



AMFA/Southwest Airlines FMT Negotiations Update

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Participants for AMFA:

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

Participants for Southwest Airlines:

*Mike Ryan – VP, Labor Relations
Gerry Anderson – Sr. Director, Labor Relations
Cindy Nagle - Sr. Director, Labor Relations
John Zuzu - Sr. Director, Corporate Facilities
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The Negotiating Committee is providing this update to the AMFA Membership at Southwest Airlines. This report is the only official authorized written source of negotiating communications by the Committee.

We met with the Company in Dallas, Texas on Wednesday, August 12, 2015, for a scheduled one-day Facilities Maintenance Technician (FMT) negotiation session. The Company had been working on their economic proposal for several months and we were presented with their opening proposal for Article 15: Wage Rules. The Company stated that they based their proposal on nationwide industrial averages for the purposes of pay and duration to reach the thereafter rate (topped-out).

To begin with, the Company proposal is based on a 14 year progression and upon reaching your 14th year you would be at the thereafter rate. The duration that they proposed is for five (5) years, becoming amendable in 2020. The starting annual wage proposed is \$42,377, and the thereafter rate in 2020 for a 14 year technician is \$55,663. The yearly raises for a member currently at the thereafter rate in this proposal would be 1.5%.

Due to the uniqueness of the FMT group's compensation structure throughout the system, there are ten (10) technicians that are currently above the thereafter rate as proposed. For those individuals, the Company offers to give them the option of a one-time cash payout (before taxes) based on the amount you are over their scale times the duration of this agreement; however, at the end of this agreement in 2020, those individuals whose pay is above the thereafter rate would not continue to be offered the payout for the differential and would permanently have their pay cut to match the scale. Conversely, there are individuals who are currently being paid less than the proposed compensation for their years of service. These technicians, 14 based on the Company's records, who fall into this category would immediately get the additional compensation to equal the scale for the number of years of service in the FMT workgroup.

Additionally, the Company has proposed a skill premium of \$3,600 annually (approx. \$1.73/hr) for each HVAC and/or an Electrician certificate. The Company said they would pay this premium to any technician who currently holds or obtains these certificates in the future. The proposal we were presented also contained a 3% signing bonus to be paid upon ratification of a Collective Bargaining Agreement (CBA).

Your Committee is currently working on a counter proposal to present to the Company at our next session scheduled for Thursday, September 10. Please keep in mind that this was the Company's opening proposal for wages. We have not spent the last two years in FMT negotiations to see 20% of the workgroup getting paid less in five (5) years than they are today. If you have any questions, please call your Local representative or the Region I or II Director.

Sincerely,

Your Negotiating Committee