

**AGREEMENT  
BY AND BETWEEN  
SOUTHWEST AIRLINES CO.  
AND  
THE AIRCRAFT APPEARANCE TECHNICIANS  
IN THE SERVICE OF  
SOUTHWEST AIRLINES CO.  
AS REPRESENTED BY  
~~INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION~~  
AIRCRAFT MECHANIC FRATERNAL ASSOCIATION  
For the Period  
AUGUST 16, 2000  
to  
February 16, 2009**

**Preamble**

This Agreement is made and entered into in accordance with the provisions of Title 2, of the Railway Labor Act, as amended, by and between Southwest Airlines Co., hereinafter known as the "Company" and the Aircraft Appearance Technicians in the service of Southwest Airlines Co., (herein sometimes referred to as "Appearance Technicians"), as represented by The International Brotherhood of Teamsters-Airline Division, hereinafter known as the "Union."

## **Article 1**

### **PURPOSE OF AGREEMENT**

- 1.** The purpose of this Agreement is, in the mutual interest of the Company and employees, to provide for the operation of the services of the Company under methods which will further, to the fullest extent possible, the safety of air transportation, the efficiency of operation, and the continuation of employment under conditions of reasonable hours, proper compensation and reasonable working conditions. It is recognized to be the duty of the Company, the employees, both individually and collectively, and the Union to cooperate fully for the attainment of these purposes.
- 2.** No employee covered by this Agreement will be interfered with, restrained, coerced or discriminated against by the Company, its officers or agents because of membership in or lawful activity on behalf of the Union.
- 3.** It is understood, wherever in this Agreement employees or jobs are referred to in the male gender, it shall be recognized as referring to both male and female employees. In accordance with the established policy of the Company and the Union, the provisions of this Agreement will apply equally to all employees, regardless of sex, color, race, creed, age, national origin, religion, handicapped or veteran status.

## **Article 2**

### **SCOPE OF AGREEMENT**

- 1.** The Company hereby recognizes the Union as the sole collective bargaining agent and authorized representative for those employees of Southwest Airlines Co., composing the craft or class of Mechanics and related employees as certified by the National Mediation Board in Case No. R-5342 on December 30, 1982.
- 2.** This Agreement extends to and covers all employees covered in Article 4 who normally and regularly spend a majority of their work time in the performance of covered work.
- 3.** The Company shall not contract out work when such contracting out results, or will result in a reduction in force for any employee covered by this Agreement. The parties agree that the Company may (a) continue to contract out work heretofore customarily contracted out, (b) return equipment parts or assemblies to the manufacturer or to a manufacturer-approved repair station for repair or replacement, (c) contract out any work when the Company's facilities and equipment are not sufficient, or qualified personnel are not available, or where employees available do not have the experience and ability to perform the work required, (d) contract out work at any location where such work has not heretofore been performed by unit employees on a regular basis, or at any location where the Company has not heretofore maintained permanent maintenance facilities or employees. If the Company has need for contracting out work presently performed by employees covered by this Agreement, the Company will so notify the Union by written notice.

  - a.** If after the effective date of this Agreement, the Union believes the Company is abusing the right to contract out, provided in this Article, it shall notify the Company of such belief not later than five (5) days after the conclusion of such discussion.
  - b.** The company and the union shall proceed to resolve the issue up to and including the final and binding arbitration decision.
- 4.** Employees covered by this Agreement shall be governed by all Company rules, regulations and orders previously or hereafter issued by proper authorities of the Company which are not in conflict with the terms and conditions of this Agreement, and which have been made available to the employees prior to becoming effective.

**5.** The right to manage and direct the working forces, subject to the provisions of this Agreement, is vested in and retained by the Company.

## **Article 3**

### **STATUS OF AGREEMENT**

**1.** It is expressly understood and agreed that this Agreement supersedes any and all Agreements now existing or previously executed between the Company and any Union or individual, affecting the craft or class of employees covered by this Agreement.

**2.**

**a.** This Agreement shall be binding upon any successor, consolidated or merged corporation, and the Company agrees that it will not sell, merge, or in any manner transfer its control over operations unless this Agreement is expressly assumed by the successor, merging, or acquiring company. In the event the entire company, or a division or department thereof covered by this Agreement, is sold, leased, taken over by sale, lease, merger, acquisition, assignment, receivership, or bankruptcy proceeding, such company or division or department thereof covered by this Agreement shall continue to be subject to the terms and conditions of this Agreement.

**b.** The successor, consolidated or merged corporation shall staff the operations described in Section 2a above with employees covered by this Agreement, recognize the Union as their representative and adhere to this Agreement, whether or not a question of representation exists, until it is changed in accordance with the requirements of the Railway Labor Act.

**c.** The Employer shall give notice of the existence of this Agreement to any purchaser, lessee, assignee, etc. who is a party to any transaction described in Section 2a above. Such notice shall be in writing and a copy served upon the Union as soon as practicable after execution of a contract of the nature described herein, provided that the company shall not be obligated to violate any confidentiality or nondisclosure obligations under such contract. The Union shall also be advised of the nature of the transaction excluding financial details.

**d.** In the event the Company is acquired by or transfers control of its operations to another air carrier, where operational integration is to occur, the Company will require the fair and equitable integration of the pre-merger Appearance Technicians Seniority List in accordance with Sections 3 and 13 of the Allegheny-Mohawk LPPs.

**3.** In the event Southwest Airlines Co., after the effective date of this Agreement, utilizes its equipment or facilities in establishing a new Part 121 carrier, it is agreed that all work heretofore recognized as work coming within the jurisdiction of the Union and covered by the Collective Bargaining Agreement between Southwest Airlines Co. and the International Brotherhood of Teamsters, shall continue to come within the jurisdiction of the Union, and a contract shall be negotiated between the Union and such new Part 121 carrier.

**4.** In the case of a transaction covered by this Article, representatives of both the Union and the successor, merged or consolidated Company will meet without delay and negotiate for the protection of employee seniority and other employment rights affected by the transaction.

**5.** The Company agrees to arbitrate any grievance filed by the Union alleging a violation of this Article 3 on an expedited basis directly before the System Board of Adjustment sitting with a neutral arbitrator mutually acceptable to both parties. If a mutually agreed upon arbitrator cannot be selected within three (3) days of the filing, an arbitrator shall be selected pursuant to Article 22 of this Agreement. The dispute shall be heard no later than thirty (30) days following submission to the system board (subject to availability of the arbitrator) and shall be decided no later than thirty (30) days following submission, unless the parties agree otherwise in writing.

## **Article 4**

# **CLASSIFICATIONS**

The recognized classifications of work will be as herein defined:

### **1. LEAD APPEARANCE TECHNICIAN**

- a.** A Lead Appearance Technician shall be an Appearance Technician who as a working member of a group, is charged with the responsibility of leading, directing, conducting on-the-job training and approving the work of this assigned group. Lead Appearance Technicians may be required to sign for their own work and work of others in their group.
  
- b.** It is understood that whenever three (3) or more Appearance Technicians are on duty on the same shift one shall be a Lead Appearance Technician and that no Lead Appearance Technician will be required to lead and direct the work of a group totaling more than eleven (11) other on duty Appearance Technicians.

### **2. APPEARANCE TECHNICIAN**

The work of Appearance Technicians shall include, but not be limited to, cleaning, washing, and polishing the interior and exterior of airplanes, airplane parts, maintenance equipment, shops and hangars, including replacement of aircraft seat covers and aisle rugs on service checks, turnarounds or through flights and the driving of motor vehicles when necessary in connection with the work of an Appearance Technician. Appearance Technicians will not be permitted to perform work of higher classifications, unless all employees within such classification have first been given the opportunity to perform such work in a timely manner and are unable to do so or the work necessary to be performed is required to maintain the schedule. When requested by Mechanics, work which only requires the use of strength and no hand tools may be performed by Appearance Technicians.

- 3.** No employee shall be required to work in lower classifications unless employees in the lower classification have been asked to perform the work in question, but are unable to do so in a timely manner or the work necessary to be performed is required to maintain the schedule. No employee shall have his rate of pay reduced while working in the lower classification. (See also Article 14, Section 9.)

## **Article 5**

### **HOURS OF SERVICE**

#### **1. Five Day Week**

- a.** Eight (8) consecutive hours, exclusive of a meal period of not to exceed thirty (30) minutes shall constitute a standard work day.
- b.** Forty (40) hours, consisting of five (5) consecutive eight-hour days, worked within seven (7) consecutive days, will constitute a standard work week.

#### **2. Four Day Week**

- a.** Ten (10) consecutive hours, exclusive of a meal period of not to exceed thirty (30) minutes, shall constitute a standard work day.
- b.** Forty (40) hours, consisting of four (4) consecutive ten-hour days, worked within seven (7) consecutive days, will constitute a standard work week.

**3.** The work week shall commence at 12:01 Monday a.m. of each week and end at 12:00 midnight Sunday of each week.

**4.** All employees will be granted a rest period during the first half of their shift and a rest period during the second half of their shift without loss of time, for the purpose of relaxation, smoking, etc. The rest periods for an eight (8) hour shift shall be of ten (10) minutes' duration. For a ten (10) hour shift, they shall be of fifteen (15) minutes' duration.

**5.** The regular starting and stopping time for work shifts will be scheduled and posted and shall not be changed without one week's notice. When the Company temporarily changes an employee from his regularly assigned shift to a shift being established on a temporary bases, forty-eight (48) hours' notice will be given. If an employee is given less than forty-eight (48) hours' notice he shall be paid time and one-half (1-1/2) his regular straight time hourly rate for the first four (4) hours of his new assignment.

**a.** The starting times for regular shifts at maintenance facilities existing at the date of this Agreement will be as follows:

- 1.** The day shift will start no earlier than 5:30 a.m. and no later than 8:30 a.m.

**2.** A midday shift, if established, will start no earlier than 9:30 a.m., and no later than 12:00 Noon.

**3.** The afternoon shift shall start no earlier than 1:00 p.m. and no later than 4:00 p.m.

**4.** The graveyard shift will start no earlier than 8:00 p.m. and no later than 11:00 p.m.

**b.** In recognizing that the Company may in the future operate maintenance facilities outside the existing Dallas Base and Phoenix and Houston stations, it is our intent to agree to negotiate starting times and local work rules at each facility at the time of opening.

**6.** The Company will endeavor to maintain the four (4) day week for employees on B/C Check crews whenever phased B/C Checks are performed.

**7.** No employee will be called to work or required to report to work for a regular work shift of less than eight (8) hours work. Any employee called to work when there is temporarily no work due to an Act of God or circumstances over which the Company has no control, shall receive a minimum of four (4) hours pay at the regular hourly rate.

**8.** All employees will have an uninterrupted thirty (30) minute meal period regularly scheduled between the ending of the third hour and the beginning of the sixth hour after reporting to work for an eight (8) hour shift and between the ending of the fourth hour and the beginning of the seventh hour after reporting to work for a ten (10) hour shift. Employees who because of the requirements of the service are required to start their lunch period more than thirty (30) minutes in advance of or thirty (30) minutes after the starting time of their regularly scheduled lunch period shall be allowed a reasonable time to eat as close to their regular lunch period as possible and paid for same at the straight time or applicable overtime rate in addition to their regular compensation, or if interrupted, paid for at the applicable overtime rate.

**9.** When an employee has his hours of work temporarily changed and thereafter is returned to his regular assignment and his hours of work on his regular assignment is such that he will not have eight (8) hours' rest after his last preceding work, his supervisor shall direct him when to next report for work which will give him an eight (8) hour rest period and in the event that such rest period extends into the employee's regular work shift he shall be paid at straight time rates for that time lost from his regular work shift which would provide him with the rest period of eight (8) hours. If the employee is not provided with the rest period as described above, he shall

receive his applicable overtime rate of pay until such time as he is relieved for said rest period. The provisions of this paragraph shall not apply to recall work.

**10.**

**a.** The working hours at each maintenance facility shall be established by the Company and shall be posted on a bulletin board at all times. The working hours for any shift will not be changed indiscriminately.

**b.** The hours of service and days off of vacant shifts or new shifts shall be bid locally by a station bulletin for a period of five (5) calendar days or until all bids are in, whichever is less, in the job classification involved, prior to the vacancy being filled in accordance with the provisions of Article 10.

**c.** Employees who desire to bid on such vacant or new shift and any other worked shift that might become available as a result of the awarding of such vacant (new) shift, shall indicate on their original bid, in order of preference, the other shifts to which they desire assignment if they become available. Therefore, when the Company awards the successful bidders on the original vacancy, it will simultaneously award successful bidders on any secondary vacancies that result from such award on the original (new) shift.

**11.** Employees whose permanent shifts are changed by greater than two (2) hours due to work schedule changes will be permitted to exercise their seniority for shift selection within their classification.

**12.** Effective each January 1, employees covered by this Agreement will assume newly bid shifts and days off within their classification according to their category seniority to any bid location at their station.

**a.** At least three (3) weeks prior to the annual rebid, the Company will prepare a list of all shifts and days off available in each category which will be posted on the bulletin board for a period of fourteen (14) days.

**b.** Within the fourteen (14) days following posting, each employee will submit on a form provided by the Company his preference of shifts and/or days off. Employees failing to submit their preference of shifts and/or days off will be assigned to the shift and/or days off available.

**c.** No overtime will be paid as a result of an employee changing his days off or shift by rebidding. However, any arbitrary assignment made

by the Company in his shifts and/or days off, the applicable overtime rule will apply.

**13.** The following shall be recognized as bid locations by station and shift for the purpose of this Agreement.

<b>Bid Location</b>	
<b>1.</b>	Line Service
<b>2.</b>	B/C Check
<b>3.</b>	Shop
<b>4.</b>	Ground Equipment
<b>5.</b>	Structural
<b>6.</b>	R.O.N.
<b>7.</b>	Midday Line
<b>8.</b>	Exterior
<b>9.</b>	Carpet Crew

Any newly created bid locations other than those listed above will be adhered to under the terms of this Agreement.

Any station or shift may have any or all of the listed bid locations.

**14.** If any bid location at any station is to be added or abolished the Union and its Representatives must be notified in writing seven (7) days in advance.

## **Article 6**

### **OVERTIME AND HOLIDAYS**

- 1.** For pay purposes, the twenty-four (24) hour period starts with the beginning of an employees regular posted shift. Overtime rates shall be computed on an actual minute basis adjusted to the nearest tenth of an hour, with a minimum of one-half ( $\frac{1}{2}$ ) hour overtime.
- 2.** Employees on an eight (8) hour day shall be paid an hourly rate of time and one-half for:

  - a.** All work performed either prior to or after regularly scheduled hours.
  - b.** The first eight (8) hours worked on one of the two regularly scheduled days off.
- 3.** Employees on a ten (10) hour day shall be paid an hourly rate of time and one-half for:

  - a.** All work performed either prior to or after regularly scheduled hours
  - b.** The first ten (10) hours worked on any one of the three (3) regularly scheduled days off.
- 4.** Employee on an eight (8) hour day shall be paid an hourly rate of double time for:

  - a.** All hours in excess of the first eight (8) hours worked on one of the two regularly scheduled days off each work week.
  - b.** For all time worked on the second regularly scheduled day off in a work week, if two hours or more of the first day off was also worked.
  - c.** For all time worked in excess of twelve (12) consecutive hours, regardless of the starting time of such work.
- 5.** Employees on a ten (10) hour day shall be paid an hourly rate of double time for:

  - a.** All hours in excess of ten (10) hours worked during the first one of the three (3) regularly scheduled days off each work week.

**b.** For all time worked on the second regularly scheduled day off in a work week, if two hours or more of the first day off was also worked, and for all hours worked on the third regularly scheduled work day off if any portion of the first or second day off was also worked.

**c.** For all time worked in excess of twelve (12) consecutive hours, regardless of the starting time of such work.

**6.** Any employee recalled to work on a regularly scheduled work day or required to report to work on his regularly scheduled day off will be paid a minimum of four (4) hours pay at the applicable rate, except that an employee called in early in conjunction with this regular shift for the purpose of traveling to another station to perform work will be paid at the applicable overtime rate for all time spent at his station in preparation for travel with a minimum of one (1) hour.

**7.** Whenever possible, employees on a shift will be given a minimum of two (2) hours notice of overtime. If given less than two (2) hour notice, no charge will be made against an employee on the overtime list for refusing the overtime. It is specifically understood that no notice will be necessary whenever an emergency condition exists. The following procedure will be followed in administering the overtime list:

**a.** On each anniversary date of the Contract, all employees will be reduced to zero overtime hours and the category seniority list will prevail in establishing a new overtime call sheet.

**b.** For the purpose of distribution of overtime, there shall be one (1) general employee classification:

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**c.** An overtime hour for the purposes of this Agreement shall be defined as an hour of overtime times the applicable rate of pay for the work performed (i.e., an hour worked at time and a half shall be 1:30 and an hour worked at double time shall be 2:00)

**d.** Overtime offered and refused shall be charged at the applicable overtime rate.

**e.** New employees completing probation shall be averaged into the overtime list. (Total number overtime hours of all employees in each general classification divided by total number of employees within each general classification.)

**f.** An overtime call sheet shall be initialed by the person calling for the overtime. A copy will be retained by the Company and a copy will be made available to the Union for each employee review.

**g.** Overtime not to exceed four (4) hours may be performed by those employees on the shift and on the clock. Those employees performing the work will be paid a minimum of one (1) hour pay at the applicable rate. When overtime as described in this paragraph is needed, the lowest overtime employee on duty will be asked (not subject to callbook procedures) , except that when it is anticipated that completion of a job is not expected to exceed one (1) hour, the employee or employees performing the job may be asked to complete the job.

**h.** There will be no requirement by the Company or Union to balance the overtime hours between employees provided employees are asked for overtime per the overtime list.

**i.** If the overtime occurs downline, such overtime shall be governed by Article 8, Paragraph 8 and shall not be subject to the four (4) hour limit in (g) above.

**j.** Overtime hours worked or refused will be computed each day as of the start of the day shift, and the updated list will be posted on the bulletin board.

**k.** Employees temporarily assigned to another station will be averaged into that station's overtime list. when such employee returns to his permanent station, the overtime hours worked on temporary assignment will be added to the overtime list at his permanent station.

**8.** No overtime shall be worked except by direction of the proper supervisory personnel for the Company, except in the case of an emergency when prior authority cannot be obtained. The Company and the Union recognize that in certain circumstances it is necessary that overtime be worked.

**a.** It is hereby agreed that when it becomes necessary for an overtime callout an overtime callbook shall be utilized for the purpose of applying this overtime article. To be eligible for an overtime callout an employee must sign the overtime callbook in ink and initial any subsequent changing of preference(s) in ink. A standard overtime call sheet will be used at all facilities. When an employee signs the overtime callbook, this constitutes his agreement to work overtime on the day for which he signed, and he must work such overtime if it is awarded. If the overtime callbook is automated, Employees shall sign up for

overtime in accordance with reasonable procedures, which shall be established by the Company, with prior notice to the Union.

**b.** In making an overtime callout, the Company or its designee will contact the employee in the overtime callbook that can cover the full shift (subject to Paragraph 8.c below) and that has the least amount of overtime first, next least, second, etc. If there is no one in the callbook that can cover the full shift then the assignment will be made to the employee who can cover the most hours of the shift to be covered, but no less than four (4) hours. If sufficient amount of overtime is not obtained by the use of the overtime callbook, the Company may solicit volunteers or start in reverse order of category seniority within the general classification and require the employee to work the overtime.

**c.** In paragraph b. above, in determining whether an employee can cover a full shift only an overlap of two (2) hours or less will be ignored.

**d.** No employee will be forced to work scheduled overtime for more than twelve (12) hours for an eight (8) hour shift or fourteen (14) hours for a ten (10) hour shift in a twenty four (24) hour period.

**9.** When an employee, as a result of bidding, changes his days off, no overtime will be paid as a result of such change.

**10.** For continuous service before regular working hours employee will not be required to work more than three (3) hours without being allowed a thirty (30) minute meal period. For continuous service after regular working hours employees will not be required to work more than two (2) hours without being allowed a thirty (30) minute meal period. Employees required to work through such meals shall receive an additional thirty (30) minutes pay.

**11.**

**a.** Employees who work sixteen (16) consecutive hours or more must be given a rest period of at least eight (8) hours before being required to report to work again. In the event that this rest period extends into a regular work shift, the employee will be paid for such time lost at his regular straight time rate.

**b.** In the event an employee's paid rest period would result in his returning for two (2) hours or less of his regular work shift, the employee may elect not to return, and to take off the remainder of the regular work shift without pay as an approved absence.

**c.** If an employee is entitled to paid rest under a. above, and the company requests and the employee agrees to forego the paid rest,

such employee will remain at the applicable overtime rate until he is relieved for at least eight (8) hours rest.

**12.** Temporary foremen shall not work overtime on work covered by this Agreement until they return under the Agreement at straight time, at which time they go back on the overtime list in the same position before the temporary foreman assignment.

**13.** The following holidays will be observed: New Years Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, Christmas Day and Employee's Birthday.

**a.** Two additional floating holidays shall be recognized.

**b.** All recognized holidays, except for an employee's birthday, shall be that day generally recognized as the holiday.

**c.** The holiday celebrating the employee's birthday shall be the day of his birthday, if it is a regularly scheduled work day, or the first scheduled work day following his birthday, if such birthday is on a regular day off.

**d.** Upon at least five (5) days prior written application, and with the approval of the Company, an employee may be allowed to take the birthday holiday within the month in which the birthday occurs.

**e.** All employees shall receive a Holiday Bonus in an amount equal to their regular compensation rate, including premiums, and differentials, if applicable.

**f.** An employee will not work on a holiday unless required to do so by the Company. If the Company requires an employee to work on a holiday, he shall be paid time and one-half (1½) according to his regular compensation rate, including premiums and differentials if applicable, in addition to his Holiday Bonus.

**g.** For all overtime hours worked on a holiday in excess of the employee's regular straight time shift, the employee shall be paid triple time according to his regular compensation rate, including premiums and differentials, if applicable. If a holiday falls during an employee's vacation, he shall have his vacation extended by one (1) day. The employee may elect to take such holiday on the last work day preceding or the first work day following such vacation.

**h.** Should any of the foregoing holidays fall on the employee's first day off, the preceding day shall be observed as a holiday and should any of

the foregoing holidays fall on the employees second or third day off as applicable, the following day shall be observed as the holiday.

**i.** If the employee is absent from work without excuse on the scheduled work day immediately preceding or the scheduled work day immediately subsequent to the holiday, he shall forfeit all rights to the Holiday Bonus for such holiday. An employee scheduled and required to work on a holiday, who does not report for work shall not receive any Holiday Bonus or pay for that day.

**14.** The floating holidays listed in 13 (a) will be credited to each employee's account on January 1st of each year and must be taken during that calendar year.

**a.** Requests for floating holidays to be taken during the following year may be submitted no later than December 20 of the preceding year. Such requests will be granted in seniority order. Requests for floating holidays requested after December 20 require adequate notice and will be granted on a first come, first served basis among employees on the shift in that bid location unless there is more than one request for the same day in which case the award will be made on the basis of seniority at the end of the shift on the day of the request. At least one such employee per shift in each bid location will be allowed a floating holiday on each day of the year.

**b.** Floating holidays may be taken as vacation time provided they are bid as vacation days at the time the employee bids his vacation. Floating holidays not taken as vacation time will be taken as provided in 14(a).

**15.**

**a.** No later than December 7 of the preceding year an employee may elect to designate any or all of the fixed holidays set forth above as additional floating holidays, in lieu of such fixed holidays. If an employee designates additional floating holidays in lieu of fixed holidays, the selection of such floating holidays shall be made as provided in subsection 14. A floating holiday may not be used on a fixed holiday which has been traded for a floating holiday by the employee.

**b.** If an employee has traded a fixed holiday for a floating holiday and such employee's bid location is not required to work on the fixed holiday, such employee will be given the day off without pay.

**16.** The Company will make every reasonable effort to avoid requiring employees to work on a holiday to the extent that such holiday does not interfere with the service which the Company believes is required.

- a.** Notice of time off for holiday observance will be posted at least seven (7) days prior to the scheduled holiday.
- b.** In the bid location where reduced manpower is acceptable to the Company operations, volunteers to work will be solicited from that bid location.
- c.** If an insufficient number of volunteers are obtained the Company will require workers to work by reverse order of seniority. (From that Bid Location)
- d.** If there is an excess of volunteers, low hours of overtime will be used to determine which volunteers will work. (From that Bid Location)

## **Article 7 TRAINING**

- 1.** Time spent by any employee covered by this Agreement attending training classes scheduled by the Company before, during or after his regular shift shall be deemed as time spent at his regular work for all purposes and shall be compensated for at regular straight time rates, or at the applicable overtime rate if conducted other than during an employee's straight time shift.
- 2.** The Company will make every reasonable effort to schedule employees to attend the training classes during regular work hours.
- 3.** An employee required by the Company to attend training classes on the employee's day or days off will be paid for the day or days at the overtime rate. It is expressly understood and agreed, however, that an employee's shift and/or days off may be temporarily rescheduled to allow attendance at training classes of several days duration, provided the temporarily rescheduled shift and days off meet the requirements of Article 5, and provided the employee is given seven (7) days notice of such shift and days off change.
- 4.** When the Company provides training on a new type aircraft or its component parts, employees regularly performing the type of work involved will normally be assigned to such training in order of their classification seniority on their shift, to the extent of the number required.
- 5.** When an employee covered by this Agreement receives a special assignment to attend training classes pertaining to his work, or to fulfill other special assignments, he shall receive compensation for all time spent in traveling or waiting, at the applicable rate not to exceed time and one-half (1½).

## **Article 8**

### **FIELD SERVICE**

**1.** When employees covered by this Agreement engage in emergency field services away from their base or station to restore Company airplanes or equipment to service, they shall be paid for such work on the same basis as at their base or station, with a minimum of eight (8) or ten (10) hours, whichever is applicable, at straight time rate for each twenty-four (24) hour period. For pay purposes the twenty-four (24) hour period starts with the beginning of the employee's last regular shift.

**2.**

**a.** All time in excess of eight (8) or ten (10) hours, whichever is applicable, in any one day spent in working, traveling or waiting in connection with emergency field services as defined in Paragraph 1 above will be paid at applicable overtime rate of pay.

**b.** If such field service is interrupted for any reason and the employee is released by an agent of the Company for a period of eight (8) consecutive hours or more, he shall not be paid for the time released, but in no event shall any employee receive less than eight (8) or ten (10) hours, whichever is applicable pay at straight time rate for any twenty-four (24) hour period while away from his base or station.

**c.** It is understood the Company may schedule an employee to take his regular days off without compensation except for the reasonable and actual expenses provided for in this Article.

**3.** Employees required to work after traveling in connection with emergency field service shall be paid at the overtime rate applicable for all hours worked in excess of eight (8) or ten (10) hours, whichever is applicable, including travel, waiting, and working time for the day in question.

**4.** Upon completion of such emergency field work an employee shall return to his base or station in accordance with the orders received at the time he left his base or station or in accordance with the orders he receives from the person to whom he was ordered to report in the field, and shall be compensated for the return trip in accordance with the provisions of Paragraphs 2 and 3 above.

**5.** Where transportation, laundry, meals and lodging are not provided by the Company, reasonable and actual expenses will be allowed. Upon application an employee will be given an advance by the Company to cover his expenses while away from his base station. Within five (5) days after returning to his home station or at the close of each week in the event the employee is away for a period longer than one (1) week, the employee shall submit an expense account in accordance with the Company regulations, and if the employee has returned to his base or station, it shall be accompanied by the balance of any expense money advanced but not accounted for on the expense account.

**a.** All expenses incurred by the employee of \$20. or more while on a field trip on behalf of the Company, shall be reimbursed by the Company as soon as possible but not later than three (3) working days of the general office following the Company receipt of the expense form.

**6.** Employees who are temporarily transferred from their base or station to fill temporary vacancies shall be paid in accordance with Paragraphs 2 and 3 of this Article for the time necessary to travel in connection with such temporary transfer, and they shall receive reasonable and actual expenses for transportation, laundry, meals and lodging in accordance with Paragraph 5 of this Article.

**7.** When emergency field work cannot be performed by only one employee, due to heavy lifting requirements, safety, or other factors which require more than one employee to accomplish the emergency work, then the Company shall dispatch the employees necessary to accomplish the field service. It is further understood that no employee shall be dispatched for field services to a station where no other person is available to render assistance in the event of an emergency.

**8.** Field service records will be maintained in seniority order at each bid location separate and apart from overtime records. Selection will be from the shift on duty with cut off time as starting time of the oncoming shift. The supervisor on duty responsible for selecting the field service personnel will select the bid location from which personnel are to be sent and will contact the next available qualified personnel on shift for the trip. If the assignment is refused, the next employee in line will be contacted, etc., until the required personnel are attained.

**a.** Any and all overtime hours obtained from the field trips will be transferred from the applicable employees time card upon his return by the appropriate supervisor and added to his accrued overtime hours as defined in Article 6, Paragraph 7c.

- b.** Employees declining a specific field trip will not be eligible for a different field trip until all other normal offers have been completed.
- c.** If the desired number of qualified personnel are not obtained with on duty shift personnel, the responsible supervisor will then go through the oncoming shift list to get the required personnel, etc., until either completed or the trip is cancelled.
- d.** The field trip list, maintained in the maintenance supervisor's office, will be in three groups:

Shift One Day Hours \_\_\_\_ To \_\_\_\_

Shift Two Day Hours \_\_\_\_ To \_\_\_\_

Shift Three Day Hours \_\_\_\_ To \_\_\_\_

Names will be entered by category seniority as to assigned shift.

As personnel are sent or refuse a field trip, their names go to the bottom of their list to start over again. Personnel not having specific qualifications for certain field trips do not go to the bottom of the list. Names passed over because of lack of qualifications remain in the same position on the list until selected or he refuses a trip.

- e.** It will be the responsibility of each individual to keep their names on the current shift list when they change shifts through the bid procedure. When an individual changes shift through the bid procedure, he will go to the bottom of the applicable list. On January 1 of each year, the list will be zeroed out and commenced again in order of seniority.
- 9.** Field service trip list procedures will be used in making out of town assignments for bid locations that require out of town travel as a part of their regular duties.

## **Article 9**

### **SENIORITY**

1. Company seniority shall be defined as an employees continuous length of service with the Company and shall govern vacation preference where applicable and length of vacation, if any.
2. For all other purposes, seniority shall be defined as the length of service for which an employee receives credit in the category listed below and shall accrue from the date of entering such category:

**Appearance Technician Category** - Shall include employees in the classification of Lead Appearance Technician and Appearance Technician.

3. Except as provided in Article 10, category seniority and reasonable qualifications shall govern bidding for vacancies or new jobs, force reduction, restoration of force, promotions, demotions, transfers and realignment of shifts. Successful bidders shall retain and continue to accrue seniority in the category from which advanced.
4. In a reduction of force, employees having the least seniority in the classification, facility and bid location directly affected by reduction will be given at least two (2) weeks notice of any reduction in force except when such notice is prevented by an Act of God, a strike by another group of employees within the Company, or other circumstances over which the Company has no control. An employee affected by a reduction of force may exercise his seniority as provided in the following paragraph to displace another employee in the same category provided his seniority is sufficient and provided he is qualified to perform the job.

The employee directly affected by reduction of force may exercise the following options, in the following order, provided his seniority in the pertinent category is greater than that of the displaced employee:

- a. To displace any employee with less seniority in his own facility in his own classification whom he is qualified to displace.
- b. To displace any employee with less seniority in any other facility in his own classification whom he is qualified to displace.

- c.** To displace any employee with less seniority in his own facility in any other classification in his category whom he is qualified to displace.
- d.** To displace any employee with less seniority in any other facility in any other classification in his category whom he is qualified to displace.
- e.** An employee may request and be granted a furlough instead of exercising any of the above options.

An employee entitled to exercise option (b) under this paragraph may instead choose to exercise option (c) . If an employee is able to displace an employee within his category in his facility but instead elects to displace an employee in another facility, the employees' move will be treated as a voluntary transfer and the company will not pay moving expenses.

- 5.** In the restoration of force, employees will be reemployed in the order of seniority within their category.
- 6.** Employees shall continue to accrue seniority while on furlough.
- 7.** Except as otherwise provided in the Agreement, new employees hired after the effective date of this Agreement shall be regarded as temporary employees for the first ninety (90) days of their employment and there shall be no responsibility on the part of the Company for the reemployment of temporary employees if they are discharged or laid off during this period. In the event a probationary Employee is granted a leave of absence for any reason, the probation period shall be extended by the number of calendar days equal to the period of the leave. If retained in the service after the probationary period, the names of such employees shall then be placed on the seniority list for their category in order of the date of their original hiring. On the last day of each month the Company will furnish the Teamsters - Airline Division with a list of new hires, including date of hire, classification and assignment and a list of employees terminated (other than probationary employees), giving date of termination, classification, assignment and reason for termination.
- 8.** Seniority lists by category showing the names, classifications, system seniority date in the category, date of hire, station and department name shall be prepared by the Company with respect to those groups of employees covered by this Agreement. Seniority lists shall be furnished the Teamsters - Airline Division and shall be posted in each shop, hangar or facility during January of each year and shall be revised each six (6) months. Such lists will be subject to correction upon protest for a period of thirty (30) days. If no complaint is made within thirty (30) days after being

posted, the list as published shall be assumed to be correct and no changes will be made except under extraordinary circumstances. In preparing the seniority lists, when it is impossible to determine the proper order by date of entering the classification or by length of service with the Company, then the names shall be listed in alphabetical order by surnames.

**9.** Employees will lose their seniority status and their names will be removed from the seniority lists under the following conditions:

- a.** He quits or resigns.
- b.** He is discharged for just cause.
- c.** He is absent from work without giving the Company a satisfactory reason therefor.
- d.** He does not inform the Company in writing or by telegram of his intention to return to service within nine (9) days of sending of notice offering to reemploy him.
- e.** He does not return to the service on or before a date specified in the notice from the Company after a layoff which date should not be prior to nine (9) days after sending such notice; provided such notice was sent by registered mail (return receipt requested) or telegram to the employee at the last address filed by him with the Company.
- f.** An employee who is furloughed and who is not recalled to service with the Company within five (5) years from date of furlough.
- g.** He does not return to service after being on any leave of absence for sickness or injury after three (3) years.

**10.** When it becomes necessary to reduce the working force, a list of those to be laid off will be furnished to the Teamsters - Airline Division. (See Article 18).

**11.** Employees promoted to a permanent supervisory or IBT position shall stop accruing seniority in the categories from which they have advanced. Thereafter, they shall retain accrued seniority for so long as they hold a supervisory position or are employed by the IBT. If an employee thereafter voluntarily returns to the category from which he advanced, no other employee covered by this Agreement shall be furloughed. A supervisor or an IBT official furloughed from his position may not use his category seniority to displace any other employee at the time of furlough. The furloughed supervisor's or IBT official's name will be placed on the recall list for any category in which he holds seniority. If an employee is terminated while in a

supervisory position, such supervisor shall have no rights under this Agreement. The Company must notify the Union ten (10) days in advance if a person in a supervisory position will be returning to the category from which he advanced. The Union must notify the Company ten (10) days in advance if an IBT official will be returning to the category from which he advanced.

**12.** Any employee accepting temporary transfer or promotion to a supervisor or nonbargaining unit job for a period of not to exceed a total of ninety (90) calendar days in any twelve (12) month period, shall maintain and accrue seniority. Such assignment need not be bulletined as required in Article 10 but the Union will be notified in writing of such assignment and duration.

## **Article 10**

### **FILLING OF VACANCIES**

- 1.** Permanent vacancies are new positions or vacancies created as a result of an employee transferring or permanently leaving the bargaining unit.
- 2.** If a permanent vacancy in a classification occurs and the Company does not abolish the position within seven (7) days the vacancy will be bulletined in all Maintenance locations with seven (7) days after the permanent vacancy occurs. Such bulletins shall state the classification of the job, minimum qualifications necessary, bid location and closing date for the application.
- 3.** All other vacancies other than those described in Paragraph 1 above will be considered as temporary vacancies, including but not limited to, vacancies occurring as a result of an employee (a) accepting a volunteer position; (b) taking a leave of absence; (c) being out sick or injured on the job; or (d) in the event of a vacancy set forth in paragraph 12 of this article.
- 4.** Temporary vacancies of more than thirty (30) days in the Appearance Technician classification will be filled under Article 5, Paragraph 10. When the employee whose absence created the temporary vacancy returns to work, all affected employees will return to their former position, shift and days off.
- 5.** Temporary vacancies of less than thirty (30) days need not be filled. If the Company chooses to fill a temporary vacancy of less than thirty (30) days such vacancy will be bulletined for five (5) days at the affected station and will be awarded to the senior qualified bidder, or if there is no qualified bidder the Company may assign using reverse order of seniority.
- 6.** Temporary vacancies in Lead jobs will be filled by seniority preference of the qualified people on duty in that work group on a daily basis, regardless of the length of the temporary vacancy.
- 7.** An employee awarded a permanent vacancy in a bid location will assume the vacant shift in that bid location upon arrival at such new bid location. Where two (2) or more employee enter a new bid location at the same time, category seniority shall prevail as to which of the vacant shifts such new employees are entitled, provided that if neither employee has seniority in the category involved, seniority with the Company shall prevail.

## **Article 11 VACATIONS**

1. All employees who have been with the Company for less than one (1) year as of January 1 will be entitled to a vacation in accordance with the following schedule:

<b>Months of service as of January 1</b>			
<b>1 Month</b>	1 Day	<b>7 Months</b>	6 Days
<b>2 Months</b>	2 Days	<b>8 Months</b>	7 Days
<b>3 Months</b>	3 Days	<b>9 Months</b>	8 Days
<b>4 Months</b>	4 Days	<b>10 Months</b>	9 Days
<b>5 Months</b>	4 Days	<b>11 Months</b>	9 Days
<b>6 Months</b>	5 Days	<b>12 Months</b>	10 Days

2. All employees shall receive two (2) weeks vacation beginning in the year following their first anniversary with the Company. All employees shall receive three (3) weeks vacation beginning in the year following their fifth anniversary with the Company. All employees shall receive four (4) weeks vacation beginning in the year following their tenth anniversary with the Company and five (5) weeks vacation beginning the year following their eighteenth anniversary with the Company.

3. Once vacation schedules are established, they will not be changed except by two (2) weeks written request to the Company and not then if it is in conflict with the vacation policy. Prior to the beginning of each month, if an available vacation slot of one week or more in that month becomes vacant, employees in that bid location will be allowed to request to change their vacation date to the vacant slot. Award of the vacant vacation slot will be on the basis of seniority among those employees with sufficient vacation time remaining.

4. Vacations are not cumulative but must be taken during the calendar year. If not taken by the end of that year due to a Company request that the employee defer his vacation and the employee agrees the employee shall be entitled to said deferred vacation during the succeeding calendar year or to pay in lieu of same at the option of the employee. If taken during the succeeding calendar year, the vacation period will be bid after all current year bids have been assigned. At the Employee's option, up to five (5) days

of vacation not taken as of the end of the calendar year will be paid to the Employee. The Employee may elect to have such days paid on the December 20 paycheck by giving the Company notice thereof no earlier than December 1, and no later than 7:00 a.m. on December 15, and such paid days will be removed from the Employee's vacation bank.

**5.** Employees leaving the service of the Company for any reason will be paid for any unused vacation accrued if the employee has one (1) year of continuous service with the Company. If an employee is being laid off because of a reduction in force and he has not had the one (1) year of service required to qualify under the provisions of this paragraph, he shall be paid for all vacation time accrued. Employees going on a scheduled vacation will not be denied their earned vacation pay if they do not return to the service of the Company. Proper vacation allowance shall be paid to any employee leaving the service of the Company because of reduction in force, resignation, or for military service. An employee who resigns must give two (2) weeks notice in writing before he is entitled to accrued vacation. In the case of a death of an employee, the amount of vacation due shall be paid to his legal heirs. Employees who are discharged for just cause shall not receive pay for accrued vacation.

**6.** Vacation schedules shall be arranged by the Company to provide vacations for employees. At least one (1) employee may be permitted to take a vacation at any given time in any bid location; however, the Company will allow as many employees as possible to take a vacation at any given time to assure that all accrued vacation time can be taken.

**7.** An employee may, at his option, split his vacation periods. Any or all vacation weeks may be taken in increments of no less than one (1) day provided he makes request with adequate notice prior to starting vacation. Except in cases of emergency, vacation days should be requested at least 24 hours in advance. The selection of increments less than one (1) work week does not count as a choice. The employee after making a choice of this first period, shall not make a second choice until all first choices in his bid location have been completed and then in accordance with seniority. Third choices of vacation period will not be allowed until all first and second choices have been made. Selections in increments of less than one (1) work week may be made after all choices have been made. Employees shall have the right to obtain their vacation pay in advance, provided the employee makes application to his immediate supervisor at least two (2) weeks prior to starting his vacation. An employee transferring at his own request into a different bid location shall not disrupt assigned vacation periods. Where no conflict exists, an employee will be allowed his previously assigned vacation period. Where there is a conflict the employee will select another vacation period.

## **Article 12**

### **LEAVES OF ABSENCE**

- 1.** Where a justifiable reason exists and when the requirements of the service will permit, any employee hereunder shall, upon proper written application and approval of the Company, be granted a Leave of Absence in writing for a period not to exceed thirty (30) days, unless for sickness or injury. Under such leaves, the employee shall retain and continue to accrue seniority and the Union shall be notified of all leaves granted. Such leave or leaves may be extended for additional periods not to exceed thirty (30) days each when approved by the Company, in writing, and seniority will accrue during such extension. No leave of absence for sickness or injury shall be extended for a period exceeding three (3) years. At the end of three (3) years on such leave, the Employee shall be deemed to have resigned.
- 2.** Any employee hereunder on Leave of Absence engaging in gainful employment without prior written permission from the Company shall forfeit his position on the seniority list.
- 3.** Employees hereunder shall, upon returning from an authorized Leave of Absence be returned to the job assignment held at the station when the leave was granted. If the job no longer exists, the employee may exercise his seniority.
- 4.** An employee who accepts a temporary full time position with the Union shall continue to accrue seniority for a period of six (6) months, and if required to leave that position within six (6) months after acceptance shall be permitted to return to his original position. An Employee accepting a permanent IBT position shall stop accruing seniority, but shall retain accrued seniority for so long as they are employed by the IBT. For Union positions, the Union must notify the Company whether the position is a temporary or a full time position, prior to the filling of such position.

An employee who accepts a temporary position with the Union (less than three (3) months) will be permitted to return to his original position upon release from such temporary assignment. Time for a temporary leave under this paragraph will be extended if requested by the Union and agreed to by the Company up to a maximum of six (6) months within any twelve (12) month period.

## **Article 13**

### **SICK LEAVE AND ON-THE-JOB INJURIES**

- 1.** Employees will not be eligible for sick leave benefits during the first six (6) months of continuous service; however, sick leave credit will accrue during that period.
- 2.** Sick leave allowance will accrue at the rate of eight (8) hours for each month of continuous service and may accumulate to a maximum at any one time of one thousand six hundred fifty (1650) hours. Upon termination of employment, accrued sick leave will not be paid. However, upon retirement at age sixty-one and one-half (61½) and after minimum of ten (10) years of service with the Company, sick leave may be traded for continued medical coverage as provided in Article 20, at the rate of one month's coverage for each twelve (12) hours of sick leave accrued or until age sixty-five (65), whichever occurs first. An employee who retired at age 60 with a minimum of 12 years of service with the company may trade accrued sick leave for continued medical coverage to the age of sixty-five (65) at the rate of one month's coverage for each twelve (12) hours of sick leave accrued. If such employee dies before age sixty-five (65), his spouse and/or dependent may continue coverage for up to five (5) years, or the date the normal coverage would have ceased, whichever is shorter, provided there are sufficient hours remaining in the sick leave accrual.
- 3.** Sick leave pay shall be at the employee's current straight time rate.
- 4.** When it is necessary for an employee who has completed six months of continuous service to be absent from work because of a non-occupational illness or injury, he may be granted sick leave with pay for such absence to the extent that he has sick leave allowance accrued, provided such illness or injury is not self-inflicted.
- 5.** If an employee reports for work and becomes ill to the extent that he is unable to finish his day's work, the employee will report to the supervisor on duty before leaving. The employee may request sick leave allowance for the remaining portion of pay for that day.
- 6.** After a sickness, the number of days paid will be charged against the allowance, and eight (8) hours for each month of continuous service shall accrue to the employee until such time as the accumulation again reaches one thousand six hundred fifty (1650) hours.

- 7.** The Company and the Union recognize that accrued sick leave is available for absences due to legitimate personal injury or personal illness. Sick leave is not to be used for any reason other than legitimate personal injury or personal illness. Using sick leave, sick pay, OJI leave or OJI pay for a purpose other than that intended constitutes abuse. If the Company records indicate an employee is abusing his sick leave, the Company reserves the right to require a physician's certificate or an examination by a Company designated physician to confirm any claim for sick leave pay. Any Company requested examination shall be paid for by the Company.
- 8.** It is the responsibility of any employee absent from work because of sickness to report immediately such absence and the reason therefore to his immediate supervisor, and to notify the Company promptly of any change which affects his return to work in order to qualify for sick leave benefits.
- 9.** Sick leave allowance will accrue during each calendar month for which an employee is paid for at least 90 hours during the month.
- 10.** Sick leave ordinarily will not be charge to the employee injured on the job, except as outlined in Paragraph 14 below.
- 11.** The Company will make up the difference between that which is paid the employee by Workmen's Compensation and what the employee would have made if he had worked his regular shift. Until the definite rate is established, and is being paid, the Company will pay the injured employee his normal earnings on each regular pay day.
- 12.** The Company may require the injured employee to submit to physical examination by a doctor of the Company's choosing at any time. Payments by the Company under this policy may be terminated if the employee refuses to submit to a physical examination as outlined above or if the employee is found fit to return to work. If a dispute should arise between the Company's physician and the employee's physician concerning the physical capability of an employee to return to work after an On-The-Job Injury Leave or sick leave, a third physician, which the employee's physician and the Company's physician shall agree on, will be consulted and his decision will be determinative. The expense of the third physician shall be paid for by the Company.
- 13.** Upon return from an On-The-Job Injury Leave, an employee, when able, will return to his former position, if still available and if not, may exercise his seniority.
- 14.** In any event, payments for On-The-Job Injury Leave shall be terminated at the end of fifteen (15) calendar weeks. If the employee is still unfit for work at the end of such fifteen (15) calendar weeks, he may use

any accumulated sick leave. Employees will continue to receive health care benefits during the period of such salary continuation, and while remaining on paid status thereafter (including sick leave and vacation). Upon exhaustion of sick leave, benefits may be continued under COBRA.

## **Article 14**

### **WAGE RULES - SHIFT PREMIUMS - LONGEVITY**

- 1.** The hourly rates set forth in Article 15 shall prevail, except that the Company may recognize prior experience when hiring and place an employee in the progression scale at a rate above the minimum, but not to exceed the most recently hired employee in the affected classification.
- 2.** Employees will be paid on the fifth (5th) and twentieth (20th) of each month for the preceding pay period. There shall be two pay periods each month: (1) 1st - 15th and (2) 16th - final day of each month.
- 3.** Should the regular payday fall on Saturday or a holiday, employees will be paid on the preceding day. Should the regular payday fall on Sunday, employees will be paid on the following Monday. Employees shall be paid during their regular working hours.
- 4.** Where there is a shortage equal to one-half (1/2) a day's pay or more in the pay of an employee, the employee will be reimbursed for such shortage as soon as possible or no later than three (3) working days for the general office.
- 5.** Pay checks will include an itemized statement of all hours, wages, adjustments and deductions for the pay period, year to date wages, FICA and withholding taxes.
- 6.** Employees leaving the service of the Company will be paid for all the time due at the earliest possible time after separation and in compliance with State law.
- 7.** Automatic changes in pay rates will be effective on the nearest date commencing a regular pay period.
- 8.** An employee absent during his normal working day for the purpose of serving as a juror shall be entitled to his regular pay for the number of authorized days off. Employees will not be required to work beyond 12:00 midnight, but will receive pay for the balance of their scheduled shift, if the employee is required to report for jury duty the next morning. Whenever the employee is released from jury service, he shall be allowed eight (8) hours rest as provided for in Article 6, Paragraph 11, before reporting back for work. An employee receiving summons shall notify his supervisor immediately, and shall provide his supervisor with written proof of time spent on jury duty, with actual dates and hours of service.

**9.** When employees are temporarily transferred from their regular work to work of a higher classification, they shall be paid for the higher classification for a minimum of four hours. If such employee is required to work in the higher classification for more than four hours such employee should be paid for eight hours.

**10.** Employees shall be paid fifty-one (51) cents per hour shift premium as additional compensation over their basic rate for all hours worked in which the shift commences work outside the hours of between 5:30 a.m. and 8:30 a.m., except for those employees who commence work between the hours of 8:00 p.m. and 2:00 a.m., who will be paid fifty-eight (58) cents per hour shift premium as additional compensation. The relief Mechanic that rotates between day and night shifts during a work week will be paid fifty-eight (58) cents shift premium for all hours worked.

**11.** At the conclusion of each year of service an employee accrues, his pay shall be increased by \$0.10/hour up to twenty (20) years. Employees completing twenty (20) years and thereafter will receive \$2.00/hour. For purposes of this section only, service shall be defined as service within a group covered by a collective bargaining agreement between Southwest Airlines and the International Brotherhood of Teamsters. This shall not affect the wage rates as set forth in Article 15 or any other provisions relating to seniority in this Agreement.

**12.** Overtime, holidays, jury duty, funeral leave, sick leave, on-the-job injury leave and vacation time shall be computed on the basis of regular rate of pay plus shift differential, longevity and license premium, if any.

**13.** Automatic changes in pay rates will be computed as follows: changes occurring from the 24th of the month to the 8th of the following month shall be effective beginning on the 1st of the following month. Changes occurring from the 9th to the 23rd of any month shall become effective beginning on the 16th of the month.

<b>Seniority Date</b>	<b>Seniority Date</b>
<b>Changes Effective 1<sup>st</sup> of the Month</b>	<b>Changes Effective 16<sup>th</sup> of the Month</b>
<b>24</b>	<b>9</b>
<b>25</b>	<b>10</b>
<b>26</b>	<b>11</b>
<b>27</b>	<b>12</b>
<b>28</b>	<b>13</b>
<b>29</b>	<b>14</b>
<b>30</b>	<b>15</b>
<b>31</b>	<b>16</b>
<b>1</b>	<b>17</b>
<b>2</b>	<b>18</b>
<b>3</b>	<b>19</b>
<b>4</b>	<b>20</b>
<b>5</b>	<b>21</b>
<b>6</b>	<b>22</b>
<b>7</b>	<b>23</b>
<b>8</b>	

## Article 15 WAGE RATES

1.

<b>Wage Base Rates of Pay Per Hour for Appearance Technicians..August 16,</b>									
<b>Class</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Lead</b>	\$16.58	\$16.58	\$16.58	\$16.58	\$16.58	\$17.08	\$17.59	\$18.12	\$18.66
<b>Appearance Technicians</b>									
<b>1<sup>st</sup> 6 Months</b>	\$10.39	\$10.39	\$10.39	\$10.39	\$10.39	\$10.70	\$11.02	\$11.35	\$11.69
<b>2<sup>nd</sup> 6 Months</b>	\$10.94	\$10.94	\$10.94	\$10.94	\$10.94	\$11.27	\$11.61	\$11.96	\$12.32
<b>2<sup>nd</sup> Year</b>	\$11.45	\$11.45	\$11.45	\$11.45	\$11.45	\$11.79	\$12.14	\$12.50	\$12.88
<b>3<sup>rd</sup> Year</b>	\$12.36	\$12.36	\$12.36	\$12.36	\$12.36	\$12.73	\$13.11	\$13.50	\$13.91
<b>4<sup>th</sup> Year</b>	\$13.28	\$13.28	\$13.28	\$13.28	\$13.28	\$13.68	\$14.09	\$14.51	\$14.95
<b>5<sup>th</sup> Year</b>	\$14.22	\$14.22	\$14.22	\$14.22	\$14.22	\$14.65	\$15.09	\$15.54	\$16.01
<b>Thereafter</b>	\$15.66	\$15.66	\$15.66	\$15.66	\$15.66	\$16.13	\$16.61	\$17.11	\$17.62

**2. Profitability Bonus** A profitability bonus will be awarded as of August 16 of each of 2001, 2002, 2003 and 2004, of up to three percent (3%), should the adjusted operating margin for the Company during the applicable preceding calendar year exceed nine percent (9%). As the adjusted operating margin for the applicable calendar year increases from nine percent (9%) up to fifteen percent (15%), the profitability bonus for the following August 16 will increase on a straight line basis from zero percent (0%) up to three percent (3%), rounded to the nearest one hundredth of a percent.

For purposes of the foregoing calculations, the adjusted operating margin will be defined by the following formula:

$$\frac{\text{Operating Revenues (a) minus Adjusted Operating Expenses (b)}}{\text{Operating Revenues (a)}}$$

**(a)** Operating Revenues will be as set forth in the consolidated statement of income in the annual report to shareholders.

**(b)** Adjusted operating Expenses will be operating expenses as set forth in the consolidated statement of income in the annual report to shareholders adjusted for the following reasons:

**(i)** If the Company finances aircraft through long term operating leases, Operating Expenses will be adjusted with respect to such aircraft as follows:

Operating Expenses	\$XXX
Less: Aircraft Rental Expense (x)	\$XXX
Add: Pro Forma Aircraft	
Depreciation Expense (y)	<u>\$XXX</u>
Adjusted Operating Expense	\$YYY

**(x)** Aircraft Rental Expense as set forth in the consolidated statement of income in the annual report to shareholders.

**(y)** Depreciation Expense will be computed for those aircraft covered by using the Company's original cost of the respective aircraft and the Company's then current method for computing depreciation for comparable aircraft.

**(ii)** If the Company engages in the sale/leaseback of aircraft, the operating expenses will be restated as in (i) above.

**(iii)** If aircraft are acquired on short term operating leases, no adjustment will be made.

The applicable calendar year for calculating the Company's adjusted operating margin shall be the calendar year preceding the applicable August 16.

The profitability bonus will be paid on the September 20 paycheck of each respective year. These payments are based on the Appearance Technician's compensation for the previous twelve (12) month period of August 16 - August 15.

An Appearance Technician's compensation is based on 401(k) eligible wages (including, for example, vacation pay, sick pay, and overtime, before deductions for 401(k) contribution and voluntary salary reductions for Benefits Plus coverage; but excluding, for example, Company match of 401(k) contributions, Profitsharing payments, exercise of non-qualified stock options, and moving expenses).

**3. Stock Options** Effective upon ratification of this Agreement, the Company will adopt the 2000 Appearance Technicians Non-Qualified Stock Option Plan, as set forth in Exhibit A to this Agreement.

## **Article 16 PROFIT SHARING**

1. The employees covered hereunder shall be included in the Southwest Airlines Company Profit Sharing Plan which became effective as of January 1, 1973, as amended.
2. All covered employees will be eligible for matching Company contributions to 401(k) accounts.

**Vesting in General** A Member shall have a vested and nonforfeitable interest in that vested percentage portion of the balance credited to the Member's Matching Contributions Account at any time determined by reference to his completed years of Vesting Service in accordance with the following schedule:

<b>Completed Years of Vesting Service</b>	<b>Vested Percentage</b>
<b>Less than 1 year</b>	0%
<b>1 year</b>	20%
<b>2 years</b>	40%
<b>3 years</b>	60%
<b>4 years</b>	80%
<b>5 years or more years</b>	100%

**Accelerated Vesting** A Member shall be fully vested and have a nonforfeitable interest in the balance credited to his Matching Contributions Account if:

- a) The employee becomes medically disabled; or
- b) The employee retires at or after age 60; or
- c) The employee retires at or after age 60 with a minimum of 12 years' service with the Company, or at or after age 61 and one-half (61½) with a minimum of 10 years' service with the Company.

Employee contributions will be matched up to a level of 7.3% of the employee's compensation, with a maximum matching contribution equal to the ERISA limits allowed by the Internal Revenue Service.

## **Article 17**

### **SAFETY AND HEALTH**

**1.** The Company shall continue to maintain safe, sanitary and healthful working conditions and agrees to maintain at all times a first aid kit. The Union and employees recognize their duty and responsibility to assist in the maintenance of these standards.

**2.** No employee will be required to work under unsafe or unsanitary conditions and in order to eliminate as far as possible accidents and illness, a joint safety committee composed of an equal number of Union representatives and Company representatives will continue to be maintained at each maintenance facility. It shall be the duty of the Company to see that all applicable state, municipal and federal safety and sanitary regulations are complied with. The Safety Committee shall receive and investigate complaints regarding unsafe and unsanitary working conditions, and make recommendations concerning such complaints.


**3.** The Company will furnish without cost all safety equipment for the employee such as ear protectors, headsets, safety glasses, etc., and all employees will use or wear such devices in performing their work.

**4.** Employees injured while at work shall be given medical attention at the earliest possible moment without loss of pay and shall be permitted to return to work upon presenting a medical release from the doctor. Such injured employees who are able to work thereafter will be allowed a reasonable amount of time to receive necessary medical treatment or examination without loss of pay. It is the responsibility of the injured employee when physically able, to report an injury to his immediate supervisor during the work period in which the injury occurred.

**5.** When an employee participates in a bomb scare investigation at the request of the Company and is killed or suffers loss of a member, as described below, the Company will provide the following death and disability insurance for such employee, applicable if such occurs as a result of a bomb explosion in or about Southwest Airlines aircraft on the ground:

<b>Compensation</b>	
Death	\$250,000
Total Loss of Two Members Total Loss of Sight	\$250,000
Total Loss of One Member Total Loss of Sight, One Eye	\$125,000

Members, as used herein, shall be defined as arm, leg or eye. Bomb scare insurance will be handled by blanket coverage and employees covered thereby will not have to sign individual application forms, except for designation of a beneficiary.

	<b>Appearance Technicians</b>	<b>AMFA11.com</b>
<b>Article 18</b>	<b>SEVERANCE PAY</b>	

**1.** An employee who has completed one (1) year of compensated service with the Company prior to being laid off, through no fault or action of his own, shall receive severance pay, as provided in Paragraph 2 of this Article, but he shall receive no severance pay if any one or more of the following conditions exist:

- a.** He exercises his seniority in order to remain in the employ of the Company.
- b.** He accepts any other employment with the Company or refuses to accept a job in his own category at his base or station. (See Article 9.)
- c.** The layoff is caused by an act of God, a war emergency, revocation of the Company's Operating Certificate or Certificates, or grounding of a substantial number of Company aircraft.
- d.** The layoff is caused by a strike or picketing of the Company's premises or any work stoppage or other action which would interrupt or interfere with any operations of the Company.
- e.** He is dismissed for cause, resigns or retires.

**2.** The amount of severance pay due under this Article shall be based on the length of actual straight time compensated service with the Company under this Agreement, and shall be computed on the basis of the employee's regular straight time basic hourly rate at time of layoff as follows:

<b>Severance Chart</b>	
<b>If Employee Has Completed</b>	<b>Severance Allowance</b>
<b>1 year but less than 5 years of service</b>	2 Weeks
<b>5 years but less than 6 years of service</b>	5 Weeks
<b>6 years but less than 7 years of service</b>	6 Weeks
<b>7 years but less than 8 years of service</b>	7 Weeks
<b>8 years but less than 9 years of service</b>	8 Weeks
<b>9 years but less than 10 years of service</b>	9 Weeks
<b>10 years but less than 11 years of service</b>	10 Weeks
<b>11 years but less than 12 years of service</b>	11 Weeks
<b>12 or more years of service</b>	12 Weeks

3. An employee shall receive his severance pay at the time of layoff.

## **Article 19**

### **MOVING EXPENSES**

**1.** Employees transferred as a result of the closing of an existing maintenance station or reduction in force at a maintenance station shall be considered as being transferred at the Company's request. Employees transferring because of the opening of a new maintenance station shall be considered as being transferred at the company's request, provided such employee has not received a paid move within the previous twelve (12) months for the opening of a new maintenance station.

**2.** An employee transferred from one station to another station as a result of a voluntary bid or request for a vacancy shall be considered as having transferred at his own request. Employees so transferred from one station to another station at his own request shall bear his own expenses. Such employee will be allowed one (1) additional day of paid leave, plus one (1) additional day for each 500 miles by the most direct AAA mileage between the two cities, provided the employee has not received paid leave for a voluntary move within the previous twelve (12) months. For example, employees would receive paid days off for moves as follows:

<b>Paid Days Chart</b>	
<b>Less than 500 miles</b>	One Day
<b>500 - 999 miles</b>	Two Days
<b>1000 - 1499 miles</b>	Three Days
<b>1500 - 1999 miles</b>	Four Days

The Company shall make space available transportation available to the employee and members of his immediate family.

**3.** Employees transferred at Company request from one station to another station shall be allowed actual moving expenses for household effects including packing charges up to a maximum of 14,000 pounds. Not included are the transportation of: pets/animals, boats, automobiles, motorcycles and heavy shop or hobby equipment.

**4.** The Company reserves the right to select the Company designated to move the household effects of the employee.

- 5.** Employees shall be allowed reasonable expenses for himself and members of this immediate family when properly substantiated by receipts during the period of enroute travel. The period of enroute travel shall continue after arrival until the day the household effects arrive or until the end of the fifth day, whichever comes first.
- 6.** In addition to the said weight limitation in Paragraph 3 above, two automobiles per family may be driven between the stations and the employee shall be reimbursed at the rate of twenty-four (24) cents per mile by the most direct AAA highway mileage, but no expenses shall be permitted for a second automobile.
- 7.** The employee and spouse will be entitled to round trip space available transportation to locate living accommodations.

## **Article 20**

### **INSURANCE BENEFITS**

**1.** The Company shall continue the benefits of the existing group insurance plans. Alternative personal option plans may also be made available to employees covered by this Agreement upon the same terms and conditions as such plans are made available to any other group of Company employees. Any future increase in cost borne by the Company for employees not covered by this Agreement shall be borne by the Company for employees covered hereunder.

**2.**

**a.** The current long term disability insurance plan in effect shall continue during the life of this agreement.

**b.** An employee may participate within sixty (60) days after passing his probationary period at a cost borne by the employee.

**3.** The maximum dental coverage shall be at least \$1000 per person per calendar year.

**4.** The lifetime maximum benefit for orthodontia for employees covered by this Agreement and their dependents shall be at least \$1,000. The lifetime maximum benefit for orthodontia for Employees covered by this Agreement and their dependants under the flexible benefits plan offered by the Company shall be at least \$1,150 as of January 1, 2001, and at least \$1,500 no later than January 1, 2003.

**5.** The Company will offer, at a cost borne by the employee, an additional dental plan as an option under the flexible benefits plan, which will include the following benefits:

**a.** Eighty percent (80%) copayment on basic/major/orthodontia coverage;

**b.** One thousand seven hundred fifty dollars (\$1,750) annual benefit maximum as of January 1, 2001, which shall increase to at least \$2,000, no later than January 1, 2003;

**c.** One thousand seven hundred fifty dollars (\$1,750) orthodontia lifetime maximum as of January 1, 2001, which shall increase to at least \$2,000, no later than January 1, 2003; and

**d. Dental sealants.**

**6.** Employees covered under this Agreement who retire after attaining age sixty-one and one-half (61½) with ten (10) years of service with the Company, or at age sixty (60) with twelve (12) years of service with the Company, may continue to receive benefits under the Southwest Airlines Health Benefits Trust from the date they retire until age sixty-five (65) by the payment of premiums which would not exceed the pure actuarial cost of providing such coverage as determined by the Administrator of the Health Benefits Trust in effect at the time of such employee's retirement. Such retired employee's benefits will be subject to all limitations and conditions applicable to employees covered by this Agreement. Employees other than those described in this paragraph will, at the time of any termination of employment, be subject to the provisions of COBRA in effect at the time of such termination.

**7.** Any future increases in the dental or orthodontia benefit amounts described in sections 4 and 5 above which are granted to any other group of Employees of the Company will also be granted to the Employees covered by this Agreement.

## **Article 21**

### **GRIEVANCE PROCEDURE**

**1.** In the event of a grievance arising over the interpretation or application of this Agreement or in the event of disciplinary action, not involving loss of pay, the following procedure shall be followed:

**a.** The aggrieved employee will first present the complaint to his supervisor for discussion and possible solution. During this discussion, the employee may be represented by his shop steward or Local Business Representative. It is understood and agreed that decisions made at the first step of the grievance procedure by the supervisor, employee and/or his representative shall not constitute a precedent of any kind unless otherwise agreed to by the Union and the Company.

If the complaint cannot be resolved through a discussion, the grievance shall be reduced to writing by the employee or his representative, signed by the employee or his representative, and presented to his supervisor within seven (7) calendar days after the employee or his representative reasonably would have knowledge of the incident upon which the grievance is based.

The grievance will be answered in writing by the supervisor, who will send a copy to the grievant, the shop steward and the Union Representative, within seven (7) calendar days after he receives the written grievance.

**b.** If the decision of the supervisor is not satisfactory, the employee or his Union Representative may appeal the grievance to the Company designee, provided such appeal is presented in writing within seven (7) calendar days after the written decision of the supervisor has been presented to the grievant, the shop steward, and the Union Representative.

The grievance(s) will be answered in writing to the Local Business Representative by the Company designee with seven (7) calendar days following the receipt of the written appeal.

**c.** Within fourteen (14) days after the receipt of the written decision of the Company designee, the Union may appeal such grievance to System Board of Adjustment by serving a written notice upon the Company directed to the Vice President of Maintenance and

Engineering or his designee at the Company's office, of its intention to do so. If the System Board deadlocks, the case may be appealed to arbitration, as provided in Article 22, within 30 days after the decision of the System Board is rendered.

## **2. Discharge and Disciplinary Procedure**

**a.** In the event an employee is suspended pending investigation and is subsequently found innocent of the charges, he will be paid for such lost time from work.

**b.** In those instances where the Company discharges or disciplines a non-probationary employee to the extent of loss of pay, such disciplinary action will not be imposed until a fact-finding meeting is held between the employee's supervisor, the employee, and his steward. Such meeting will be held within three (3) work days of the date of the Company's written notice of its intent to take disciplinary action. However, nothing shall preclude the Company's right to suspend an employee pending such meeting. The purpose of such meeting is to interview all pertinent witnesses, establish all pertinent facts and determine any possible solution, it being understood and agreed that decisions at such level shall not constitute a precedent. The Company representative involved will, within five (5) calendar days after such meeting, render a decision in writing to the employee giving his reasons therefore.

**c.** Employees of the Company who are on duty and are called as witnesses will suffer no loss of pay. If the decision of the Company representative is not acceptable to the Union, the decision may be appealed by the Union to the System Board of Adjustment within fourteen (14) days after receipt by serving written notice to the Vice President of Maintenance and Engineering at the Company's Administrative Office of its intention to do so.

**d.** The System Board of Adjustment shall be composed of one member designated by the Company and one member designated by the Union. In the case of a discharge, the Board of Adjustment shall convene at the city where the discharge took place, unless another location is mutually agreed to by the company and the Union, within twenty-one (21) days of the date the discharge is appealed to the System Board of Adjustment.

The System Board shall only be empowered to make a finding or decision with respect to any employee covered by this Agreement who is terminated or disciplined to the extent of loss of pay by the Company, and such finding or decision shall be final and binding upon

the Teamsters -Airline Division, the Company and the individual employee or employees to such dispute.

If the Board deadlocks, the case may be appealed to arbitration, within 30 days after the decision of the System Board is rendered.

**e.** In the event the Union appeals the disciplinary action to arbitration in accordance with Section 2(d), above, the Company and the Union shall attempt to agree on a mutually acceptable impartial arbitrator. If the parties are unable to agree on such arbitrator the parties shall select such arbitrator as provided in Article 22.

**3.** Failure on the part of the Company to issue its decision within the time limits stipulated or failure on the part of the employee or the Union to process an appeal within the time limits stipulated shall constitute a waiver of the failing parties' position unless an extension of time has been mutually agreed to in writing.

**4.** The Company recognizes the right of the Union to file a group grievance when the issue is common and identical to those employees in the group.

**5.** In the event of permanent change of the parties responsible for answering grievances at any step of this grievance procedure, the Company will notify the Union as soon as possible.

## **Article 22**

### **ARBITRATION**

**1.** After the receipt of the notice of the intent to submit the unsettled grievance to arbitration, the parties shall attempt to mutually select an impartial arbitrator. If the parties are unable to agree on an arbitrator, they shall request the Federal Mediation and Conciliation Service to submit a list of seven (7) persons qualified to act as the impartial arbitrator. If either the Company or the Union deems the list to be unacceptable, either party may unilaterally request a second list. Such party shall assume the cost, if any, of obtaining the second list. A representative of the Company and a representative of the Union shall make every effort to meet within five (5) days of the receipt of the list and shall alternately strike three (3) names from the list. The party to strike first will be determined on an alternate basis. The seventh (7<sup>th</sup>) remaining person shall thereupon be selected as the impartial arbitrator.

**2.** The parties shall enter into a submission agreement which shall clearly state the arbitrable issue or issues to be decided. If the parties are unable to agree on a joint statement of the arbitrable issue or issues to be decided by the arbitrator, the submission shall contain the written grievance and the Company's disposition of the same with notation that the parties could not agree upon a submission agreement. Either party may also submit its proposed version of the arbitrable issue or issues to be decided by the arbitrator.

**3.** During the hearing, each Party shall have full opportunity to present evidence and argument, both oral and documentary. The impartial arbitrator may render his findings and award in writing no later than ninety (90) calendar days after the conclusion of the hearing. The decision of the impartial arbitrator shall be final and binding. The impartial arbitrator shall have no authority to modify, amend, revise, add to or subtract from any of the terms or conditions of this Agreement.

**4.** All arbitration hearings will be held at the city where the grievance arose unless another place is mutually agreed to by the Company and the Union.

**5.**

**a.** Each of the parties hereto shall assume the compensation, traveling expenses and other expenses of its witnesses called or summoned by it and each of the parties shall assume one-half ( $\frac{1}{2}$ ) of the expenses of the arbitration, except that the employees of the

Company who are necessarily summoned to serve as witnesses and the grievant shall suffer no loss in pay as a result of participation in the arbitration proceeding.

**b.** Witnesses who are employees of the Company and the grievant shall receive positive space transportation, if necessary, over the lines of the Company from point of duty or assignment to point at which they must appear as witnesses before the Board and return.

**c.** It is understood and agreed that each and every witness summoned by the Board who is an employee of the Company shall be free to discharge his duties in an independent manner without fear that his individual relations with the Company or the Union may be affected by an action or by testimony given by him in good faith in his capacity as a witness.

**d.** If a stenographic transcript is made of the arbitration proceeding, the party making the request shall bear its expense, unless the request is made by the arbitrator, in which case the cost of the transcript will be shared equally by the Company and the Union. In the event the party not requesting the transcript decides at the hearing or later to obtain a copy, the entire cost of the reporting and transcribing of the transcript shall be shared equally by the Company and the union.

**Article 23**  
**NO STRIKE - NO LOCKOUT**

1. During the term of this Agreement, it is understood and agreed that the Company will not lock out any employee covered hereby, and the Union will not authorize or take part in any strike or picketing of Company premises.

## **Article 24**

### **GENERAL AND MISCELLANEOUS**

- 1.** Any employee leaving the service of the Company will, upon request, be furnished with a letter setting forth the Company's record of his job classifications, stating his length of service and rate of pay at the time of leaving the Company.
- 2.** Suitable rainsuits shall be provided and maintained by the Company. The Company will furnish uniform jackets for employees and will have uniform parkas and coveralls available in stock for employees to check out when needed.
- 3.** The Company agrees to provide the Union with bulletin board space marked "Teamsters - Airline Division" where Union notices of interest to the employees may be posted. No political, inflammatory, controversial, or derogatory material will be permitted thereon.
- 4.** The Company shall cause to be printed and distributed to each employee a copy of this Agreement and shall provide the Teamsters - Airline Division with fifty (50) copies of the Labor Agreement.
- 5.** Airline trip passes will be issued to qualified employees in accordance with existing Company policy.
- 6.** Any deviation from this Agreement may be made by mutual agreement between the Company and the Teamsters - Airline Division. Such mutual agreement must be in writing and signed by the parties thereto.
- 7.** The Company shall continue to allow employees a reasonable amount of time to "wash-up" prior to punching out.
- 8.** Foremen and higher ranking officials shall not be permitted to perform work of any hourly rated job covered by this Agreement except in emergencies or instructing or training of employees or troubleshooting.
- 9.** Where employees have become physically unable to perform their regular work, the Union and the Company shall cooperate in attempting to place such employees in a position within their classification for which they are qualified and able to perform, or by mutual agreement in a lower classification for which they are qualified and able to perform.

**10.** The employee will be allowed four (4) work days leave with pay at the employee's regular rate of pay for the purpose of attending the funeral of a member of his or her immediate family. Such days shall be taken within the days immediately preceding and/or following the funeral. Members of the immediate family shall consist of the employee's mother, father, or legal guardian in lieu thereof, spouse, children, brother, sister, grandparents, mother-in-law and father-in-law. If additional days are required, such days may be taken without pay or deducted from the employee's vacation allowance.

**11.** If an employee's regularly scheduled work shift begins on one calendar day and extends into the following calendar day, the "day" worked (for determining pay and holidays, etc.) shall be considered to be the day on which his shift started.

**12.** All orders or notices to an employee covered by the Agreement involving a transfer, promotion, demotion, layoff, discipline, or leave of absence shall be given in writing with a copy to the Union. No letter or notice for violation of Company rules will be used in the determining of discipline if such notice has been in the employee's file for twelve (12) months and there has been no recurrence of the same offense within the twelve (12) month period. All letter or reprimand or warning will be removed from an employee's file after twelve (12) months from date letter is placed in the file.

**13.** When an employee passes his probationary period he will be issued a set of five (5) uniforms. One year after being issued a set of uniforms the employee should have his set of uniforms evaluated by his supervisor to determine the need for replacements.

Should any uniforms require replacement, an authorized requisition should be issued with the department purchasing the uniforms for replacement.

The employee and supervisor will evaluate his requirements each year thereafter. Should an employee uniform show exceptional wear and tear during this interim the employee should consult with his supervisor.

All employees wearing Company furnished uniforms will abide by the general appearance code for maintenance employees.

**14.**

**a.** All shift/day trade agreements must be in writing, signed by both parties involved and approved by the regular supervisor of the employee initiating the trade and the regular supervisor of the other employee.

- b.** No probationary employee may shift/day trade.
- c.** Every person who commits to a shift/day trade will be required to show up on time and work the entire shift or make arrangements for someone who is qualified to cover the shift.
- d.** In the event an employee is tardy on a shift/day trade, he will be subject to the discipline as outlined in the Company's current tardiness policy.
- e.** Failure to show up or cover the shift/day trade will result in severe disciplinary action - ie., for the first offense, a thirty (30) day shift/day trade suspension accompanied by a warning letter in the employee's personnel file. For additional offenses, progressive disciplinary action will be taken.
- f.** The Company reserves the right to restrict an employee's shift/day trade privileges in the event it hinders the employees quality or quantity of work, or causes an employee to be on paid status less than 90 hours in a month.
- g.** Lead Appearance Technicians and Appearance Technicians may trade with each other.
- h.** A shift/day trade may be effective with adequate notice and prior approval of the Company.
- i.** In the event a shift/day trade causes an employee to work two shifts in a row, provisions of this agreement regarding mandatory off-duty rest periods shall not apply.
- j.** Parties engaging in a trade that has not been previously approved will lose their day trade privileges.
- k.** No additional premium pay or overtime will be involved because of any shift/day trade.
- l.** No sick pay will be allowed in any shift/day trade.
- m.** Partial shift/day trades of 2 hours or more will be allowed. Notwithstanding Article 14, paragraph 9, Employees temporarily transferred to a higher classification as a result of a partial shift/day trade shall receive the higher classification pay only for the hours actually worked in that higher classification

**15.** The Company shall offer all employees covered by this Agreement the option to payroll deduct contributions to the IBT Credit Union, on the same basis as provided for the Southwest Airlines Employees' Federal Credit Union as of the effective date of this Agreement.

## **Article 25**

### **UNION REPRESENTATION**

- 1.** The Company agrees to admit to its bases the officially designated representatives of the Union to transact business as is necessary for the administration of the Contract. Such business shall be transacted in as short a time as possible and shall not interfere with the operations of the Company.
- 2.** The Union shall select business representatives and shall notify the Vice President of Maintenance and Engineering or his designee, from time to time of their appointment or removal. The Vice President of Maintenance and Engineering or his designee shall notify the union of the appropriate Company representative hereunder.
- 3.** The Union shall elect or appoint a primary shop steward(s) and alternative(s) as required to conduct Union business and shall notify the company in writing of their election, appointment or removal.
- 4.**

  - a.** A primary or an alternate steward shall be permitted reasonable time to investigate, present and process grievances within the scope of said steward's station and shift on the Company property without loss of pay during his regular working hours. If a steward is reasonably requested by management to delay an investigation of a grievance because of immediate work requirements, such steward, if practical, shall cooperate with the request.
  - b.** Time spent in handling grievances during the steward's regular working hours shall be considered hours worked for all purposes. It is understood that if a steward voluntarily chooses to handle a grievance on other than Company time, he may not claim overtime pay for the non-Company time spent handling such grievance. This provision, however, shall not be construed as affecting an employee's overtime pay for time spent handling grievances while at work on an authorized overtime opportunity.
- 5.** Upon twenty four (24) hours notification by the Union Business Representative the Company will, based upon operational requirements, grant to any employee(s) unpaid time off to perform Union business off the Company property. In the event the Union business shall require an absence from work in excess of one (1) week, a Union leave of absence will

be applied for in accordance with Article 12. The Union will cooperate with the Company to avoid any negative impact on operations as a result of this section.

**6.** Local Management will notify the Union in writing of the names and hire dates of all newly hired employees and transfers. Such notification will be transmitted during the employee's first week on the payroll. Upon notification from the Business Representative, the appropriate manager will provide thirty (:30) minutes of paid time for purposes of union orientation. Such time will be verbally agreed upon by the Business Representative and the Local Manager to occur on a scheduled work day of the employee(s) initial new hire training period.

## **Article 26**

### **UNION SECURITY**

**1.** Every employee in classification within the craft or class covered by this Agreement, is covered by this Agreement. He or she shall become a member of the Union within sixty (60) days after the effective date hereof, and shall be required as a condition of continued employment by the Company to maintain his/her membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation (or reinitiation) fee, monthly membership dues and assessments, which are uniformly required of employees covered by this Agreement. Such employee may have his/her monthly membership dues deducted from his/her earnings by payroll deduction.

**2.** Any new employee hired into a classification covered by this Agreement on or after the effective date of this Agreement shall become a member of the Union within sixty (60) days after employment in a classification covered by this Agreement, and shall be required as a condition of continued employment by the Company to maintain his/her membership in the Union so long as this Agreement remains in effect, to the extent of paying the uniformly required initiation (or reinitiation) fee, monthly membership dues and assessments.

**3.** Any employee maintaining or accruing seniority in a classification covered by this Agreement (except as provided in Paragraph 6) but not employed in such classification, or any other classification covered by this Agreement, shall not be required to maintain Union membership during such employment but may do so at his/her option.

Should such employee return to a classification covered by this Agreement, he/she shall be required to become a member of the Union within fifteen (15) days after the date he/she returns to such classifications, and shall, as a condition of employment in classification covered by this Agreement, become a member of the Union and maintain membership in the union so long as this Agreement remains in effect to the extent of paying an initiation (or reinitiation) fee, monthly membership dues and assessments.

**4.** The provisions of this Agreement shall not apply to any employee covered by this Agreement to whom membership in the Union is not available by payment of initiation (or reinitiation) fees, if applicable, monthly dues and assessments under the same terms and conditions as are uniformly applicable to any other employee, or to any employee to whom membership in the Union is denied or terminated for any reason other than

the failure of the employee to pay uniformly levied initiation (or reinitiation) fees, if applicable, monthly dues and assessments. Nothing in this agreement shall require the payment of any initiation (or reinitiation) fee, by an employee if an authorized or permissible transfer according to the Bylaws or Constitution of the Union is involved.

**5.** If an employee covered by this Agreement has resigned from the Company and is reemployed, he/she shall be governed by Paragraph 2 of this Article.

**a.** If an employee is layed off and is recalled from layoff he/she shall be governed by Paragraph 3 of this Article.

**b.** The seniority status and rights of employees granted leaves of absence to serve in the armed forces shall not be terminated by reason of any of the provisions of this Agreement but such employee shall upon resumption of employment in classification covered by this Agreement be governed by the provisions of Paragraph 2 of this Article.

**6.** The payment of dues by a member shall not be required as a condition of employment during leave of absence without pay or during periods of transfer or promotions to a classification not covered by this Agreement.

**7.** When an employee does not become a member of the Union by payment of an initiation (or reinitiation) fee as provided in this Article, or who is a member of the union and becomes delinquent in the payment of monthly dues or assessments, as provided in this paragraph, the following procedure shall apply:

**a.**

**1.** If a new employee has not become a member of the Union within sixty (60) days after employment with the Company, the Union shall notify such employee in writing, certified mail, return receipt requested, copy to the Company Vice President, that such employee must become a member of the Union within the time limits specified in Paragraph 2 of this Article or be subject to discharge as an employee of the Company. If, upon expiration of the period of time specified in Paragraph 2 of this Article, such new employee has not become a member of the Union, the Union shall certify in writing to the Company Vice President, copy to the employee, that the employee has failed to become a member of the Union as provided in this Article, and is, therefore, to be discharged. The Company shall then promptly notify the

employee involved that he/she is to be discharged from the services of the Company and shall promptly take proper steps to so discharge the employee.

**2.** If an employee, other than a new employee, who is required to become a member of the Union as provided in this Article does not become a member of the Union within the time limits specified in this Article for employees in his/her category covered by this Agreement, the Union shall notify the Company Vice President with a copy to the employee, that such employee has failed to become a member of the Union as required by this Article and is, therefore, to be discharged. The company shall then promptly notify the employee involved that he/she is to be discharged from the service of the Company and shall promptly take proper steps to discharge said employee.

**b.** If an employee covered by this Agreement becomes delinquent by more than two (2) calendar months in the payment of monthly dues including assessments, the Union shall notify the employee in writing, certified mail, return receipt requested, copy to the Company Vice President that said employee is delinquent in the payment of monthly membership dues as specified herein and, accordingly, will be subject to discharge as an employee of the Company. Such letter shall also notify the employee that he/she must remit the required payment to the Secretary-Treasurer of his/her local Union by the twenty second (22) day of the month in which notice from the Union was received or be subject to discharge. If such employee still remains delinquent in the payment of dues on the twenty-second (22) day of the month in which his/her notice from the Union was received, the Union shall notify in writing the Company Vice President, with a copy to the employee, that the employee has failed to remit payment of the dues within the grace period allowed herein and is, therefore, to be discharged. The Company shall then promptly notify the employee involved that he/she is to be discharged from the service of the Company, and shall promptly take the proper steps to so discharge the employee.

**c.** An employee discharged by the Company under provisions of this paragraph shall be deemed to have been discharged for cause.

**8.** Any discharge under the terms of this Article shall be based solely upon failure of the employee to pay or tender initiation (or reinitiation) fee, membership dues and assessments upon the same terms and conditions as are generally applicable to any other member of the Union, within the time

limits specified herein, and not because of denial or termination of membership in the Union for any other reason.

**9.** A grievance by an employee who is to be discharged as the result of an interpretation or application of the provisions of this Article shall be subject to the following procedures:

**a.** Such employee who believes that the provisions of this Article pertaining to him/her have not been properly interpreted or applied, and who desires a review must submit his/her request for review in writing within five (5) days from the date of his/her notification by the Company as provided in Paragraph 7, subparagraph a. 1 and 2, of this Article. The request will be submitted to the Company Vice President, with a copy to the Union. The Union may be present at the review of the grievance to represent the Union's interest in the case. The Company Vice President or his designee will review the grievance and render a decision in writing with a copy to the Union not later than ten (10) days following the receipt of the grievance.

**b.** If the decision is not satisfactory to either the employee or the Union, then either may appeal the grievance directly to the System Board of Adjustment, within fifteen (15) days from the date of the decision. The Adjustment Board procedure shall be applicable, except as otherwise specified herein.

**c.** During the period a grievance is filed under the provisions of this paragraph and until after decision by the Company Vice President or his designee or after final decision by the System Board of Adjustment, if appeal is made to that Board, the employee shall not be discharged from the Company because of noncompliance with the terms and provisions of this Article.

**10.** No employee or employees covered by this Agreement or an employee whose employment is terminated pursuant to the provisions of this Article or the Union shall have any claim for loss of time, wages or any other damages against the Company because of agreeing to this Article or because of any alleged violation, misapplications, compliance or noncompliance with any provision of this Article, provided however, the Union agrees to hold the Company harmless and to indemnify the Company for any liability of any nature resulting from the discharge of an employee hereunder at the request of the Union.

**11.** The Company agrees that upon receipt of a properly executed Authorization of Payroll Deduction, voluntarily executed by an employee, it will make a single monthly deduction from the employee's earnings, after other deductions authorized by the employee or required by law have been

made, to cover his/her current standard monthly Union dues, assessments and/or initiation fees uniformly levied in accordance with the Constitution and Bylaws of the Union, and as set forth in the Railway Labor Act.

**12.** The Company will deduct said employee's dues in the month in which the employee is recalled from furlough or returns from a leave of absence. In the event the employee is recalled from furlough or returns from a leave of absence after the dues have been deducted for a month, the Company will make a double deduction in the following month. The Company will pay over to the designated official or affiliates of the Union the wages withheld for such initiation fees and dues. The amount withheld shall be reported and paid to the Union prior to the end of the month in which the deductions were made.

**13.** Any authorization for payroll deductions under this Article shall be effective two (2) weeks following its receipt by the Company Payroll Department and shall apply to the next pay check from which dues deduction is made.

**14.** The Company will remit to the designated Union Office a check prior to the end of each month in payment of all dues and service charges collected. The Company remittance to the Union will be accompanied by lists of names, social security numbers and employee numbers of the employees for whom deductions have been made in that particular period and the individual amounts deducted.

**15.** Collection of dues not deducted because of insufficient current earnings, dues missed because of clerical error, or inadvertent error in the accounting procedure, dues missed due to delay in receipt of the Authorization for Payroll Deductions shall be the responsibility of the Union and shall not be the subject of payroll deductions from subsequent pay checks, and the Company shall not be responsible in any way for such missed collections. It shall be the Union's responsibility to verify apparent errors with the individual Union member or employee prior to contacting the Company Payroll Department. The total or balance of unpaid dues, assessments and/or initiation fees due and owing the Union at the time an employee terminates his/her employment shall be deducted from the final paycheck.

**16.** In the event the amount of the standard dues or fees uniformly levied are changed, it shall be the sole responsibility of the Union to notify the Company and to make any necessary adjustments as to the amounts to be deducted from the employee's earnings. So far as the Company is concerned, any such changes shall be made in accordance with the time limits set forth in Paragraph 13 of this Article.

**17.** An Authorization for Payroll Deduction under this Article, once voluntarily executed and delivered to the Payroll Department of the Company, shall be irrevocable during the effectiveness of this Agreement, or as long as the Union is the certified representative of employees covered by this Agreement, or for a period of one (1) year, whichever is the lesser, and shall renew itself for successive yearly or applicable periods thereafter unless the employee serves written notice by registered mail on the Payroll Department of the Company and the Union to revoke such Authorization for Payroll Deduction during the ten (10) days preceding any periodic renewal date. Subject to Paragraph 15 above, an Authorization for Payroll Deduction shall automatically be revoked if:

- a.** The employee transfers to a position with the Company not covered by this Agreement;
- b.** The employee's services with the Company are terminated; or
- c.** The employee is furloughed.

**18.** The Authorization for Payroll Deduction to be voluntarily executed shall be signed by the employee. It shall stipulate the following authorizing language:

"I, (name of employee) hereby authorize and direct my employer, Southwest Airlines Co., (SWA) to deduct from my wages for remittance to the authorized official or affiliate of the International Brotherhood of Teamsters periodic dues, initiation fees and/or assessments uniformly required as a condition of acquiring or maintaining membership in accordance with the provisions of the Union Shop Agreement between my employer and the Union. I further authorize and direct my employer to deduct from my wages for remittance, as set forth above, the total or balance of unpaid dues, assessments and/or initiation fees due and owing the Union at the time my employment with the above named employer ends."

"This authorization shall not include fines and penalties. I agree that this authorization shall be irrevocable for one (1) year from the date hereof or until termination of the Union Shop Agreement between my employer and the Union, whichever occurs sooner. If the Union Shop Agreement is terminated, this authorization may be revoked effective as of any anniversary date of the signing hereof, by written notice given to me by my employer and the Union by registered mail during the ten (10) days preceding any such anniversary. All amounts to be deducted from my wages will commence with the first regular dues deduction pay check following receipt by my employer of this notice."

**19.** Southwest Airlines agrees to deduct from the paycheck of all employees covered by this Agreement voluntary contributions to DRIVE. DRIVE shall notify the Employer of the amounts designated by each contributing employee that are to be deducted from his/her paycheck on a regular basis for all weeks worked. The phrase "weeks worked" excludes any week other than a week in which the employee earned a wage. The Employer shall transmit to DRIVE National Headquarters on a monthly basis, in one check, the total amount deducted along with the name of each employee on whose behalf a deduction is made, the employee's Social Security number and the amount deducted from that employee's paycheck. The International Brotherhood of Teamsters shall reimburse the Employer annually for the Employer's actual cost for the expenses incurred in administering the payroll deduction plan.

## **Article 27**

### **SAVING CLAUSE**

- 1.** Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof, and they shall remain in full force and effect.
- 2.** In the event that any of the provisions of this Agreement are in conflict with or are rendered inoperative or unlawful by virtue of any duly enacted law or regulation or any governmental agency or commission having jurisdiction over the Company, the Union and Company will meet and negotiate changes necessary, pertaining only to those provisions so affected or directly related thereto.

## **Article 28**

### **DURATION OF AGREEMENT**

This Agreement shall become effective on the receipt by the Company of official notice of ratification of the Agreement, except as otherwise provided herein. This Agreement shall thereafter continue in full force and effect through February 16, 2009, and shall renew itself without change until each succeeding February 16, thereafter, unless written notice of intended change is served in accordance with Section 6, Title 1, of the Railway Labor Act, as amended, by either party hereto, at least ninety (90) days immediately prior to February 16, 2009, or any February 16, thereafter, except that the wage rates shown in Article 15 shall be effective in accordance with the dates shown.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 6th day of December, 2000 at Dallas, Texas.

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Herbert D. Kelleher</b>
<b>Roland Coker</b>	<b>Jim Wimberly</b>
<b>Sam Chandiramani</b>	<b>Jim Sokol</b>
<b>Clacy Griswold</b>	<b>James F. Parker</b>
<b>Ray Benning</b>	<b>Deborah Ackerman</b>
<b>Arthur Davis</b>	<b>Beverly K. Carmichael</b>
<b>Stan Franklin</b>	<b>Allen Stehsel</b>
<b>Mark Eleckenstein</b>	
<b>Brian Fuqua</b>	
<b>Mike Saipaia</b>	
<b>Joe Garner</b>	

**Date of Ratification: November 17, 2000**

## LETTER OF AGREEMENT NO. 1

For the period between August 16, 2000, and the date the Company receives official notification of ratification, employees on active status shall receive full retroactive pay, based on the difference between each month's old pay scale and the rates in Article 15, calculation for all hours worked at the applicable rate which would include vacation or paid sick time.

The Company agrees to retroactivity pay not later than forty-five (45) days after ratification.

Signed this 6th day of December, 2000

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 2

This is to confirm our agreement that the Company will utilize employees in the classification of Appearance Technician at any future Maintenance Bases (not Line Stations). At Maintenance Bases where ground equipment maintenance is performed, there will be a Ground Equipment Appearance Technician bid location.

Signed this 6th day of December, 2000

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 3

Employees in classifications covered by Agreement between the Company and the IBT as of the date of this Agreement ("Covered Employees") will be given priority consideration for vacancies in the Aircraft Mechanic Apprentice Program (the "Program"). Such Covered Employees who apply for the Program, and meet the requirements of the Program, will be accepted in order of seniority for vacancies in the Program. Covered Employees selected for participation in the Program will retain and accrue seniority in the category from which they advanced while in the Program. Covered Employees who do not successfully complete the Program may return at that time to the category in which they were employed at the time of selection for the Program.

Signed this 6th day of December, 2000

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 4

This will confirm our agreement that for any Employee on a leave of absence for sickness or injury as of the date of ratification of this Agreement, the three (3) year period described in Article 9, Section 9(g), and in Article 12, Section 1, shall begin to run as of such date of ratification.

Signed this 6th day of December, 2000

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 5

This is to confirm our agreement that the Company will offer vision coverage under the Regular Plan (group insurance coverage) to Employees in the classification of Appearance Technician on the same basis as other covered Employee groups. Beginning with the benefits enrollment period in October 2001 (covering 2002) this option will be described in the Benefits Enrollment Guide sent to all Employees. For 2001, Appearance Technicians who have enrolled in the Regular Plan will be notified as soon as reasonably possible after ratification of this Agreement and given the opportunity to elect vision coverage for the year 2001, or any balance thereof after such election.

Signed this 6th day of December, 2000.

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 6

This is to confirm our agreement that the first sentence of Article 20, Section 1, under this Agreement, shall obligate the Company to continue the benefits of the following insurance plans during the term of this Agreement:

<b>Insurance Plans</b>
Regular Plan Medical
Regular Plan Dental
Regular Plan Basic Life

Any other plans offered by the Company may be made available to Employees covered by this Agreement upon the same terms and conditions as such plans are made available to any other group of Company Employees. Any future increase in cost borne by the Company for Employees not covered by this Agreement shall be borne by the Company for Employees covered hereunder.

Signed this 6th day of December, 2000.

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

## LETTER OF AGREEMENT NO. 7

This is to confirm our agreement that the exercise price for the initial grant of stock options under the Appearance Technicians Non-Qualified Stock Option Plan shall be at the fair market value of Southwest Airlines Co. Common Stock on the ratification date of this Agreement, plus five percent (5%) , except that if the fair market value of such stock on the date of ratification is greater than \$25.00 per share, the initial grant shall be made at the fair market value of the stock on the date of ratification, and the Company will waive the five percent (5%) premium on the grant price for the initial grants; provided further, that if the fair market value of such stock on the date of ratification is between \$23.80 and \$25.00 per share, the initial exercise price shall be \$25.00 per share. All future grants will be made at an exercise price which reflects the fair market value of the stock, plus five percent (5%), on the grant date.

Signed this 6th day of December, 2000.

<b>Signatures on File</b>	
<b>FOR THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS AIRLINE DIVISION</b>	<b>FOR SOUTHWEST AIRLINES CO.</b>
<b>Mike Ellison</b>	<b>Jim Sokol</b>
<b>Roland Coker</b>	

**SOUTHWEST AIRLINES CO.  
2000 APPEARANCE TECHNICIANS  
NON-QUALIFIED STOCK OPTION PLAN**

SOUTHWEST AIRLINES CO., a Texas corporation (the "Company"), hereby formulates and adopts the following 2000 Aircraft Appearance Technicians Non-Qualified Stock Option Plan (the "Plan").

**1. Purpose** This Plan is adopted pursuant to the Collective Bargaining Agreement (the "Agreement") between the Company and the International Brotherhood of Teamsters - Airline Division for Aircraft Appearance Technicians of Southwest Airlines Co. (the "IBT") ratified on November 17, 2000.

**2. Administration** This Plan shall be administered by an Administrative Committee (the "Committee") consisting of not more than five (5) persons designated from time to time by the Chief Executive Officer of the Company, including as one of its members a representative of the IBT. Members of the Committee may be removed or replaced at any time by the Chief Executive Officer of the Company. The Administrative Committee shall select one of its members as Chairman and shall adopt such rules and regulations as it shall deem appropriate concerning the holding of its meetings, the transaction of its business and the administration of this Plan. A majority of the whole Committee shall constitute a quorum, and the act of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee; any decision or determination reduced to writing and signed by a majority of the members of the Administrative Committee shall be fully as effective as if made by a majority vote at a meeting duly called and held.

**3. Grant of Options; Persons Eligible**

**(a) Persons Eligible** The Stock Option Committee of the Board of Directors of the Company, or such other committee as may be appointed by the Board, shall have the authority and responsibility, within the limitations of this Plan, to grant options from time to time to persons employed as Aircraft Appearance Technicians by the Company pursuant to the Agreement and as set forth in the schedule attached as Exhibit A and made a part hereof. Only persons who are employed as fulltime Aircraft Appearance Technicians of SWA on the date of the grant may be granted options under this Plan; under no circumstances

shall executive officers of the Company be eligible to receive options hereunder.

**(b) Grant Price** Initial Grants (as defined in Exhibit A) shall be granted at an exercise price of \$29.72 per share; thereafter, Options shall be granted at an exercise price equal to the fair market value of the Common Stock of the Company on the date of the grant of the option plus five percent (5%).

**(c) Southwest Airlines Employees Becoming Aircraft Appearance Technicians** Except as provided in subparagraph (e) below, Southwest Airlines Employees who enter the Aircraft Appearance Technicians work force without a break in company service and who are participants in another stock option plan (an "existing plan") will either retain stock option grants established in accordance with such existing plan (if permitted by such existing plan), or will receive grants in accordance with this Plan, whichever is chosen by the Employee involved, but the Employee shall not hold grants under both plans simultaneously. The Employee must make the election prior to the scheduled grant date for options under this Plan. If the Employee does not make a timely election, options previously granted will remain in effect, and no grant will be made under this Plan. Exercise of options will be done in accordance with the Plan under which they were awarded. At such time as the Employee no longer holds any vested or unvested options under the other existing plan, the Employee will receive an initial grant under this Plan on the next scheduled grant date. The total grant shall be based on the Employee's years of service as of the grant date, and shall be equal to the number of shares which have not vested prior to the grant date for that step level, according to Exhibit A.

**(d) Aircraft Appearance Technicians Transferring to Another Work Group** Except as provided in subparagraph (e) below, if a Southwest Airlines Aircraft Appearance Technician transfers to another work group, any unvested portion of any option granted in accordance with this Plan, shall automatically and without notice terminate and become null and void as of the first day such Optionee is on the payroll for such position. Any vested and unexercised portion of any such option shall remain exercisable under this Plan.

**(e) Employees Transferring between Groups Represented by the International Brotherhood of Teamsters** Southwest Airlines Aircraft Appearance Technicians who transfer between work groups represented by the International Brotherhood of Teamsters and which are each covered by an existing stock option plan will either retain stock option grants established in accordance with their original plan

or will receive grants in accordance with the plan for their new group, whichever is chosen by the Employee involved, but the Employee shall not hold grants under both plans simultaneously; provided however, that if the Employee chooses to retain his grants under his original plan, and the stock option plan for the group into which he is moving would provide additional options (in the Total Grant) at his entry, he may choose to retain his grants under his original plan, and, in addition, receive a supplemental grant under the other plan in an amount equal to the difference between those available under the other plan, and the amount he has already received under his original plan. For example, an Employee with two years of service at the Effective Date of the Agreement receives options to purchase 4,700 shares of Southwest Airlines Co. Stock at \$25.00 (by way of example, only), and transfers to the Stock Clerk group on February 15, 2001, would then be eligible under the Stock Clerk's plan for a grant of 4,850 shares on August 16, 2001. If the fair market value of the stock on August 16, 2001, is \$30.00 per share, such Employee would choose to retain his grant for 4,700 shares under this Plan, and receive a supplemental grant under the Stock Clerk's Plan of 150 shares.

The Employee must make the election under this paragraph prior to the next scheduled grant date for options under the stock option plan for the group into which the Employee is moving. If the Employee does not make a timely election, options previously granted under the Employee's original plan will remain in effect and, if appropriate, an incremental grant will be made under the other stock option plan.

**4. Definitions** An Employee receiving any option under this Plan is hereinafter referred to as an "Optionee". Any reference herein to the employment of an Optionee with the Company shall include only employment with the Company. The fair market value of the Common Stock on any day shall be the mean between the highest and lowest quoted selling prices of the Common Stock on such day as reported by the primary national stock exchange on which such stock is listed. If no sale shall have been made on that day, or if the Common Stock is not listed on a national exchange at that time, fair market value will be determined on the most recent business day on which the stock was traded, unless otherwise determined by the Committee.

**5. Stock Subject to Options** Subject to the provisions of paragraph 12, the number of shares of the Company's Common Stock subject at any one time to options, plus the number of such shares then outstanding pursuant to exercises of options, granted under this Plan, shall not exceed 1,500,000 shares. If, and to the extent the options granted under this Plan terminate or expire without having been exercised, new options may be granted with respect to the shares covered by such terminated or expired options;

provided that the granting and terms of such new options shall in all respects comply with the provisions of this Plan.

Shares sold or distributed upon the exercise of any option granted under this Plan may be shares of the Company's authorized and unissued Common Stock, shares of the Company's issued Common Stock held in the Company's treasury, or both.

There shall be reserved at all times for sale or distribution under this Plan a number of shares of Common Stock (either authorized and unissued shares or shares held in the Company's treasury, or both) equal to the maximum number of shares which may be purchased or distributed upon the exercise of options granted under this Plan.

Exercise of an Option in any manner shall result in a decrease in the number of shares of Common Stock which may thereafter be available, both for purposes of this Plan and for sale to any one individual, by the number of shares as to which the Option is exercised.

**6. Expiration and Termination of the Plan.** This Plan will expire on February 16, 2009.

No modification, extension, renewal or other change in any option granted under this Plan shall be made after the grant of such option unless the same is consistent with the provisions of this Plan.

**7. Exercisability and Duration of Options.**

**(a) Exercisability** Options granted under this Plan shall become exercisable pursuant to the vesting schedule and requirements set forth in Exhibit A attached hereto.

**(b) Duration** The unexercised portion of any option granted under this Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

**(1)** February 16, 2009;

**(2)** The expiration of three months from the date of termination of the Optionee's employment with the Company (unless such termination was as a result of the circumstances set forth in subparagraph (3) below); provided that if the Optionee shall die during such 3-month period the provisions of subparagraph (3) below shall apply; or

**(3)** The expiration of 12 months from the Optionee's death if such death occurs during his employment with the Company.

In the case of subparagraphs (2) and (3) above, the Optionee shall have the right to exercise any Option prior to such expiration to the extent it was exercisable at the date of such termination of employment and shall not have been exercised.

## **8. Exercise of Options**

**(a) Procedure** The options granted herein shall be exercised by the Optionee (or by the person who acquires such options by will or the laws of descent and distribution or otherwise by reason of the death of the Optionee) as to all or part of the shares covered by the option (but in no event less than 100 shares, unless such exercise is for all remaining shares) by giving written notice of the exercise thereof (the "Notice") to the Company. From time to time the Committee may establish procedures relating to effecting such exercises. No fractional shares shall be issued as a result of exercising an Option.

**(b) Payment** In the Notice, the Optionee shall elect whether he or she is to pay for his or her shares in cash or in Common Stock of the Company, or both.

If payment is to be made in cash, the Optionee shall deliver to the Company a cashier's check or electronic funds transfer in the amount of the exercise price on or before the exercise date. If payment is to be made in Common Stock, (a) it shall be valued at its fair market value on the date of such notice, as determined pursuant to Paragraph 4 hereof; (b) such Common Stock must have been owned by the Optionee for at least six months prior to the exercise date; and (c) the Notice shall be accompanied by a certificate for at least the number of shares of Common Stock to be used as payment.

**(c) Irrevocable Election** The giving of such written notice to the Company shall constitute an irrevocable election to purchase the number of shares specified in the notice on the date specified in the notice.

**(d) Withholding Taxes** To the extent that the exercise of any Option granted pursuant to this Plan or the disposition of shares of Common Stock acquired by exercise of an Option results in compensation income to the Optionee for federal or state income tax purposes, the Optionee shall deliver to the Company at the time of such exercise or disposition such amount of money as the Company may require to

meet its obligation under applicable tax laws or regulations, and, if the Optionee fails to do so, the Company is authorized to (a) withhold delivery of certificates upon exercise and (b) withhold from remuneration then or thereafter payable to Optionee any tax required to be withheld by reason of such resulting compensation income.

**(e) Delivery of Shares** The Company shall cause shares to be delivered to the Optionee (or the person exercising the Optionee's options in the event of death) as soon as practicable after the exercise date.

**9. Nontransferability of Options** No option granted under this Plan or any right evidenced thereby shall be transferable by the Optionee other than by will or the laws of descent and distribution. During the lifetime of an Optionee, only the Optionee (or his or her guardian or legal representative) may exercise his or her options.

In the event of the Optionee's death during his or her employment with the Company, during the three-month period following the date of termination of such employment, the Optionee's options shall thereafter be exercisable, as provided in paragraph 7(b), by his or her executor or administrator, or by the person who acquires such options by will or the laws of descent and distribution or otherwise by reason of the death of the Optionee.

**10. Rights of Optionee** Neither the Optionee nor his or her executors, administrators, or legal representatives shall have any of the rights of a shareholder of the Company with respect to the shares subject to an option granted under this Plan until certificates for such shares shall have been issued upon the exercise of such option.

**11. Right to Terminate Employment** Nothing in this Plan or in any option granted under this Plan shall confer upon any Optionee the right to continue in the employment of the Company or affect the right of the Company or any of its subsidiaries to terminate the Optionee's employment at any time; subject, however, to the provisions of the Agreement.

**12. Adjustment Upon Changes in Capitalization, Etc.**

**(a)** The existence of the Plan and the options granted hereunder shall not affect in any way the right or power of the Board of Directors or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Common Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or

any part of its assets or business or any other corporate act or proceeding.

**(b)** The shares with respect to which options may be granted are shares of Common Stock as presently constituted, but if, and whenever, prior to the expiration of an option theretofore granted, the Company shall effect a subdivision or consolidation of shares of Common Stock or the payment of a stock dividend on Common Stock without receipt of consideration by the Company, the number of shares of Common Stock with respect to which such option may thereafter be exercised (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased; likewise, the number of shares to be granted pursuant to the schedule set forth in Exhibit A shall be appropriately adjusted. In the event of any such change in the outstanding Common Stock, the aggregate number of shares available under the Plan shall be appropriately adjusted by the Board of Directors of the Company, whose determination shall be conclusive.

**(c)** If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise of an option theretofore granted the Optionee shall be entitled to purchase under such option, in lieu of the number of shares of Common Stock as to which such option shall then be exercisable, the number and class of shares of stock and securities to which the Optionee would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Optionee had been the holder of record of the number of shares of Common Stock as to which such option is then exercisable. If the Company shall not be the surviving entity in any merger or consolidation (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company) or if the Company is to be dissolved or liquidated, then unless a surviving corporation assumes or substitutes new options for Options then outstanding hereunder (i) the time at which such Options may be exercised shall be accelerated and such Options shall become exercisable in full on or before a date fixed by the Company prior to the effective date of such merger or consolidation or such dissolution or liquidation, and (ii) upon such effective date Options shall expire.

**(d)** Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or

upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to options theretofore granted or to be granted or the purchase price per share.

**13. Purchase for Investment and Legality.** The Optionee, by acceptance of any option granted under this Plan, shall represent and warrant to the Company that the purchase or receipt of shares of Common Stock upon the exercise thereof shall be for investment and not with a view to distribution, provided that such representation and warranty shall be inoperative if, in the opinion of counsel to the Company, a proposed sale or distribution of such shares is pursuant to an applicable effective registration statement under the Securities Act of 1933 or is, without such representation and warranty, exempt from registration under such Act. The Company shall file a Registration Statement on Form S-8 pursuant to the Securities Act of 1933, as amended, covering the shares to be offered pursuant to the Plan and will use its best efforts to maintain such registration at all times necessary to permit holders of options to exercise them.

The obligation of the Company to issue shares upon the exercise of an option shall also be subject as conditions precedent to compliance with applicable provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, state securities laws, rules and regulations under any of the foregoing and applicable requirements of any securities exchange upon which the Company's securities shall be listed.

The Company may endorse an appropriate legend referring to the foregoing restrictions upon the certificate or certificates representing any shares issued or transferred to the Optionee upon the exercise of any option granted under this Plan.

**14. Effective Date of Plan.** This Plan shall become effective on the latter of the following to occur:

- (a) its adoption by the Board of Directors of the Company and
- (b) ratification of the Agreement by the IBT membership.

## STOCK OPTION EXHIBIT A

### Initial Grants

On the Effective Date of the Agreement, options will be granted to persons employed as Aircraft Appearance Technicians by the Company according to the following schedule. Initial Grants are based on the Aircraft Appearance Technician's years of service for pay purposes as of the Effective Date of the Agreement. Options will vest annually on August 16 of subsequent years.

<b>STOCK OPTION VESTING SCHEDULE</b>									
<b>All August 16<sup>th</sup></b>									
<b>Initial Grants</b>									
<b>Year of Service as of Effective Date of Plan</b>	<b>Total Grant</b>	<b>Effective Date of Plan (DOR)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>1<sup>st</sup></b>	4,450	400	450	500	550	600	650	650	650
<b>2<sup>nd</sup></b>	4,750	450	500	550	600	650	650	650	650
<b>3<sup>rd</sup></b>	4,900	500	550	600	650	650	650	650	650
<b>4<sup>th</sup></b>	5,050	550	600	650	650	650	650	650	650
<b>5<sup>th</sup></b>	5,150	600	650	650	650	650	650	650	650
<b>Thereafter</b>	5,200	650	650	650	650	650	650	650	650
<b>DOR = Date Of Ratification</b>									

### Subsequent Grants

On August 16 of each year, commencing August 16, 2001, through August 16, 2007, options will be granted to persons employed as Aircraft Appearance Technicians by the Company who have completed probation during the previous 12 months (except those receiving an Initial Grant on November 17, 2000). Options will vest annually on the anniversary of the Grant Date as follows:

Grant Date	STOCK OPTION VESTING SCHEDULE							
	Subsequent Grants							
8/16	8/16/01	8/16/02	8/16/03	8/16/04	8/16/05	8/16/06	8/16/07	Total Grant
2001	400	450	500	550	600	650	650	3,800
2002	0	400	450	500	550	600	650	3,150
2003	0	0	400	450	500	550	600	2,500
2004	0	0	0	400	450	500	550	1,900
2005	0	0	0	0	400	450	500	1,350
2006	0	0	0	0	0	400	450	850
2007	0	0	0	0	0	0	400	400

### Vesting Requirements

Options will vest on the applicable vesting date under the following circumstances, and no other:

- (a) For Optionees who are Employees of the Company on paid status and on the Aircraft Appearance Technician seniority list as of the applicable vesting date; and
- (b) For Optionees who are Employees of the Company on unpaid status and on the Aircraft Appearance Technician seniority list as of the applicable vesting date (e.g., medical leave, military leave, union leave, maternity leave etc.) who accrue hours of service during the calendar year prior to the year in which the vesting date occurs sufficient to qualify for a profitsharing contribution under the Company's Profitsharing Plan for such calendar year. By way of example, if an Optionee is on unpaid medical leave on August 16, 2001, but during calendar year 2000 accrues sufficient hours of service to qualify for a profitsharing contribution for 2000, such Optionee's options will vest on August 16, 2001, as if that Optionee had been on paid status as of August 16, 2001.

Provided, however, that options may vest for former Aircraft Appearance Technicians meeting the requirements set forth above (except the requirement for being on the seniority list), plus those set forth in paragraph 3(e) of the Plan.