



# AMFA/Southwest Airlines Contract Negotiations Update

Update #15

January 13, 2014

**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  
Lucas Middlebrook - AMFA Counsel*

**Participants for Southwest Airlines:**

*Mike Ryan - VP, Labor Relations  
Jim Sokol - VP, Maintenance Operations  
Gerry Anderson - Sr. Director, Labor Relations  
Michelle Jordan - Director, Labor Relations  
Mark Lyon - Sr. Manager, Labor Relations  
Sam Moser - Manager, Financial Planning*

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

We had our first Maintenance Technician Negotiation session of the new year in Dallas on Wednesday, January 8, 2014. We began by going through the status of the Articles. We have tentatively agreed (TA'd) to Articles 1, 3, 17, 18, 26, and 27. We have "tabled" Articles 8, 9, 19, 21, 22, and 23 mainly because we are unable to move closer to an agreement at this time. We are also currently working on Articles 6, 4, 11, 13, 16, 24, 25, and 28. After the update, we presented our counter proposal to the Company's Article 6 pass. For the most part we went back to current language (back to book) and rejected the Company's new language, which attempted to strip your contractual rights to paid rest, "short hours," and required "qualifications" to be eligible for overtime. Our proposal also included the addition of one observed Holiday and one additional Floating Holiday, and we added language to identify Maintenance Controllers' and Trainers' (also Facility Maintenance) bid location, all mandatory overtime at double time rate, and language that would make being a Temporary Supervisor more unappealing. The Company took our proposal and left to caucus for several hours. We worked as a Committee on Articles 18 and 24 while we waited on the Company, which finally returned at 2:30PM and presented an Article 28 proposal.

On Thursday, the second and final day of this session, the Company began with a discussion dealing with its view of the current landscape of the airline industry, and how some of the ultra-low cost carriers are seeing double digit return on equity (ROE). The Company also presented a graph that showed Southwest Airlines listed in 9<sup>th</sup> position for 3rd quarter of 2013 ROE among its competitors; however, what the chart failed to address was that these ultra-low cost carriers, such as Spirit, recognize upwards of 40% of total revenue from ancillary fees. Your Committee asked the Company to create a new chart to reflect this reality. This discussion was capped by the statement that the Company wants to make significant changes to our contract that allows Southwest to be more competitive. After this discussion, we presented our Article 24 counter offer to the Company's original proposal that we received on October 30. Our proposal contained items from our survey including changing bereavement leave to 40 hours from four days, new language protecting our ability to travel in the cabin "4<sup>th</sup>" seat, parking reimbursements, and striking the Company's new language dealing with the concept of after three years on leave a person is resigned and their 90 hour a month minimum to accrue sick time hours or vacation. The Company also presented their new sick policy and the specific articles it's incorporated in as well as another Article 4 proposal where they "carved-out" Plant Maintenance work including plumbing, electrical, heating, and air conditioning.

We also had a conversation on Thursday analyzing where the parties were in this process in regards to our lack of progress. We identified the Company's massive "wants" (including taking international field service, changes to domestic field service, new sick policy, 20hr duty limits, taking paid rest, gutting Plant Maintenance work, severely hampering our ability to day trade), which are too extreme for us to accept. The Company again stated that they wanted us to fund our own raises through work rule changes. As a possible solution to break the unproductiveness, we are going to have our February 10, 11, and 12 session in San Antonio to get away from Dallas and all of its distractions, which routinely keep the Company from productively engaging in the process. Hopefully, we can identify what each side really needs to get out of these negotiations and continue to manage this process amongst ourselves. Although we will be in San Antonio, observers are still invited.

Our side continues to be committed to making a concerted effort to reach an agreement that addresses our members', and the Company's, concerns. Our Committee would like to thank the observers that took the time to attend. It is important to remember that your Committee is only as strong as the members that support us – stay engaged, remain united and together we will maintain a contract that protects our profession and rewards your labor.

Sincerely,  
Your Negotiating Committee