



AMFA–Southwest Airlines AMT Contract Negotiations Update

Update #60 August 18, 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*

Participants for Southwest Airlines:

*Gerry Anderson – Sr. Director, Labor Relations
Mike Ryan – Labor Relations Consultant
Cindy Nagel- Sr. Director, Labor Relations
Bill Venckus – Director, Labor Relations
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Scott Colling – Regional Director, Central Region
John Brutlag – Director of Aircraft Standards
John Donnelly – Manager, Financial Planning
Russell McCrady – V.P. Labor Relations*

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.

The parties met in Dallas, TX for a scheduled two and one-half day session beginning Wednesday, August 16, 2017. The goal of this session was to make an attempt to bridge the gap between the parties' most recent positions. As a reminder, the Company's response to our counter-proposal in July was to remain with the economic position that it passed over a year ago in August 2016. The parties engaged in an open discussion and entertained mediator supposals, but were unable to make significant progress toward reaching an agreement that adequately rewards you for your hard work and time devoted to this Company. In addition, the Company remains entrenched in its position that it must secure significant changes to your Article 2: Scope provision as part of any deal.

It is important to let you know that we advised the Company this week that the Union would not be accepting the mediation-arbitration proposal. We assume you will hear from the Company that it is disappointed that the Union would not entertain this option, and the Company will most likely allege that it could be the fastest way to get you something to vote on. It is vital to understand why the Company has pushed so hard for mediation-arbitration. The Company had secured, via tentative agreement, relief on nearly all of its asks throughout this process. It had secured relief on items such as: ETOPS, international down-lines, small station opening/closing, temporary inspector backfills, and the parties were close at the last session on Scope relief. The Union, however, had been consistently met with blunt no's on requests to increase your 401(k) benefit, control your health insurance costs, and to lock in the current mechanic to aircraft ratio to ensure our group is not diminished as the Company grows. In short, mediation-arbitration was a free swing for the Company. The only level playing field in that context would be for each side to go in with a completely clean slate. This was not the proposal.

The mediator has advised that she has no dates available until, at the earliest, November. Therefore, your Committee has decided to commence a roadshow in order to meet with our members, explain exactly what has been going on at the table with this Company, and receive your feedback on the progression of this process. We look forward to this chance to directly engage with our union brothers and sisters. The schedule and detail for this road show will be released in the coming weeks.

Sincerely,

Your Negotiating Committee