



AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

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June 19, 2015

Gary C. Kelly
Chairman of the Board, President & CEO Southwest Airlines
P.O. Box 36611
2702 Love Field Drive
Dallas, TX 75235

Sent via Email: gary.kelly@wnco.com

Re: "Together We Win"

Dear Mr. Kelly:

I write today in response to your memorandum to Southwest employees of June 11, 2015, entitled, "Together We Win" and to also express my profound disappointment at the lack of meaningful progress in the ongoing contract negotiations for our members covered by the Aircraft Mechanics' Contract. Our contract became amendable on August 16, 2012, and we are quickly approaching the third year of ongoing rigorous negotiations. When we started these negotiations we anticipated that we would reach a tentative agreement and the negotiations would conclude in a reasonable timeframe, especially in light of the unprecedented profits being enjoyed by Southwest Airlines which our members play a significant role in achieving. Unfortunately, this has not been the case.

It is abundantly clear to us, no matter how you measure it, that our current agreement works quite well for the airline. It is an agreement that both parties committed to uphold; however, your Company is deliberately violating our agreement and is seeking to achieve through arbitration that which it did not negotiate and that which it has not negotiated for in the current round of bargaining. Our contract has established a foundation that provides sufficient flexibility for the Company to help generate the record profits being achieved. We do not believe there is justification for the concessionary proposals that the Company is advancing in our negotiations.

In the Bloomberg Business article last year, "*Southwest CEO's Crusade: Hagglng With Unions While Profits Soar*," you indicated that it is time to take care of the shareholders, and that the employees have already been well taken care of. This strategy seems to stand in stark contrast to the successful formula that has served Southwest well for so many years. After all, it was the airline's founder that said: "...the employees come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that." Hopefully, this is a concept you will not abandon and ours is not the only Southwest Airlines labor group enduring difficult negotiations.


The comments that the employees have already been taken care of do not tell the whole story. In fact, in the April 27, 2015, article by Forbes Contributor, Dan Reed entitled, "*Don't Believe Everything You Read: Lower Fuel Prices Aren't why U.S. Airlines Are Earning Big Profits*," points out that airlines "lowering their labor costs relative to the rate of inflation has been the single biggest factor in airlines'

new-found profitability.” Southwest’s employees are no exception and suffer the effects of inflation just like everyone else. Our members have had their wages frozen since August of 2012; again, I point out, during a period of record Company profits they helped produce.

During that same time period, your compensation has risen nearly a million dollars from \$4,031,359 in 2012 to just over \$5,000,000 in 2014. It would seem that your recent “Together We Win” mantra is a one-way street built on the pay freezes imposed on labor and in reality the only winners will be senior executives like yourself.

On behalf of our members, I am reaching out to you in an earnest attempt to help guide these negotiations onto a more productive course. One that will ultimately lead us to a new agreement that will recognize and reward our members’ outstanding performance and continue to strengthen the foundation of Southwest Airlines as it journeys onward toward its exciting future. To that end, we would respectfully invite you to attend a negotiation session, which you have not done since discussions began in 2012. Alternatively, we would request that, at a minimum, a senior leader from Southwest maintenance attend negotiations, because as it stands now, the highest-ranking Southwest maintenance representative present at negotiations is a regional director. As you said, “Together We Win,” and I am hopeful that our continued negotiations, with you and other important stakeholders at the table, can break the present inertia and start making strides towards a successful resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Louie Key". The signature is fluid and cursive, with the first name "Louie" and last name "Key" clearly distinguishable.

Louie Key
National Director