



AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

AMFA Locals 4, 11, 18, & 32

Date: July 13, 2015

To: AMFA AMT Membership

From: AMFA Local Airline Representatives

Re: Southwest Memo to Tech Ops Employees

Dear AMFA Members,

The Airline Reps would like to address some items in the recent memo sent out by the Company specifically with respect to items 5, 6, & 7 in the Company's memo. We would like to educate our members on how this process has evolved since the first session in August 2012. First, the Committee put the Company on notice at the commencement of this process that we were not interested in a concessionary deal for our members. The Company offered two options it wanted us to consider. Both of these options included drastic changes to your existing language, which enables you to earn a fair living. The Company, however, claimed it needed these unprecedented changes to be competitive with new Ultra Low Cost Carriers, such as Spirit & Allegiant.

Item 5: Why have we been unable to reach an agreement?

The misleading and often repeated claims by Southwest that we are the highest paid mechanics in the industry and that the Company would like to keep us that way is simply not true. UPS mechanics are the highest paid in the industry despite what the aircraft hauls (packages or people). In addition, the Company claims that the Union has not agreed to any of their so-called improvements is again a blatant falsehood. Our Committee addressed several of their needs and also offered a reasonable compensation package in our comprehensive proposal in March of this year in an effort to progress negotiations in a positive direction. The Company however, tossed that aside, rejected it in whole and reverted back to August of 2012 with their laundry list of must-haves with very little in return to the membership.

Item 6: What are these proposed improvements?

The Company seeks language changes that would allow it to outsource any or all of our current customary work. They seek to use vendors for field service where parts are readily available to be purchased or borrowed from the airport or close by to the out-of-service event. They want to do away with all inspector backfills, which we were forced to arbitrate just so the company would abide by what they had agreed to prior. They also want the ability to close any maintenance station they have opened simply on a broad-based operational need requirement thereby allowing them to contract out our work. They want full ability to right-size all stations and to force members to relocate where they decide the work should be by realignments, and if necessary, by abolishing positions. They ask for qualifications to allow one to work in specific bid locations and to be eligible to work overtime at those locations – all of which would limit your ability to earn extra income. They would also like to attach any items, whether due or not, to higher-level checks being performed at vendors, thereby taking even more work from you. The Company continually claims that these are important items to them. However, what seems to be lost on the Company is that these exact items are either as or more important to our members.

Item 7: Is SWA willing to share savings created by these improvements with Employees?

The short answer is yes and no. The Company says they are willing to share savings excised from longstanding language, but in doing so they intend to pocket the majority of those savings. The whole premise

of self-funding a contract's economics creates a scenario whereby, at some point in time, you have nothing else they want. Concessions should be reserved for when profits are marginal or non-existent. We are currently in the polar opposite environment.

These drastic changes would limit our ability to earn and the sub-standard wage increases offered along with off-year pay freezes with bonus programs would not even track inflation and medical premium increases. We have absolutely no control over the bonus pay structure, which can be manipulated by the Company. In addition, your salary does not increase year-to-year based off bonuses- it is a way for the Company to impose alternate year pay freezes. We asked the Company if we saved them an amount of money with changes to language, would we see that returned in wages & benefits, and the reply was a resounding: "no." The Company offers no retro pay for almost 3 years of a wage freeze. In addition, they have, to this point, offered offensive pay increase percentages and a signing bonus that does not even come close to allowing you to recoup the wages you have lost during the three years of Company foot-dragging.

This Company, led by Mr. Kelly, wants to achieve the bankruptcy contracts that the legacy carriers developed by actually going through bankruptcy. What makes it worse is that the Company is pressing this anti-employee agenda at a time of record profits. The Company has not offered a single thing that the Union could even present to our members without asking you to vote on a concessionary T/A.

This has been the Company's negotiating posture for three years. We have been faced with a Company negotiating team that does not come to the table with individuals actually empowered to make a decision, and the negotiators that do show up seem to be there only to check a box to indicate they sat down with us. Many sessions we have had observers from different stations sit in on the negotiations, and not one time have they said we do not have their best interest while bargaining. This is why we decided to ask the National Mediation Board for assistance in getting the Company to actually engage in a realistic and meaningful dialogue.

While this process can be long and drawn out, we feel this was the only way to actually present a non-concessionary T/A for our members to vote on. The process, as outlined in the Company memo, is accurate on what *could* happen moving forward. We feel this is the appropriate collective bargaining path for us to follow, and we are keeping our promise to the membership of not selling away hard-fought language changes gained over the past 40 years for pay increases that would not even allow you to adjust to the ever-increasing cost of living. We need to clearly signal to you that the Company is demanding unprecedented concessions, and we are trying only to preserve our language while asking for a modest pay increase.

We ask that now, more than ever, you stay engaged, stay informed and always question the source behind the information you receive. Unfortunately, the current version of our Company views you only as a cost, and they are blinded by leadership's directive to cut costs – by any means necessary. It is only with the utmost solidarity that we will be able to achieve a fair contract that we all deserve during this time of our Company's historic prosperity.

Sincerely,



Bob Cramer
Local 4



Matt Townsend
Local 11



Shane Flachman
Local 18



Mike Young
Local 32