

grams. Because we do sample some of that work. And if there is some way to provide that training by another means, I certainly would support that.

Mr. OBERSTAR. And the training is very important. I concur. But there has to be a way, and I will ask Inspector General Scovel and Mr. Bloch to think this matter through, come back to the Committee and back to the FAA, review with you means of achieving that training without the appearance or the reality of impropriety.

If there are no further questions of this panel, we thank you for your time, for your answers, for your candor, for the testimony. Mr. Sabatini, you have committed to a number of very significant actions. I will look forward to following up vigorously with you and with the FAA and with the IG's office and Mr. Bloch as well. Thank you.

Our next panel includes Mr. Herb Kelleher, the face of Southwest Airlines, the presence of Southwest Airlines, the man who personifies Southwest Airlines. They sent their best and the brightest, the most engaging, the most sweet-talking.

[Laughter.]

Mr. OBERSTAR. The softest hand-holding.

[Laughter]

Mr. OBERSTAR. Mr. Gary Kelly, who is Chief Executive Officer of Southwest; Mr. Vincent Collamore, Aviation Safety Inspector at Southwest; Mr. John Bassler, Principal Avionics Inspector, Dallas Fort Worth Flight Standards District Office.

Gentlemen, please stand, raise your right hand. Do you solemnly swear that the testimony you will give before the Committee in the matters now under consideration will be the truth, the whole truth and nothing but the truth, so help you, God?

[Witnesses respond in the affirmative.]

Mr. OBERSTAR. You may proceed.

We will begin with Mr. Kelleher. Turn your microphone on, we want to hear every word.

TESTIMONY OF HERB KELLEHER, EXECUTIVE CHAIRMAN, SOUTHWEST AIRLINES COMPANY; GARY KELLY, CHIEF EXECUTIVE OFFICER, SOUTHWEST AIRLINES COMPANY; VINCENT LARRY COLLAMORE, AVIATION SAFETY INSPECTOR, SOUTHWEST AIRLINES CMO; JOHN BASSLER, PRINCIPAL AVIONICS INSPECTOR, DALLAS FORT WORTH FLIGHT STANDARDS DISTRICT OFFICE

Mr. KELLEHER. I wish I were a prettier face, Mr. Chairman.

[Laughter.]

Mr. OBERSTAR. Oh, yours has been the face of Southwest for so long, it is unmistakable.

Mr. KELLEHER. Mr. Chairman, Mr. Petri and distinguished Members of the Transportation and Infrastructure Committee, my name is Herb Kelleher. I helped to start Southwest Airlines, have been working on the Southwest business venture since the fall of 1966, have been on the board of directors for 41 years, have been the executive chairman of our board for 30 years, and was the CEO of Southwest from 1981 through 2001. I guess I could fairly be called the Methuselah of Southwest Airlines.

A friend, now a former friend, recently said to me, I hear you have a connection with the Air and Space Museum. I said, yes, I do. He said, are you on the board or are you an exhibit? That is why I describe him as a former friend of mine.

From first-hand knowledge, not hearsay, I can tell you that Southwest Airlines was founded upon the principle of providing more value for less fare, not less value for less fare. Professor Mike Levine was CEO of New York Air, and he encapsulated this concept very adeptly. Mike stated at an airline investor's conference that it is very easy to be expensive and good, and very easy to be inexpensive and bad. But that Southwest did a beautiful job of simultaneously being both inexpensive in its fares and very good in its operations and the service that it provided to customers.

Southwest Airlines, through the dedication, through the energy and through the warm hearts of its much beloved and truly cherished employees, has faithfully delivered on its original promise of more value for less fare for 37 years.

In 1966, when I started work on bringing Southwest Airlines into being, we said we were going to free the American people to fly. And we did. At that time, something like only 15 to 20 percent of adults in the United States had ever flown on a single commercial airline flight. Today, that number stands at 85 percent.

The DOT calls this phenomenon the Southwest Effect, the Southwest Effect, which, based on Southwest's model, has subsequently been emulated across our globe. Southwest Airlines said, we are going to get you there on time. And we did. Southwest has the best cumulative on-time performance record of any major airline in existence at the inception of those on-time statistics in 1987, 21 years ago.

Southwest Airlines said, our wonderful people are going to provide the best customer service in the industry. And they did. Among major airlines in existence in 1987, Southwest has the best cumulative customer satisfaction record, the fewest complaints per 100,000 passengers carried since the inception of such customer satisfaction statistics in 1987, 21 years ago.

Southwest Airlines for many decades was the most heavily unionized of the major airlines, and our unions are here today in support of our company, such as Tom McDaniel and Mike Massoni, officers of TW 556, people from our TW 555, the Southwest Airlines Pilots Association, AMFA that represents our mechanics. And I was going to introduce them individually, with the Chairman's permission, but in light of the hour, I decided that I would refrain from doing that.

But we said we are going to take good care of our splendid people. And we did. Southwest instituted the first employee profit-sharing plan in the American airline industry and no Southwest Airlines employee ever, not one, has sustained an involuntary furlough. And this perfect job security transpired during a 37-year period when probably a million or more airline employees experienced furloughs throughout the global industry.

And finally, we said, we are going to operate the safest airline in the world. And we have. Conde Nast Traveler magazine pointed out some years ago that Southwest Airlines had operated more flights and Southwest Airlines had carried more passengers with-

out a single, not one, passenger accident fatality than any other airline in the world. After 16 million flights carrying 1.2 billion passengers, without a single, not one, passenger accident fatality, Southwest Airlines' record as number one in safety, is intact today, the best airline passenger safety record in the world. Although sadly and very tragically, we did cause a non-passenger fatality with a runway over-run during a snowstorm.

We have always, and we have constantly, jawboned our people to the effect that flight safety is Southwest Airlines' number one objective. And I submit to this Committee that our superlative 37-year passenger safety record sustains the thrust of my comments in this respect. An exhibit illustrating multiple aspects of our leadership, and I do mean leadership, in safety and also our devotion with respect to safety, is attached to Gary Kelly's and my joint written testimony.

One of the things that has concerned me today is that this Committee has an enormous reputation for what it has accomplished in the field of safety and in the field of transportation, and I am very familiar with that record when it used to be the Public Works Committee, before it became Transportation and Infrastructure. I know all the programs which the Chairman mentioned earlier that you have initiated and you have served in order to make transportation more safe.

And I didn't want anyone on this Committee to get the impression that Southwest was just rumbling around the skies in a contumacious manner, not having inspected cracks on its airplanes. Mr. Oberstar earlier mentioned the leadership that this Committee had taken subsequent to the Aloha accident with respect to aging aircraft. My recollection is that he was the keynote speaker at the international conference of airlines throughout the world and regulatory bodies throughout the world to decide what should be done about that situation.

What may not be so well known is that following the leadership of the Chairman and this Committee, Southwest Airlines is the one that originated, Southwest Airlines, itself, originated the plan for inspecting for cracks in the 737 classics and for repairing those cracks. That led to the Boeing service bulletin in 2002 as I remember or thereabouts that really incorporated the Southwest Airlines plan for dealing with this crack problem, and later led to the very AD that has been in question and the subject of today's hearing. That really originated in Southwest Airlines' work.

Now, if I may say this, Mr. Chairman, these ADs are not like Dick and Jane's first grade reader, you know, this is a ball, this is Spot, the dog. On this very subject, cracks, there are six ADs encompassing 1,100 pages. And they are interrelated, some of them, and overlapping.

What Southwest Airlines did, again, leaping ahead, in terms of safety, was to develop a modification for our airplanes that replaced the need to inspect and repair cracks. That was launched with the Boeing Company and the FAA's approval.

So how did we get to the point where we screwed up by not putting our planes on the ground when an AD had been violated? Well, actually, what happened was because of the plane modifications that we had made under another AD, we were relieved of a

lot of our inspection requirements. If you replace the panels, you no longer need to inspect them.

Our engineering department in the midst of this welter of ADs and this 1,100 pages issued a document, our engineering department, which missed the fact that there was a small part of the airplane, about maybe two inches high and about this long, that still needed to be inspected despite all the modifications that we had made. Now, that was our mistake. But nobody realized it for quite some time. We weren't just rumbling around saying, oh, gee, we failed to inspect this part of the airplane. As Gary Kelly will explain more fully, we were inspecting these airplanes interminably in regular inspections, many, many times per year. And he can fill you in on that.

But all of a sudden we discovered, Southwest Airlines discovered that we should have been inspecting that tiny part of the airplane in a special inspection under the ADs, that the engineering order, in other words, was erroneous.

So what did we do? We reported it to the FAA. We told them what was going on. Here is where the big mistake came. The FAA, at the principal maintenance inspector level, said we could continue to fly the planes while we inspected that small portion of the fuselage. And we did. And we should not have, and we have learned our lesson. When another ambiguity came up, and you have seen newspaper articles about this, at least, when another ambiguity arose as to how to apply a Boeing inspection requirement to our airplanes, we simply put the planes down until it was resolved. Totally different behavior within a very short period of time.

I apologize to this Committee. We realize those planes should not have flown during that period while the inspections were made of the window belts. But at the same time, I have to say that maybe our people made some engineering judgments, which they weren't entitled to make. Those airplanes should have been all on the ground.

But at the same time, there was not even the remotest chance of a repetition of the Aloha Airlines roof peel incident, which some coverage has mentioned. The Aloha Airlines 737 was a 1969 89,000 cycle, non-advanced 737-200, embodying a 1960s lap joint adhesive process that was abandoned by the Boeing Company in the 1970s. Southwest Airlines has not flown a non-advanced 737-200 like the Aloha airplane since 1978, 30 years ago, and presently has no 737-200s of any kind in its fleet.

And as Gary Kelly will more fully explain, Boeing has carefully manufactured the fail-safe 737 models, which constitute all of Southwest's present 737 fleet, so that small cracks will not propagate into the 18-foot long roof tear involved in the Aloha roof tear incident.

Now, is that any excuse for not putting those planes down? I tell the Members of this Committee it is not. And we recognize what the Chairman described earlier and some other Members have spoken about, the creep, the creep issue. So I apologize for not fulfilling our duty in that respect. But again, some of these accounts have referred to these airplanes, I am talking about media accounts, as uninspected. That is false. Nothing could be further from

the truth. And Gary Kelly will explain why that is the case. They were inspected over and over and over and over again.

So thank you very much for the opportunity to be with you. Thank you for the opportunity to address some of the allegations that have been made about Southwest Airlines' behavior.

And if I may, there is one other thing that I apologize to you for, and it has been a little bit of a burden today. I think it is unfortunate that the name of the airline is Southwest and the name of the region of the FAA is Southwest. I think at some point, maybe when people are talking about Southwest, some of the people in the audience were saying, which one, the CMO or the airline.

Mr. Kelly is widely esteemed, very, very bright. Intensely conscientious and intensely safety-conscious.

Mr. OBERSTAR. I assure you, Mr. Kelleher, that the Chair knows the distinction between the Southwest region and Southwest Airlines.

Mr. KELLEHER. Thank you, sir. You noticed that I said, the audience.

Mr. OBERSTAR. Mr. Kelly.

Mr. KELLEHER. I didn't want to accuse any Member of the Committee of committing that mistake.

Mr. KELLY. Thank you, Mr. Chairman.

Chairman Oberstar and Mr. Petri, Members of the Committee, thank you for the opportunity to be here today. My name is Gary Kelly and I am CEO of Southwest Airlines since July of 2004 and a Southwest Airlines officer since 1986.

As Mr. Kelleher has so eloquently stated, Southwest Airlines has been a great success for a great many years. We believe our people are the best in the aviation industry and that they have enormous devotion to our company and tremendous pride in its results. But above all, the safety of our people and our customers and our own families is my top priority, and it is Southwest Airlines' top priority. And on this, you have my personal commitment on behalf of our 34,000 Southwest family members. The need to be safe is a part of our history, it is a part of our culture and certainly it is a part of our DNA.

On March 6th of 2008, Southwest received a letter of civil penalty from the FAA related to a March 2007 matter of regulatory non-compliance. I first learned of that matter in February of 2008, and that this Committee was conducting an investigation. So we then launched our own internal investigation conducted through our general counsel.

On March 10th, I received the preliminary results. Two issues had to be addressed immediately. The first was that better judgment should have been exercised than to allow these aircraft to continue to fly after there was a potential non-compliance discovered. The second was that senior management should have been consulted on such a significant issue, but was not. So based on our March 10th preliminary briefing, we took immediate action. I requested, and Southwest was granted, a face to face meeting with top FAA officials in Washington on March 12th.

We placed on leave the employees from our regulatory compliance group that were involved in the March 2007 event. We confirmed with our reorganized regulatory compliance group that sen-