

AGREEMENT
BY AND BETWEEN
SOUTHWEST AIRLINES CO.
AND
THE MECHANICS
IN THE SERVICE OF
SOUTHWEST AIRLINES CO.

AS REPRESENTED BY
~~INTERNATIONAL BROTHERHOOD OF TEAMSTERS-AIRLINE DIVISION~~

AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

For the Period

~~AUGUST 16, 2001~~ AUGUST 16, 2008
to
~~AUGUST 16, 2005~~ AUGUST 16, 2012

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 Mechanics in the service of Southwest Airlines Co., as represented by The Aircraft Mechanics Fraternal Association ~~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.
4. Unless otherwise required by the context, whenever Lead Mechanic/Mechanic is used in this Agreement it shall apply to Aircraft Mechanic, GSE Mechanic, Plant Maintenance Mechanic, and Apprentice Mechanic.

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-6919 on January 27, 2003. 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. All aircraft maintenance work, plant maintenance work and ground equipment maintenance work is recognized as coming within the jurisdiction of the Union and shall be performed by Employees subject to this Agreement unless otherwise provided in this Article.
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, subject to this Article and the parties' subsequent agreements to increase work done in-house, (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, and (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 on a form agreed on by the parties. The Company will notify the Union of new or additional subcontracting in writing on a form agreed on by the parties.
 - i. 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 **in writing** of such belief not later than five (5) days after the receipt of such notification. **by registered or certified mail.**
 - ii. The Company and the Union shall proceed to resolve the issue up to and including the final and binding arbitration decision.
4. If mutually agreed between the Company and the Union, when Company facilities are available, in order to increase the opportunity for covered Employees to perform work which has customarily been contracted out (such as skin lap mods) or work which has not been customarily performed by covered Employees (such as work

required by new ADs), such work may be performed by covered Employees, without losing its character as work which has historically been contracted out or work which has not historically been performed by unit Employees on a regular basis under Section 3 above.

5. Southwest Airlines Mechanics shall continue to perform the existing three Heavy lines that are currently being conducted at Southwest Airlines facilities. Upon reaching a net fleet size of 621 airplanes the Company will add a fourth line of heavy maintenance. In the event aircraft are acquired as result of an acquisition of an airline or entity the Company and AMFA will meet to discuss the impact that such acquisition would have on the implementation of the fourth line of heavy maintenance. The Company and AMFA will also mutually agree on measurements that pertain to quality, span and man-hours that must be met in the existing three Heavy lines to preserve the intent of this Agreement prior to implementing and maintaining the fourth line of heavy maintenance.
6. All Y checks, all MSG-3 work, and all work currently designated as intermediate maintenance, including, but not limited to, C Checks, CVs, and HRON, is recognized as coming within the jurisdiction of the Union and shall be performed by Employees subject to this Agreement unless otherwise provided in this Article, regardless of whatever designation, name, or interval is applied to such work in the future.
 - a. The Company may schedule, on an event by event basis, any lower level maintenance requirement as part of a Y check visit or any other line of maintenance under the following limited circumstances:
 - 1) A maintenance task, structural inspection, inspection, modification or Airworthiness Directive including a half C may be scheduled into a "Y" check or other line of maintenance if; a) it is due during the maintenance visit; or b) it requires more than ten hours of elapsed aircraft down time to accomplish or complete corrective action; ~~or c)~~ Deferred Maintenance Items may be cleared if the area is accessed or inspected.
 - 2) Any C check item, up to but not including a ½ C Check, or MEL/CDL ~~,~~ that is due during ~~,~~ or within 15 days of an aircrafts' planned return to service ~~,~~ may be scheduled into the "Y" check or other line of maintenance ~~line~~.
7. The Company shall not, directly or through an affiliate, own or acquire a controlling interest in any new repair station, or in any other entity, except for an air carrier, which repairs or maintains aircraft within the United States, unless Employees covered by this Agreement perform the entity's repair or maintenance work.
8. The Company shall not, either directly or through an affiliate, sell, lease, or otherwise transfer or dispose of any of its maintenance facilities, in whole or in part, without the Union's written consent. Notwithstanding the above prohibition, the Company may, without the consent of the Union:

- a. sell, lease or otherwise transfer the above referenced maintenance facilities as part of a sale, lease or transfer within a twelve (12) month period of all, or substantially all, of the Company's assets;
- b. enter into a joint venture, or other financial arrangement, with a third party for the sole purpose of obtaining financing for capital improvements to the Company's facilities or equipment, provided that,
 - 1) the Company maintains a controlling interest in the entity created by any such joint venture or other financial arrangement, and
 - 2) under the terms of any such joint venture or other financial arrangement, the Employees covered by this Agreement shall perform all of the aircraft, plant and ground equipment maintenance work for such entity.

9. Work that is customarily performed by Mechanics on the Southwest Airlines Co. System Seniority List within the United States, its territories or possessions shall not be moved to an international location without the Union's consent.

10. Notwithstanding the Company's ability to contract out work pursuant to Paragraph 3 of this Article 2, when any new aircraft type is ordered, or acquired, by the Company for addition to the Company's fleet, an adequate number of Southwest Mechanics will be trained and will perform the maintenance and repair work on such new fleet types. The training shall be conducted in accordance with Article 7 of this Agreement.

11. The Company shall not engage in blended work without the written consent of the Union's designee. The consent shall be based upon the criteria set forth in Article 2 paragraph 3. For purposes of this Agreement, the term "blended work" shall mean maintenance and repair work performed by persons other than Employees covered by this Agreement at locations where Southwest maintenance personnel are stationed and on-duty and such work is comprised of tasks customarily performed by Mechanics on the Southwest Airlines Co. System Seniority List.

12. If the Union believes that the Company is abusing the foregoing subcontracting exceptions, or is otherwise violating the provisions of this Article, the matter shall be grieved and the parties shall attempt to resolve their dispute in conference. Failing resolution, at the Union's option, the Company will arbitrate any grievance filed by the Union alleging a violation of this Article 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 ten (10) calendar days of filing, an arbitrator shall be selected pursuant to Article 22 of this Agreement. The dispute shall be heard no later than forty-five (45) days following submission to the System Board of Adjustment (subject to the availability of the arbitrator) and shall be decided no later than thirty (30) days following submission unless the parties otherwise agree in writing.

13. 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.

14. 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, assign, assignee, transferee, administrator, executor, trustee, consolidated or merged corporation, and the Company agrees that it will not sell, merge, or in any, manner transfer its control over operations unless the successor, merging, or acquiring company expressly agrees to be bound by the rates of pay, rules, and working conditions prescribed by this Agreement, and such assumption is included as a material and irrevocable condition of such transaction. 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 rates of pay, rules, and working conditions prescribed by this Agreement until, changed in accordance with the Railway Labor Act.
 - 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 pending resolution of any question of representation by the National Mediation Board, and adhere to this Agreement until it is changed in accordance with the requirements of the Railway Labor Act.
 - c. The Company 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 prior to executing a definitive agreement for any such transaction. 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 under suitable arrangements for protecting the confidentiality and use of such information.
 - 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, and the successor air carrier will assure, the fair and equitable integration of the pre-merger Mechanics Seniority List in accordance with Sections 3 and 13 of the Allegheny-Mohawk LPPs.

- e. In the event the Company agrees with any other contractual bargaining unit for any additional protections or benefits with respect to pay; seniority integration; or job security in the event of a transaction described in Section 2.a above, then such additional protections or benefits shall also apply to the Employees covered by this Agreement.
3. In the event Southwest Airlines Co., after the effective date of this Agreement, establishes a new Part 121 carrier that will not be operationally merged with the Company, 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 ~~Aircraft Mechanics Fraternal Association 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 event Southwest Airlines Co., after the effective date of this Agreement, acquires a controlling interest in an existing Part 121 carrier that is not merged with the Company, it is agreed that the Company or the surviving or acquiring carrier, if different than the Company, shall guarantee that it will:
 - a. keep separate the operations of the Company and any other carrier at all times prior to any subsequent merger of operations and the concomitant integration of mechanic collective bargaining agreements and of mechanic seniority lists, whichever is latest; and
 - b. forbear from interchanging or transferring Southwest mechanics or aircraft to the acquired carrier without the Union's consent; and
 - c. assure that the mechanics on the Company's system seniority list prior to the acquisition perform all covered work, in accordance with this Agreement and accepted past practice, with respect to all aircraft on hand at the Company, all aircraft on firm order to the Company, as of the acquisition date (upon delivery), and all aircraft later acquired by the Company; provided that nothing herein shall be understood as awarding the Company's mechanics work not covered by, or excepted from the coverage of, this Agreement at the time of the transaction; and provided further that nothing herein shall be construed to prevent fleet reductions which the Company can demonstrate are attributable to economic or other reasons not related to the acquisition, or the retirement of existing aircraft in the normal course of business; and
 - d. meet promptly with the Union to negotiate any additional terms and conditions to be in effect as long as the two operations are operated separately.
5. 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.

6. 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 INSPECTORS

- a. A Lead Inspector shall be an Inspector who is charged with the responsibility of leading, directing, instructing, and on-the-job training of Inspectors, and may accept work when previously rejected by any Inspector. The work of a Lead Inspector will consist of the overall inspection of aircraft (including power plant) in connection with major repairs and/or overhaul. The work of a Lead Inspector will include major and intermediate checks, the inspection of materials, parts and sub-assemblies, but shall not necessarily include the inspection of materials, parts and sub-assemblies required of a Mechanic to accomplish his own work.
- b. Lead Inspectors must be capable of performing the duties described above in connection with the inspection work assigned and must hold such valid licenses as are required by Federal Law to fulfill their duties as Inspectors.
- c. Whenever three (3) or more Inspectors are on duty on the same shift within a bid location, one shall be a Lead Inspector and no Lead Inspector will be required to lead and direct the work of a group totaling more than eleven (11) other on duty Inspectors.

2. INSPECTORS

- a. The work of an Inspector will consist of the overall inspection of aircraft (including power plant) in connection with major repairs and/or overhaul. The work of an Inspector will include major and intermediate checks, the inspection of materials, parts and sub-assemblies, but shall not necessarily include the inspection of materials, parts and sub-assemblies required of a Mechanic to accomplish his own work.
- b. Inspectors must be capable of performing the duties described above in connection with the inspection work assigned and must hold such valid licenses as are required by Federal Law to fulfill their duties as Inspectors. Inspectors will not be required at line stations or on field trips unless inspection work is determined necessary by the Company.

3. LEAD MECHANIC

- a. A Lead Mechanic shall be a Mechanic who, as a working member of a group, is charged with the responsibility of leading, directing, instructing, on-the-job training and approving the work of his assigned group. Lead Mechanics may be

required to sign for their own work and the work of others in their group, provided, however, that such signing shall not relieve any other member of his group of license requirements and legal responsibility for the work he has performed or from being required to complete and/or sign appropriate Company work records. Lead Mechanics must be capable of performing the duties described above in connection with the work assigned, and must hold valid Federal licenses as required by Federal Law for their assignment.

- b. Whenever three (3) or more Mechanics are on duty on the same shift within a bid location, one shall be a Lead Mechanic and no Lead Mechanic will be required to lead and direct the work of a group totaling more than eleven (11) other on duty Mechanics.

4. MECHANIC - AIRCRAFT

The work of the Mechanic shall include all work generally recognized as Mechanic's work performed by the Company in its airline operations in and about Company shops, maintenance bases and maintenance stations, including but not limited to checks, dismantling, overhauling, repairing, fabricating, assembling, welding, erecting and painting all parts of aircraft, aircraft engines, radio equipment, instruments, electrical systems, heating systems, hydraulic systems and machine tool work in connection therewith. Mechanics must hold valid Federal licenses as required by Federal Law for their assignment. ~~The work of Mechanic shall include the receiving and push out of aircraft at the Dallas terminal only. The function of wing walking, disconnecting the aircraft tow bar and headsets may be performed by any Southwest Airlines ramp Employee under the supervision and direction of a Dallas base Mechanic operating the tug, whenever more than one aircraft is to be received or pushed out at the same time and sufficient Mechanics are not available at the gate to accomplish these tasks to maintain the schedule. Ramp personnel will be used when requested by the Lead or Mechanic on duty.~~

5. MECHANIC - PLANT MAINTENANCE

The work of a Plant Maintenance Mechanic shall include the maintaining, dismantling, altering, repairing, and erecting of buildings, hangars, ground offices, office equipment in and about the maintenance facility, field equipment, aircraft related equipment and all work generally performed by plumbers, painters, sheetmetal workers, electricians, carpenters, machinists, welders, masons and heating and air conditioning company systems and all electrical and control circuits pertaining to all of the plant, building and facility installations. At stations where no Plant Maintenance Mechanics are assigned, Aircraft Mechanics may be assigned their duties if qualified.

6. LEAD MECHANIC - GROUND EQUIPMENT

- a. A Lead Mechanic in Ground Equipment shall be a Mechanic who as a working member of a group is charged with the responsibility of leading, directing,

instructing on-the job training and approving the work of his assigned group. Ground Equipment Lead Mechanics must be capable of performing the duties described above in connection with the work assigned.

- b. It is understood that whenever three (3) or more Ground Equipment Mechanics are on duty on the same shift, one (1) shall be a Lead and no Lead will be required to lead and direct the work of a group totaling more than eleven (11) other on duty Mechanics.

7. MECHANIC - GROUND EQUIPMENT

The work of a Ground Equipment Mechanic shall include mechanical maintenance work performed in dismantling, repairing, fabricating, welding, altering, painting and maintaining automotive and ramp equipment and components thereof. At stations where Ground Equipment Mechanics are not assigned, Aircraft Mechanics may be assigned their duties if qualified.

8. APPRENTICE LEAD MECHANIC

The work of the Apprentice Lead Mechanic will include providing on the job training for the assigned apprentices, daily task reports, and monthly progress reports. The Apprentice Lead Mechanic will be required to work closely with the Apprentice Training Supervisor and the Apprentices ensuring training requirements for the specific areas are met. The responsibilities include but are not limited to:

- a. Coordinating work with the other Lead Mechanics/ Supervisors for accomplishment of specific training requirements as outlined in the Apprentice Mechanic and Training Lead Guide.
- b. Responsible for leading, instructing, mentoring, and observation of work being accomplished by assigned Apprentices.
- c. Completion of daily task reports, OJT records, and progress reports.
- d. Observe, advise, guide, and lead Apprentices and enlist the expertise of other Mechanics.

9. LEAD MECHANIC - PLANT MAINTENANCE

- a. A Lead Mechanic in Plant Maintenance shall be a Mechanic who as a working member of a group is charged with the responsibility of leading, directing, instructing on the job training, and approving the work of his assigned group. He shall provide and procure materials, tooling, and equipment as necessary for his group to perform their assigned duties. Plant Maintenance Lead Mechanics must be capable of performing the duties described above in connection with the work assigned.

- b. It is understood that whenever three (3) or more plant Maintenance Mechanics are on duty on the same shift, one (1) shall be a Lead and no Lead will be required to lead and direct the work of a group totaling more than eleven (11) other on duty Mechanics.
10. 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, inclusive of a meal period of not to exceed thirty (30) minutes for the graveyard shift, and exclusive of a meal period not to exceed thirty (30) minutes for all other shifts, 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, inclusive of a meal period of not to exceed thirty (30) minutes for the graveyard shift, and exclusive of a meal period not to exceed thirty (30) minutes for all other shifts, 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 basis, 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 5:00 a.m. and no later than 8:30 a.m.
 2. The afternoon shift shall start no earlier than 1:00 p.m. and no later than 4:00 p.m.

3. 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 wherever phased B/C checks are performed. It is further agreed that at Line RON locations where ten (10) hour shifts are currently available, such ten (10) hour shifts will continue to be available, unless mutually agreed between the Company and the Union.
 - a. Notwithstanding the provisions of Article 6, on a voluntary basis, by mutual agreement between the Company and the Employee, "C" Check Employees regularly scheduled to work can arrive up to two (2) hours prior to their scheduled start time in order to assist in any type of early "C" Check tasks. Such Employee, at his option, can end his shift up to two (2) hours prior to the regular stopping time without penalty or receive the applicable overtime rate for all hours worked in excess of ten (10) hours. If the Company requires additional Employees to assist in early tasks due to an insufficient number of volunteers, Article 6 will apply to all callouts made by the Company.
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
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 seven (7) calendar days. Vacancies will be awarded first within the local station in the classification involved. Any remaining vacancies will be filled in accordance with the provisions of Article 10.
 - c. Employees may bid on a vacant/new shift and any other shift that might become available as a result of the awarding of a vacant/new shift (trickle-down). The Employee shall indicate on their original bid, in order of preference, any other shifts they desire. Therefore, when the Company awards the successful bidders on the original vacancy, it will simultaneously award successful bidders on any other secondary vacancies that occur.
11. Employees whose permanent shifts are changed by greater than two (2) hours due to work schedule/day off changes will be permitted to exercise their seniority for shift selection within their classification.
 - a. In the case of a realignment, hours of service and days off of new shifts shall be bid locally by a station bulletin for a period of seven (7) calendar days. Vacancies will be awarded within the local station in the classification involved by seniority.
 - b. The Company has the right to realign maintenance stations during the annual rebid with no change in station headcount or change in individual classifications headcount.
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. On or before October 15 of each year, the Company will provide a complete list of Shifts/Days Off within each Classification and Station. This list will be posted in each primary work area for at least fourteen (14) days before the annual re-bid begins.
 - b. At the same time the above described list is posted, a Station Seniority List will be posted. The list will have a date and time adjacent to each name indicating when each person will bid.
 - c. During the first seven (7) days after the list of Shifts/Days Off is posted for the annual bid, a Lead Mechanic, Lead Inspector, or Inspector desiring to return to his basic classification for the annual bid must submit notice that he will do so. Provisions of Article 10, Paragraph 13c must be completed before the annual

rebid procedure begins in order for those persons to exercise their Seniority in their new Classification.

- d. The Company will provide a telephone number expressly for the re-bid which will be manned twenty-four (24) hours per day.
- e. Each person will be allotted a fifteen (15) minute period in which to bid for available Shifts/Days Off within their Classification and Station; the bid may be completed either in person or by telephone. Anyone who cannot appear in person or make the telephone call can submit their bid on a form provided by the Company and turn it in no later than 07:00 a.m. on the day prior to the day on which they are required to bid. (Example: The person is due to bid at 3:00 p.m. Wednesday; the bid may be turned in no later than 7:00 a.m. Tuesday, or the person may appear in person or call in at 3:00 p.m. on Wednesday.)
- f. Anyone failing to complete the procedure as described will be bypassed. Anyone who has been bypassed, but later appears in person or calls to bid, may bid only after the person in whose authorized time period they appear or call. Annual re-bid shall be completed and posted by November 15, **unless an extension of time is mutually agreed to by the Company and the Union.**

- 13. No overtime will be paid as a result of an employee changing his days off or shift by rebidding. However, if any arbitrary assignment is made by the Company in his shifts and/or days off, the applicable overtime rule will apply.
- 14. If the bid process is automated, Employees shall follow reasonable procedures, which shall be established by mutual agreement between the Company and the Union.
- 15. The following shall be recognized as bid locations by station or shift for the purpose of this Agreement.

- | | |
|---------------------------|----------------------------------|
| 1. Line Service | 12. Sheet Metal Shop |
| 2. B/C Check | 13. Engine Shop |
| 3. Shop/Line Relief* | 14. APU Shop |
| 4. Ground Equipment | 15. Slide Shop |
| 5. Ground Equipment Shops | 16. Receiving Inspection |
| 6. Plant Maintenance | 17. Shop Inspection |
| 7. Structures | 18. B/C Check Inspection |
| 8. Structure Support | 19. Engine Shop Inspection |
| 9. Line R.O.N. | 20. Line/Hangar R.O.N.Inspection |
| 10. Hangar R.O.N. | 21. Structures Inspection |
| 11. Composite Shop | |

* When reassigning a Mechanic in. the Shop/Line Relief bid location from the Shop to the Line, or returning from the Line to the Shop, selection shall occur in the following order:

1. Volunteers, in seniority order, from among Mechanics working in their bid location on their regular shift;
2. Volunteers, in seniority order, from among Mechanics working in the bid location on day/shift trades or overtime;
3. When insufficient volunteers are available, by reverse seniority order from among all Mechanics on duty in the bid location, including those on their regular shift, day/shift trades, or overtime.

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, depending on the size and needs of the station.

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 hour overtime. (Example: An Employee who works 6 minutes of overtime will be paid for one hour; an Employee who works one hour and 6 minutes will be paid for 1.1 hours.)
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 and Employees not on shift will be given a minimum of eight (8) hours notice of overtime. If given less than two (2) hours notice for Employees on shift or eight (8) hours notice for Employees not on shift, 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 December 30 of each year, all Employees will be reduced to zero overtime hours and the category seniority list will prevail in establishing a new overtime call sheet. The new zeroed list will be used on December 31 for the January 1 callout.
 - b. For the purpose of distribution of overtime, there shall be three (3) general Employee classifications:
 - Aircraft Mechanics
 - Ground Equipment Mechanics
 - Plant Maintenance Mechanics
 - 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 one and one-half applicable overtime rate.
 - e. Probationary Employees will not be eligible to work overtime unless the overtime call-out list has been exhausted. New Employees completing probation or Employees transferring to a new or existing station 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 overtime call-out system (OTCS) 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. When an Employee goes on paid rest, overtime hours worked up to that time may be added to his accumulated hours. (To be implemented uniformly when the Company can administratively support it.)
 - k. 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 in the overtime call-out system (OTCS). ~~on the bulletin board.~~
 - l. 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.
 - m. An Employee may work overtime (other than his regular shift) on a vacation day, floating holiday, or the day of a shift/day trade (but not on a sick day, and will be paid at regular overtime rates (not holiday rates). In such a situation, vacation or floating holiday hours paid shall not count as hours worked for purposes of the applicable overtime rate calculation.
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 the~~ overtime call-out system (OTCS) 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 up in the overtime call-out system (OTCS) callbook, this constitutes his agreement to work overtime on the day for which he signed. ~~The deadline for Employees to sign up for overtime shall be 3:00 p.m. local time at each station, each day, for overtime to be worked the following day. Employees who desire to cancel requested overtime after the 3:00 p.m. closing of the overtime call-out list must contact their Supervisor to cancel their request. If~~

~~the overtime callbook is automated, Employees shall sign up for overtime in accordance with reasonable procedures, which will be established by mutual agreement between the Company and the Union.~~

- b. The overtime call-out system will have an "auto accept" feature that expires at 9:00 p.m. local time the day prior to the overtime to be worked. All overtime requirements arising after 9:00p.m. local time shall be treated as same day call-outs.
- c. Employees who sign-up for overtime utilizing the OTCS website may select their shift preferences by indicating: "Any", to sign-up for all three (3) shifts; "No more than 2", which shall indicate two (2) shifts; or "No more than 1", which shall indicate one (1) shift.
- d. The OTCS sign-up screen for each Southwest Airlines maintenance station that has Inspectors shall include a block for Inspection overtime.
- e. The OTCS sign-up screen shall also include a block for sheet metal work. Employees who check the sheet metal block are indicating their willingness to perform sheet metal work. Employees who check the sheet metal block shall be selected first for sheet metal overtime call-outs except in Dallas where there is a structures crew.
- f. ~~b.~~ In making an overtime callout, the Company or its designee will contact the Employee in the overtime call-out system (OTCS) ~~callbook~~ that can cover the full shift and that has the least amount of overtime first, next least, second, etc. If there is no one in the overtime call-out system (OTCS) ~~callbook~~ that can cover the full shift then the assignment will be made to the Employee in the overtime call-out system (OTCS) ~~callbook~~ who has the least overtime first, next least, second, etc., provided such Employee can cover at least half the shift. If sufficient amount of overtime is not obtained by the use of the overtime call-out system (OTCS) ~~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. In making an overtime call-out, the Company shall start at the top of the call-out list for each new overtime requirement on any given day.
- g. In paragraph ~~b. f.~~ above, in determining whether an Employee can cover a full shift only an overlap of two (2) hours or less will be ignored.
- h. 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.
- j. The overtime call-out system (OTCS) shall make available to all Employees covered by the Agreement both the complete and condensed versions of the overtime reports, including, but not limited to, the Employee sign-up, the Employee's personal total overtime record, the call-out list, the call history log,

the overtime acceptance list, the overtime hours report and the requested overtime report.

k. Any future change or modification to the overtime call-out system (OTCS) procedures will be established by mutual agreement in writing between the Company and the Union.

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 (excluding any shift/day trades) or more must be given a rest period of at least eight (8) hours before being required to report to work again if requested by the Employee. In the event that this rest period extends into a regular work shift, (excluding any overtime or shift/day trade 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.

d. An Employee whose shift ends after working twenty (20) consecutive hours but not greater than twenty-four (24) consecutive hours (including any shift/day trades) will be given a mandatory rest period of at least eight (8) hours before being allowed to report to work again. In the event that this rest period extends into a scheduled work shift after at least twenty (20) consecutive hours the Employee will be paid for such time lost at his regular straight time rate.

e. Employees which have been on shift and on the clock for twenty-four (24) consecutive hours or more will not be subject to any mandatory overtime selection process.

f. When an Employee receives at least an eight hour rest period, such Employee's twenty-four (24) hour clock will be reset for pay purposes in determining applicable rate of pay.

12. Temporary supervisors shall not work overtime on work covered by this Agreement until they return under the Agreement at straight time to their regularly scheduled shift/bid location, at which time they go back on the overtime list in the same position before the temporary supervisor 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. By a majority vote of Employees on any crew in a bid location, the holiday may be changed to another day within seven (7) days of the generally recognized holiday. The Employees shall notify the Company of such change within 48 hours after the posting of the notice of time off prescribed in Article 6, Section 16a. In such a situation, all holiday scheduling and premium pay provisions shall apply on the chosen holiday rather than the generally recognized 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 (straight time) 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. (See Section 14.c for traded holidays.)
 - g. For all overtime hours worked on a holiday (except a floating 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).
- c. If an Employee chooses to trade a generally recognized holiday (or, if applicable, the holiday chosen by the crew under Section 13.b) for a floating holiday, the Holiday Bonus (straight time) will be paid on the floating holiday. In such a situation, however, all holiday scheduling and premium pay provisions shall apply on the generally recognized holiday (or, if applicable, the holiday chosen by the crew under Section 13.b), and not on the floating holiday.

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/shift where reduced manpower is acceptable to the Company operations, volunteers to work will be solicited from that bid location/shift, including Employees who have traded the holiday.
- 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/Shift)
- 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/Shift)

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. Training classes will be filled by the following process: The Company will provide a bulletin board and training signup book at each work location. The bulletin board will list all available classes for a quarterly period. Each class will have a separate signup sheet with the date the class signup period will close. Selections will be made in order of seniority from people who have not attended the course from the selected bid/shift locations. Written notification of training will occur at least two weeks prior to the start of the class. The Company will also post the attendees of a course when the notification is confirmed. This process does not apply to mandatory training.
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).
6. The Company agrees to provide **all covered** Employees with one week of annual training, including classroom, self-study, and on the job training, during the term of this Agreement.

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.
 - d. Notwithstanding paragraph 2.b. of this Article 8, an Employee who has performed 24 or more consecutive hours of work prior to being released shall have such rest period paid in accordance with Article 6, paragraph 11.d.
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, including reasonable and actual expenses for meals. 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. If it is known that a field trip will involve an overnight stay, at least two Southwest Mechanics will be sent.

8. Notwithstanding Article 8 paragraph 7, a minimum of two (2) Aircraft Mechanics will be dispatched for emergency field service work where SWA Aircraft Mechanics are not available to adequately support the requirement. If the maintenance performed is a known RII requirement, an authorized Inspector will be dispatched, in addition to the field service Mechanics, to perform buy back duties; priority will be given first to General, second to Alternate, and third to One time RII. For unanticipated RII field service requirements where only one aircraft mechanic is required to perform the maintenance task, the second Aircraft Mechanic may be upgraded to perform the inspection provided under no circumstances either Mechanic will be requested/required to inspect his own work.-

9. 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. If the assignment is refused, the next Employee in line will be contacted, etc., until the required personnel are attained in accordance with subsection c. below.

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. Employees which have been on shift and on the clock for sixteen (16) consecutive hours or more will not be eligible for any field service trip and will not be subject to any mandatory selection process. If forced to mandatory out of seniority order, and time permitting, an alternate bid location/city shall be chosen for the field service event.

d. Maintenance Control will notify the Line Maintenance Supervisor and/or Quality Control Supervisor (if applicable) of a requirement for field service. The Supervisor at the selected bid location and shift will:

- i) Select the personnel on the selected shift in accordance with the field trip list;
- ii) If there are insufficient volunteers, and time permitting, an alternate bid location/city may be chosen;
- iii) If there are insufficient volunteers from the original or the alternate bid location/city, volunteers may be selected from Employees who may be working overtime or a shift/day trade in either selected location in accordance with their seniority;
- iv) If there are insufficient volunteers, Mechanics will be selected in reverse order of seniority from the originally selected bid location (including those on a shift/day trade and overtime). Only lack of qualifications by admission of the selected individual or being on the hardship list will disqualify that individual from the field trip.

e. 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, along with any special authorization held, such as engine run, taxi, RII, etc. These authorizations many times determine the qualifications necessary for selection of a specific trip.

In case of extenuating circumstances (mutually agreed upon by the Company and the Union) an Employee may have his/her name added to or removed from the eligible field trip list on an individual basis due to hardship. Such determination shall be made annually or with a change of shift or bid location.

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.

f. 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.

10. Field service trip list procedures will be used in making out of town assignments for bid locations, such as Line RON and ground service that require out of town travel as a part of their regular duties.

11. If three (3) or more Mechanics are assigned to a field trip, the senior person desiring the lead position will be assigned as lead.

12. Any air transportation provided by the Company for field service will be by multiengine aircraft with two pilots.

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:

Mechanical Category - Shall include Employees in the classification of Inspector, Aircraft Mechanic, Ground Equipment Mechanic, Plant Maintenance Mechanic, and Lead Mechanic and Lead Inspector where applicable.

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.

- f. An Employee who has been displaced from his station, and exercises his seniority to another station at the time of displacement will have a one time first recall right back to the station and classification from which he was displaced for a two year period. If more than one Employee has a first recall right, positions will be awarded by category seniority among the displaced Employees.

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 ratification date of this Agreement shall be regarded as probationary Employees for the first one hundred eighty (180) days of their employment and there shall be no responsibility on the part of the Company for the reemployment of probationary Employees if they are discharged or laid off during this period. ~~(Employees on probation as of the date of ratification shall be on probation for the first ninety (90) days of their employment.)~~ 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 **Aircraft Mechanics Fraternal Association IBT 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 to the **Aircraft Mechanics Fraternal Association IBT 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 therefore.
 - 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.
10. When it becomes necessary to reduce the working force, a list of those to be laid off will be furnished to the [Aircraft Mechanics Fraternal Association IBT Airline Division](#). (See Article 18).
11. Employees promoted to permanent supervisory position shall stop accruing seniority in the categories from which they have advanced. Thereafter, they shall retain accrued seniority. 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 furloughed from his supervisory position may not use his category seniority to displace any other Employee at the time of furlough. The furloughed supervisor'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.
12. Any Employee accepting temporary transfer or promotion to a supervisor or non-bargaining unit job for a period not to exceed a total of seventy-five (75) 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. For the purpose of temporary assignments, calculated time shall include all days from the start of

the temporary assignment until the Employee returns to his/her regularly scheduled shift/bid location.

~~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. For the purpose of temporary assignments, calculated time shall include all days from the start of the temporary assignment until the Employee returns to his/her regularly scheduled shift/bid location.~~

13. Employees shall continue to accrue seniority while serving as a Union representative under the Aviation Safety Action Program (ASAP)

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 within 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 application. All vacant positions (no successful bids) will be posted at least once a month, or anytime an additional vacancy occurs. Vacant positions can only be filled under the provisions of Articles 5 and 10.
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 13 of this article.
4. Temporary vacancies of more than thirty (30) days in the Mechanic 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 Mechanic or Lead Inspector 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. Lead Mechanics or Lead Inspectors working out of their classification in that work group will be utilized first. (E.g. a Lead Mechanic or Lead Inspector on day/shift trade or overtime working as a Mechanic.)
7. Temporary vacancies of 30 days or less for Inspectors will be filled on a daily basis by seniority preference with a General Inspector working out of his classification in that work group first; if there are none, then the overtime callout procedures will be utilized for General/Alternate Inspectors. If there is still a vacancy, the Alternate Inspector on duty in that work group will be utilized by seniority preference.
 - a. Temporary vacancies of more than thirty (30) days in the Inspector classification will be filled within the station and classification utilizing the posting and bid procedures described in Article 5, Paragraph 10, with no Article 10 bid for a

- temporary Inspector vacancy. The unfilled position remaining will be filled pursuant to Article 10, Paragraph 7 above. When the Employee whose absence created the temporary vacancy returns to work, all affected Employees in the Inspector classification will return to their former positions, shifts and days off.
8. 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 Employees 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.
 9. A nonprobationary Employee may bid on any bulletined vacancy, created as a result of a new or vacant position. A probationary Employee may bid on any bulletined vacancy created as a result of a new or vacant position in his/her Station/Base.
 - a. A Ground Equipment or Plant Maintenance Mechanic may not bid back as an Aircraft Mechanic except on a posted permanent vacancy.
 10. An Employee bidding for more than one (1) vacancy shall indicate the order of preference on each bid, and if he is the senior bidder for more than one (1) vacancy, he shall have the opportunity to qualify only for the job ranked highest in his preference. Reference Article 5, Paragraph 10.c. (trickle-down).
 11. After applying the provisions of Article 5, Paragraph 10.b., except as noted below, in filling bulletined jobs, assignment will be made to the senior qualified Employee who bids for the job. Notification to the successful bidder shall be made within seven (7) days after the closing date. If the job is not filled through the bid procedures the Company reserves the right to hire a new Employee for the position. Note: A Lead Inspector vacancy shall be bid and filled from within the Inspector classification at the facility affected. If the vacancy is not filled through the procedure provided in the preceding sentence, then it shall be filled as otherwise provided in this Article.
 12. A successful bidder of a bulletined job covered by this Agreement shall hold the job to which he is assigned for a fair and reasonable period of time not to exceed ninety (90) days (consecutive) on a trial basis in order to demonstrate his ability to perform the work required for the job. If the Employee fails to demonstrate the ability to perform the work required for the job, he shall return to his previous assignment. If it is found that the job is not as represented in the bulletin, he may return to his previous assignment. He shall not, in case of failure to demonstrate ability, for a period of six (6) months after said failure, be permitted to bid a vacancy in the same or higher classification in the same type of work he was unable to demonstrate ability.
 - a. Within thirty (30) days if an Employee has been awarded a bid job he shall be placed on said job unless an extension of time is mutually agreed to by the Union and the Company. If the bid job involves a promotion, the rate of pay and seniority will start immediately upon award, if the job involves an existing

vacancy. If the job involves an anticipated vacancy the posting will state an award date. In such case the award and pay shall start on the stated award date.

- b. For bidding purposes, a successful bidder of a bulletined job covered by this Agreement shall be considered to hold the job from the award date of the bid, not the effective date of the bid.

13. If a Lead Mechanic, Lead Inspector, or Inspector desires to return to his basic classification, the following provisions will apply:

- a. Within his station and without a permanent vacancy occurring, such Employee will be allowed to do so provided the vacancy created by his return is filled through the bid process within his station. If the vacancy is not filled through the bid process, he shall not be permitted to return to his basic classification. A contingent vacancy bid will be held to determine if any qualified Employee in the same station bids the position. The remaining Lead Mechanics, Lead Inspectors or Inspectors in that station will re-bid shifts and days off and the replacement Lead Mechanics, Lead Inspectors, or Inspectors will assume whatever shifts and days off remain. A re-bid of shifts and days off will be held within the Employee's basic classification and station, and the Employee returning to his basic classification will be assigned to the shift and days off remaining open following the rebid. The effective date of the replacement and the return to the basic classification will be on the same date as the newly bid shifts take effect.
- b. Within his station and with a permanent vacancy existing in his basic classification not filled through Article 5 and 10 bid, such Employee will be permitted to return to his basic classification upon written notice to the Company. The contents of the letter will contain the date of return and the position desired. The vacancy created from this process will then be posted and awarded per the provisions of Articles 5 and 10.
- c. For the purpose of the annual bid as referenced in Article 5 paragraph 12c, all permanent or contingent vacancy bids will be awarded prior to the start of the annual bid process as outlined in Article 5. The effective date for all awarded positions will be January 1st of the following year. Employees awarded a position in another classification on a permanent or contingency bid will remain in their current bid position/classification until December 31.

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, with a maximum of 80 hours:

Months of service as of January 1

| | |
|-----------------|-------------------|
| 1 Month 1 Day | 7 Months 6 Days |
| 2 Months 2 Days | 8 Months 7 Days |
| 3 Months 3 Days | 9 Months 8 Days |
| 4 Months 4 Days | 10 Months 9 Days |
| 5 Months 4 Days | 11 Months 9 Days |
| 6 Months 5 Days | 12 Months 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 forty (40) hours of vacation not to be taken in the calendar year will be paid to the Employee, provided the Employee has been on paid status for a majority of the calendar year in which the vacation is paid, and for a majority of the previous calendar year (in which it was earned). The Employee may elect to have such days paid on the 20th of the month by giving the Company notice thereof no earlier than the 1st of the month, and no later than 7:00 a.m. on the 15th of the month, 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. After the effective date of this contract, annual vacation bids will begin on November 16 and end by December 15. 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. 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.

8. 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 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.

9. In case of an emergency situation, by mutual agreement between the Company and the Employee, an Employee may borrow up to 80 hours of vacation which would be taken in the following calendar year. In the event such Employee leaves the service of the company before he becomes entitled to receive such vacation, the amount of such vacation pay shall be deducted from his last paycheck (or offset against the amount he would otherwise receive under Paragraph 5, above, as appropriate).

10. If the annual vacation bids are automated, Employees will bid for vacation in accordance with reasonable procedures, which will be established by mutual agreement between the Company and the Union.

11. If at any point during the duration of this Agreement, should another bargaining group obtain a vacation carry forward policy, the Company agrees to meet with AMFA to

| discuss the terms and conditions of implementing a vacation carry forward policy for Employees covered under this Agreement.

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. **It is the responsibility of each Employee on an approved Leave of Absence to notify the Company of any contact information changes. (e.g., phone number, mailing address, email address)**
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 full time position with the Union shall continue to accrue seniority until he/she returns to his/her original position. For Union positions, the Union must notify the Company whether or not 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 under this paragraph will be extended if requested by the Union and agreed to by the Company up to a maximum of a six (6) 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 two thousand (2000) hours. Upon termination of employment, accrued sick leave will not be paid. However, upon retirement at age sixty-one and one-half (61 ½) 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 nonoccupational 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 two thousand (2000) 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 personal injury or personal illness. 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 ninety (90) hours during the month.
10. Sick leave ordinarily will not be charged 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 a 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. **It is the responsibility of each Employee on an approved Leave of Absence to notify the Company of any contact information changes. (e.g., phone number, mailing address, email address)**
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 and/or vacation time. Employees will continue to receive health care benefits (medical, dental, prescription, etc.) during the period of such salary continuation, plus the continuous period equivalent to any accumulated sick leave and vacation (whether taken or not), plus one hundred twenty (120) calendar days. At the end of such period of coverage, health care 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, unless such Monday is a holiday, in which case Employees will be paid on the preceding Friday. If a regular payday falls on a Monday which is a Company-recognized holiday, Employees will be paid on the following Tuesday. Employees shall be paid during their regular working hours.
4. Where there is a shortage equal to one-half ($\frac{1}{2}$) 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 from 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-six (56) 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 5:00 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 sixty-three (63) 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 sixty-three (63) cents shift premium for all hours worked.
11. At the conclusion of each year of category seniority an Employee accrues, his pay shall be increased by \$0.10/hour up to ten (10) years. Employees completing eleven (11) years will receive \$1.15/hour. Employees completing twelve (12) years and thereafter will receive \$1.30/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 **Aircraft Mechanics Fraternal Association International Brotherhood of IBT**. 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. Inspector and Lead Mechanic hourly base wage rates shall be 6% above the "Thereafter" base rate for Mechanics. Lead Inspector hourly base wage rates shall be 12% above the "Thereafter" base rate for Mechanics.
14. The Company will pay a skill premium to all Ground Equipment Mechanics; Ground Equipment Lead Mechanics; Plant Maintenance Mechanics; and Plant Maintenance Lead Mechanics of ~~25¢ an hour, effective 8/16/2002, which shall increase to 50¢ an hour. effective 8/16/2003.~~
15. The Company shall also adopt the 2002 Mechanics Non Qualified Stock Option Plan, attached hereto as "Exhibit 1," effective as of **the Date of Ratification of this Agreement on October 11, 2002 and modified by the extension agreement (LOA) ratified on September 15, 2004** and shall make grants of Stock Options as prescribed therein.

Article 15

WAGE RATES

Base Rates of Pay per Hour for Employees

| Effective Date | 8/16/08 | 8/16/09 | 8/16/10 | 8/16/11 | 8/16/12 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Lead Inspectors | \$39.17 | \$40.34 | \$41.55 | \$42.80 | \$43.22 |
| Inspectors and Lead Mechanics | \$37.07 | \$38.18 | \$39.33 | \$40.50 | \$40.91 |
| MECHANICS | | | | | |
| 1 st 6 months | \$20.70 | \$21.32 | \$21.96 | \$22.62 | \$22.85 |
| 2 nd 6 months | \$21.73 | \$22.38 | \$23.05 | \$23.74 | \$23.98 |
| 2 nd year | \$22.95 | \$23.64 | \$24.35 | \$25.08 | \$25.33 |
| 3 rd year | \$24.35 | \$25.08 | \$25.83 | \$26.61 | \$26.87 |
| 4 th year | \$25.88 | \$26.66 | \$27.46 | \$28.28 | \$28.56 |
| 5 th year | \$27.61 | \$28.44 | \$29.29 | \$30.17 | \$30.47 |
| Thereafter | \$34.97 | \$36.02 | \$37.10 | \$38.21 | \$38.59 |

Base Rates of Pay Per Hour

~~Effective Date 8/16/01 8/16/02 8/16/03 8/16/04~~

~~Lead Inspectors \$30.80 \$33.60 \$34.72 \$35.84~~

~~Inspectors and~~

~~Lead Mechanics \$29.15 \$31.80 \$32.86 \$33.92~~

~~MECHANICS~~

~~1st 6 months \$17.72 \$18.30 \$18.62 \$18.94~~

~~2nd 6 months \$18.61 \$19.21 \$19.55 \$19.89~~

~~2nd Year \$19.65 \$20.29 \$20.64 \$21.00~~

~~3rd Year \$20.84 \$21.52 \$21.89 \$22.28~~

~~4th Year \$22.16 \$22.88 \$23.28 \$23.69~~

~~5th Year \$23.64 \$24.41 \$24.84 \$25.27~~

~~Thereafter \$27.50 \$30.00 \$31.00 \$32.00~~

In addition to the above rates of pay a license premium will be paid to all Aircraft Mechanics, Aircraft Leads, Apprentice Lead Mechanics, Lead Inspectors and Inspectors for each valid Federal FAA Airframe License, Engine or Power Plant License and/or General F.C.C. Radio/Telephone Operator License. General F.C.C. Radio/Telephone Operator License shall be considered the equivalent of two licenses, unless it is a third license. There shall be a maximum of two licenses premium pay, unless the FCC License held by an Employee is required by the FAA for the Employee to perform his job, in which case the maximum shall be three (3) licenses with a maximum license premium

pay of three times the single license premium. Ground Equipment Mechanics, Lead Ground Equipment Mechanics, Plant Maintenance Mechanics, and Lead Plant Maintenance Mechanics will not receive license premium pay. License premium shall be paid in the following amounts, per hour:

License Premiums Per Hour

| Effective Date | 8/16/01 | 8/16/02 | 8/16/03 | 8/16/04 |
|-----------------|--------------------|--------------------|--------------------|---------|
| One License | \$1.25 | \$1.875 | \$2.00 | \$2.00 |
| Two Licenses | \$2.50 | \$3.75 | \$4.00 | \$4.00 |
| Three Licenses* | \$3.75 | \$5.625 | \$6.00 | \$6.00 |

* The third license premium will only be paid if the Employee is required by the FAA to hold the license to perform his job.

Productivity Performance Bonus Plan:

Through the duration of this Agreement, the Company will offer a Productivity Performance Bonus Plan at the "Thereafter" rate or above, based upon the following:

Individual Goals - The Company shall reward Employees for their personal productivity performance as measured in total hours worked for calendar years 2009, 2010, 2011 ~~and~~ 2012. If an Employee achieves 1750 hours actually worked in a fiscal annual year beginning August 16 - August 15, they will receive a 1 percent bonus.

The Productivity Performance Bonus will be paid with the October 20 paycheck each respective year and is based upon on a Mechanic's compensation (401K eligible wages) for the prior year in which they have attained 1750 hours actually worked.

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:

| Completed Years of Vesting Service | Vested Percentage |
|------------------------------------|-------------------|
| Less than 1 year | 0% |
| 1 year | 20% |
| 2 years | 40% |
| 3 years | 60% |
| 4 years | 80% |
| 5 years or more years | 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 65; 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.
3. If any additional or different investment funds are offered to any Employee group participating in the Southwest Airlines Co. 401(K) Plan, then such additional or different investment funds shall also be offered to Employees covered by this Agreement. This provision does not apply to investment options offered by the Southwest Airlines Pilots Association 401(K) Plan, which is separately administered by SWAPA.

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. The Union shall elect or appoint a safety representative and alternate as required to serve on the joint safety committee and shall notify the Company in writing of their election, appointment or removal.
 - a. A Union safety representative shall be permitted reasonable time to investigate, present and process the safety issues described above within the scope of said safety representative's station on the Company property without loss of pay during his regular working hours. If a Union safety representative is reasonably requested by management to delay an investigation of a safety issue because of immediate work requirements, such safety representative, if practical, shall cooperate with the request.
 - b. Time spent in handling the safety issues described above during the Union safety representative's regular working hours shall be considered hours worked for all purposes. It is understood that if a Union safety representative voluntarily chooses to handle a safety issue on other than Company time, he may not claim overtime pay for the non- Company time spent handling such matter. This provision, however, shall not be construed as affecting an Employee's overtime pay for time spent handling the safety issues described above while at work on an authorized overtime opportunity.
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.

Article 18

SEVERANCE PAY

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:

| <u>If Employee Has Completed</u> | | <u>Severance Allowance</u> |
|--|---|----------------------------|
| 1 year but less than 5 years of service | 2 | Weeks |
| 5 years but less than 6 years of service | | 5 Weeks |
| 6 years but less than 7 years of service | | 6 Weeks |
| 7 years but less than 8 years of service | | 7 Weeks |
| 8 years but less than 9 years of service | | 8 Weeks |
| 9 years but less than 10 years of service | | 9 Weeks |
| 10 years but less than 11 years of service | | 10 Weeks |
| 11 years but less than 12 years of service | | 11 Weeks |
| 12 years but less than 15 years of service | | 12 Weeks |

15 or more years of service

15 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:

| | |
|---------------------|------------|
| Less than 500 miles | One Day |
| 500 - 999 miles | Two Days |
| 1000 - 1499 miles | Three Days |
| 1500 - 1999 miles | 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 his 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, up to 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 additional automobiles.

7. The Employee and spouse will be entitled to round trip space available transportation to locate living accommodations.
8. The Company will make available, upon an Employee's request, a list of any moving companies with Company contracts who also offer Southwest Airlines Employee discounts for unpaid or personal moves.
9. When opening a new Maintenance station, the Company will pay for the moves of a minimum of six Aircraft Mechanics and six GSE Mechanics, with no time limit as to when such moves are required if the location is opened with less than six Aircraft Mechanics or GSE Mechanics, as applicable.

Article 20

INSURANCE BENEFITS

1. During the term of this Agreement the Company shall continue the benefits of the following insurance plans on the same terms presently offered, with no premium charged to the Employee:

Regular Plan Medical
Regular Plan Dental
Regular Plan Basic Life

Alternative personal option plans (such as the flexible benefit plans presently offered as part of the Benefits Plus program) 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. If any future increase in cost is paid by the Company for Employees not covered by this Agreement, such cost shall also be paid 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 dependents under the flexible benefits plan offered by the Company shall be at least \$1,150 as of the date of ratification, and at least \$1,500 no later than January 1, 2003.
5. The Company will offer, at a cost paid by the Employee, an additional dental plan as an option under the flexible benefit plans, which will include the following benefits:
 - a. Eighty percent (80%) copayment on basic/major/orthodontic coverage;
 - b. One thousand seven hundred fifty dollars (\$1,750) annual benefit maximum (including any portion of the lifetime orthodontia benefit used in the year) as of the date of ratification, 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 the date of ratification, 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 (61 $\frac{1}{2}$) 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. If the retired Employee covered under this paragraph dies before age 65, his spouse and/or eligible dependent may continue coverage up to the date the retired Employee would have reached age 65. 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. Effective January 1, 1997, the Company will offer, as an option under the Flexible Benefits Plan, a longterm disability option for which Employees may pay full premiums (thus offering benefits free of income tax obligations under present tax laws).
8. Employees covered under this Agreement who voluntarily retire as early as Age 55 with 15 years of credited service in a classification covered by this Agreement, or under another Agreement between the Company and the AMFA, and who has at least one thousand two hundred (1200) credited hours of sick leave available may purchase coverage as outlined below from their retirement to Age 60. At Age 60, such Employee may purchase coverage to Age 65 by trading sick leave as provided under Article 13, Paragraph 2. The Employee must agree to forego COBRA coverage during this period.
 - a. From the age of retirement to Age 60, Employees covered by this provision shall pay a premium amount which will not exceed the age-banded (Age 55-59) actuarial rated full cost of providing such coverage.
 - b. The retired Employee must continue at the same coverage option and coverage level as the Employee was receiving on the day prior to retirement until the next Health Plan enrollment period. Each year thereafter, during the Health Plan enrollment period, the retired Employee shall only be eligible to elect a coverage option under the Flexible Benefits Plan portion of the Health Plan. Coverage under this paragraph shall extend to persons covered under the Health Plan as Eligible Family Members at the time of the Employee's retirement unless they cease to be an Eligible Family Member during the period of coverage for the retired Employee. If the retired Employee covered under this paragraph dies before age 65, his spouse and/or dependent(s) may continue coverage up to the date the retired Employee would have reached age 65.

9. Upon reaching Age 65, a Retired Mechanic who is purchasing health care coverage under Article 13, §2, or under Article 20, §8, with remaining credited sick leave may elect to trade unused credited sick leave for continued coverage under Medical Plan C and Basic Dental for a spouse under Age 65 at the rate prescribed in Article 13, §2. If the Retired Mechanic who retired at Age 60, or after age 61_ with ten years' service, or after Age 55 with at least 15 years of service, has used all sick leave, coverage may be purchased for the younger spouse at the age-banded actuarial cost of coverage for Medical Plan C and Basic Dental. Coverage will end on the spouse's 65th birthday. A Mechanic or spouse choosing to purchase Medical Plan C may choose to take, or not take, Basic Dental.
10. 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.
11. The Company will offer optional Employee-paid vision coverage under the Regular Plan (group insurance coverage) to Employees covered by this Agreement on the same basis as other covered Employee groups. Beginning with the benefits enrollment period in October 2002 (covering 2003) this option will be described in the Benefits Enrollment Guide sent to all Employees. For 2002, Mechanics 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 2002, or any balance thereof after such election.

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 or **Manager in writing or verbally** for discussion and a possible solution. During this discussion, the Employee may be represented by his Shop **Representative steward** or Local **Airline Business** 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 supervisor**, who will send a copy to the grievant, ~~the~~ Shop Representative **steward** and the **Local Union Airline** 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 Union Representative by the Company designee with seven (7) calendar days following the receipt of the written appeal.~~
 - b. Within ~~fourteen (14)~~ **twenty-one (21)** days after the receipt of the written decision of the **Supervisor or Manager of the Employee Company designee**, 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 Maintenance and Engineering 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 Article 22, within thirty (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 factfinding meeting is held between the Employee's Supervisor, the Employee, and his **Union Representative steward**. 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 **three (3) seven (7) calendar work** 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 **five (5) 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 **fourteen (14) twenty-one (21)** days after receipt by serving written notice to the Vice President of Maintenance and Engineering **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 IBT- Airline Division**, 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.
- 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.
6. Grievances and notices of appeal may be submitted or replied to in writing, including electronically via email.

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 **National Mediation Board (NMB)** ~~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 (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.

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 "Aircraft Mechanics Fraternal Association" ~~IBT 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 Aircraft Mechanics Fraternal Association ~~IBT 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 Aircraft Mechanics Fraternal Association ~~IBT 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. Supervisors/Tech Supervisors 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 assisting in 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. The Company agrees to provide a locked, secure area where Employees' tools and tool boxes may be kept. By providing such facilities, however, the Company does not thereby insure the safety of any tools or tool boxes kept therein, nor does it assume the liability of replacing any items which may be lost or stolen therefrom, except that the Company will reimburse an Employee covered by this Agreement for the loss by fire of his personal tools and tool box occasioned by a fire on Company premises or while the Employee is on Company business. It is further understood and agreed that when a mechanic is required by the Company to travel in connection with emergency field service to restore Company aircraft or equipment to service, the Company will reimburse such mechanic if his personally owned tools are lost or stolen while being shipped to or from the downline station or while such mechanic is at the downline station performing the emergency field service. This Agreement is subject to the following limitations and conditions:
 - a. To qualify for reimbursement under this section, the Employee must have on file with the Company a complete inventory of his personal tools regularly used on Company business and kept on Company premises or used in connection with emergency field service. Such inventory is subject to verification by the Company. Tools which are added to the Employee's tool box after the inventory will not be covered until the tools are added to the inventory;
 - b. Tools which are not essential to the performance of the job will not be permitted to be included in the inventory;
 - c. Missing individual tools are not covered;
 - d. Tool boxes excessively damaged while being shipped for field service use shall be repaired or replace.
13. 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.

14. 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. Each Employee will utilize the automated uniform ordering process made available to all covered Employees by the Company to order new or additional uniforms. Each Employee will be given an expense account with a minimum dollar amount equal to five complete uniform sets per year. All requests for special uniform items outside the five complete sets (e.g., rainsuits, winter gear, etc.) must be ordered through the Supervisor. ~~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 Employees 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.

15. If there is any change during the life of this Agreement in the licenses Employees covered by this Agreement are required to have, all Employees affected shall be given a reasonable period of time from the date of such change to obtain each license, and there shall be no change in their status or pay during said period.

16. Shift/Day Trades

- 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 ~~unless Employee is on a rest period after working twenty (20) or more consecutive hours - i.e., 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, ~~schedules the Employee for more than twenty-four (24) consecutive hours of~~

service, violates FAR's, or causes an Employee to be on paid status less than 90 hours in a month.

- g. If it is perceived that an Employee or the Company is acting contrary to the above understandings in regards to day/shift trade privileges, the parties shall communicate their concerns and confer for the purpose of addressing any such misapplication of the parties' intent.
 - h. Inspectors, Lead Mechanics and Mechanics may trade with each other. Lead Ground Equipment Mechanics and Ground Equipment Mechanics may trade with each other. All other trades must be within the same classification. Notwithstanding the provisions of Article 10, in the case of a shift/day trade between an Inspector and a Mechanic or Lead Mechanic, a General or Alternate Inspector on duty within that work group will be utilized (General first; by seniority preference) prior to calling Inspection overtime.
 - i. A shift/day trade may be effective with adequate notice and prior approval of the Company.
 - j. 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.
 - k. Parties engaging in a trade that has not been previously approved will lose their day trade privileges.
 - l. No additional premium pay or overtime will be involved because of any shift/day trade.
 - m. No sick pay will be allowed in any shift/day trade.
 - n. Partial shift/day trades of 4 hours or more will be permitted.
17. Whenever the Company operates a charter which requires that a mechanic accompany the charter, the Company will utilize the assignment procedure that is least expensive to the Company. Whenever the costs are the same for utilization of a given group of mechanics, the procedure described in Article 8 will be followed. In such cases, if the charter duty assignment is scheduled to commence more than four (4) hours before the oncoming shift, the field trip list of the on duty shift will be used to make the assignment; if the charter duty assignment is scheduled to commence four (4) hours or less before the oncoming shift, the field trip list of the oncoming shift will be used to make the assignment.
- ~~18. 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.~~

18. The Company and Union will mutually agree on any automation that affects the work rules covered under this Agreement prior to implementation.
19. Maintenance of door trainers at locations not staffed by Simulator Technicians will be performed by ~~IBT~~AMFA-represented Southwest Airlines Employees covered by this Agreement.
20. In the event an Employee covered by this Agreement receives an inquiry or a Letter of Investigation from the FAA related to work performed for Southwest Airlines, the Company will provide legal counsel to such Employee, provided that the Company shall have no obligation to provide legal counsel if the event was not inadvertent or involved an intentional disregard for safety or involved possible criminal activity, substance abuse, controlled substances, alcohol or intentional falsification. The Company's obligations under this paragraph shall not foreclose appropriate disciplinary action.

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 **Airline 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 **Shop Representative(s) a primary shop steward(s) and alternate(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 A primary or an alternate steward** shall be permitted reasonable time to investigate, present and process grievances within the scope of said **Representative's steward's** station and shift on the Company property without loss of pay during his regular working hours. If a **Representative steward** is reasonably requested by management to delay an investigation of a grievance because of immediate work requirements, such **Representative steward**, if practical, shall cooperate with the request. **Upon request, the regular shift of a chief or primary steward may be adjusted on a temporary basis, by mutual agreement between the Union and the Company, in order to allow the chief or primary steward to fulfill his duties.**
 - b. Time spent in handling grievances during the **Airline Representative's or Shop Representative's steward's** regular working hours shall be considered hours worked for all purposes. It is understood that if a **Airline Representative or Shop Representative 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 **Airline 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 **Airline Business** 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 (~~steward~~) present.

Article 26

UNION SECURITY

1. Every Employee in a classification within the craft or class covered by this Agreement, or as an Apprentice Mechanic, 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, or as an Apprentice Mechanic, 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. Except for Apprentice Mechanics, 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 laid 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 **Aircraft Mechanics Fraternal Association International Brotherhood of IBT** 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 IBT 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

APPRENTICE AIRCRAFT MECHANIC PROGRAM

1. Program: The parties agree to the establishment of an Apprentice Aircraft Program (AAMP) involving formal classroom training and task specific on the job training (OJT) in multiple work areas. To be eligible for consideration, applicants must have acquired their A&P licenses, and preferably less than twenty-four (24) months' experience in advanced aircraft maintenance. Individuals selected for participation in the AAMP will be required to maintain passing grades of seventy percent (70%) or better and get satisfactory ratings on their monthly performance evaluations. The duration of the program will be twenty four (24) months for existing Southwest Airlines Employees, as well as any new hire individuals. The Apprentices will work approximately four (4) months in preselected work areas to be determined by Maintenance Training. All OJT training will be accomplished by Apprentice Lead Mechanics awarded through the bid process and the formal classroom training will be provided by Maintenance Training. The Apprentice Mechanic will be required to sign off all work performed during the duration of the program with the exception of signing off an Airworthiness Release in the Log Book. If after acceptance into the program the Apprentice fails to receive satisfactory performance evaluations or if written test scores fall below seventy percent (70%), the Apprentice will be dismissed from the program and employment terminated except as provided hereafter for covered Employees. Apprentices who are dismissed from the program for said reason or fail to complete probation (unless discharged for just cause) and who were members of a collective bargaining unit covered by an agreement between Southwest Airlines and AMFA prior to joining the Apprentice program will be returned to the category from which they came, in an open position. If no opening in said category is available, the Company will create a position. (The Apprentice who fails will not be returned to the previous classification, shift, and days off after the initial ninety (90) days in the program.) No one who fails the Apprentice Program or fails to complete probation will be eligible to participate in the program again.

~~1. Program: The parties agree to the establishment of an Apprentice Aircraft Mechanic Program (AAMP) involving formal classroom training and task specific on the job training (OJT) in multiple work areas. To be eligible for consideration, applicants must have acquired their A&P licenses, and preferably less than twenty-four (24) months' experience in advanced aircraft maintenance. Individuals selected for participation in the AAMP will be required to maintain passing grades of eighty percent (80%) or better and get satisfactory ratings on their monthly performance evaluations. The duration of the program will be eighteen (18) months for existing Southwest Airlines Employees, as well as any new hire individuals. The Apprentices will work approximately four (4) months in preselected work areas to be determined by Maintenance Training. All OJT training will be accomplished by Apprentice Lead Mechanics awarded through the bid process and the formal classroom training will be provided by Maintenance Training. The Apprentice Mechanic will be required to sign off all work performed during the duration of the program with the exception of signing off an Airworthiness Release in the Log Book. If after acceptance into the~~

~~program the Apprentice fails to receive satisfactory performance evaluations or if written test scores fall below eighty percent (80%), the Apprentice will be dismissed from the program and employment terminated except as provided hereafter for covered Employees. Apprentices who are dismissed from the program for said reason or fail to complete probation (unless discharged for just cause) and who were members of a collective bargaining unit covered by an agreement between Southwest Airlines and the IBT prior to joining the Apprentice program will be returned to the category from which they came, in an open position. If no opening in said category is available, the Company will create a position. (The Apprentice who fails will not be returned to the previous classification, shift, and days off after the initial ninety (90) days in the program.) No one who fails the Apprentice Program or fails to complete probation will be eligible to participate in the program again.~~

2. Apprentice Qualifications: Prior to acceptance into the Apprentice Aircraft Mechanic Program, applicants must pass a written and practical test with seventy percent (70%) accuracy. The purpose of the testing is to ensure the applicant has the minimum basic knowledge to be successful.

The following procedures will be used:

- a. Maintenance Training will administer all applicants' written and practical tests.
- b. Testing will be scheduled by the applicants through their department supervisor and Maintenance Training.
- c. Tests will include the basic Airframe, Powerplant and General Systems category test questions.
- d. Practical test to include bolt installation and torque, safety wiring, material identification and micrometer/dial caliper use.
- e. Applicants who pass the testing with a score of seventy percent (70%) or higher will be placed on the qualified candidate list and made eligible to enter the program.
- f. Applicants who fail to meet the minimum seventy percent (70%) score will be eligible to test again ninety (90) days from their original unsatisfactory test date.
- g. New hire applicants and internal non-covered applicants interview, testing, and selection will be coordinated through the People Department and Maintenance Training.

3. Eligibility of Apprentice Candidates: The qualified Employees who are in classifications covered by agreements between the Company and the AMFA/IBT Material Specialist ("Covered Employees") will be given priority consideration for available vacancies in the program. The following procedures apply for the filling of vacancies:

~~3. Eligibility of Apprentice Candidates: The qualified Employees who are in classifications covered by agreements between the Company and the IBT ("Covered Employees") will be given priority consideration for available vacancies in the program. The following procedures apply for the filling of vacancies:~~

- a. Covered Employees who meet the requirements and have passed the minimum basic knowledge tests will be accepted in seniority order for vacancies in the program.
- b. Covered Employees selected for participation in the program will retain and accrue seniority in the category from which they advanced while in the program.
- c. 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 (The Apprentice failing will not be returned to the previous classification, shift, and days off after the initial ninety (90) days).
- d. All internal applicants to be eligible for entry into the Program, must be currently active (not on Leave of Absence or Worker's Compensation) and have no more than three (3) occurrences and/or three (3) tardies within the previous twelve (12) months, and must have completed probation in their current positions.
- e. All internal and new hire applicants will be made eligible for selection using the same minimum experience, test scores, and other selection criteria as established by Maintenance Training and the People Department.

4. Apprentice Selection Process: Maintenance Administration will be responsible for the selection and notification of Apprentice Program candidates. The following procedures will apply:

- a. The notification of upcoming program vacancies will be made through posting at all maintenance bases and the job posting system sixty (60) days prior to the start of class.
- b. When qualified Covered Employees available are less than the available number of program openings, the Company may fill the openings with qualified internal or external applicants.
- c. Qualified applicants will be notified of their selection status thirty (30) days prior to the start date of the new class.
- d. Applicants must meet the requirements listed in #2, Apprentice Qualifications, and #3, Eligibility of Apprentice Candidates, prior to selection/admission into the program.
- e. Selection will be made in the order outlined in #3, Eligibility of Apprentice Candidates.

- f. Maintenance Training will notify Maintenance Administration and the People Department of the status of tested candidates who are qualified for the program.
 - g. Maintenance Administration will maintain and update the lists of qualified AMFA/IBT applicants.
5. Apprentice Lead Mechanic Duties: The work of the Apprentice Lead Mechanic will include providing on the job training for the assigned apprentices, daily task reports, and monthly progress reports. The Apprentice Lead Mechanic will be required to work closely with the Apprentice Training Supervisor and the Apprentices ensuring training requirements for the specific areas are met. The responsibilities include but are not limited to:
- a. Coordinating work with the other Lead Mechanics/ Supervisors for accomplishment of specific training requirements as outlined in the Apprentice Mechanic and Training Lead Guide.
 - b. Responsible for leading, instructing, mentoring, and observation of work being accomplished by assigned Apprentices.
 - c. Completion of daily task reports, OJT records, and progress reports.
 - d. Observe, advise, guide, and lead Apprentices and enlist the expertise of other Mechanics.
 - e. Apprentice Lead Mechanics will be trained in leadership skills and techniques.
 - f. Apprentice Lead Mechanics will be required to pass a trial period as per Article 10, paragraph 12.
6. Apprentice Duties: The work of an Apprentice shall include all work generally recognized as an Aircraft Mechanic as listed in Article 4 and the Maintenance Procedures Manual (MPM). The work will be performed under the guidance, observation, and leadership of the Apprentice Lead Mechanic. The requirements include but are not limited to:
- a. Apprentices must be willing to relocate to Dallas at their own expense.
 - b. Apprentices will be allowed to work line service duty under the observation and guidance of the Apprentice Lead Mechanic as scheduled by Maintenance Training.
 - c. Apprentices are accountable for and must be capable of performing their assigned work in a timely manner. They must properly document and sign off all work performed according to the MPM.
 - d. Assisting in the work of an Aircraft Mechanic as described in Article 4, paragraph 4 of the basic agreement.

- e. Apprentices will familiarize themselves with all sections of the Southwest Airlines MPM and applicable maintenance manuals throughout the term of the program.
 - f. Apprentices will advise their Apprentice Lead Mechanic of their lack of expertise in an area and seek assistance when required.
 - g. Apprentice Mechanics will adhere to the rules and procedures outlined in the Apprentice Mechanic and Training Lead Guide provided by the Maintenance Training Department, as well as all Company policies.
 - h. Apprentices will comply with directives set forth from time to time by the Apprentice Lead Mechanic and Supervisors on duty.
7. Assignment of Duties: The Apprentice will be rotated through bid locations during the term of the program. The Apprentice will spend approximately four (4) months in each location and must have satisfactory performance evaluations in all categories prior to moving to the next assigned area. Maintenance Training will develop the rotation calendar and assign each new class. Apprentices will schedule vacation requests through their Apprentice Lead Mechanic and Apprentice Program Supervisor. Apprentices will only be allowed to take vacation of eighty (80) hours in any one (1) assigned work area. An Apprentice may not work overtime.
8. Appraisals: Apprentices will receive performance evaluations from the Apprentice Program Supervisor. The Apprentice must receive satisfactory ratings in all categories prior to moving to the next scheduled bid location. Any Apprentice who is unable to achieve satisfactory ratings within the areas allotted time frame will be removed from the program. Daily task report sheets will be utilized by the Apprentices to record tasks performed per the Apprentice Mechanic and Training Lead Guide. The Apprentice Lead Mechanic will be responsible for reviewing the work performed and making comments on the task sheets. The compilation of the task sheets will be used to formulate the monthly evaluation ratings. The Apprentice Training Supervisor and Apprentice Lead Mechanic will provide additional training and instruction to those who are having difficulty achieving satisfactory performance levels if requested by the Apprentice Mechanic.
9. Completion of Program: Upon successful completion of the Program, the ~~Apprentice~~ shall be employed as a Mechanic and placed on the Southwest Airlines Mechanic's seniority list and shall be paid at the applicable new hire rate of pay for Mechanics. Except that an Employee whose pay is redlined pursuant to paragraph 10 of this article at a rate higher than the applicable Mechanic pay rate, plus license premiums, shift premium, and longevity pay in the Mechanical category ("Mechanic's pay"), shall continue to be paid at the redlined rate until his Mechanic's pay would exceed the redlined rate. Approximately 30 days prior to the time the Apprentice successfully completes the program; a vacancy bid will be created and posted for bid as with any other permanent vacancy. The Apprentice will be awarded the station, bid location, shift and days off that are permitted by his seniority.

~~9. Completion of Program: Upon successful completion of the Program, the Apprentice shall be employed as a Probationary Mechanic, and shall be paid at the applicable new hire rate of pay for Mechanics, except that an Employee whose pay is redlined pursuant to paragraph 10 of this article at a rate higher than the applicable Mechanic pay rate, plus license premiums, shift premium, and longevity pay in the Mechanical category ("Mechanic's pay"), shall continue to be paid at the redlined rate until his Mechanic's pay would exceed the redlined rate. Such Employee shall be considered a probationary Employee for the first one hundred and eighty (180) days of his employment after successful completion of the program. There shall be no responsibility on the part of the Company for the reemployment of probationary Employees if they are discharged or laid off during this period, except as provided in Section 1 of this Article. If retained in the service after the probationary period of one hundred eighty (180) days, such Employee will be placed on the Southwest Airlines Mechanics seniority list as of the date he began probation, in accordance with Article 9, Section 8. At the time the Apprentice successfully completes the program and begins his probationary period, a vacancy bid will be created and posted for bid as with any other permanent vacancy. The Apprentice will be awarded the station, bid location, shift and days off that are permitted by his seniority.~~

10. Rates of Pay: The base rates of pay for Apprentices shall be as follows:

Base Rates of Pay per Hour for Apprentice Mechanics

| Effective Date | 8/16/08 | 8/16/09 | 8/16/10 | 8/16/11 | 8/16/12 |
|------------------|---------|---------|---------|---------|---------|
| Apprentice Mechs | \$15.98 | \$16.46 | \$16.95 | \$17.46 | \$17.63 |

In addition to the foregoing rates of pay, except as provided below, the Apprentice will be entitled to applicable license premiums, shift premium, and longevity pay as provided in Article 14, Sections 10 and 11 and Article 15.

An Employee who is covered by an Agreement between the Company and AMFA at the time he is selected for participation in the Program shall not suffer a reduction in pay by reason of his selection except as provided below. Such Employee will, however, be redlined and not be entitled to pay increases until such time as the Employee's progression through the Program produces rates in excess of such Employee's redlined rate of pay. In calculating such Employee's applicable rate of pay, his rate of pay shall be the higher of: (a) his preexisting hourly pay rate, plus his preexisting longevity pay (the "redlined rate"), or (b) the applicable pay rate under this paragraph, plus applicable license premiums, shift premium, and longevity pay. A person already in the Mechanical category shall be paid no more than the rate of pay of the highest paid Apprentice whose pay has been redlined in accordance with the preceding sentence. If there are no redlined Apprentices, the Mechanic will be paid at the entry rate for Apprentices.

~~10. Rates of Pay: The base rates of pay for Apprentices shall be as follows:~~

Apprentice Pay Rates

Effective Date 08/16/01 08/16/02 08/16/03 08/16/04

Apprentice \$13.98 \$14.19 \$14.40 \$14.62

In addition to the foregoing rates of pay, except as provided below, the Apprentice will be entitled to applicable license premiums, shift premium, and longevity pay as provided in Article 14, Sections 10 and 11 and Article 15.

~~An Employee who is covered by an Agreement between the Company and the IBT at the time he is selected for participation in the Program shall not suffer a reduction in pay by reason of his selection except as provided below. Such Employee will, however, be redlined and not be entitled to pay increases until such time as the Employee's progression through the Program produces rates in excess of such Employee's redlined rate of pay. In calculating such Employee's applicable rate of pay, his rate of pay shall be the higher of: (a) his preexisting hourly pay rate, plus his preexisting longevity pay (the "redlined rate"), or (b) the applicable pay rate under this paragraph, plus applicable license premiums, shift premium, and longevity pay. A person already in the Mechanical category shall be paid no more than the rate of pay of the highest paid Apprentice whose pay has been redlined in accordance with the preceding sentence. If there are no redlined Apprentices, the Mechanic will be paid at the entry rate for Apprentices.~~

11. Limitations on Apprentices: There shall be a cap on the number of Apprentices that may be selected to participate in the Program not to exceed a total of 24 participants at any one time. The 24 participant cap may be waived by mutual agreement between the Company and AMFA. In addition to the foregoing limitation, it is agreed that there will be no reduction in force of Mechanics while Apprentices are on the payroll. In the event a reduction in force becomes necessary while Apprentices are on the payroll, the Apprentices will be reduced first.

~~11. Limitations on Apprentices: There shall be a cap on the number of Apprentices that may be selected to participate in the Program equal to two percent (2%) of the A&P Mechanics employed by the Company. The 2% cap may be waived by agreement between the Company and the Union. The number of A&P Mechanics on the payroll as of January 1 of each year shall be determined and the cap shall be a percentage of that number. In addition to the foregoing limitation, it is agreed that there will be no reduction in force of Mechanics while Apprentices are on the payroll. In the event a reduction in force becomes necessary while Apprentices are on the payroll, the Apprentices will be reduced first.~~

12. Apprentices currently in the Apprentice Program as of the date of ratification of this Agreement shall be covered by the 18 month duration of the Program provided in the previous Agreement, but shall otherwise be covered by the provisions of this Article.

*Note of clarification, any apprentices that graduate post ratification will not be subject to any probationary period upon transfer into the Mechanic classification.

~~12. Apprentices currently in the Apprentice Program as of the date of ratification of this Agreement shall be covered by the 12 month duration of the Program provided in the previous Agreement, but shall otherwise be covered by the provisions of this Article.~~

13. The classification of Apprentice Lead Mechanic provided in Article 4 shall become effective with the 2003 annual rebid.

Article 29

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 August 16, ~~2012~~ 2005, and shall renew itself without change until each succeeding August 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 August 16, ~~2012~~2005, or any August 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 ~~30th day of October, 2002~~, at Dallas, Texas.

FOR SOUTHWEST AIRLINES CO.

FOR THE AIRCRAFT MECHANICS
FRATERNAL ASSOCIATION

Mike Ryan

Louie Key

Jim Sokol

Jack Coonrod

Tony Lowery

Lee Rhame

George Tompkins

James Kinnerk

Christina Bennett

Michael Nelson

Mark Lyon

Robert Cramer

Keith McCormick

Date of Ratification: ~~October 11, 2002~~

LETTER OF AGREEMENT No. 1

This Letter of Agreement (LOA) will confirm the understanding reached during recent discussions between Southwest Airlines Co. (the Company) and the Aircraft Mechanics Fraternal Association (AMFA or the Union) regarding international outsourcing.

This LOA will remain in place for the duration of the current Southwest Airlines/AMFA Collective Bargaining Agreement (the CBA) and, unless extended or re-negotiated by written agreement of the parties, will terminate upon ratification of any succeeding CBA. Both parties agree to negotiate any continuation of the terms of this LOA in good faith through an expedited process.

Whereas the Company has advised AMFA as to the lack of domestic vendor capacity/performance to meet the Company's maintenance requirements; and

Whereas the Company has requested the agreement of AMFA to allow foreign outsourcing in response to such lack of domestic vendor capacity/performance; and

Whereas the Company, in return for being allowed to engage in foreign outsourcing of maintenance work, is willing to agree to the job protections provided for by this Letter of Agreement,

Therefore, the parties hereby agree:

1. Pursuant to Article 2, Paragraph 6 of the Mechanic's Agreement, AMFA hereby consents to the contracting out of work to an international location subject to the following terms and conditions.

- a. The consent granted under this Letter of Agreement is limited solely to the work to be performed by an international vendor of the Company's choosing.
- b. The work performed by the selected international vendor will be limited to four lines of maintenance annually (A maintenance line is defined as a planned sequencing of aircraft through a single vendor for the purpose of conducting scheduled heavy maintenance checks). The Company shall not outsource to the selected international vendor any work beyond the four lines provided for herein without the further consent of AMFA.
- c. The Company may change the selected international vendor at its discretion, provided, however, that the Company shall not contract for, or utilize the services of, more than one (1) international vendor to perform the maintenance work covered by this LOA at any time.

- d. The consent granted by this LOA shall not in any way be construed as a change to Article 2, Paragraph 6 of the current CBA and any additional foreign outsourcing other than that granted by this Letter of Agreement shall require a separate consent agreement in accordance with the CBA.
2. Southwest Airlines Mechanics shall continue to perform the existing Three (3) Heavy lines that are currently being conducted at Southwest Airlines facilities.
 3. All current and future intermediate maintenance crews (CV/C-Check and Hangar RON) at current Southwest Airlines facilities will continue for the duration of this LOA.
 4. The Company shall provide the Union no less than 60 days notice of a reduction of headcount at any station for any reason other than an Act of God or the elimination of all scheduled service at such station. The notice provided to the Union shall include all relevant information utilized by the Company in determining the necessity of the reduction. During the 60 day period the parties shall meet and discuss alternatives to the proposed headcount reduction, provided however, should the parties be unable to reach agreement as to the necessity or reasonableness of the reduction, either party may submit the issue to expedited arbitration (utilizing procedures to be determined). The Company shall not implement the reduction until the decision of the arbitrator is rendered.
 5. Southwest Airlines maintenance employees shall perform all international emergency field service where parts are required to return the aircraft to airworthiness. The Company shall reimburse all international travel authorizations including passport expenses if the employee is selected for international emergency field service. To be eligible for an international emergency field service assignment, employees shall be responsible for any and all authorizations required for international travel.
 6. The Company agrees to assign one (1) AMFA Representative as a liaison to work with the Maintenance Planning Department. This representative will be responsible for the coordination of all outsource notifications between the Company and AMFA utilizing such methods as agreed upon by the parties. If a dispute arises with regard to the nature of work being outsourced, notwithstanding Article 2, Paragraph 3.i, the Union shall have fourteen (14) days from the date the aircraft is inducted at the maintenance facility, or from the date the Company adds to or modifies the scope of work to be performed on the inducted aircraft, for the timely filing of any grievance. During such periods where the representative is absent or unavailable (e.g., vacation, extended sick leave) the Union shall be allowed to designate an alternate to perform the liaison function herein described.

All wages and benefits for the AMFA representative will be paid/provided by the Company. The AMFA representative will continue to accrue seniority per Article 9 paragraph 13. The AMFA representative shall be accountable to the Union and

under the direct supervision of SWA Maintenance Planning Leadership. Both the Company and AMFA will meet and define roles and responsibilities for this position.

7. The Company agrees to maintain no less than an authorized headcount of 2.75, in the mechanic (aircraft, facilities, ground support, lead and inspector) work group per aircraft ratio, provided however, such ratio shall not include any aircraft that are operated on behalf of the Company by another air carrier in conjunction with any Code-Share or Marketing Agreement. In the event the Company acquires, or is acquired by or transfers control of its operations to another carrier, AMFA and the Company, or the surviving carrier, shall meet to determine any necessary adjustments to, or temporary relief from, the current ratio or to establish a new ratio. Notwithstanding the terms of this paragraph 7, nothing in this LOA shall be construed as modifying Article 3 of the Mechanic's Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, as of the day and year first above written, by their respective representatives thereunto duly authorized.

Southwest Airlines Co.

By: _____

Name: _____

Title: _____

Aircraft Mechanics Fraternal Association (AMFA National)

By: _____

Name: _____

Title: _____

LETTER OF AGREEMENT NO. 1

Those persons who are Employees of the Company as of the date of ratification (DOR), shall receive full retroactive pay for the period between

~~August 16, 2001, and the DOR, based on the difference between each month's old pay scale and the rates in Article 15, calculated for all hours worked at the applicable rate which would include vacation or paid sick time.~~

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

~~SIGNED this 30th day of October, 2002.---~~

~~Signatures on F ile
FOR THE INTERNATIONAL
BROTHERHOOD OF
IBT
AIRLINE DIVISION
FOR SOUTHWEST
AIRLINES CO.
Sam Chandiramani Jim Sokol~~

LETTER OF AGREEMENT NO. 2

This Letter of Agreement (LOA) will confirm the understanding reached during recent discussions between Southwest Airlines Co. (the Company) and the Aircraft Mechanics Fraternal Association (AMFA or the Union) regarding Dallas Line work.

This LOA will remain in place for the duration of the current Southwest Airlines/AMFA Collective Bargaining Agreement (the CBA) and, unless extended or re-negotiated by written agreement of the parties, will terminate upon ratification of any succeeding CBA.

The below positions will be created in addition to current staffing/headcount levels and will remain in effect for the duration of this LOA.

The following positions would be realigned:

5-Day Line Relief: (Realigned positions consisting of the following:)

- 1- Day Line Relief Mon/Tues realigned to Day Sheetmetal Shop F/S
- 1- Day Line Relief Mon/Tues realigned to Day Sheetmetal Shop S/M
- 1- Day Line Relief Tues/Wed realigned to Day Structures Support S/S
- 1- Day Line Relief Wed/Thurs realigned to Day Structures Wed/Thurs
- 1- Day Line Relief Thurs/Fri realigned to Day Structures Thurs/Fri

4-Evening Line Relief: (Realigned positions consisting of the following:)

- 1-Mon/Tues realigned to Evenings Structures Support S/S
- 1-Mon/Tues realigned to Evenings Structures T/F
- 1-Wed/Thurs realigned to Evenings Structures Wed/Thurs
- 1-Thurs/Fri realigned to Evening Structures Thurs/Fri

1-Day Line: (Realigned positions consisting of the following:)

- 1-Mon/Tues realigned to Hangar RON Inspector Thurs/Fri/Sat

1-Evening Line: (Realigned positions consisting of the following:)

- 1-Mon/Tues realigned to Graveyard Structures Inspection Sun/Mon

Current Staffing levels + realigned headcount:

| | | |
|----------------------|--------------|------------------------------|
| Structures: | Day- 100 + 2 | Evening-97 + 3 |
| Structures Support- | Day-10 + 1 | Evening-9 + 1 |
| Sheetmetal: | Day-3 + 2 | |
| Inspection: HGR Ron- | 5 + 1 | Graveyard Structures- 14 + 1 |

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, as of the day and year first above written, by their respective representatives thereunto duly authorized.

Southwest Airlines Co.

By: _____

Name: _____

Title: _____

Aircraft Mechanics Fraternal Association (AMFA National)

By: _____

Name: _____

Title: _____

LETTER OF AGREEMENT NO. 3

Those persons who are Employees of the Company as of the date of ratification (DOR) of this Agreement, shall receive a 3% Bonus. This ratification bonus will be paid within sixty (60) days of DOR. All payments are based on the Employee's compensation (401K eligible wages) as reported on the Employee's W-2 form for the year 2008.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed, as of the day and year first above written, by their respective representatives thereunto duly authorized.

Southwest Airlines Co.

By: _____

Name: _____

Title: _____

Aircraft Mechanics Fraternal Association (AMFA National)

By: _____

Name: _____

Title: _____

~~LETTER OF AGREEMENT NO. 2~~

~~During the year 2002 the Company agrees to use its best efforts to provide Employees in the classification of Ground Equipment Mechanic with one week of annual training, including classroom, selfstudy, and on the job training. Effective January 1, 2003, Article 7, Section 6 of this Agreement shall become fully applicable to Ground Equipment Mechanics.~~

~~SIGNED this 30th day of October, 2002.~~

~~Signatures on File
FOR THE INTERNATIONAL
BROTHERHOOD OF
IBT
AIRLINE DIVISION
FOR SOUTHWEST~~

AIRLINES.CO.

Sam Chandiramani Jim Sokol

LETTER OF AGREEMENT

between

SOUTHWEST AIRLINES CO.

and the Mechanics represented by the

AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

This Letter of 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. (SWA) and the Mechanics in the service of SWA as represented by the Aircraft Mechanics Fraternal Association (AMFA).

WHEREAS SWA and AMFA are parties to a collective bargaining agreement dated August 16, 2001 (the Agreement); and,

WHEREAS the parties desire to extend the term of the Agreement as provided herein;

NOW, THEREFORE the parties agree:

1. **Term:** The duration of the Agreement, as described in Article 29, will be extended from August 16, 2005 to August 16, 2008.
2. **Pay rates:** The pay chart in Article 15 of the Agreement shall be amended to read as follows:

Base Rates of Pay Per Hour

| Effective Date | 8/16/01 | 8/16/02 | 8/16/03 | 8/16/04 | 8/16/05 | 8/16/06 | 8/16/07 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Lead Inspectors | \$30.80 | \$33.60 | \$34.72 | \$35.84 | \$36.92 | \$38.03 | \$39.17 |
| Inspectors and Lead Mechanics | \$29.15 | \$31.80 | \$32.86 | \$33.92 | \$34.94 | \$35.99 | \$37.07 |
| MECHANICS | | | | | | | |
| 1 st 6 months | \$17.72 | \$18.30 | \$18.62 | \$18.94 | \$19.51 | \$20.10 | \$20.70 |
| 2 nd 6 months | \$18.61 | \$19.21 | \$19.55 | \$19.89 | \$20.49 | \$21.10 | \$21.73 |
| 2 nd year | \$19.65 | \$20.29 | \$20.64 | \$21.00 | \$21.63 | \$22.28 | \$22.95 |
| 3 rd year | \$20.84 | \$21.52 | \$21.89 | \$22.28 | \$22.95 | \$23.64 | \$24.35 |
| 4 th year | \$22.16 | \$22.88 | \$23.28 | \$23.69 | \$24.40 | \$25.13 | \$25.88 |
| 5 th year | \$23.64 | \$24.41 | \$24.84 | \$25.27 | \$26.03 | \$26.81 | \$27.61 |
| Thereafter | \$27.50 | \$30.00 | \$31.00 | \$32.00 | \$32.96 | \$33.95 | \$34.97 |

The base rates of pay for Apprentices set forth in Article 28 shall be amended to read

as follows:

| Effective Date | 8/16/01 | 8/16/02 | 8/16/03 | 8/16/04 | 8/16/05 | 8/16/06 | 8/16/07 |
|----------------|---------|---------|---------|---------|---------|---------|---------|
| Apprentice | \$13.98 | \$14.19 | \$14.40 | \$14.62 | \$15.06 | \$15.51 | \$15.98 |

3. **Profitability bonus:** A new paragraph shall be added to Article 15 as follows:

A profitability bonus shall be paid to employees covered by this Agreement as of August 16 of each of 2005, 2006, and 2007, 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 a maximum of 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 | <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 date of ratification of this Letter of Agreement, or the applicable August 16, as appropriate.

A Mechanic'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).

Profitability bonuses will be paid on the September 20 paycheck of each respective year. All payments are based on the Mechanic's compensation for the previous twelve (12) month period of August 16 – August 15.

4. Stock Options: On the date of ratification (DOR), Southwest shall grant the following fully vested stock options to covered Employees on the Seniority List as of the DOR:

| Seniority as of DOR For Pay Purposes | Total Grant |
|--------------------------------------|-------------|
| 1 st Year | 600 |
| 2 nd Year | 600 |
| 3 rd Year | 600 |
| 4 th Year | 600 |
| 5 th Year | 600 |
| Thereafter | 600 |
| Inspectors and Lead Mechanics | 600 |
| Lead Inspectors | 600 |

Apprentices and Mechanics on probation will be granted similar options which will vest upon completion of probation. Options may be granted from the 2002 Mechanics Non-Qualified Stock Option Plan (the "Plan") or the 1996 Non-Qualified Stock Option Plan.

Exercise Price: The exercise price shall be equal to the fair market value of Southwest Airlines Co. stock on the Date of Ratification.

Grant Date of Options: Date of Ratification for all current covered Employees.

Expiration of Options: Eight years from date of grant, and as otherwise currently set forth in the Plan.

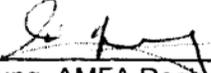
Other Requirements: Same as the Plan.

For SOUTHWEST AIRLINES CO.:

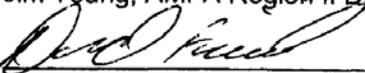


Jim Sokol, Vice President, Maintenance & Engineering

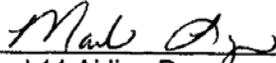
For the AIRCRAFT MECHANICS FRATERNAL ASSOCIATION:



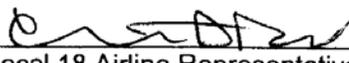
Jim Young, AMFA Region II Director



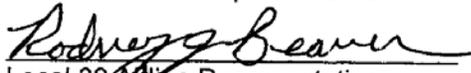
Local 3 Airline Representative



Local 11 Airline Representative



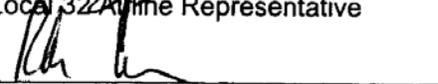
Local 18 Airline Representative



Local 32 Airline Representative

VACANT

Local 37 Airline Representative



Local 39 Airline Representative

Date of Execution: SEPTEMBER 16, 2004

Date of Ratification: SEPTEMBER 15, 2004

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Exhibit 1

SOUTHWEST AIRLINES CO.

2002 MECHANICS NON-QUALIFIED STOCK OPTION PLAN (as amended through October 22, 2002)

SOUTHWEST AIRLINES CO., a Texas corporation (the "Company"), hereby formulates and adopts the following 2002 Mechanics 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 AMFA for Mechanics and related Employees of Southwest Airlines Co. (the "AMFA") for the period August 16, 2001 to August 16, 2005.
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 AMFA. 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 by the Company and covered by 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 Mechanics of the Company 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 equal to the fair market value of the Common Stock on the date of ratification of the Agreement; 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. (c) Southwest Airlines Employees Becoming

Mechanics: Except as provided in subparagraph (e) below, Southwest Airlines Employees who enter the Mechanics work force without a break in company service and who are participants in another stock option plan (an "existing plan") will retain any vested and unexercised options granted with such existing plan. Such Employee must choose to either retain unvested stock option grants established in accordance with such existing plan (if permitted by such other 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 (other than vested and unexercised options in such existing plan). 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. Employees who entered the Mechanics work force prior to the initial grant date of options under this Plan must make the election within 60 days of the date of ratification of the Agreement.

- (d) Mechanics Transferring to Another Work Group: Except as provided in subparagraph (e) below, if a Southwest Airlines Mechanic 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 AMFA: Southwest Airlines Mechanics who transfer between work groups represented by AMFA and which are each covered by an existing stock option plan will retain vested stock option grants established in accordance with their original plan and must choose to either retain unvested stock option grants established in accordance with such original plan or will receive grants in accordance with the plan for their new group. The Employee shall not hold grants under both plans simultaneously (other than previously vested and unexercised options in the original plan). If the Employee chooses to retain grants under the 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 grants under the 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 already received under the original plan. Employees who entered the Mechanics work force prior to the initial grant date of options under this Plan must make the election within 60 days of the date of ratification of the Agreement. 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 4,100,000 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 August 16, 2005, except as to Options outstanding on such date which shall continue in full force and effect until they are exercised, terminate or expire according to the terms of this Plan. 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) The expiration of eight (8) years from the date of grant of such option;
- (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 or 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 AMFA membership not later than November 1, 2002.

STOCK OPTION EXHIBIT A

Initial Grants

On the Effective Date of the Agreement, options to purchase 2,400 shares of Common Stock of the Company will be granted to persons employed by the Company and covered by the Agreement. Of those options, options to purchase 1,200 shares of Common Stock will vest on the later of (i) immediately, or (ii) for Apprentices and Employees who have not completed probation, upon completion of probation. Options to purchase 600 shares will vest on August 16, 2003 and the balance of options to purchase 600 shares will vest on August 16, 2004, for Employees who have completed probation as of such date; if the Employee has not completed probation as of such date, the appropriate options will vest upon the completion of probation.

Subsequent Grants

On August 16 of each year, commencing August 16, 2003, through August 16, 2005, options will be granted to persons employed by the Company who are covered by the Agreement who have completed probation during the previous 12 months (except those receiving an Initial Grant on the Date of Ratification). Options will vest annually on the anniversary of the Grant Date as follows:

STOCK OPTION VESTING SCHEDULE

| Aug.16 | TOTAL GRANT | 2003 | 2004 | 2005 |
|--------|-------------|------|------|------|
| 2003 | 1,800 | 600 | 600 | 600 |
| 2004 | 1,200 | 600 | 600 | |
| 2005 | 600 | 600 | | |

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 Mechanic seniority list as of the applicable vesting date; and
- (b) For Optionees who are Employees of the Company on unpaid status and on the Mechanic 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, 2003, but during calendar year 2002 accrues sufficient hours of service to qualify for a profitsharing contribution for 2003, such Optionee's options will vest on August 16, 2003, as if that Optionee had been on paid status as of August 16, 2003. Provided, however, that options may vest for Employees meeting the requirements set forth above (except the requirement for being on the seniority list), and for those Employees set forth in paragraph 3(e) of the Plan.

