

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-

ior management will be involved in all decisions of that magnitude, and then of course, we reaffirmed to all of our maintenance and engineering leadership that we will not operate an aircraft if there is any credible evidence of an AD non-compliance.

Now, we also initiated a number of additional efforts to strengthen our maintenance and engineering regulatory compliance and our AD compliance functions, including the following. We have done an audit of all open FAA airworthiness directives, we have a review underway by outside independent experts, we have a reorganization of our AD and regulatory compliance function with enhanced management reporting. We have a restructure of our continuing analysis and surveillance system, otherwise known as the CASS system. We have an increase in the number and the scope and the frequency of audits, and also a segregation of the audit function from regulatory compliance. And we have more stringent documentation of our AD and maintenance plan changes.

So when Southwest, the FAA and independent consultants will complete their reviews, we will act quickly to evaluate all the findings and the recommendations and of course will make all the necessary changes.

While there was clearly a mistake with our regulatory compliance, we wanted to assure ourselves that safety of flight was not an issue. And we have done that. That has been confirmed by two outside experts. First of all, the Boeing 737 is the most popular commercial aircraft in the world, with over 5,000 produced. Southwest operates the 737 exclusively and has the largest 737 fleet in the world. So in short, the experience with this aircraft is extensive around the globe and at Southwest Airlines.

The Boeing 737 classic was designed with a fail-safe structure, and that affords a supreme margin of safety. The fuselage design is fail-safe because there are three independent structure elements: the external skin, the internal bonded doubler and also the aircraft frames and stringers. This design allows skin cracks and other skin damage to occur without compromising structural integrity.

Next, the FAA-approved Southwest maintenance program provides for frequent, scheduled, repetitive, overlapping and comprehensive inspections and repairs with another supreme margin of safety. Stated more plainly, our aircraft are inspected far more often than is absolutely necessary. Routine inspections of varying degrees occur daily, weekly, every 50 days, every 100 days, then we have intermediate half C inspections every 250 days and then heavy wide checks are performed every two years.

In addition to these regularly scheduled, baseline maintenance skin inspections, there are also skin inspections required by the six different ADs that Herb mentioned. The combination of these inspections makes our 737 aircraft one of the most carefully inspected aircraft fleets in the world. So indeed, it is false to say that these aircraft were not inspected. They were. And in fact, the error in the AD in question was discovered through an inspection and a crack repair in the very area that is in question.

So from a safety perspective, we found the non-compliance, we voluntarily reported it, and we fixed it.

Now, our airplanes are designed to be safe and our maintenance program is designed to keep them safe and we have a culture of

safety excellence. We have safely operated more than 16 million flights over 37 years serving more than 1.2 billion customers. I think that easily makes us the safest airline in the world, and a record that anyone would justifiably be proud. I believe deeply that we have the best maintenance and engineering employees in the airline industry.

But I do want to assure this Committee and the American people that we will not rest on our safety record, no matter how good it may be. And I do commit to you that we will constructively and aggressively address the issues raised by the FAA and this Committee. Because we want to enable our proud, safe airline to continue as the safest in the world.

Our record makes credible this aspiration, our Southwest people will accept nothing less and our customers deserve nothing less.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Thank you.

Do your colleagues have statements as well? I am sorry, you are the FAA inspectors. I am sorry. I was distracted for a moment. Mr. Bassler?

Mr. BASSLER. Yes, sir, I do have a statement here I would like to give to the panel.

Mr. OBERSTAR. Pardon me?

Mr. BASSLER. I do have some testimony I would give.

Mr. OBERSTAR. Yes, you are next.

Mr. BASSLER. My name is John Bassler. I came to Southwest CMO from the Continental CMO, which I spent eight and a half years down there, back in June of 2005, as the assistant principal avionics inspector, under the supervisory principal avionics inspector, Mr. Colin, up until December 2007, when I requested to be moved to a different office.

When I arrived at the Southwest Airlines CMO in 2005, one of the first things I noticed was how fractured the Airworthiness group was. I came from the Continental CMO in Houston where that Airworthiness unit had scheduled meetings, including both specialties, avionics and maintenance, on a regular basis. The Southwest Airlines CMO did not, and as a matter of fact, it did not start having meetings of this nature until the latter part of 2007. I found the Airworthiness unit, in my opinion, to be dysfunctional.

I had not been in the office for very long when I witnessed my immediate supervisor, the principal avionics inspector, giving the middle finger gesture to the principal maintenance inspector when his back was turned. I thought that very unprofessional and I voiced my objections to my supervisor and I told him that I did not appreciate that in my presence.

Things progressively got worse in the office. Most of the friction was within the management ranks. During this time it must be noted that the inspectors continued to operate at an exceptional level, even without management support.

Around early March 2007, rumors began to fly that inspector Mr. Boutris had a couple of hot line complaints filed on him from outside the agency. This is when things really started to become hostile in the office. Mr. Boutris began to spend a lot of time conversing directly to Mr. Robert Naccache, the assistant manager, and Mr. Michael Mills, the office manager, behind closed doors,