



AMFA/Southwest Airlines FMT Negotiations Update

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Participants for AMFA:

*Earl Clark – Region I Director
Michael Nelson – Region II Director
Craig Hamlet – Airline Representative Local 11
Shane Flachman -Airline Representative Local 18
Mike Young - Airline representative local 32
Danny York - Facility Maintenance DAL
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
Robert Dorsey - Director, Corporate Facilities
Tim Hooyman – Sr. Manager, Corporate Facilities*

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 Tuesday, April 25, 2016, for a scheduled two-day Facility Maintenance Technician (FMT) Section 6 direct bargaining session. There were three main issues remaining that needed to be resolved to achieve a tentative agreement: Lead Selection, Longevity, and Wages. We have been working for several months outside of negotiations on the wage portion and it was the Company's turn to provide a counter offer. To open, the Company said that they rejected our Lead Selection procedures, which we proposed based on seniority. They also rejected our Longevity concept and said our pay scale was Aircraft Technician pay just spread out over a longer period. Further, they said that their wage proposal reflected an "Industry Average," although they never revealed what specific group they were referring to. We pointed out that there is no covered employee group at Southwest Airlines that gets paid an average of the industry. Southwest has always proudly acknowledged that they pay above average wages and we feel the FMTs should not be an exception. We also pointed out that we feel the Company is treating the FMT group unfairly by changing their work rules and closing locations that were staffed prior to the FMT group joining Aircraft Mechanics Fraternal Association (AMFA).

The Company presented their economic proposal with a wage scale that added 1.5% above their last offer based on a 14 year progression. Currently, the Company had moved 3.5% up from their original offer. In their offer a topped-out FMT with no certificates or licenses would be paid \$27.30 per hour in year 2020. We had previously agreed to let them hire a new technician into any of the first four steps, but a new hire at step one would receive \$21.09 per hour without any certificates or licenses. They also presented a pay scale for a technician who held one or two licenses or certificates with top-outs in year 2020 being \$29.03 and \$30.76, respectively. The Company also offered to create an "inter-company" certification for those technicians who did not have a license or certificate, who would be paid equally to a technician with one license or certificate. They said they would pay each technician a maximum of two licenses or certificates.

We then discussed the Lead Selection issue. We have had much discussion within our Committee and we felt comfortable offering a Lead Selection process where there would be a small committee made up of two Company representative and two representatives from the group where the Lead is being established. There is more work to do on the details but regardless, in the event of a "tie," seniority will be the determining factor in awarding the Lead position.

The Company asked to caucus and when they returned, and they agreed to our proposal for the Lead Selection and said they would create a first draft on language to capture the Lead Selection concept. We then presented a counter offer regarding wages. We proposed a pay scale with a fourteen step progression, with date of signing start pay of \$24.60 (step 1) and a topped-out technician being paid \$30.00 per hour (step 14) before license or

certificate, and an additional amount of \$1.75 for each license or certificate held up to two. We are proposing a five year deal with the scale in 2020 having a starting pay of \$28.23 (step 1), a top-out of \$34.42 (step 14), and license or certificate pay would remain \$1.75 for up to two. In our proposal, unlike the Company's, we continue to include Longevity pay for years of service beyond fourteen years.

As you can see, we are approximately seven dollars an hour apart. The Company said that they would have to take the numbers we gave them and have their financial department cost them out. They also said they were reaching their "end-game" regarding wages. We have scheduled Wednesday, May 11, 2016, at 4:00PM to sit down and receive the Company's counter offer on economics. Wages are the last item left and, hopefully, we will make some meaningful progress at our next session.

Sincerely,

Your Negotiating Committee