



AMFA – Southwest Airlines AMT Contract Negotiations Update

Update #59 July 19, 2017

Participants for AMFA:

Bret Oestreich – National Director
 Earl Clark – Director, Region I
 Will Abbott – Director, Region II
 Bob Cramer- Airline Representative, Local 4
 Craig Hamlet – Airline Representative, Local 11
 Shane Flachman – Airline Representative, Local 18
 Mike Young – Airline Representative, Local 32
 Lucas Middlebrook – AMFA Counsel
 Peter Manikowski – AMFA Economist

Participants for Southwest Airlines:

Gerry Anderson – Sr. Director, Labor Relations
 Mike Ryan – Labor Relations Consultant
 Cindy Nagel – Sr. Director, Labor Relations
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 Scott Colling – Regional Director, Central Region
 John Brutlag – Director of Aircraft Standards
 John Donnelly – Manager, Financial Planning

The Negotiating Committee is providing this update to the AMFA Membership at Southwest Airlines. This report is the only official authorized source of negotiating communications by the Committee.

Your Committee began the first day of the scheduled three-day session by delivering a comprehensive counterproposal to the proposal passed by the Company at the last session. Our counterproposal was a cover-to-cover package, which was designed to provide the Company with relief on the issues it has claimed it needs while also providing you with a compensation package that maintained our historical margin above the industry. Below you will see a comparison between the Company proposal that has not increased one penny from August 2016 and the economic package that we presented this week:

Wages: Offer Comparison

SW Tech Proposal August 2016 & June 2017						AMFA Proposal 7/17/2017					
	DOS	DOS +1	DOS +2	DOS +3	DOS +4	Base Wage					
Base Proposed	14%	3.00%	3.00%	3.00%	3.00%	Present	DOS	DOS +1	DOS +2	DOS +3	DOS +4
1st 6	\$ 26.05	\$ 26.83	\$ 27.64	\$ 28.46	\$ 29.32	\$ 22.85	\$ 28.92	\$ 30.22	\$ 31.51	\$ 32.77	\$ 34.00
2nd 6	\$ 27.34	\$ 28.16	\$ 29.00	\$ 29.87	\$ 30.77	\$ 23.98	\$ 30.35	\$ 31.72	\$ 33.07	\$ 34.39	\$ 35.68
2nd year	\$ 28.88	\$ 29.74	\$ 30.63	\$ 31.55	\$ 32.50	\$ 25.33	\$ 32.06	\$ 33.50	\$ 34.93	\$ 36.32	\$ 37.69
3rd year	\$ 30.63	\$ 31.55	\$ 32.50	\$ 33.47	\$ 34.48	\$ 26.87	\$ 34.01	\$ 35.54	\$ 37.05	\$ 38.53	\$ 39.98
4th year	\$ 32.56	\$ 33.54	\$ 34.54	\$ 35.58	\$ 36.64	\$ 28.56	\$ 36.15	\$ 37.78	\$ 39.38	\$ 40.96	\$ 42.49
5th year	\$ 34.74	\$ 35.78	\$ 36.85	\$ 37.96	\$ 39.10	\$ 30.47	\$ 38.57	\$ 40.30	\$ 42.01	\$ 43.69	\$ 45.33
6 Years+	\$ 45.31	\$ 46.67	\$ 48.07	\$ 49.51		\$ 38.59	\$ 51.04	\$ 53.21	\$ 55.34	\$ 57.41	
Lead Insp	\$ 49.27	\$ 50.75	\$ 52.27	\$ 53.84	\$ 55.45	\$ 43.22	\$ 54.70	\$ 57.17	\$ 59.60	\$ 61.98	\$ 64.30
Insp & Lead Mechs	\$ 46.64	\$ 48.04	\$ 49.48	\$ 50.96	\$ 52.49	\$ 40.91	\$ 51.77	\$ 54.10	\$ 56.40	\$ 58.66	\$ 60.86

License @ \$2.25 each
Shift: \$0.63 swing (agreed) // \$0.71 graveyard

License @ \$2.50 each
Shift: \$0.63 swing (agreed) // \$1.00 graveyard

Max longevity \$1.75 (agreed)

Our comprehensive proposal also included the following items designed to reward you for your dedicated service to this Company:

- Full retroactive payment to compensate you for the time the Company has forced you to work without a pay raise;
- An increased 401(k) package that would mimic what the Pilots obtained in their latest agreement;
- Language to ensure that the cost split that you currently pay for health care premiums would remain the same;
- Vacation bank that would allow you to bank two times your annual vacation accrual;
- Language that would provide you with short-term disability compensation;
- A mechanic to aircraft ratio that would capture the existing ratio, 3.3, and provide for future growth along with the fleet.

Our counterproposal also contained movement toward the Company on a number of the issues that it has indicated for years that it needed relief. We met the Company's stated needs in Scope, ETOPS, international down-lines, and relief from mandatory temporary inspector backfill. We were optimistic given the substantial movement that the Company would respond accordingly, and we could then gain momentum toward a deal that you could vote on. Unfortunately, this did not happen.

The Company requested the remainder of Monday to evaluate our counterproposal. On Tuesday, the parties spent the day working on a joint intent document intended to clarify the language that we had proposed on Scope. The parties were making significant progress on Scope and that continued into Wednesday where it seemed that the two sides were on the brink of resolving Scope, which has been the most difficult issue during these negotiations. In the afternoon, however, the Company advised our Committee that it had to deliver a response to our entire proposal and that response would contain no movement from the existing Company economic position. Instead of continuing with the progress being made on Scope, the Company's pronouncement that there would be no economic movement brought all momentum to a grinding halt.

The Company refused to counter on economics, including retroactive pay. The Company rejected our 401(k), insurance premium split protection, short term disability, and mechanic to aircraft ratio. The Company's actions are not those of a bargaining partner interested in reaching a negotiated agreement. We are still reviewing all options surrounding the Company's mediation-arbitration proposal, which would be separate and apart from NMB mediation, but we are scheduled to have another mediated session August 16-18, and are committed to reaching a negotiated agreement.

Sincerely,

Your Negotiating Committee