



AMFA/Southwest Airlines AMT Contract Negotiations Update

Update # 29 March 12, 2015

Participants for AMFA:

*Louie Key - AMFA National Director
Earl Clark- Director, Region I
Michael Nelson – Director, Region II
Bob Cramer – Airline Representative, Local 4
Matt Townsend – Airline Representative, Local 11
Shane Flachman – Airline Representative, Local 18
Mike Young – Airline Representative, Local 32
Lucas Middlebrook – AMFA Counsel*

Participants for Southwest Airlines:

*Mike Ryan – VP, Labor Relations
Gerry Anderson – Sr. Director, Labor Relations
Michelle Jordan – Director, Labor Relations
Scott Collings- Director, Central Region
Mark Lyon – Sr. Manager, Labor Relations
Sam Moser – 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.

AMFA delivered a comprehensive proposal to the Company on Wednesday, March 11. A comprehensive proposal is one where every Article and Letter of Agreement operates as one. AMFA advised the Company at the outset of the delivery that no single Article or provision could be read in isolation and AMFA reserved the right to consider the Company's rejection of any single article as a rejection of the entire comprehensive proposal. Your Committee devoted a lot of work to develop this comprehensive proposal, and we will not allow the Company to pick and choose the pieces it prefers.

First, this update is not intended to circumvent the detailed narrative of this comprehensive proposal that will be shared at your upcoming Local General Membership Meetings (GMM). The majority of our comprehensive proposal contains language, which the parties have already worked through and agreed to. This comprehensive proposal also contains many of our past proposals that have yet to be settled. Furthermore, we took this opportunity to make extensive grammatical corrections to the existing Collective Bargaining Agreement (CBA). In addition, we opened the final four articles and two Letter of Agreements (LOA) that remained in these negotiations, which were: Article 2- Scope, Article 14- Wage Rules, Article 15- Wage Rates, Article 29- Duration of Agreement, LOA #1 and LOA #2. Lastly, we notified the Company that solely for the purposes of this comprehensive proposal, we would create an appendix to the CBA, which would contain the diverse work rules and wages for the Maintenance Control workgroup.

Starting with Article 2- Scope, we like our current Scope language and the established job protection it provides. Therefore, we only made one change, which is in section 6(a) reducing the hours from 10 hours to 8 hours for attaching tasks to a vendor package. In Article 6- Overtime and Holidays, we provided the Company relief from paid rest rules if a Day Trade is involved and approved with less than 20 hours prior to the rest period. Also in Article 6, we proposed that all shift overlaps would be ignored in determining overtime eligibility. In Article 14- Wage Rules, we proposed changes to the Longevity compensation for years 11-15 to receive a \$.20/hour per year for a total of \$2.00, and raising the Skill Premium for Ground Support Equipment and Plant Maintenance Technicians from \$.50/hour to \$.80/hour.

As for Article 15- Wage Rates, we proposed retroactive wage increases of 2% for years 2013, 2014 and 3% wage increases for years 2015, 2016, 2017, 2018, 2019, and 2020. We also proposed License Premium increases for years 2014- 2017 of \$.30/hour per license for a maximum of \$3.20/hour per license. The total compensation package, excluding increased 401(K) matching, contained in this

comprehensive proposal would increase your compensation by nearly 27% during the life of the contract. In Article 16- Profit Sharing, we proposed an increase to the Company match to 15%. Furthermore, in Article 20- Insurance Benefits, we proposed a “me too” clause if any other group receives a better expanded benefit package.

In Article, 29- Duration of Agreement, we proposed an amendable date of August 16, 2020. This duration would reach back two years and extend forward for an additional five years with the next amendable date being the same date of the last pay increase. This would effectively give the parties a year to reach a new agreement without you, the members, being subject to a pay freeze. Regarding LOA #1, we extended consent to the Company to perform four lines of maintenance at an international vendor. Also, in LOA #1 we defined when Southwest Mechanics must be sent to perform International Field Service to those events where a serialized, tracking level 2 part is required to return the aircraft to service. We also proposed keeping LOA #2, which guarantees minimum staffing at several Dallas bid locations.

Please keep in mind that this update is a brief outline of the highlights contained within the comprehensive proposal that AMFA presented to the Company. There are undoubtedly items that are not listed here that some may view as highlights, and therefore we greatly encourage those with the means to attend your next GMM for full details and answers to your questions related to the contents of this proposal.

Your Committee invested considerable time to develop the comprehensive proposal that was delivered to the Company this week. We believe this was necessary to take control of the negotiation process, and avoid countless more sessions wherein the Company was prepared for nothing more than a shuffling of paper. If the Company is truly interested in reaching a deal and “rewarding its employees,” as its top leaders continually trumpet to Wall Street and the media, we have presented a path to provide just such a reward. However, we must all be prepared for the distinct possibility that the Company rejects our proposed path to a fair deal; instead reverting to its take-it-or-leave-it delayed approach to collective bargaining.

The next session is scheduled for April 23. We would like to thank those who took their time to observe these negotiations. If you have any questions, don’t hesitate to contact your representative. Failure to receive full and accurate information to your questions does not serve us individually or collectively as one group moving towards one goal. We appreciate your support.

Sincerely,

Your Negotiating Committee.