

LETTER OF AGREEMENT

between

SOUTHWEST AIRLINES CO.

and

AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

Representing the

FACILITIES MAINTENANCE TECHNICIANS

In the service of Southwest Airlines Co.

LETTER OF AGREEMENT

This Letter of Agreement ("Agreement") is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Southwest Airlines Co. ("Southwest" or "The Company"), and the Aircraft Mechanics Fraternal Association ("AMFA" or "The Union") representing the Facilities Maintenance Technicians in the service of Southwest Airlines Co. The rates of pay, benefits, rules and working conditions applicable to Facilities Maintenance Technicians shall be the same as those in effect on March 14, 2011.

NOW, THEREFORE, the parties agree as follows:

I. 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 or Manager in writing or verbally for discussion and a possible solution. During this discussion, the Employee may be represented by his Shop Representative or Local Airline Representative. It is understood and agreed that decisions made at the first step of the grievance procedure by the supervisor or Manager, 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 on an official Union grievance form by the Employee or his Representative, signed by the Employee or his Representative, and presented to his Supervisor or Manager 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 or Manager of the Employee, who will send a copy to the grievant, Shop Representative and the Local Union Airline Representative, within seven (7) calendar days after he receives the written grievance.

- b. Within twenty-one (21) days after the receipt of the written decision of the Supervisor or Manager of the Employee, the Local Union Airline Representative may appeal such grievance to System Board of Adjustment by serving a written notice upon the Company directed to the Vice President of Labor Relations or his designee at the Company's office, of its intention to do so. If the System Board deadlocks, the Union may appeal the case to arbitration, as provided in Section II below, within thirty (30) days after the decision of the System Board is rendered.

2. Discharge and Disciplinary Procedure

- a. In the event a non-probationary Employee is suspended pending investigation and is subsequently found innocent of the charges, he will be paid for such lost time from work. Except as otherwise provided in this Agreement, new Employees hired after the ratification of this Agreement shall be regarded as probationary Employees for the first one hundred eighty (180) days of their employment and shall not be subject to a just cause disciplinary standard until this probationary period has been completed.
- 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 factfinding meeting is held between the Employee's Supervisor, the Employee, and his Union Representative. Written notice of the date and time of the fact-finding meeting will be provided to the Employee and the Airline Representative. A Shop Representative may be present at the fact-finding meeting if the Airline Representative is unavailable. Such meeting will be held within seven (7) calendar days of the date of the Company's written notice of its intent to take disciplinary action or the first day the Employee returns to work if the Employee is absent in excess of those seven (7) calendar days. 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 seven (7) 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 twenty-one (21) days after receipt by serving written notice to the Vice President of Labor Relations or his designee 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 Aircraft Mechanics Fraternal Association, the Company and the individual Employee or Employees to such dispute.

If the Board deadlocks, the Union may appeal the case to arbitration, within thirty (30) days after the decision of the System Board is rendered.

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 below.

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.
6. Grievances and notices of appeal may be submitted or replied to in writing, including electronically via email.

II. 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 National Mediation Board (NMB) 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 (7th) 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 (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.

III. 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.

IV. 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 Airline Representatives and shall notify the Vice President of Labor Relations or his designee, from time to time of their appointment or removal. The Vice President of Labor Relations or his designee shall notify the Union of the appropriate Company Representative hereunder.

3. The Union shall elect or appoint Shop Representative(s) as required to conduct Union business and shall notify the Company in writing of their election, appointment or removal. Upon request, the regular shift of a Airline Representative may be adjusted on a temporary basis, by mutual agreement between the Union and the Company, in order to allow the Airline Representative to fulfill his duties.
4. a. Shop Representatives shall be permitted reasonable time to investigate, present and process grievances within the scope of said Representative's station and shift on the Company property without loss of pay during his regular working hours. If a Representative is reasonably requested by management to delay an investigation of a grievance because of immediate work requirements, such Representative, if practical, shall cooperate with the request.

b. Time spent in handling grievances during the Airline Representative's or Shop Representative's regular working hours shall be considered hours worked for all purposes. It is understood that if a Airline Representative or Shop Representative 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 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 leave of absence procedures. 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 Airline 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 Airline Representative and the Local Manager to occur on a scheduled work day of the Employee(s) initial new hire training period.
7. In the case of any meeting or hearing involving an investigation which may lead to discipline, the covered Employee shall be advised of his right to have a Union Representative present.

V. UNION SECURITY

1. Every Employee in a 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 as a Facilities Maintenance Technician covered by this Letter of 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 of this provision) 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 provision.
 - a. If an Employee is laid off and is recalled from layoff he/she shall be governed by Paragraph 3 of this section.
 - 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 provision.
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 provision, 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 Vice President Labor Relations or his designee, that such Employee must become a member of the Union within the time limits specified in Paragraph 2 of this Provision 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 Provision, such new Employee has not become a member of the Union, the Union shall certify in writing to the Vice President Labor Relations or his designee, copy to the Employee, that the Employee has failed to become a member of the Union as provided in this Provision, 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 Provision does not become a member of the Union within the time limits specified in this Provision for Employees in his/her category covered by this Agreement, the Union shall notify the Vice President Labor Relations or his designee with a copy to the Employee, that such Employee has failed to become a member of the Union as required by this Provision 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 Vice President Labor Relations or his designee 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 Vice President Labor Relations or his designee, 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 Provision 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 Union Security section shall be subject to the following procedures:
 - a. Such Employee who believes that the provisions of this section 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 Provision. The request will be submitted to the Vice President Labor Relations or his designee, 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 Vice President Labor Relations 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 Vice President Labor Relations 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 Section.
10. No Employee or Employees covered by this Agreement or an Employee whose employment is terminated pursuant to the provisions of this Section or the Union shall have any claim for loss of time, wages or any other damages against the Company because of agreeing to this Provision or because of any alleged violation, misapplications, compliance or noncompliance with any provision of this Section, 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 Provision 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 Provision.
17. An Authorization for Payroll Deduction under this Provision, 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 Aircraft Mechanics Fraternal Association 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.”

VI. 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.

VII. DURATION AND TERMINATION

The terms of this agreement shall become effective immediately after the signing of this agreement; and shall remain effective until such time as this agreement is amended. Either party to this agreement may open this agreement for amendment with sixty (60) days notice to the other party.

IN WITNESS WHEREOF, the parties have signed this Agreement this ____ day of _____, 2011.

SOUTHWEST AIRLINES CO.

By: _____
Mike Ryan, Vice President Labor Relations

AIRCRAFT MECHANICS FRATERNAL (AMFA National)

By: _____
Louie Key, National Director