



AMFA/Southwest Airlines Contract Negotiations Update

For Southwest Airlines Appearance Technician Group

Update #21 January 19th 2012

Participants for AMFA:

Jack Coonrod – Region II Director
Lee Rhame – Airline Representative Local 11
Bob Cramer – Airline Representative Local 18
Mike Young – Airline Representative Local 32
Carla Foster - Appearance Technician Representative
Lee Seham – AMFA Legal
Scott Petersen – AMFA Legal

Participants for Southwest Airlines

Mike Ryan – VP, Labor Relations
Jim Sokol – VP, Maintenance
George Tompkins – Director, Employee Resources
Keith McCormick – Manager, Employee Resources
Mike Hunter - Manager, Production Appearance
Sam Moser - Planning Manager, Finance

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

The above AMFA and Southwest Airlines Representatives participated in open, formal negotiations, seeking contract changes in Section VI negotiations.

On January 4th your Negotiating Committee received a conceptual proposal to change the amendable date from 2014 to 2017, revisit Article 5 while removing Line Ron as a Bid Location, and to modify LOA 2, and for AMFA to relinquish Line Ron cleaning from our scope in Article 2 and 4. Also to allow the blending of contractors and Appearance Technicians in Article 2, during the proposed transition period. In Article 15 the Company proposed to include the insertion of a signing bonus of \$100.00 per year of service in exchange for retroactive pay increases, by removing the 2009, 2010, and 2011 pay raises. Although there were no changes as to the rate of the pay increases, this changed, the effective date of your first pay increase to the DOR (date of ratification). The Company also exchanged the 1% pay rate increases in 2013 and 2014 for the Company meeting a 12% operating margin, to a 2016 and 2017 bonus payment of 1% of the prior year's eligible 401K earnings, if a higher 13% operating margin were to be reached. The Productivity Performance Bonus Plan was to be modified to remove the year 2011 and add the years of 2015, 2016, and 2017. The Company stated its intent to decrease the overall headcount of Appearance Technicians through attrition to approximately 158 Technicians with 20 Leads from the current headcount of 245 Technicians and 26 Leads. The Company promised written assurance of no involuntary displacements, if the Companies current proposal were to be accepted.

Om January 5th your Negotiating Committee gave the Company a counter proposal which included the acceptance of extending the amendable date to 2017, back to book on LOA

2, back to the original TAed language in Article 2 and 4. Except for the deletion of Midday Line and Carpet crew back to book on Article 5, bid locations. Article 15 was countered with; the acceptance of no retroactive pay increases, if a straight 4.5% pay rate increase is accepted by the Company, starting at DOR through 2017. And that those employees, with less than 6 years of seniority who are not leads would receive a 3% ratification bonus and for those at the Thereafter or Lead rates of pay on the DOR to receive a 15% ratification bonus, both based on their 401K eligible wages for the period from August 16th 2010 to August 15th 2011. The 3% and 15% ratification bonuses are to be in lieu of the Companies proposed \$100.00 per year of service bonus.

Your Negotiating Committee expects to receive a counter proposal at our next negotiating session.

The Company offered and your Committee agreed on a tentative date for future negotiations, February 1st and 2nd and 7th and 8th in Dallas. We will resume negotiations at 9:00am February 1st in Dallas. We will secure additional dates as required when we meet in Dallas on the 7th and 8th in Dallas.

The Negotiation Committee would like to thank Kenneth Dawson from Houston; Jeff Portugal; Jason Lee; Darlene D. Warren; Vertis Hawkins all from Dallas; Dave Widerski from Phoenix; Nino DiMaggio Local 11 Airline Representative elect and Floyd Looney from AMFA National, our observers who participated in this session. Their input in caucus was very helpful and welcomed. We know that they will communicate with other members from their locals on how the Union is working to protect their jobs and contract language.

Sincerely,

You're Negotiating Committee