



AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

National Office: 7853 E. Arapahoe Court, Suite 1100 • Centennial, CO 80112

Tel: 303.752.AMFA (2632) • Fax: 303.362.7736

AMFA – Southwest Airlines Appearance Technician Extension Discussions

Participants for AMFA:

Earl Clark – Region I Director

Will Abbott – Region II Director

Craig Hamlet – Local 11 Airline Representative

Wayne Lampley – Local 18 Airline Representative

Ken Patrick – Local 32 Airline Representative

Frank LoGalbo – Local 4 Airline Representative

Lucas Middlebrook – Legal Counsel

Peter Manikowski – Economist

Participants for Southwest Airlines:

Kurt Kinder – VP Maintenance Operations

Anthony Wafer – Sr. Director Labor Relations

Kevin Minchey – Associate General Counsel

Eddie Berbarie – Sr. Attorney, General Counsel

Gary Bjarke – Director Maintenance Contracts

Tamara Harrison – Labor Relations Business Consultant

Patrick Breit – Financial Planning & Analysis

February 19, 2022

Beginning in June 2021, Southwest Airlines approached AMFA regarding discussing an extension to the Aircraft Appearance Technician (AAT) collective bargaining agreement (CBA). At that time, Southwest advised AMFA it would like to discuss an extension because it wanted to raise the starting AAT pay rates to better attract new employees. Southwest passed the first proposal in this respect on June 14, 2021. However, with that pass, Southwest proposed only to raise the first five steps of the pay scale (up to the fourth year of service). There were no proposed increases at that time for the senior AAT members.

Your AMFA Committee promptly responded to Southwest's proposal on June 29, 2021, where we countered with a one-year extension, which increased the first four steps, but also included increases for the mid-to-top of scale steps to reward the entire group for its contributions. Unfortunately, Southwest then waited over a month to deliver its next counterproposal, which was passed to AMFA on August 2, 2021. In this proposal, Southwest altered its original approach when it included multiple requests for contract language changes, including a proposal to allow it to indiscriminately pay one member more than another, which would devalue our bargained-for pay scale. Southwest also proposed to decrease the appearance technician-to-lead ratio, which would lower our members' opportunities to serve in those premium-pay lead positions. In addition to these language proposals, Southwest did include some movement within the middle-to-top areas of the pay scale.

On August 5, 2021, AMFA responded quickly with a one-year extension proposal. We rejected some of Southwest's language proposals, including the request to lower the lead ratio, but also agreed to others. AMFA continued to hold firm against Southwest's request to devalue our pay scale and allow it to pick and choose the hourly rate individuals are paid. Southwest responded three weeks later, on August 26, 2021, once again changing the landscape of its proposal. This time, Southwest proposed a three-year contract extension with "Conditional Fixed Wage Rates" based on certain Company financial metrics in years 2 and 3 of the proposed 3-year deal. In short, with this proposal, Southwest wanted a three-year deal but would only provide out-year raises on a "conditional" basis.

AMFA responded to this proposal on September 8, 2021, offering a 1-year extension, but this time AMFA introduced a ratification bonus designed to reward the AAT employees for their value to this Company.

Southwest responded with more unnecessary delay -- waiting more than two months before it delivered its next counterproposal on November 19, 2021. In that proposal, Southwest increased the term of its proposal, now seeking a 5-year deal from date of ratification. Southwest was unwilling to entertain a ratification bonus for the hard-working AAT members. In addition, Southwest reintroduced its previous request for language that would allow it to indiscriminately pay one member more than another. Nevertheless, AMFA continued to bargain and delivered a counterproposal on November 26, 2021. AMFA moved toward Southwest with the November 26 counter by proposing a two-and-a-half-year extension, and even proposed language that would allow Southwest to raise a step of the scale at its discretion during the term of the Agreement *so long as* it maintained the percentage progression within the steps of the pay scale. Such a discretionary increase to the scale would then raise all your wages. Despite this quick response and offering new solutions, Southwest once again responded with more delay.

Southwest did not respond at all to AMFA's November 26, 2021, proposal. Therefore, AMFA requested for the parties to meet face-to-face in Dallas February 8-10, 2022, in a good faith effort to reach agreement on an extension that would reward the AAT members for their hard work and continue to reward you moving forward.

Southwest finally responded to AMFA's November 26 proposal on the morning of Day 1 (February 8). In this pass, Southwest proposed increasing the lower steps of the pay scale without a similar percentage increase for the middle or top of scale employee. In addition, Southwest rejected, yet again, AMFA's proposal for a one-time bonus and continued with its anti-union request to pay one member more than another in degradation of our pay scale. AMFA responded that afternoon with a proposal designed to reward existing employees while increasing starting pay to assist the Company with its new-hire attraction issues. AMFA even went as far to include a third year within the extension. The parties remained apart at conclusion of Day 1, but AMFA negotiators remained optimistic, considering new options and new ideas.

That optimism evaporated upon receipt of Southwest's counterproposal on Day 2. The Company made no movement from its prior pay scale, rejected AMFA's request for a higher shift differential, continued to ask for ability to pay members differently and would only agree to the conditional (and very low) bonus --only paid if certain company financial metrics were met in the future. We asked for the Company's financial projections on those bonus metrics -- our request for information was denied.

During the two days of in-person meetings, AMFA's economist, Peter Manikowski, discovered what he described as "an alarming trend" in excess overtime currently recognized by Southwest's AAT department. He presented this trend to the Company, but instead of engaging in constructive fashion to solve these excess overtime trends (including mandatory overtime), Southwest negotiators tried to challenge his assumptions and pretend the overtime issues did not exist. We disagree -- mandatory overtime is a major issue for you.

It became evident, during bargaining and from comments made by Southwest's lead negotiator at the table, that the Company does not value our AAT members or respect the work they do. We made it clear this was both offensive and unacceptable. However, in an effort to reach agreement even after leaving Dallas, AMFA provided yet another counterproposal on February 11, which moved in the

Company's direction. Southwest countered on February 15 by removing its variable bonus proposal and only slightly increasing certain steps of the pay scale. In addition, Southwest still sought language changes allowing it to hire individuals into higher steps on the pay scale without commensurate pay increases to our members already on property.

But, despite this minimal movement, AMFA countered again on February 17. In this counter, AMFA provided movement to our shift differential proposal and continued to propose creative options in response to Southwest's request to place new hires at pay scale steps above the minimum.

Unfortunately, the Company's lead negotiator responded early the next morning, stopping all bargaining, and stating that his "Team will not be passing a counter back to AMFA..." Bargaining can be difficult, but the process grinds to a halt, as it did here, when the Company's lead negotiator is inexperienced at the bargaining table. The Company's decision to cease bargaining despite continued movement on economics and an exchange of new, creative ideas is a mark of its lead negotiator's limited experience.

We will be in contact in the coming days regarding the possibility of requesting and entering a full Section 6 bargaining process to negotiate and reward our AAT members that have been working on the front lines during a global pandemic without a raise since August 2020. You can expect to receive propaganda from Southwest shortly on why its proposals were beneficial to you and how AMFA stood in the way. Remember, Southwest made clear *its interest is securing your services at the lowest possible rate of pay and attracting new hires in each station at the lowest rate of pay*. Therefore, any Company's messages must be read with that intention in mind. Please do not hesitate to contact your Union representative with any questions or to clarify future Southwest propaganda.

Faternally,

Your Negotiating Committee