



AMFA/Southwest Airlines Contract Negotiations Update

Update #19 May 28, 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 met in Dallas, TX on May 21, 2014 for a scheduled two-day Aircraft Maintenance Technician (AMT) negotiation session. The Company began the session with another PowerPoint presentation, which detailed that our Company posted record revenue, operating profit, and net income in the first quarter; however, despite the present financial health of our Company, the presentation ended with the Company's position that because Spirit and Allegiant are increasing their domestic growth, they "are coming for us." Record revenue, operating profit, and net income – yet continued concessionary requests from the Company – all because the Ultra-Low Cost Carriers (ULCC's) are coming for us?" This does not ring true to your Committee – does it sound right to you?

After the presentation, we presented our counter offer for Article 5: Hours of Service. We continued discussions related to the Company's position for the need to expand shift start times. Although stating there are no current needs to expand the hours each shift can start, the Company contends they want the shift start time flexibility in place for any future unknowns in dealing with flying internationally and the possibility of future "red eye" flights. We understand their concerns, but we cannot agree to a Day Shift starting as late as 11:59AM or a Graveyard Shift beginning at 4:59AM as the Company has proposed. We also had another lengthy discussion over the Company's insistence on language, which would provide that, "The Company reserves the right to require special qualifications and/or authorizations to work in any bid location." While there are currently bid locations that do require qualifications, such as Inspection, the intent of their proposed language is to reach out and give the Company the right to make special qualifications to "any" bid location. We again rejected this push for "qualification" language in Article 5 just as we have for its insertion in several other articles the Company has proposed. It has become obvious that one of the Company's goals in Section VI is to get language geared towards getting a person off the clock and limiting the Company's exposure to paying overtime. Whether it is duty time limits, field service, overtime rules, or day trade policy changes, we will not accept any modifications to our Collective Bargaining Agreement (CBA) that will interfere with one's right to work in bid locations, at straight time or overtime, which your seniority will permit you to work. You have worked long and hard to earn your seniority, we will not allow the Company to limit your right to exercise it.

We continued discussions regarding Article 5 although we took time to work explicitly on the Maintenance Control and Technical Trainers requirements. It was identified last month in Phoenix that we need to work on the specific needs of these two newly organized work groups. We invited Subject Matter Experts (SMEs) Steve Day, Rob Cush, and Tim Andrais from the Maintenance Control

Department and Tucker Steele and Mark Scheafer from the Technical Training Department to assist us in creating language for their groups related to Article 5. Although the Trainer's schedule works with the current language, Maintenance Control's schedule is very unique and the current language will not work for this group. Maintenance Controller Manager Shawn Jensen produced and explained the policy document that the Controllers are currently working under. We worked on a counter offer based on the current policy in caucus and presented it to the Company to end the day.

On Thursday, the Company presented their Article 5 counter. We had another long discussion related to "qualifications," which the Company reinserted. The Company also presented their Maintenance Control policy counter offer in which they reinserted a 16-hour duty limit, which is currently in place. The Company also presented counter offers for Article 7: Training, Article 13: Sick Leave and On the Job Injuries, and Article 24: General and Miscellaneous. The most notable changes proposed were adding "vacation" to the list of items that would not accrue if less than 90 hours were worked in a month and the 20-hour duty limit. After lunch we made our initial offer for changes to Article 20: Insurance Benefits. Our proposal capped employee costs to 10% of the medical coverage, a short-term disability program, and increases to dental and orthodontic coverage. We finished the session by countering their Article 7 and Article 13.

The Company continues to reject our proposal that you be allowed to use your accrued sick time to care for an ailing child or family member, this time stating that it was never the Company's intent that sick leave could be used "to care for your family." Instead, the Company claims, you can use FMLA for that – which is unpaid. Finally, we addressed a concern related to how a member of the Company's committee consistently responds to many of our proposals by indicating the belief that our members will abuse or game the proposed language. We advised the Company committee that we find these repeated mischaracterizations of you – our membership – to be offensive.

We would like to thank the SMEs and the observers who took the time to attend. We remain committed to the process and appreciate your support.

Upcoming Negotiation Date: June 18 and 19 at DAL

Sincerely,

Your Negotiating Committee