



Debit Memo Working Group Meeting Minutes

Meeting: Kickoff
Date: January 30-31, 2013
Hosts: ARC's Lauri Reishus, Vice President and COO, and Doug Mangold, Managing Director, Product Management

Day 1:

- Mike Premo, President and CEO provided welcoming remarks.
- Kathi O'Neill, Vice President and General Counsel reviewed antitrust/competition guidelines, provided written guidance on antitrust/competition, and provided an overview of ARC's commitment to the confidential treatment of participant information.
- Doug Mangold gave an overview of ARC's voice of the customer initiative, which resulted in the rewrite of the Agent Reporting Agreement and the formation of this working group. He provided an overview of the debit memo issue for the industry and set out goals for the group over the two-day meeting.
 - Day one goals were to examine the current state of debit memos and discuss the key reasons for debit memo issuance.
 - Day two goals focused on further discussion regarding debit memo issuance, setting priorities for the group moving forward, forming sub-groups to work on specific issues, and next steps.
- Doug Mangold provided a rough estimate of the amount of money the industry spent on debit memo processing -- \$140,000,000 (an average of figures provided by 75% attendees, which included the cost of processing, plus the cost of paid debit memos). The group discussed the method utilized to calculate this figure and determined it is important to establish the true cost of the problem being addressed. ARC will provide the group a template that will break out debit memo costs in a uniform manner to facilitate calculating a more accurate figure.
- The group was broken up into seven subgroups to offer proposals for defining the Debit Memo Working Group's authority, how it would make decisions, and how the group would ensure that it acted with urgency. Results:
 - Areas of Responsibility: Help the industry save on unnecessary costs, give opportunities for buy-in (invite subject matter experts such as ASTA, ARTA, ATPCO, Credit Card companies, etc. to join subgroups), publish best practices, map the debit memo flow, provide education, be open with the press, and create a mission.
 - Decisions: Create new options in ARC's Memo Manager, work on improving memo quality, provide training, and build consensus around priorities of the group.
 - Urgency: Live up to response commitments, limit the scope, prioritize, set expectations, determine long term versus short term goals, and have regular calls and meetings.



- Doug Mangold recapped the current state of ARC's Memo Manager, and participation and volume trends within the system.
- Doug Mangold provided the group a breakdown of the reasons for debit memos processed within the Memo Manager system: chargebacks-5%, endorsement missing-3%, incorrect taxes-4%, auto priced ticket variation-6%, tour code missing-3%, incorrect commissions-18%, recall commissions-5%, fare rule violations-6% and see attachments-12%.
- Subgroups formed to address debit memos concerning chargebacks, incorrect taxes and fare violations. Each subgroup was charged with brainstorming the possible causes of each memo type, and finding systems or process changes that might help avoid or reduce debit memos in those categories.

Meeting Adjourned at 5:00PM EST.

Day 2:

- Doug Mangold provided a recap of day one and reviewed the goals for day 2.
- Open floor discussion revealed a desire by the group to have ARC establish, more conclusively, the true costs of debit memos for the industry.
- Subgroups formed to address commissions, endorsement fields, and the Memo Manager system. Again, each subgroup was charged with brainstorming the possible causes of each memo type, and finding systems or process changes that might help avoid or reduce debit memos. The subgroups also brainstormed process improvements for Memo Manager.
- Doug Mangold led an open floor discussion seeking suggestions for additional issues that needed to be addressed by the group and be included in the voting for prioritization. During this discussion, the group identified refunds and exchanges, churning reservations, and private fare contracts.
- The group voted on prioritizing debit memo issues. The results were, in order of priority, 1) refunds and exchanges, 2) fare rule violations, 3) commissions, 4) endorsements, chargebacks, and taxes [tied], and 5) private fare contracts and churning [tied].
- Group members assigned themselves to participate on subgroups to address each of these issues (each subgroup needed to have at least one carrier, agent, GDS and ARC representative). Subject matter experts would also be invited to join the groups (ASTA, ARTA, ATPCO, Credit Card companies, etc.).
- Doug Mangold identified next steps and action items.
 - Obtain legal review of proposal for plans going forward
 - Issue a press release recapping this meeting
 - Circulate minutes of this meeting
 - Create an end-to-end process flow showing lifecycle of a debit memo
 - Create a glossary of terms for debit memo processing
 - Establish a communications team
 - Create a communication tool for this group



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- Provide additional statistics on top debit memos by dollar value
- Establish a schedule for future meetings

Meeting Adjourned at 1:00PM EST