patterns. So we'd like to throw that on the table as a consideration to update those and give us a little bit more time to provide a resale.

MR. BRISTOW: We have had continuing discussions with our international-type agencies with regards to that and hopefully you'll see some change in that where when trips are cancelled, they're cancelling them earlier. However, you have people or agencies that have last minute or are trying to get that approval done at the last minute. It becomes very difficult for them. We try to put that and maintain that for international travel. That international was supposed to have been in there for a year as a pilot. We maintained it last year and we're going to maintain it this year as well. We think it's significant. It's not everything you want. I understand two days
doesn't give you much time to resell that
inventory on that kind of basis. But I think
you're seeing some changes in the Government's
behavior where they're releasing those seats
earlier. They're doing it on their own prior to
getting to the 48-hour auto cancellation.

MR. COYLE: Just to piggyback on that,
I don't think it's a concern for those that are
booking closer in. It's those that have booked
further out. Remember that they're holding that
seat out to them.

MR. BRISTOW: Right, thank you.

Anything else?

MS. LANDON: Hi, this Marietta Landon
at Alaska Airlines. I have a question about L.2,
the serviceability on page 77. During this
session back in October, I thought we had agreed
upon that the period that we were going to review
was going to be an October period instead of a
summer period. Do you know of any updates to
that?

MR. ELLIS: This is Jerry Ellis.
You're talking about in those markets that have
seasonal service, is that correct?

MS. Landon: Correct.

Mr. Ellis: Like the Alaska and
certain international markets that are seasonal
service only?

Ms. Landon: Yes.

Ms. Brown: We can look at that, but
I believe right now, this is Kwanita from GSA.
Right now, we've kept a time frame, the way it is
in terms of when we're evaluating this service.
I believe we have talked about this before in
some of our partnership meetings and we got some
pushback from some of our industry in regards to
making the change, but we can definitely go back
and look at this further. Thank you.

Mr. Billone: I thought two years ago
there was going to be a change made because we
had like 200, 300 changes because of seasonality
issues.

Ms. Brown: We talked about doing that
and the consensus of the time, from what we
gathered from the conversation where industry was
at, it was not a change that was supported. So
we kept it with doing an evaluation during the
summer, the summer period. However, I think that
we want to stress to all the airlines as you're
preparing your offers that you do not submit
seasonal service. You know that the service is
not going to be available in October, it would
help from an administrative standpoint for us to
not have to go back at confirmation of service
and have to delete the market that you knew
weren't going to be available.

MR. BILLONE: I think that would work
this year because there weren't a lot of changes
as to be awarded.

MS. BROWN: Yes, and for FY15 we just
have a significant reduction in the amount of
modifications versus FY15.

MR. ELLIS: That is an excellent
point. You guys know your schedule better than
we do. If you know you have seasonal service,
bid accordingly.
MR. BRISTOW: And that was the point for not changing it from July to October, because how would we know in March -- we know better in July than we would in October. And they don't know what the changes would be. I think they said the other schedule came out in early September which we would have missed that change factor. So we wouldn't have been making those changes. I think that's what came about in that further discussion.

MR. SCHLESSMAN: This is Matt from American. Just a quick point on schedule that far out. With 10,000, 9,000 line items we have this year, there's going to be no way to pull out every single seat in the service, so it's something that's always going to happen. And I don't know if using an October date is necessarily going to fix that because our final schedules don't go that far out. It's completely arbitrary at that point. So at the time of award, schedules have changed. Those aren't necessarily going to be reevaluated.
MR. BRISTOW: Right. We thought we
would be able to look at that for October, but it
created other issues for you guys. Anything else
on the phone?

MR. SCHLESSMAN: This is Matt from
American. I've got one more comment that we
wanted to make. On the 50 seat regional
proposition that looks like the DoD has left, who
had most of the initial requests, but our
thinking on that is getting down to passengers on
a plane doesn't necessarily fix the problem, so
we want to better identify what the problem is
we're trying to solve with regional jets and come
up with a metric that fits that. We have a 102-
seat airbus, 321, that if we were to remove 3
seats from that, that's a regional jet and it has
some of the highest cargo capacity for passenger.
We also have regional jets that have more cargo
capacity per passenger based on fleet
configuration, so we shouldn't be penalizing
smaller jets if they're actually providing more
cargo capacity if that's what we're trying to solve. There are certain aircraft type or cargo is an issue, but that isn't always true on every plane below 100 seats. Another carrier could have 105 seats on that aircraft. We have 99, so we're providing more cargo space per passenger whereas the higher density isn't offering that benefit, but they get the extra points.

MR. ELLIS: This is Jerry Ellis. Let's just -- and again, less than 100 was, you know, a starting point. What I'd like to hear from you as carriers, do you think that less than 90 seats might be a more fair analysis or measuring stick?

We're just looking to simplify the contract and yet, it had a finite breaking point.

MR. SCHLESSMAN: I don't think that seats solve. What you're really trying to solve for is either total capacity in the market, I don't think seats solve for that and I don't think if you're looking for cargo capacity that seats solves for that.
MR. ELLIS: It's a combination of both, yes.

MR. SCHLESSMAN: It's aircraft specifications. So if we have a small aircraft with more cargo space, we should still get credit. Or you should weigh total market capacity. If we had 10 frequencies on a 50 seater compared to our competitive with 1 flight on 100 seater.

MR. ELLIS: George, do you have a thought?

MR. COYLE: Yes, George at Delta. Actually, it might help us to look at the markets. We have some markets where we've actually held some seats out of inventory to accommodate the additional belly space that's needed for the items that are being shipped. So if we zero in on the real problem, kind of piggybacking on what Matt said, we may be able to identify another solution as opposed to just cutting it off at 70, 80, 90, 100 seats. It may not be a widespread issue. I suspect it's those
spaces in proximity of a military base that we're
talking about here.

MR. SCHLESSMAN: If you can provide us
more information on where these contracts are
happening, we can probably do a lot more from a
policy side that would accommodate the traveler
than putting this into the contract and
potentially removing bids from the market.

MR. BRISTOW: It's understandable.

Okay. Anything else? Any other questions?
Well, thank you for your participation in the
pre-solicitation conference. Appreciate your
attendance. Again, we definitely appreciate your
participation in the City Pair Program, so thanks
so much. Hope to see you soon, look forward to
the final solicitation coming out and we'll have
other further discussions down the road, okay?
Thanks so much.

(Whereupon, the above-entitled matter
went off the record at 3:26 p.m.)
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CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: FY16 City Pair Program
Pre-Solicitation Conference

Before: US GSA

Date: 02-11-15

Place: Washington, DC

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