

AGREEMENT

BY AND BETWEEN

SOUTHWEST AIRLINES CO.

AND

TRANSPORT WORKERS UNION OF AMERICA,

AFL - CIO LOCAL 555

REPRESENTING

RAMP, OPERATIONS, PROVISIONING AND FREIGHT AGENTS

FOR THE PERIOD

JUNE 14, 2001

TO

JUNE 30, 2006



TABLE OF CONTENTS

<u>ARTICLE</u>	<u>TITLE</u>	<u>PAGE NO.</u>
	PREAMBLE	1
ONE	PURPOSE OF AGREEMENT	2
TWO	SCOPE OF AGREEMENT	3
THREE	STATUS OF AGREEMENT	5
FOUR	DEFINITIONS	6
FIVE	CLASSIFICATIONS	7
SIX	HOURS OF SERVICE/RELIEF AGENTS	11
SEVEN	OVERTIME	17
EIGHT	SENIORITY	22
NINE	TRAINING	25
TEN	PART-TIME EMPLOYEES	26
ELEVEN	FILLING OF VACANCIES	28
TWELVE	LEAVES OF ABSENCE	29
THIRTEEN	SICK AND OCCUPATIONAL INJURY PAY	31
FOURTEEN	VACATIONS/DAT DAYS	34
FIFTEEN	REDUCTION IN FORCE/SEVERANCE PAY	37
SIXTEEN	TEMPORARY ASSIGNMENTS	40
SEVENTEEN	SAFETY AND HEALTH	41
EIGHTEEN	GENERAL AND MISCELLANEOUS	43
NINETEEN	UNIFORMS	45
TWENTY	GRIEVANCE PROCEDURES	47
TWENTY-ONE	MOVING EXPENSES	53
TWENTY-TWO	HOLIDAYS/FREEDAYS	54
TWENTY-THREE	ATTENDANCE	55
TWENTY-FOUR	[INTENTIONALLY LEFT BLANK]	60
TWENTY-FIVE	SAVINGS CLAUSE	61
TWENTY-SIX	GROUP INSURANCE BENEFITS	62
TWENTY-SEVEN	PROFITSHARING	64
TWENTY-EIGHT	WAGE RULES	65
TWENTY-NINE	DURATION AND AMENDMENTS	100
THIRTY	RETIREMENT	101
THIRTY-ONE	UNION MEMBERSHIP	102
	EXECUTION PAGE	103
<u>SIDE LETTERS OF AGREEMENT</u>		
NUMBER ONE	SENIORITY DATE	105
NUMBER TWO	IMPLEMENTATION DATE	106
NUMBER THREE	APPLICATION OF ARTICLE 20, SEC. 1.G.1.a.	107
NUMBER FOUR	WORK RULE INTERPRETATIONS	108
NUMBER FIVE	PROFITSHARING COMMITTEE	109
NUMBER SIX	MONTHLY MEETINGS	110
NUMBER SEVEN	ATTENDANCE	111
APPENDIX A	OVERTIME CALL BOOK	112

PREAMBLE

This Agreement is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between Southwest Airlines Co. (hereinafter referred to as the "Company" and/or "Southwest") and the Transport Workers Union of America, AFL-CIO Local 555 (hereinafter referred to as the "Union"), representing the class and craft of Employees recognized by the Company as Ramp, Operations, Provisioning, and Freight Agents.

ARTICLE ONE
PURPOSE OF AGREEMENT

A. The purpose of this Agreement is, in the mutual interest of the Company, the Union, and the Employees, to provide for the operation of the Company under methods which shall further, to the fullest extent possible, the well-being of Southwest's Customers, the efficiency of operations, and the continuation of employment under reasonable working conditions. It is recognized to be the duty of the Company, the Union, and the Employees to cooperate fully to attain these purposes.

B. No Employee covered by this Agreement shall 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; nor shall the Company, its officers or agents, or the Union, its officers or agents, unlawfully discriminate against any Employee because of race, color, creed, national origin, sex, religion, handicap, age, disability, or veteran status.

ARTICLE TWO
SCOPE OF AGREEMENT

A. Recognition. The Union is recognized by the Company as the sole and exclusive bargaining agent for the Employees of the Company based in the United States, its territories and possessions, who comprise the class and craft of Ramp, Operations, Provisioning, and Freight Agents. The Union reserves the right to defend and protect any covered Employee.

B. Covered Employees. This Agreement extends to and covers all Employees in the classifications described in Article Five who normally and regularly spend a majority of their work time in the performance of duties described in Article Five. Supervisors are not covered by this Agreement but may continue to perform covered work while on duty. A supervisor's schedule may not be altered to prevent payment of overtime to a covered Employee, and a supervisor may not accept an overtime assignment if covered Employees are available for voluntary overtime assignments.

C. Reasonable Work Rules. Employees covered by this Agreement shall be governed by all reasonable Company rules and regulations previously or hereafter issued by proper authority of the Company which are not in conflict with the terms and conditions of this Agreement and which have been made available to covered Employees and the Union Office prior to becoming effective.

D. Management Rights. The right to manage and direct the work force, subject to the provisions of this Agreement, is vested in and retained by the Company.

E. New Classification/Jurisdiction. Any new job classification coming within the scope of the class and craft described in Paragraph A of this Article is recognized as coming within the jurisdiction of the Union and is covered by this Agreement. Such new job classification and the rates of pay for such new job classification shall be negotiated between the Company and the Union. Any disagreements between the Company and the Union with regard to this Agreement shall be subject to Article 20.

F. Third Party Contracting. The Company and the Union agree that job security and a stable work environment are important objectives to be maintained. Therefore, the Company agrees that contracting with third parties shall be prohibited if it results in a reduction in force or involuntary furlough. It is the intent of both parties that covered work be done by Southwest Airlines Employees.

1. Should the Company have a need to contract with third parties for the performance of covered work, the Company shall notify the Union of:

- a. The nature of the contract; and
- b. The anticipated length of time the third party work shall be required.

The Company and the Union agree to discuss the time frames in an attempt to minimize such third party work and return same to covered Employees. No such contracting shall occur when and if adequate facilities are available for the Company's operations, ramp, and/or freight needs.

- 2. Should the Company have a need to contract with third parties for the performance of covered work at stations where flight activity does not exceed 12 departures per day, the Company shall be entitled to do so. The Company shall notify the Union of:

- a. The nature of the contract; and
- b. The anticipated length of time the third party work shall be required.

This provision shall not apply to stations in operation as of June 14, 2001.

G. Freight Facilities. When and so long as (i) the volume of freight at a station exceeds two hundred thousand (200,000) pounds total of inbound and outbound freight for a three (3) consecutive month period; and (ii) adequate facilities are available, the Company shall establish and maintain a separate bid location for Freight Agents within the Operations Agent classification; provided, however, that freight facilities established as of the effective date of the 1995 Agreement covering Ramp, Operations, Provisioning, and Freight Agents shall not be affected by the volume requirement in clause (i), above.

ARTICLE THREE
STATUS OF AGREEMENT

A. Ratification. It is expressly understood and agreed that, when this Agreement is accepted by the Company and ratified by the membership of the Union, it shall be binding on both the Company and the Union and shall supersede any and all agreements existing or previously executed between the Company and the Union and/or any other organization representing the Employees covered hereunder.

B. Successorship. It is further understood and agreed that all provisions of this Agreement shall be binding on the Company and the Union in any and all successorships, assignments, and/or successor arrangements. The Company agrees to use reasonable efforts to incorporate this Agreement as part of the terms of any sale, assignment, or successorship of the Company. In case of consolidation or merger, representatives of the Company and the Union shall meet without delay and negotiate for proper provisions for the protection of the Union and Employees' seniority rights set forth in this Agreement.

C. Amendments. Either party may propose in writing to the other party any amendment which it may desire to make to this Agreement. No amendment hereto shall be valid unless in writing and duly and properly executed by the Vice Presidents of Ground Operations and Provisioning and the President of the Union.

D. Captions. Any and all captions and/or titles of articles, sections, and/or paragraphs are for convenience of reference purposes only and shall neither add to nor detract from the substance of this Agreement.

ARTICLE FOUR
DEFINITIONS

A. "Employee" as used in this Agreement shall mean the Employees in the classifications of Ramp Agent/Provisioning Agent and Operations Agent/Freight Agent.

B. A "week" shall consist of seven (7) consecutive days commencing at 0000:01 Sunday morning.

C. A "day" shall be a twenty-four (24) hour period beginning at 0000:01.

D. A "work shift", except as otherwise provided herein, shall consist of eight (8) hours, exclusive of meal periods.

E. "Month" as defined herein shall mean calendar month.

F. "WOP" time shall mean leave without pay taken by agreement between the Company and the Employee.

G. It is understood that wherever in this Agreement reference is made to the male gender, it shall include both genders.

ARTICLE FIVE
CLASSIFICATIONS

SECTION ONE
RAMP AGENT/PROVISIONING AGENT

The work of Ramp and Provisioning Agents includes the functions which have been historically performed by such agents at Southwest Airlines stations and includes, but is not limited to, any or all of the following work covered under this specific labor contract. Agents required to perform such duties must be current and qualified within that classification.

- A. Loads, unloads, services, guides, and directs Company aircraft.
- B. Transports cargo to and from aircraft, including from the Company to other carriers.
- C. Loads and unloads the cargo compartment of the aircraft with cargo (such as Customers' baggage, air freight, air mail, ballast, and Company materials) according to a pre-determined plan.
- D. Warehouses, weighs, stacks, picks up, and delivers air cargo; checks air cargo handled against its accompanying forms to identify any mishandling or discrepancies; and corrects routine errors.
- E. Safeguards Customers' baggage, air cargo, air mail, and comat from weather, loss, theft, damage, and/or destruction.
- F. Receives and records Customer baggage, air freight, air mail, and comat as required.
- G. Checks' cargo forms for accuracy and corrects forms as necessary.
- H. Equips aircraft cabin interiors for flights with equipment and supplies such as blankets, literature, disposal and refuse containers, and commissary items (including ice), in accordance with applicable paperwork.
- I. Hand cleans interior of aircraft by such operations as hand sweeping and dusting, empties ash trays, and uses specialized cleaning fluids and materials, using mechanized cleaning aids as required, in accordance with applicable paperwork.
- J. Removes stains from upholstery; cleans windows; and cleans and services lavatories and galleys and disposal containers, in accordance with applicable paperwork.
- K. Transports cabin, commissary, and cleaning equipment between aircraft and storage areas.
- L. Wears visual identification required by the Company, prominently displayed for ready recognition.

M. Maintains an inventory of cabin equipment items, commissary items, and cleaning equipment and supplies, including the storage areas for such supplies and notifies local management of possible materials needed.

N. Checks delivery of supplies for shortages and brings discrepancies to the attention of local management.

O. Works according to Company regulations and procedures and instructions from supervisors issued in accordance with this Agreement.

P. As qualified, operates all power and other ground equipment (including push back tugs) assigned by the Company to complete its airline operations.

Q. Has routine contacts with people outside the Company such as delivery agents, shippers, etc.

R. Completes forms and paperwork connected with work assignments according to established procedures and enters such information into the Company's information system as required.

S. Keeps work area in a clean and orderly manner, including storage areas for Company supplies and commissary items and Employees' break room.

T. Provides friendly service to all co-workers and Customers.

SECTION TWO OPERATIONS AGENT/FREIGHT AGENT

The work of an Operations Agent includes the functions which have been historically performed by Operations Agents at Southwest Airlines stations and includes, but is not limited to, any or all of the following work covered under this specific labor contract. Agents required to perform such duties must be current and qualified within that classification.

A. Coordinates the ramp, operations, Customer boarding/deplaning, and provisioning functions at the airport to assure expedient handling/servicing of aircraft and to achieve on-time departures, quick turnarounds, and to make up time on delayed flights.

B. Opens and closes the stations, advising Dispatch of same; transmits required messages about conditions; operates station communications equipment and radio communications equipment as needed; answers station operations telephones and advises gate agents when to board Customers.

C. Prepares Dispatch release forms and collects weather reports for the crew.

D. Arranges to have aircraft fueled as required.

- E. Prepares weight and balance forms and advises Dispatch, Flifo, and stations of flight departures.
- F. Closes out flights and files flight papers.
- G. Ascertains that aircraft are properly cleaned and provisioned prior to departure.
- H. Coordinates special services needed on flights; e.g., servicing lavatories, cabin grooming, and wheelchairs for Customers, and performs special emergency cleaning.
- I. Operates jetway; coordinates the boarding and de-planing of Customers.
- J. Works with gate agents in expediting the check-in process; collects boarding passes and verifies boarding counts.
- K. Writes and submits irregularity reports as required.
- L. Checks cargo on hand to see that it is properly logged and accounted for; completes airbills, verifies shipments; accepts and accounts for payment.
- M. Checks that board mail and Company material are dispatched and sent to indicated stations.
- N. Receives, refers, or makes paging calls and makes paging announcements, as appropriate.
- O. Keeps other station personnel advised of flight movements, weather conditions, and irregular operations.
- P. Prepares statistical reports to record information from trip papers.
- Q. Operates equipment for flight information display systems.
- R. Properly maintains and wears the uniform as required by Company regulations and presents a neat and professional appearance while on duty.
- S. It is understood and agreed that Operation Agents who are currently working in the Baggage Service Department shall not be displaced as a result of this Agreement and shall continue to accrue seniority in the Operations classification for all purposes, until such time as such Employee transfers out of that location.
- T. Provides friendly service to all co-workers and Customers.

SECTION THREE
CROSS-UTILIZATION

It is mutually understood and agreed that under normal working conditions, Ramp Agents shall perform Ramp Agent duties; Provisioning Agents shall perform Provisioning Agent duties; and Operations Agents shall perform Operations Agent duties; however, cross utilization shall be allowed when sufficient personnel of a specific job classification are not available. No Employee shall be required to perform duties in another job classification unless that Employee has been adequately trained to perform the required duties and is current and qualified.

ARTICLE SIX

SECTION ONE HOURS OF SERVICE

A. Tour of Duty. Time worked in any tour of duty, including holidays, overtime, and shift trades, shall be considered as work performed on the day during which the Employee's regular shift began.

B. Meal Period. A thirty (30) minute meal period, shall be scheduled during the third, fourth, or fifth hour. Eight (8) hours, inclusive of a thirty (30) minute meal period, shall constitute a day's work for those Employees whose regular shift begins between the hours of 6:00 P.M. and 4:00 A.M.

C. Scheduled Days Off. Employees, excluding Relief Agents, shall be scheduled for at least two (2) consecutive days off in each of their work weeks. Saturday and Sunday shall be considered as consecutive days off for this purpose.

D. Work Schedule Bids/Requirements. Work schedules shall be bid as often as required but shall be bid at least six (6) times per year. Each bid shall be for a minimum period of twenty eight (28) days and shall, where possible, become effective at 0000:01 Sunday morning. Each bid shall indicate the starting and tentative ending dates of the work schedule. Once an Employee's shift is established, it shall not be changed except in accordance with this provision or Article Seven (Overtime). The ending date of the work schedule may be changed due to an unexpected change in flight activity or because of Employee(s) returning from approved leave(s) of absence. There shall be no re-bid on less than seventy-two (72) hours notice. Employees shall have seven (7) days to bid on either a shift bid or rebid. Nothing in this Agreement shall prevent the Company from assigning shifts and days off to new hire probationary Employees. Probationary Employees shall be considered in training, and shall be assigned shifts and days off, but not used as Relief Agents, during the first thirty (30) days worked of their probation. Thereafter, probationary Employees shall bid shifts and days off according to their seniority on the next scheduled bid. An Employee who returns from an approved leave of absence shall be allowed to exercise his seniority for shifts and days off if more than thirty (30) days remain until the scheduled shift bid. If less than thirty (30) days remain until the next scheduled shift bid, the Company shall use its best efforts to assign such Employee to a shift and days off that the Employee's seniority would have permitted him to hold.

An Employee may file a permanent shift and day off bid in triplicate. The copies will be distributed to the Company and shop

steward, and the Employee will retain one copy. Once on file with the Company, the permanent bid will stand as the Employee's official bid in the event an Employee fails or is unable to file a bid during the location's regular bid process. If an Employee wants to change his permanent bid he may do so at any time. All bids on file before the bid closes will be considered. Any Employee who does not have a bid on file will be assigned to a shift and days off after bids are awarded. If more than one Employee is to be assigned, the remaining available shifts and days off will be offered in order of seniority.

E. Holiday Pay. An Employee who is excused from work on a designated holiday shall receive a regular day's pay therefor.

F. 1:00 A.M.-5:00 A.M. Shift. If a shift is established with a starting hour at or after 1:00 A.M. but before 5:00 A.M., the Employee shall be paid time and one-half of his regular rate of pay for the portion of such shift which falls between such hours.

G. Posting Shift Assignments. The regular shift assignments shall be prepared and posted at each location at least seventy-two (72) hours in advance of becoming effective.

H. Rest Periods. All Employees shall be granted a fifteen (15) minute rest period for each four (4) hours of a scheduled work shift. Consistent with the requirements of the service, the Company shall make a reasonable effort to schedule rest periods as near as possible to the midpoint of each half of an Employee's shift; however, in no event shall rest periods be scheduled to commence in the first hour of an Employee's shift or in the last hour of an Employee's shift.

I. Jury Duty. Employees absent during their normal work day for the purpose of serving as a juror shall be entitled to their regular pay for the number of authorized days off. If the Employee is required to report for jury duty the next morning, the Employee shall not be required to work beyond 10:00 P.M. the night before jury duty, but shall receive pay for the balance of his scheduled shift. Whenever the Employee is released from jury service that lasts four hours or more, he shall be allowed ten (10) hours rest before reporting back to work. An Employee receiving a jury summons shall notify his supervisor immediately and shall provide the supervisor with written proof of time spent on jury duty with actual dates and hours of service. When jury duty extends two full weeks or more, the Employee will be given the option to have his work schedule adjusted during the second and following weeks so that the Employee receives two days off per week. If the Employee takes this option, he will not be eligible for overtime on the adjusted days off. When an Employee is released from jury duty at least two hours prior to the start of his shift, and jury duty lasted less than four hours, the Employee will be required to report to work.

J. Shift-trades. The trading of a work shift or day off between Employees within the same classification shall be permitted if a request in writing, signed by all of the trading Employees, is submitted to the appropriate station management at least twelve (12) hours in advance of the starting time of the first intended trade, provided the Employees involved are capable, current, and qualified for performing the job functions traded. Requests submitted less than twelve (12) hours prior to the first intended trade are subject to management approval. Employees who trade become responsible to work the shift agreed to as if it were part of their regular shift assignment. No trade can involve more than four (4) persons. Trades involving probationary Employees in their first thirty (30) days worked of service are subject to Company approval.

1. Approval. The trading or giving away of a workshift shall be permitted when agreed to by two (2) Employees when the above mentioned requirements have been met, subject to the approval of the Company.
2. Rate of Pay. It is expressly understood that in each case of a trade or giveaway, the Company shall pay the Employee who actually performed the work for the hours actually worked at straight time. [Example (1): Agent A works for Agent B during a pay period. In return, Agent B works for Agent A during the same pay period. Result: No changes in pay for either individual. Example (2): Agent A works for Agent B during any pay period of the month and Agent B does not repay the shift trade during that same pay period. Result: Agent A shall receive eight (8) hours additional straight time pay on the check that he receives for that pay period, and Agent B shall receive eight (8) hours less. Agent B can only receive the eight (8) hours straight time pay when he actually works for Agent A on some future date.]
3. Overtime Exclusion. No overtime shall be created by a shift trade or give away.
4. Reporting Requirements. All trade agreements and shift giveaways must be in writing, signed by all parties involved, and be submitted to station management in order to be considered valid. Shift trades and giveaways of less than a full shift shall be permitted. An Employee who commits to work a shift other than his own shall be required to report on time.
5. 12 Day Rule/Double Rule. Employees shall not be required to work more than twelve (12) days in a row, nor permitted or required to work more than 5 consecutive

double shifts. The Employee off because of giving away of a shift shall be eligible for overtime as out-lined in Article Seven (Overtime) of this Agreement.

6. Preserving Seniority. It is understood that the shift/day trade provisions of this Article may not be used to circumvent the awarding of shifts as described in Article Eight (Seniority).

7. Giveaway/Mandatory. An Employee required to work an overtime assignment may elect to giveaway such assignment by means of a shift giveaway upon verification by the Company. The Employee shall then be classified under Article Seven, Paragraph I, Sub-paragraph 1(e), for any other overtime call out procedures.

K. 10 Hour Rest Rule. Employees shall not be scheduled regular shift assignments which shall cause Employees to have less than a ten (10) hour rest period between shifts, except as a result of a shift bid change, shift trade, or voluntary overtime assignment. If, due to a mandatory overtime assignment of four (4) hours or more, an Employee receives less than ten (10) hours of rest before his next regular scheduled shift, that Employee will elect one of the following two options:

1. Receive ten (10) hours rest, and be paid at his regular straight time rate for time lost from his regular work shift because of that rest; or
2. Waive the ten (10) hour rest requirement and be paid at the double time rate for all hours worked that were considered part of the ten (10) hour rest period.

L. Local Agreements. The provisions of this Article may be changed by local agreement to provide for different work schedules in regards to Section One of this Article (Hours of Service), Article Seven (Overtime), and Article 14 (Vacations).

SECTION TWO

Relief Agents

A. Coverage. Where established by the Company, Employees may be assigned to relief duties for the purpose of covering any absence. These shifts shall not have clearly defined work weeks since their work shall vary dependent upon the work week of the Employee whom they are relieving. In order to provide such allowance for days off to such relief personnel, the Relief Agent shall be entitled to a minimum of four (4) days off for each two (2) week period in the specified bid period. Where there is an odd number of weeks in the

bid period the Relief Agent shall be entitled to two (2) days off for the odd week in that specified bid period.

B. Base Shift. On days on which the Relief Agent cannot be scheduled to a relief assignment, he shall have hours of service and days of rest as established by the Company. Base shifts shall not include Saturdays or Sundays as scheduled days off.

C. Notification/Changes. Relief Agents may have their base hours temporarily changed with at least twelve (12) hours notice prior to the start of the new shift assignment. However, if a Relief Agent is released from duty after 10:00 P.M. local time, he shall not be required to report to a shift other than his base shift without at least a ten (10) hour rest period.

D. Bidding. Relief shifts shall be bid as prescribed in Section One, Paragraph D, of this Article and shall be identified appropriately.

E. Relief Shifts. Relief shifts shall be bid separately in 1) Ramp; 2) Provisioning; and 3) Operations (including Air Freight). Schedules for Relief Agents in the Operations classification may include assignments in Operations and/or Air Freight, and Operations Relief Agents may be used in Air Freight. For bidding purposes only, Relief Agents bids shall be designated as A.M. or P.M. preference. To the extent such assignments are available, the Company shall recognize such preference.

F. Premium. Relief Agents shall receive a premium of one hundred and sixty dollars (\$160.00) per month, in addition to inconvenience shift premium, which shall be added to their base pay during each month they work. Effective the first month following the date of ratification of this Agreement, the Relief Agent Premium shall be one hundred seventy-five dollars (\$175.00) per month.

G. Day Off Status. Relief Agents shall be covered under Article Seven for overtime purposes. For the purpose of applying the overtime provisions of Article Seven, Relief Agents shall be considered on first day off status on their first scheduled day of rest and second day off status on all subsequent days of rest (when more than two (2) continuous days off are scheduled).

H. Allowable Amounts. The number of Relief Agents per station shall be determined by the Company; however, the maximum number allowed shall be calculated separately for 1) Ramp; 2) Provisioning; and 3) Operations (including Air Freight), as follows:

10-20	Employees	2 Relief Agents
21-30	Employees	3 Relief Agents
31-40	Employees	4 Relief Agents
41-50	Employees	5 Relief Agents
51-60	Employees	6 Relief Agents
61-70	Employees	7 Relief Agents
71-80	Employees	8 Relief Agents
81-90	Employees	9 Relief Agents
91-100	Employees	10 Relief Agents
101-110	Employees	11 Relief Agents
111-120	Employees	12 Relief Agents
121-130	Employees	13 Relief Agents
131-140	Employees	14 Relief Agents
141+	Employees	15 Relief Agents

At those stations operating separate freight facilities, and where the combined total of Operation Agents and Freight Agents is between 7 - 9, the Company may, at its option, utilize one Relief Agent.

ARTICLE SEVEN

OVERTIME

A. Computation. For pay purposes, the overtime rate of time and one-half shall be computed on an actual minute basis adjusted to the nearest tenth (1/10) of an hour, with a minimum of three quarters (3/4) hour overtime. If an Employee elects to waive the requirements for the minimum three quarters (3/4) hour overtime, he may do so if approval is obtained from a supervisor. For the purpose of this Article only, it is expressly understood and agreed that a part-time Employee's seniority shall be the date he was placed in the classification in which he is working.

B. Time and One-half. Employees shall be paid an hourly rate of time and one-half for:

1. First 4 Hours. The first four (4) hours worked either prior to or after an Employee's regular shift.
2. First 8 Hours. The first eight (8) hours worked on one of the two regularly scheduled days off.

C. Double-time. Employees shall be paid an hourly rate of double time for:

1. Excess of 8 Hours Overtime. All hours in excess of the first eight (8) hours worked on one of the two regularly scheduled days off each work week.
2. Second Scheduled Day Off. For all time worked on the second regularly scheduled day off in a work week, if a minimum of four (4) hours overtime on the first day off was also worked.
3. Excess of 12 Hours. For all time worked in excess of twelve (12) hours in any work day.

D. Notification. Whenever possible, Employees in a shift shall be given a minimum of two (2) hours notice of overtime. It is specifically understood that no notice shall be necessary whenever normal station operations are jeopardized. The Union and the Company agree that less than two hours notification is not desirable, and the provisions of this Article must be considered when notifying an Employee of an overtime assignment. When it becomes necessary for Employees to work overtime, they shall not have their regular work schedule altered to fill an overtime assignment.

E. Authorization. Overtime shall be worked only by direction of the proper supervisor of the Company, except in cases where normal station operations are jeopardized and where prior authority cannot be obtained.

F. [Intentionally left blank.]

G. Continuous With Overtime. If a known overtime assignment of less than four (4) hours is available, it shall be filled by continuous with overtime (shift extension) as follows:

1. Posting. A column in the call book (Appendix A) shall be available for an Employee to indicate that he is volunteering to work continuous with overtime.
2. Agreement. When an Employee signs this sheet, it constitutes his agreement to work the overtime.
3. Seniority. Assignments shall be made to the most senior qualified Employee(s) on the sign up sheet.
4. Reverse Order. If no one signed up for overtime continuous with the beginning or ending of his shift, assignments shall be made in reverse order of seniority. If there is an Employee with less seniority who gets off later but can cover a portion of the overtime needed, the more senior Employee shall be released when the more junior Employee becomes available. This "stair stepping" of mandatory overtime shall only be done one time per assignment.
5. Rest Period. For continuous service after regular working hours, Employees shall not be required to work more than two (2) hours without being allowed a fifteen (15) minute rest period, or be required to work more than four (4) hours without a paid thirty (30) minute meal period.

H. Splitting Assignments. The Company may cover less than a full shift of available overtime, but if a block of four (4) or more consecutive hours is to be covered, the block shall not be split for assignments unless no one is eligible and available in the call book.

I. Overtime Call Book. If a known overtime assignment of four (4) hours or more is available, the overtime call book for each bid location shall be utilized. In accordance with Appendix A, to be eligible for this overtime, an Employee must complete and sign the overtime call book in ink, and must initial, in ink, any subsequent deletion or changes. All such changes must be witnessed and initialed by a supervisor. A standard overtime call book shall be used at all stations and offices. Overtime call books shall be posted for a minimum of fourteen (14) days in advance. When an Employee signs the overtime call book, it shall constitute his agreement to work on the day for which he signed, and normal attendance rules shall apply.

1. Assignment Order. Assignments from the overtime call book shall be assigned to qualified Employees in the following descending order:
 - a. By scheduling of the senior Employee of that bid location who is on his first day of rest, or who is on his second day of rest and has not worked four (4) or more hours of overtime on his first day of

rest. If no such Employee is available, then:

- b. By scheduling of the next senior Employee of that bid location who is on his regular work day and is at work, or has left work. If no such Employee is available, then:
 - c. By scheduling of the Senior Employee of that bid location who is on his second day of rest and who has worked four (4) or more hours of overtime on his first day of rest. If no such Employee is available, then:
 - d. By scheduling of the senior Employee of that bid location who has adjusted his hours because of a shift trade. If no such Employee is available, then:
 - e. By scheduling of the senior Employee of that bid location who is on a shift giveaway. If no such Employee is available, then:
 - f. By scheduling of the senior Employee of that bid location who is on a freeday. If no such Employee is available, then:
 - g. By scheduling of the senior Employee of that bid location who is on vacation. If no such Employee is available, then:
 - h. By scheduling of the senior Employee of that bid location who has completed and signed the overtime call book below the close out line.
2. Complete Utilization of Call Book. An Employee who has worked an overtime assignment of four (4) hours or more in his overtime day has fulfilled his obligation to work voluntary overtime for that day, but shall be eligible for further overtime assignments after all other Employees above the close out line in the overtime call book have been utilized.
3. Closing/Notification. The overtime call book for the following day shall be closed at 1200 hours of the preceding day or sooner when the station or office closes prior to 1200 hours. The Company shall attempt to assign known overtime assignments within two (2) hours after the overtime call book is closed.
4. Assignment/Preference. When completing and signing the overtime call book, Employees shall indicate their

preference for either an A.M. or P.M. overtime assignment, or both. Employees who indicate a preference for an A.M. overtime assignment in the overtime call book shall not be called for voluntary overtime assignments beginning at or after 12:00 noon on that date. Employees indicating a preference for P.M. overtime assignments in the overtime call book shall not be called for voluntary overtime assignments beginning before 12:00 noon on that date. When overnight shift(s) are scheduled, the overtime call book will be discussed and may be modified by local agreement in accordance with Article Six, Paragraph L.

5. Mandatory Assignments. The Company and the Union agree that mandatory overtime assignments are not in the best interests of either party. To maximize voluntary overtime utilization, the Company must make overtime known to the Employees, and Employees must utilize the overtime call book to the fullest. If a sufficient amount of overtime is not voluntarily obtained or if no one signed the overtime call book, the Company shall require Employees to work the overtime. It shall only be assigned as outlined above in Sub-Paragraphs 1. a., b., and c. in reverse order of seniority.
6. Recall. Employees recalled to work shall be paid a minimum of four (4) hours at the applicable overtime rate.
7. Vacation Status. Employees who volunteer to work while on vacation shall be paid at the rate of time and one half for the first eight hours of all vacation days worked, and double-time for all hours in excess of eight hours in one day. Standard overtime rates and guidelines apply on days off prior to and immediately following vacation days.
8. Standard Overtime Call Book. (Appendix A).

J. Freight Bid. Where separate freight bid locations are maintained, an overtime call book shall be maintained in each bid location within the Operations/Freight location. Overtime within a bid location shall be filled first from within the bid location if Employees within that bid location have signed the call book. If no one within the bid location has signed the call book, overtime shall be awarded from the call book at the other bid location to Employees who are qualified and current for the position for which overtime is required. The determination of qualification and the currency necessary to be eligible for overtime in a bid location shall be at the sole discretion of the Company. If no one signs the call book at either bid location, the overtime shall be assigned to

the junior available Employee within the bid location, as outlined above in Sub-Paragraphs 1. a., b., and c. of this Article.

K. Overtime Sheets/Unsigned: Any Employee who has not signed the overtime call book shall have no rights under the grievance procedure (Article Twenty) in case of a dispute as to voluntary overtime.

L. Charters. A column in the call book (Appendix A) shall be available for an Employee to indicate a preference to work charter overtime. Overtime compensation for Charters shall be as follows:

1. One-Day. Agent shall be paid the applicable rate beginning one hour prior to charter, deadhead, or ferry flight departure, until thirty (30) minutes after the arrival at the agent's base station.
2. Two-Day. Agents shall be paid the applicable rate for activities associated with a charter on the first day. If call out, a minimum of four (4) hours shall be paid. Agents shall be paid the hourly rest period rate of three (3) dollars an hour for an eight (8) hour rest period. The rest period shall begin thirty (30) minutes after termination of the first day of charter operation. If the rest period extends beyond the eight (8) hours, the agent shall be paid the applicable overtime rate for all hours of the second day. If the rest period does not extend beyond eight hours, the applicable overtime rate shall resume one hour prior to the first departure of the second day and continue until thirty (30) minutes past the agent's arrival at his base station. When applicable, the Employee shall be considered on deadhead positive space status when returning to base station.
3. Expenses. Agent shall be reimbursed for reasonable expenses up to thirty dollars (\$30.00), when receipts are submitted. A single hotel room shall be provided at the Company's expense during the rest period mentioned above.

ARTICLE EIGHT
SENIORITY

A. Company Seniority. Company seniority shall be defined as an Employee's continuous length of service with the Company and shall determine length of vacation, if any.

B. Classifications Seniority. For any other purposes, classification seniority shall govern and shall be defined as the length of service for which an Employee receives credit in any of the classifications listed below, accruing from the date of entering such classification. The classifications to be recognized for seniority purposes are:

1. Ramp/Provisioning Agents; and
2. Operations/Freight Agents .

Each classification shall be divided into two (2) job titles. The Ramp/Provisioning Agent Classification shall contain the following job titles:

1. Ramp Agent; and
2. Provisioning Agent.

The Operations/Freight Agent Classification shall contain the following job titles:

1. Operations Agent; and
2. Freight Agent.

Furthermore, effective June 14, 2001, Employees under the scope of this Agreement will begin to accrue seniority within both classifications ("R/O Seniority").

Classification seniority shall determine:

1. Choice of vacation (within a job title);
2. Shift assignments including days off (within a job title);
3. Reduction in force; and
4. Filling of vacancies within a classification.

Notwithstanding the provisions of the preceding paragraph, where a station has nine (9) agents or less in Operations and Freight combined, choice of vacation assignments shall be determined by classification seniority within the Operations/Freight classification. Stations with nine (9) agents or less combined that currently choose vacations separately shall continue to do so (e.g. Amarillo, Harlingen, and Indianapolis), unless there is a significant reduction in flight activity at such station, in which case the Company and the Union will meet to discuss in good faith

whether such procedure should be changed. Any other deviation from this policy will be permitted only by a local agreement, as provided for in Article 6.

- C. 1. Company seniority shall begin from the date placed on the payroll as an Employee, and in the event that two (2) or more Employees have the same seniority date, the older Employee will appear first on the seniority list.
2. Effective upon the ratification of this Agreement, Employees entering a classification on the same date will appear on the seniority list in the following order:
- a) Employees with Company seniority within a classification covered by this Agreement, in the order of length of seniority in such classification;
 - b) Employees with other Company seniority, in the order of length of Company seniority;
 - c) Employees with no prior Company seniority.

Nothing contained herein shall alter the existing seniority position of Employees in either classification covered by this Agreement upon the date of ratification of this Agreement.

D. Seniority List. Seniority lists shall be compiled as of January 1 and July 1 of each year, and be published, by posting, by January 15 and July 15 of each year. A copy of the seniority list shall be furnished to the Union Office on or before the posting date. Seniority lists are established for the following classifications:

- 1. Ramp/Provisioning Agents; and
- 2. Operations/Freight Agents.

NOTE: Seniority lists shall also contain R/O Seniority established on June 14, 2001.

E. Corrections to Seniority List. Employees shall have fifteen (15) days after the publication date of the seniority list to protest any omission or incorrect position affecting their seniority.

F. Termination. Any Employee whose employment terminates shall forfeit his seniority rights.

G. Probation. All new Employees shall serve a probation period of one hundred eighty (180) calendar days. During this period, a new Employee has an opportunity to demonstrate his qualifications and ability to adapt to Company policies and procedures. The probation

period affords the Company an opportunity to evaluate the Employee's qualifications and ability to perform tasks assigned. Probationary Employees shall bid for shifts under the provisions of Article Six, Section One, Paragraph D, and exercise the use of shift trades and giveaways under the provisions of Article Six, Section One, Paragraph J, after the completion of the first thirty (30) days worked of their probationary period. Trades involving Probationary Employees in their first thirty (30) days of service worked are subject to Company approval.

Sick leave shall accrue but may not be taken during the first thirty (30) days of an Employee's probation period. In the event a Probationary Employee is granted a leave of absence for any reason, the probation period shall be extended by the number of calendar days equal to the period of the leave.

H. Loss of Seniority. Employees shall lose their seniority status and their names shall be removed from the seniority lists under the following conditions:

1. They quit or resign;
2. They are discharged for just cause;
3. They are absent without calling in for three (3) consecutive days;
4. They do not inform the Company in writing or by telegram of their intent to return to service within seven (7) days following the Company's sending notice of recall from furlough;
5. They do not return to service on the date specified in a notice of recall from furlough;
6. They transfer to another department in the Company not covered under the scope of this Agreement;
7. They are furloughed and not recalled to service with the Company within five (5) years from date of furlough; or
8. They are on medical leave of absence in excess of thirty six (36) consecutive months.

Nothing contained in this Paragraph shall prevent the Company and the Union from mutually agreeing to waive the requirements imposed by it.

I. Promotion/Transfer. Employees promoted to a supervisory position or who transfer from one classification to another shall retain seniority in the classification from which they were promoted or transferred but shall not continue to accrue seniority. Employees while occupying supervisory positions shall not be considered as working under the terms of this Agreement for the purpose of accruing seniority. Such Employees retain the privilege of exercising their seniority in the event of a reduction in force by displacing the most junior Employee in their classification in the system.

ARTICLE NINE
TRAINING

A. Rate of Pay. The Company shall make every reasonable effort to schedule Employees to attend training classes during their regular shift; however, any time spent in working, training, or traveling, over and above the regular shift, shall be considered overtime and shall be paid at the applicable overtime rate.

B. Day off Status. An Employee required by the Company to attend classes on the Employee's day or days off shall be paid for the day or days at the applicable overtime rate.

C. Expenses. When an Employee is away from his base station on Company business, the Company shall defray the Employee's reasonable and actual expenses covering meals (not to exceed \$30.00 per day), lodging, tips, laundry and transportation. Expenses must be properly substantiated by receipts. Effective the first day of the month following the date of ratification of this Agreement, the maximum amount to be defrayed by the Company shall be \$35.00 per day.

D. New Equipment. When any new type of equipment is put into service by the Company, and an Employee is required to operate such equipment as a part of such Employee's duties, the Employee shall be given an opportunity to become familiar with such new equipment. The Company shall insure that Employees are adequately trained before being required to operate such equipment.

ARTICLE TEN
PART-TIME EMPLOYEES

A. Company Rights. Notwithstanding any other section or language contained herein, the Company may, at its option, employ part-time Employees at all stations in all classifications covered by this Agreement. Nothing contained in this Article shall prevent the Company and the Union from mutually agreeing to waive the requirements imposed by it.

B. Furloughed/Displaced. No full-time Employee shall be furloughed or displaced with a part-time Employee.

C. Percentage Limits. The number of part-time Employees in the system within a classification covered by this Agreement shall not exceed ten percent (10%) of any classification. In addition, stations employing twenty (20) or fewer Employees covered by this Agreement may not schedule more than twenty percent (20%) of any classification as part-time Employees. Those stations employing more than twenty (20) Employees may not schedule more than fifteen percent (15%) of any classification as part-time agents. In calculating percentages, the Company shall round to the nearest whole number, but, in any event, each classification within a station shall be entitled to at least one (1) part-time Employee.

1. Compliance. In complying with the percentages, the Company shall not be required to upgrade any part-time Employee until a vacancy or conversion of a pay shift to a full-time shift occurs within that department.

2. Non-Compliance. At any time that a department is not in compliance with the required percentages, no part-time vacancy shall be filled.

D. Scheduled/Minimum. Employees classified as part-time shall be scheduled a minimum of four (4) consecutive hours in a day and not more than five (5) consecutive days in a work week.

E. Scheduled/Maximum. An Employee classified as part-time shall not be scheduled to work more than thirty (30) hours in a work week (exclusive of meal periods) and shall be paid the applicable overtime rate for any time worked in excess of his scheduled hours in a day.

F. Benefits. Part-time Employees shall participate in the profit sharing and 401(k) plans. Part-time Employees shall receive individual coverage under any Plan Option contained in the Company's "Benefits Plus Plan" as if their status was full-time. The "Benefits Plus Plan" coverage shall be individual coverage only, with no initial coverage for other family members. After six

(6) months of Company seniority, the part-time Employee may purchase coverage for eligible family members at the actuarial cost to Southwest of providing such coverage. Such cost shall be borne 100% by the Employee. Full-time Employees who become part-time Employees after the date of ratification of this Agreement who are covered under the Company's "Regular" medical plan shall retain the individual coverage under such "Regular" plan until the Company's next open enrollment election period. Coverage for eligible family members may be continued during this interim period provided the Employee pays the actuarial cost for such coverage. Part-time Employees enrolled in the Company's "Regular" medical plan as of the date this Agreement is ratified may continue such enrollment for so long as such Employee remains a part-time Employee.

G. Uniforms. Uniform requirements for part-time Employees shall be the same as for full-time Employees.

H. Vacation Pay. Part-time Employees shall be the same as full-time Employees to the extent that they shall be relieved from duty for the vacation period from a part-time work schedule as opposed to a full-time work schedule.

I. Bidding. Part-time Employees shall bid shifts by classification separate from full-time Employees of the same classification.

J. Bidding Vacation/Freedays. Part-time Employees shall bid vacation and day free of the Company by classification seniority along with full-time Employees of that classification.

K. Upgrade Restrictions. A part-time probationary Employee may bid a full-time vacancy in his classification at his location at any time and may bid a full-time vacancy in his classification at any location after ninety (90) calendar days.

L. Adjusted Seniority. When a part-time Employee bids a full-time position, the Employee shall be granted bidding and classification seniority equal to seventy-five percent (75%) of the Employee's time from date of hire in such part-time classification.

M. Furloughs. Part-time Employees shall be furloughed at a station or facility before any full-time Employee at that station in that same classification is affected by such furlough.

N. Moving Expenses. The moving expenses article (Article Twenty-One) shall apply to part-time vacancies.

O. Sick Leave. Sick leave shall be accumulated in accordance with Article Thirteen, Section One.

ARTICLE ELEVEN
FILLING OF VACANCIES

A. Permanent Bid File. Vacancies in all Ramp, Provisioning, Operations and Operations (Air Freight) positions shall be filled from the permanent bid file in the office of the appropriate department head. When a vacancy occurs, the senior Employee in that classification who has a bid on file shall be offered the opportunity to transfer. All permanent bids shall be in writing. An Employee who accepts a lateral transfer as the result of his bid or who, more than 24 hours after being notified of an award, refuses to accept a transfer for which he bid, shall not be eligible for a vacancy, other than a new station vacancy, for a period of six (6) months from the time of his assignment or refusal and shall have all other bids on file at the time voided.

B. Bids on File. All bids must be on file on the date that the vacancy is approved.

C. Submission of Bids. All bids on file shall be discarded each December 31st, and interested bidders may re-submit any bid they desire. Any bids received during December shall be considered valid for the following year.

D. Travel Leave. An Employee transferring from one city to another shall be allowed, after awarding of the bid, one (1) unpaid day of leave, plus an additional one (1) unpaid day for each five hundred (500) miles, or portion thereof, by the most direct AAA highway mileage between the two cities, to report to his new assignment.

E. New Stations. Bids for all positions at newly established stations shall be advertised far enough in advance to allow interested persons time to submit bids. To be eligible to bid, the Employee must be below the Final Warning stage of Article Twenty-Three. Moving expenses shall be handled in accordance with Article Twenty-One.

F. Lateral Transfers. Vacancies within a classification shall be filled by the senior bidder, according to classification seniority.

G. Other Vacancies. When there are no bids within the classification for a lateral transfer to fill a vacancy, the position will be filled in accordance with Company policy by qualified applicants. When qualified applicants include Employees from within the scope of this Agreement, those Employees will be interviewed and will be given preferential consideration. The ultimate selection, however, will be made by the Company, and that decision is not subject to further review through the grievance process.

ARTICLE TWELVE
LEAVES OF ABSENCE

A. Approval/Refusal. When requirements of service permit, any permanent Employee hereunder may, upon proper written application, and with approval of the Company, be granted a leave of absence or extension of leave. Such approval or refusal shall not be subject to review by a System Board of Adjustment.

B. Gainful Employment. Any Employee hereunder on leave of absence engaging in gainful employment without prior written permission from the Company may be terminated.

C. Approved Leaves of Absence.

1. Personal Leaves of Absence -- An Employee, upon proper application and with the approval of the Company, may be granted a leave of absence not to exceed ninety (90) calendar days for reasons other than illness, injury, temporary disability, or military leave. An Employee granted a personal leave of absence shall continue to accrue seniority for thirty (30) days of such leave. Thereafter, the Employee shall retain, but not accrue, seniority for pay, sick leave, or vacation accrual purposes.
2. Medical Leave of Absence (including maternity) -- Leave of absence will be granted on account of sickness, nonoccupational injury or pregnancy upon written verification of disability from a qualified medical doctor. The Employee requiring an extension of a medical leave of absence must submit an extension request stating the period of extension requested which must be supported by a doctor's statement specifying the need for an extension. Accrued sick pay may be taken at the option of the Employee during a medical leave of absence. The Company will continue health insurance coverage to the Employee for up to one hundred twenty (120) days from the Employee's last paid day, during which time the Employee shall be responsible for paying any premium the Employee was paying while in active service. Coverage after one hundred twenty (120) days will be available under COBRA at the full applicable COBRA premium. An Employee on medical leave shall continue to accrue seniority for all purposes for one hundred eighty (180) days from the last day paid, for purposes of pay, sick leave, and vacation accrual, provided that the Employee may not take sick leave or vacation accrued during the period of the leave until after the Employee returns to active service. Thereafter, the Employee shall not accrue seniority for

pay, sick leave, or vacation accrual purposes. If the Employee has not returned to duty by the end of a thirty-six (36) month period, the Employee shall be automatically terminated from employment and all seniority rights forfeited. The Company reserves the right to require an examination by a doctor of the Company's choosing, at any time, at the Company's expense.

3. Military Leave -- Leave of absence shall be granted to Employees who enlist in the military service. Such Employee shall retain and continue to accrue seniority for pay and all benefit purposes. Duration of the leave and re-employment rights shall be handled in accordance with applicable federal law.
4. OJI Leave -- OJI Leave shall be granted to Employees in accordance with Article Thirteen, Section Two.
5. Union Employment Leave -- Union Employment Leave shall be granted to Employees in accordance with paragraph F., below.

D. Return From Leave. An Employee hereunder returning from an authorized leave of absence or extension thereof shall be returned to the job held when the leave was granted, unless an Employee with more seniority holds the job as a result of exercising displacement rights or unless the job no longer exists. In either case, he may exercise his seniority rights as set forth in this Agreement. An Employee returning from a leave of absence must give written notice of return to the Company prior to his return.

E. Failure to Return. Employees failing to return to duty from an authorized leave of absence or an authorized extension thereof shall be deemed to have quit their employment and shall forfeit all seniority rights.

F. Union Employment. Employees accepting full-time employment with the Union shall be granted a leave of absence for the term of their elected office(s). Employees so affected shall continue to accrue seniority in their last classification prior to the change and shall remain eligible for pass privileges in accordance with the Company's policy so long as this Union remains the exclusive bargaining agent for Employees covered by this Agreement.

ARTICLE THIRTEEN
SICK AND OCCUPATIONAL INJURY PAY

SECTION ONE
SICK PAY PLAN

A. Accumulation. Employees are protected by a sick pay plan provided by the Company. Sick pay is used only in instances of actual illness or non-occupational injury which prevents the Employee from performing his assigned duties. Sick pay is accrued at the rate of (i) eight (8.0) hours sick pay for full-time Employees and (ii) six (6.0) hours sick pay for part-time Employees for each calendar month worked or majority fraction thereof. Sick pay begins accumulating on the date of employment but cannot be used until the Employee has completed thirty (30) days of his probationary period. The Employee shall accrue sick pay to a maximum of one thousand six hundred and fifty (1650) hours. All Employee's accrued sick days or any part thereof may be used in the event of a prolonged illness.

B. Charges Against Account. Charges against sick pay credit shall be made only for those days on which an Employee is scheduled to work, including days scheduled as a result of shift trades. The maximum for which an Employee shall be paid is one shift on any day. Normal attendance rules shall apply.

C. Compensation. Sick pay compensation shall be paid by the Company in an amount equal to the Employee's base rate which would normally have been earned during the period for which sick pay allowance is approved, except that sick pay compensation shall not be paid during the Employee's first regularly scheduled work day of such absence unless the Employee has twelve (12) days or more of accrued sick pay to his credit. In order to receive sick pay for more than three (3) consecutive days, an Employee must substantiate his absence with a doctor's certificate.

D. Unpaid Absences. Appointments for routine dental care, eye examination, periodic physical examination, etc. are expressly excluded from sick pay coverage and shall be treated as unpaid absences.

E. Outside Employment. The Company shall not be obligated to grant sick leave or sick pay for any incapacity which has been due to employment of the Employee by a firm or person other than the Company.

F. Unused Sick Pay. All unused credit and accumulated sick pay shall be automatically canceled when an Employee's service with the Company terminates, provided, however, that, upon retirement in

good standing from the Company by an Employee at age sixty (60) with a minimum of twelve (12) years of service with the Company, such Employee may trade his accumulated sick pay for medical coverage (as provided in Article Twenty-Six of this Agreement) at the rate of one (1) month's coverage for each twenty (20) hours of accrued sick pay.

SECTION TWO OCCUPATIONAL INJURY PAY

A. Verification. Occupational injury pay and required time off shall be granted on account of occupational injury upon written verification of disability from a qualified medical doctor.

B. Salary Continuation. The Company shall make up the difference between the amount paid by Worker's Compensation and the amount the Employee would have earned if he had worked a regular shift. Payments under this article shall commence upon a determination by the Company, its insurer, or an appropriate governmental body or court, through a final non-appealable order, that the claim for occupational injury is compensable under the applicable Worker's Compensation law, or alternative program adopted in lieu of Worker's Compensation. Until the claim has been deemed compensable under the applicable Worker's Compensation law and a definite rate has been established, the Employee shall be paid his normal base pay on each regular pay day. Unless, and to the extent, limited by applicable law, the Company may include the indemnity benefit payment due to the Employee pursuant to applicable law in the payment of salary continuation. To the extent, if any, that such inclusion results in excess withholding from such salary continuation, the Company shall remit such excess to the Employee after such excess is determined.

C. Company/Examination. The Company may, at its expense, require the injured Employee to submit to a physical examination by a qualified medical doctor of the Company's choosing at any time. Using OJI leave or OJI pay for a purpose other than that intended constitutes abuse and shall warrant immediate termination.

D. Neutral/Physical Exam. In case of conflict between the Company doctor's and the Employee's personal doctor's examinations, the Employee shall have the right to an examination by a qualified medical doctor agreed upon by the Union and the Company. The maximum cost of such examination shall be set by the Union and the Company, and the costs shall be borne equally by the Employee and the Company.

E. Termination of Salary Continuation. Payments by the Company under this Section may be terminated if the Employee refuses to submit to the physical examination required by Paragraphs C or D, above, fails to comply with prescribed treatment, or if the Employee is found fit to work.

F. Utilization. In any event, payments under this policy shall terminate at the end of twelve (12) calendar weeks. If the Employee remains unfit to work at the end of such twelve (12) calendar weeks, he may use accumulated sick pay.

G. Maximum Limits. If the Employee has not returned to duty by the end of a thirty-six (36) consecutive month period, the Employee shall be dropped from employment and all seniority rights shall be forfeited.

ARTICLE FOURTEEN
VACATIONS/DAT DAYS

A. Schedule. All Employees who have been with the Company for less than one (1) year as of any January 1 during the term of this Agreement shall be entitled to a vacation in accordance with the following schedule:

Months of Service
as of January 1:

1 Month	--	1 Day
2 Months	--	2 Days
3 Months	--	3 Days
4 Months	--	4 Days
5 Months	--	4 Days
6 Months	--	5 Days
7 Months	--	6 Days
8 Months	--	7 Days
9 Months	--	8 Days
10 Months	--	9 Days
11 Months	--	9 Days
12 Months	--	10 Days

B. Accrual. 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. All Employees shall receive five (5) weeks vacation beginning in the year following their eighteenth anniversary with the Company.

C. Formula. Vacations shall be adjusted to begin in conjunction with days off and shall take precedence over personal leaves of absence. The formula for determining the beginning of vacations is as follows: Vacations shall be bid with Monday-Friday as scheduled work days. If actual days off are Wed./Thurs., Thurs./Fri., or Fri./Sat., vacation days shall be adjusted backwards. If actual days off are Sun./Mon. or Tues./Wed., the vacation days shall be adjusted forward.

D. Posting/Bids. Vacation periods for the following year shall be posted for bid no later than November 15 of each year. The Employee's vacation period shall be determined by bidding by classification seniority within his job classification, the bid to be completed no later than January 1. The Company shall determine the number of Employees in any classification that may be on vacation during any given period, except that at least one (1) Employee in each classification at each location shall be permitted to take his vacation at any given time. Employees transferring into a location cannot disrupt the vacation schedule already bid, but may exercise their seniority at that time to bid for whatever periods are available.

E. Bidding Procedures. Vacations shall not be cumulative and must be taken within the calendar year for which the vacation was earned. An Employee's vacation may be split (no period of less than five (5) days, except for the day at a time option outlined in Paragraph F of this Article), provided the Employee makes a request in writing to the Employee's department manager prior to the close of the bid period. The Employee, after making a choice of his first period, shall not make a second choice until all first choices in his job classification have been awarded. However, if an Employee is unable to take his vacation due to a medical leave, on the job injury, or a Company request to defer vacations that is agreed to by the Employee, such vacation shall be rescheduled. If it cannot be rescheduled, the Employee shall be paid for this time.

F. Day at a Time (DAT) Vacation. The following guidelines shall control DAT vacations:

1. DATs may be set aside during the first vacation selection round.
2. At least one (1) five (5) day block of vacation must be bid.
3. If less than five (5) days of vacation are accrued, DATs may be taken.
4. Each bid of work schedules provided in Article Six, Section 1, Paragraph D, shall include an appropriate number of days available for DAT vacations. The appropriate number of DAT days shall be calculated by dividing the total number of DAT days remaining after the completion of the vacation selection process by three hundred sixty-three (363). The resulting number (rounded to the nearest whole number) will be the DAT days available per day. At least one vacation day (either bid or DAT) shall be provided in each bid location per day.
5. DAT bids shall be awarded based on classification seniority.
6. Employees may request a DAT day at any time after the bid closes, but DAT days in excess of the allotted daily amount or DAT days requested with less than 24 hours notice shall be awarded at the discretion of management.
7. Payment for DAT days not taken shall be permitted for one five day block of DAT days per year, provided the Employee gives two (2) weeks written notice prior to the closing of the next pay period.
8. All remaining DAT days not taken shall be paid on the last pay period of the year.

G. Compensation Allowance. Employees leaving the Company shall be paid all unused, accrued vacation so long as the Employee gives two (2) weeks notice of resignation.

H. Beneficiary Allowance. When an Employee dies, all unused, accrued vacation shall be paid to the surviving spouse or the Employee's estate.

I. Advance Payment. Employees can obtain their vacation pay in advance if they make application to their manager at least two (2) weeks prior to starting their vacation.

J. Established Schedules. Once vacation schedules are established, they shall not be changed, except by mutual agreement between the Company and the Employee.

K. Vacation Protection. The Company shall not mandatory an Employee to work on his days off immediately prior to, during, or immediately after his vacation.

ARTICLE FIFTEEN

SECTION ONE REDUCTION IN FORCE

- A. Notification/Reverse Seniority. A reduction in force ("RIF") shall be in reverse order of classification seniority. Employees shall be given at least two (2) weeks notice of any RIF except when such notice is prevented by an Act of God, a strike, Employee work stoppage, or other circumstances over which the Company has no control.
- B. Impacted Employees. Employees impacted by a RIF may elect to:
1. Same Classification. Fill a vacancy elsewhere in the system in the same classification or, if no such vacancy exists, displace the most junior Employee in the system in the same classification.
 2. Other Classifications. Fill a vacancy in another classification in which they hold seniority or, if no such vacancy exists, displace the most junior Employee in that classification at that location if senior enough, or, if not senior enough, displace the most junior Employee in the system in that classification.
 3. Furlough. Accept a furlough at their location.
 4. Severance. Resign from the Company and receive severance pay in accordance with Section Two of this Article.
- C. Moving Expenses. The Company shall pay the moving expenses of an Employee who is required to move due to a RIF.
- D. Preferential Bids. The furlough notification given to the impacted Employees by the Company shall indicate the location of existing vacancies, if any, and the potential locations where the most junior Employees are assigned so that the Employees impacted shall be in a position to exercise the options described in Paragraph B of this Article. The impacted Employees shall file a preferential bid, listing, in order of the Employee's preference, relocation, reduction, or furlough as soon as possible, but in any event such filing shall be made within five (5) days of the receipt of the furlough notice. The absence of a timely filed preferential bid shall be the equivalent of electing to be furloughed. The preferential bid shall be filed by certified mail with the Vice President of the appropriate department. Furloughed Employees shall have preference over permanent bids for any vacancies in their classifications.
- E. Relocation by Seniority. The Company shall examine all preferential bids filed by impacted Employees and resolve the relocations in order of seniority and preferences expressed.
- F. Change of Address. An Employee who has been released due to RIF shall file his address in writing with the Vice President of

the appropriate department and shall thereafter promptly advise the Vice President of the appropriate department of any change in address by certified mail with return receipt requested.

G. Recall Requirements. Employees shall not be entitled to recall preference under the following conditions:

1. If they do not comply with the requirements of Paragraph F of this Article.
2. If they do not give notice of their intention to return to the service of the Company within seven (7) days following the Company's sending of proper notice of recall from furlough.
3. If they do not return on the date specified, which date shall not be less than fifteen (15) days after notice to return is sent by certified mail or telegram to the last address filed with the Company.

H. Recall/Return Rights. Employees furloughed shall be recalled in the order of their seniority at the time of furlough. No vacancy shall be considered to exist at a location until all furloughed Employees eligible to fill the vacancy at that location have been recalled and all Employees required to relocate from there because of the reduction have been afforded the opportunity of returning. In the case of relocated Employees, this provision shall apply for a period of two (2) years from the date of the reduction. Employees on furlough who desire to be considered for recall at other than the city from which furloughed must file a permanent bid for that location with the appropriate Vice President.

I. Seniority Accrual. Employees furloughed due to a RIF shall continue to accrue seniority.

J. Pass Privileges. Employees impacted by a RIF who were not offered employment and who desire to seek employment elsewhere shall, upon application, be furnished space available passes to any point desired on the Company system for a period of one hundred twenty (120) days.

K. Recall Time Limits. All recall rights shall expire at the end of five (5) years from the effective date of such furlough.

L. Part-Time Status. An Employee transferring because of a RIF who is required to or elects to accept a part-time position shall continue to accrue seniority as a full-time Employee until a full-time position becomes available.

SECTION TWO
SEVERANCE PAY

A. Allowance Accrual. Employees affected by a RIF who elect severance pursuant to Paragraph B. 4. of Section One of this Article shall receive two (2) weeks severance pay for the first full year of completed service, and one additional week for each completed year of service thereafter; however, the maximum amount that may be accrued is sixteen (16) weeks.

B. Furlough Conversion. An Employee who elects the furlough option can exercise the severance option within the time limits outlined for furlough. The severance pay shall be based upon the Employee's seniority at the time of the RIF notification. Any Employee that receives severance pay shall forfeit all rights with the Company.

C. Disqualification Conditions. Employees shall receive no severance pay if any one or more of the following conditions exist:

1. They exercise their seniority in order to remain in the employ of the Company.
2. They accept any other employment with the Company or refuse to accept a job in their own comparable work classification at their location.
3. 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.
4. The lay off 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.
5. They are dismissed for just cause, resign, or retire.
6. There is a temporary cessation of work because of circumstances beyond the Company's control.

**ARTICLE SIXTEEN
TEMPORARY ASSIGNMENTS**

A. Utilization. Covered Employees may be utilized for the purpose of temporarily filling positions caused by shortages or circumstances beyond the Company's control.

B. Assignments. If more than the required number of Employees volunteer, the most senior Employee(s) shall be awarded the assignment.

C. Bidding. Employees shall be allowed to exercise their seniority concerning overtime and freeday bids, if applicable, at the location to which they are temporarily assigned.

D. Expenses. Employees shall be reimbursed for reasonable expenses up to thirty dollars (\$30.00) per day, when receipts are submitted. A single hotel room shall be provided at the Company's expense during the assignment. Laundry and transportation (to and from work) expenses shall be provided in addition to reasonable expenses. Effective the first day of the month following the date of ratification of this Agreement, the maximum amount to be reimbursed shall be increased to thirty-five dollars (\$35.00) per day.

E. Travel. The Company shall provide positive space passes to those Employees traveling to and from temporary assignments. The need for must ride passes shall be at the discretion of the Company.

**ARTICLE SEVENTEEN
SAFETY AND HEALTH**

A. Scope. Safety and health of the Employees shall be protected. The Company shall provide the necessary training for Employees to safely perform their duties. The Company and the Employee shall maintain safe, sanitary, and healthful conditions at all stations. The Company and Employee shall comply with all applicable Federal, State, and Municipal safety and sanitary regulations.

B. Safety Committee. A Safety Committee composed of Union and Company Representatives shall be established at each station. Committee members shall be afforded reasonable and necessary time during working hours without loss of pay to:

1. Meet once a month and maintain a written record thereof.
2. Review workplace injuries and complaints regarding unsafe conditions.
3. Recommend corrective action to reduce injuries and safety concerns.
4. Observe OSHA inspections when feasible.

C. Work Area Requirements. Buildings, offices, and other work areas used by Employees shall be kept in good repair. Suitable lunch rooms, rest rooms, and individual lockers shall be provided for Employees, where possible.

D. First Aid Equipment Requirements. The Company shall provide adequate and accessible first aid equipment to meet the needs of Employees in case of minor accidents. The Employees recognize their duty and responsibility to assist the Company in maintaining the equipment and supplies.

E. Safety Reporting Requirement. The Company and the Union agree that the safe operation and condition of equipment shall be maintained. Employees shall promptly report malfunctioning and/or inoperative tools or equipment to the Company, who shall cause such tools or equipment to be inspected and, if appropriate, withdrawn from service until the necessary repairs are made and documented by the Company.

F. Company Provided Equipment. The Company shall furnish, without cost to the Employees, all safety equipment such as, rain gear, ear protectors, gloves, knee pads, and headsets. The Employees shall use or wear such devices in performing their work.

G. Investigation Rights Pertaining to Safety and Health. An Employee who believes that a condition exists that puts the Employee's safety or health in jeopardy shall promptly notify his Supervisor/Manager and have the matter promptly investigated by the Manager and/or the Safety Committee.

H. Outside Consultant. In the event the Company and the Union agree to have an outside expert on safety and health perform a survey or a study of a particular health or safety hazard, the cost shall be borne equally by both parties.

I. Company Required Physical. The Company may, at its expense, require an Employee to submit to a physical examination at any time by a doctor of the Company's choosing.

ARTICLE EIGHTEEN
GENERAL AND MISCELLANEOUS

A. Tobacco Use. Reasonable tobacco use and refreshments during hours of duty shall be permitted in designated areas. Designated smoking areas shall be determined in accordance with applicable regulations.

B. Exit Letter. Employees leaving the service of the Company shall, upon request, be furnished with a letter setting forth the Company's record of their job classifications, stating their length of service and rate of pay at the time of leaving the Company.

C. Bulletin Board. The Company agrees to provide the Union with a bulletin board at each station, and, where there are separate facilities, for each department, marked "Ramp Operations and Provisioning Union," where Union notices of interest to the Employees may be posted. No political, inflammatory, or derogatory material attacking the Company or its representatives shall be permitted thereon.

D. Copy of Agreement. The Company shall provide each Employee covered by this Agreement with a copy of the Agreement, printed and bound in a booklet with reasonable print size, bearing the Union logo. The Company shall also supply the Union Office with fifty (50) extra copies.

E. Airline Passes. Airline trip passes shall be issued to qualified Employees in accordance with Company policy.

F. LTD Insurance. The Company shall make available long-term disability insurance to replace forty percent (40%) of an Employee's earnings, with the availability to purchase up to an additional twenty percent (20%) at the Employee's expense.

G. Personal Business Request. Employees who request to leave work for personal business may do so only if they receive permission from the appropriate supervisor on duty. When an emergency situation occurs, the Employee shall notify any supervisor at work, or a senior agent if no supervisor is available.

H. Change of Address. Each Employee is required to keep the Company advised of his current address and telephone number. Should an Employee change his address or telephone number, he must notify his Manager as soon as possible. A change-of-address form is available for this purpose.

I. Bereavement Benefits. Employees shall be granted four (4) days off with pay for death in the immediate family of the following: mother, father, brother, sister, spouse, or children (including stepchildren). Employees shall be given three (3) days off with pay for the death of mother-in-law, father-in-law, and grandparents. If additional days are required, the Employee may elect to use accrued vacation with the agreement of his manager.

J. Bomb Threat Insurance. The Company shall provide additional insurance coverage for those Employees involved in a bomb threat investigation. The recommended number of covered Employees shall be three (3) Employees searching at any one time. Bomb threat searches shall be conducted by volunteers only. The coverage which shall be provided shall be:

	Max Per Employee	Max Per Incident
Death	\$400,000	\$1,200,000
Loss of two limbs	\$400,000	
Total loss of sight	\$400,000	
Total loss of limb	\$200,000	
Total loss of		
sight-1 eye	\$200,000	
Temporary disablement--Worker's Compensation		

K. Railway Labor Act Compliance. It is the intent of the parties to this Agreement that the procedures herein shall serve as a means of amicable settlement for all disputes that may arise between them. During the life of this Agreement, the Company shall not lock out any Employee, and the Union shall not cause, support or authorize its members to cause, nor shall any member of the Union take part in, any sit down, stay in, slow down, or strike in any station, until the bargaining procedures outlined in and provided for in the Railway Labor Act have been exhausted.

L. WOP Based on Seniority. "WOP", as outlined in Article Four, Paragraph F, shall be awarded to the senior Employee on the basis of seniority; however, this provision is not subject to the grievance procedure (Article Twenty)

M. Approval and Providing of Passes. The Company and the Union agree that, in order to administer the terms of this Agreement, the Company shall, upon request to the appropriate Department Head, supply the Union with a reasonable amount of positive space or must ride passes, whichever is appropriate. It is understood and agreed that must ride passes are at the sole discretion of the Company.

ARTICLE NINETEEN
UNIFORMS

A. Prescribed Use. Employees may be required to wear uniforms as prescribed by Company regulations at all times while on duty.

B. Ramp/Provisioning Uniforms. When Employees are hired into a Ramp/Provisioning Agent classification, they shall receive five (5) uniforms. On each Ramp/Provisioning Agent's anniversary with the Company, he shall receive five (5) new uniforms or, at the agent's option, he may receive, in lieu thereof, credit in that amount (not to exceed \$100.00) towards the purchase of other uniform items.

C. Winter Coats. Winter coats shall be furnished to Employees who are regularly required to work outside during periods of extremely low temperatures. The coats must be requested by the Employee no later than September 15 of each year. The coats shall remain the property of the Company. The Employee is responsible for cleaning and maintaining the coat.

D. Operations Uniforms. When an Employee is placed into an Operations Agent classification, he shall be provided, at no cost, the initial required uniform.

E. Replacement. The Company shall contribute the following percentages of the replacement cost of the required Operations/Freight Agent uniform items. Uniforms shall be replaced based on appearance and wear, as determined by the Company.

Length of Classification Service	Reimbursement
0-36 Months	50%
37-48 Months	75%
49 Months and thereafter	100%

F. Seasonal Requirements. The Company shall continue to determine the seasonal periods when specific uniform components shall be worn.

G. Changes. In the event the Company changes the uniform, the Company shall pay the entire cost of such new uniform items. In the event the Company selects replacement uniforms (other than special promotional uniforms), the Company shall give the Union at least six (6) months notice of the intent to replace its uniforms.

H. Company Insignia. The Company shall furnish, on a loan basis, Company insignia required to be worn by the Employee, at no cost to the Employee.

I. Maternity Wear. The Company shall lend Employees three (3) maternity uniforms which must be returned in usable condition, cleaned and pressed, when the Employee takes medical leave.

J. Lost Item Replacement. Employees shall be responsible for replacing, at their own expense, any item lost that has been issued or purchased.

K. Accessories. Accessory items worn with the Operations Uniform (i.e., shoes and belts) may be purchased by Employees at a store of their choice and shall conform closely to the color and style established by the Company.

L. Optional Items. Additional uniform items may be purchased if the Employee so desires, without the percentage reimbursement.

M. Union Insignia. Employees shall be allowed to display Union insignia, not to exceed one (1) inch in diameter.

ARTICLE TWENTY
GRIEVANCE / SYSTEM BOARD / ARBITRATION
DISCHARGE and DISCIPLINE

SECTION ONE
PROCEDURES

A. Purpose. No Employee who has passed his probationary period shall be disciplined to the extent of loss of pay or discharge without just cause.

B. Representation Requirements. The Union and the Company shall be represented at each location. These representatives shall be empowered to settle all local grievances without setting precedent of any kind. The Local Representatives for the Union shall be selected from members of the Union who qualify under Article Two. The Local Representative for the Company shall be the Manager or his designee. Neither party shall be represented by legal counsel through and including the System Board. Legal representation shall be permitted in the case of Arbitration.

C. Cost of Arbitration. It is understood and agreed that the cost of arbitration shall be borne by the losing party.

D. Witness Pay. Any Employee called as a witness shall suffer no loss of pay at any step in this Article. Cost of witnesses, if any, shall be paid by the party who has called them.

E. Time Frames. For the purpose of this Article, a working day shall be defined as Monday through Friday, excluding all Company recognized holidays. It is expressly understood and agreed that, if any of the time frames set forth in this Article are violated by the Company, the Employee shall be awarded the desired settlement without precedent. Furthermore, if the time frames set forth are violated by the Union the grievance shall be considered withdrawn. Determination of time frame violation issues shall take precedence over consideration of any other issue, and, if upheld, no further determination shall be appropriate.

F. Extension of Time Frames. It is understood and agreed that, at any step of the factfinding or grievance procedure, the time limits set forth may be extended by mutual agreement between the Company and the Union, in writing. Further, in the event either party, due to circumstances beyond the reasonable control of such party, does not become aware of, or is prevented from disclosing, facts or circumstances which would give rise to either a factfinding or a grievance, the time frame for pursuing such factfinding and/or grievance shall be extended as appropriate. If an Employee makes himself unavailable (other than on his regularly scheduled days off) to work his full shift on his last scheduled workday within the time frames under the factfinding procedures, the Company may issue the notice to the Employee upon his first full day returned to work.

G. Fact-Finding Procedures. No covered Employee shall be subject to discipline involving loss of pay or discharge without first having the benefit of a factfinding, with the right to have a

Union representative present, in accordance with the following procedures:

1. No Suspension. In circumstances where no suspension is imposed:

- a. The Employee shall be advised, in writing, with a copy to the local representative of the Union, of the nature of the factfinding not later than ten (10) calendar days from the time the Company becomes aware of the incident concerning which the factfinding shall be convened.
- b. The factfinding shall be held within five (5) calendar days from the date such notice is given to the Employee and the local representative of the Union; and
- c. The Company shall render its decision (inclusive of any discipline), in writing to the Employee, within five (5) working days after completion of the factfinding, and a copy of the decision shall be delivered to the local representative of the Union.

2. Suspension. Notwithstanding the foregoing, the Company may suspend a covered Employee pending a factfinding and/or until such time as the decision of the Company resulting from the factfinding is rendered, subject to the following conditions:

- a. The suspension shall be a paid suspension;
- b. The basis for the suspension shall be reduced to writing and presented to the Employee and the local representative of the Union within two (2) working days of the suspension;
- c. The factfinding shall be held within three (3) working days of the presentation of the written notice of the basis for suspension; and
- d. The Company shall render its decision (inclusive of any discipline), in writing to the Employee, within five (5) working days after completion of the factfinding, and a copy of the decision shall be delivered to the local representative of the Union.

H. Other Disciplinary Procedures. Letters of warning or reprimand not involving loss of pay or discharge shall be issued no later than five (5) working days from the time the Company has full knowledge of the incident.

I. Retention. All letters of reprimand or warning shall be removed from an Employee's file after twelve (12) months have elapsed from the date of such letter.

J. Administrative Discharge.

1. The Company will notify, in writing, any Employee failing to return to duty from a thirty-six (36) month leave of absence, that he is deemed to have resigned his employment and forfeited all seniority rights.
2. Any Employee who is absent without calling in for three (3) consecutive days shall be terminated without the benefit of a factfinding. The Employee shall be considered unavailable and shall be notified of his termination by certified mail, return receipt requested, to the Employee's last known address on file, with a copy to the Union. The Employee shall be deemed to have received such notice three (3) working days after such notice is sent.

K. Representative Grievance Investigations. Local Representatives shall be permitted, after reporting to local management, a reasonable amount of time during working hours to investigate or present grievances, provided that work assignments shall have priority. Union representatives shall not suffer a loss of pay as a result of investigating or presenting grievances at the representative's home station. The Union shall compensate representatives for time spent at stations other than the representative's home station.

L. Interpretation/Application of Agreement. In the event of a grievance arising over the interpretation of, or application of, this Agreement, or in the event of disciplinary action other than discharge, the following steps shall apply. However, if the action involves discharge or a Union grievance concerning a change in Work Rules, it shall proceed to sub-paragraph 3, below. Decisions made pursuant to Steps 1 through 3, below, shall not constitute precedent of any kind unless agreed to, in writing, by the Union and the Company.

1. Step 1/Department/Assistant Manager ("Manager"). If an Employee is unable to resolve his grievance through his supervisor, within five (5) working days of the occurrence of the circumstances in question, the grievance shall be summarized in writing and presented to the manager. At any meeting to discuss same, the Employee may be accompanied by his local representative. The manager shall issue a written decision upholding or denying the grievance within five (5) working days.
2. Step 2/Station/Provisioning Manager ("Manager"). If the decision of the Department/Assistant manager is unsatisfactory, the Employee or his representative may appeal the grievance to the Manager within five (5) working days. The appeal of the grievance shall be signed by the Employee and his elected representative and presented to the Manager. The Manager shall issue a written decision upholding or denying the grievance within five (5) working days. Copies of the Manager's decision shall be forwarded to the Employee and the Union Office.

3. Step 3/Regional Director. If the decision of the Station/Provisioning Manager is unsatisfactory, the District Representative/designee of the Union may appeal the grievance to the Regional Director, provided that such appeal is presented, in writing, within ten (10) working days after receipt of the Station Manager's decision. The grievance shall be answered, in writing, to the District Representative/designee of the Union by the appropriate Regional Director within ten (10) working days of receipt of the grievance.
4. System Board of Adjustment. If the decision of the Regional Director or his designee is not acceptable to the District Representative/designee of the Union, the Union shall notify the Company, within ten (10) working days of receipt of the Regional Director's decision, of its intent to have the grievance reviewed by the System Board of Adjustment. It is understood and agreed that the decision of the System Board of Adjustment shall be final and binding on both the Company and the Union.
5. System Board/Function and Jurisdiction. The functions and jurisdiction of the Board shall be as fixed and limited by this Agreement. It shall have no power to change, add to, or delete its terms. It shall have jurisdiction only to determine issues involving the interpretation or application of this Agreement, and any matter coming before the Board which is not within its jurisdiction shall be returned to the parties without decision or recommendation. In the event any disciplinary action taken by the Company is made the subject of proceedings, the Board's authority shall, in addition to the limitations set forth herein, be limited to the determination of the question of whether the Employee(s) involved were disciplined for just cause. If the Board finds that the penalty assessed by the Company was arbitrary or unreasonable, it may modify or remove that penalty.
6. System Board Time Frames. The System Board of Adjustment shall convene within fifteen (15) working days from the time the Union notifies the Company.
7. Make-up of Panel. For purposes of this Article, the System Board of Adjustment panel shall consist of four (4) members, two (2) of whom are selected by the Company and two (2) of whom are selected by the Union.
8. Panel Member Cost. It is expressly understood and agreed that the cost of each panel member of the Board of Adjustment shall be borne by the party who selected him. Any witnesses who may be required to be present at the hearing shall be released from their duties with no loss of pay. A witness shall be compensated for loss of pay by the party who has called him as a witness.

9. Agreeable Location. All System Board hearings shall be convened in Dallas or at a mutually agreeable location. The Company shall provide positive space passes for all necessary Employees.
10. System Board Results. The System Board of Adjustment shall send its decisions, in writing, to the Union Office and the appropriate department Vice President within three (3) working days.
11. System Board Deadlock. Should the System Board of Adjustment deadlock or fail to make a decision, the President/designee of the Union shall notify the Company, within five (5) working days of such deadlock or such failure, whether Arbitration is requested. If the System Board of Adjustment deadlocks or fails to make a decision on the determination of a time frame violation and arbitration is subsequently requested, the entire case shall proceed to arbitration. The Arbitrator shall hear and rule upon the time frame issue first and, if applicable, decide the remainder of the case without remand to the System Board of Adjustment.
12. Arbitration List.. A panel of Arbitrators is hereby established for the purpose of adjusting and deciding disputes or grievances which may arise under the terms of this Agreement and which are properly submitted following a System Board of Adjustment. The following rules and procedures shall apply:
 - a. The panel will consist of eight (8) mutually acceptable Arbitrators, four (4) to be selected by each party. Arbitrators will be set in order, and used in turn as cases are requested. If the Arbitrator scheduled to hear the case is not available within sixty (60) calendar days from the arbitration request, the next Arbitrator up on rotation will be contacted to hear the case. This procedure shall continue until an Arbitrator is available within the aforementioned time constraints.
 - b. Arbitrators selected for the panel shall serve for the duration of the Agreement; however an Arbitrator may be removed from the panel by a unilateral decision of either of the parties to the Agreement. Should any member be removed, or be unable to serve for the remainder of the length of the Agreement, the party who originally selected the Arbitrator will name a mutually acceptable replacement. Once an Arbitrator is removed from the panel he cannot be returned to the panel for the duration of this Agreement.

13. Expedited Arbitration. By mutual consent of the Union and the Company, expedited Arbitration may be used as follows:

- a. The Arbitrator shall be selected from the panel in turn within five (5) working days of the expedited arbitration request;
- b. A hearing shall be convened within fifteen (15) working days of the selection of the Arbitrator;
- c. No post hearing briefs shall be filed;
- d. A decision shall be rendered within ten (10) working days of the close of the hearing; and
- e. If the Arbitrator selected to hear the case advises that he is unable to comply with the requirements under this paragraph, the next Arbitrator up on the rotation will be contacted to hear the case. This procedure shall continue until an Arbitrator advises that he is able to comply with the requirements of this paragraph.

14. Arbitration/Function and Jurisdiction. The functions and jurisdiction of the Arbitrator shall be as fixed and limited by this Agreement. He shall have no power to change, add to, or delete its terms. He shall have jurisdiction only to determine issues involving the interpretation or application of this Agreement, and any matter coming before the Arbitrator which is not within his jurisdiction shall be returned to the parties without decision or recommendation. In the event any disciplinary action taken by the Company is made the subject of proceedings, the Arbitrator's authority shall, in addition to the limitations set forth herein, be limited to the determination of the question of whether the Employee(s) involved were disciplined for just cause. If the Arbitrator finds that the penalty assessed by the Company was arbitrary or unreasonable, he may modify or remove that penalty.

SECTION TWO MANAGEMENT GRIEVANCE

The Company has the right to file a grievance against the Union. Such grievance shall be proper when filed by the appropriate Vice President with the President of the Union, who shall provide a written answer within ten (10) working days. If the answer is unsatisfactory, the Company may appeal the grievance to the System Board of Adjustment within ten (10) working days following receipt of the Union's answer. In the event of a deadlock or if the System Board of Adjustment fails to render a timely decision, the grievance may be sent to arbitration, at the Company's option.

ARTICLE TWENTY-ONE
MOVING EXPENSES

A. Transfer at Company Request. Employees transferred as a result of the closing of an existing station or a reduction in force at a station shall be considered as being transferred at the Company's request. In order to avoid or lessen a reduction in force at an overstaffed station, the Company may first seek volunteers from that station to transfer to other stations designated by the Company. Any such volunteers shall be deemed, for the purposes of this Article, to have transferred at the Company's request.

B. Voluntary Bid Transfer. 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. An Employee so transferred from one station to another station at his own request shall bear his own expenses. The Company shall make space available transportation available to the Employee and members of his immediate family. The Company, within reason, shall allow comat shipments of personal effects.

C. Household Effects. Employees transferred at Company request shall be allowed actual moving expenses for household effects, including packing charges, up to a maximum of 10,000 pounds for self and spouse, plus 500 pounds for each dependent, unless prior approval for more is obtained from the Department Head.

D. Moving Company. The Company reserves the right to select which moving company shall move the household effects of the Employee.

E. Reasonable Travel Expenses. Employees shall be allowed reasonable travel expenses for themselves and members of their immediate family when properly substantiated by receipts. The travel period shall continue until the day the household effects arrive or until the end of the fifth day, whichever comes first.

F. Automobile Allowance. One automobile per Employee may be driven between locations, and the Employee shall be reimbursed at the rate of twenty-five cents (\$.25) per mile by the most direct AAA highway mileage.

G. Off-Line Passes. In conjunction with opening new stations, the Employee and spouse shall be furnished, to the extent such passes are available, round trip, space available, off-line transportation to locate living accommodations in cities not served by the Company after the Employee has been awarded a transfer to the new station.

**ARTICLE TWENTY-TWO
HOLIDAYS/FREEDAYS**

A. Freeday Allowance. Each Employee covered hereunder shall be granted one (1) day with pay free of the Company during each month from January through October of each year. The day free of the Company shall be bid in conjunction with each shift bid.

B. Restrictions/Requirements. Each day of the month shall have at least one (1) A.M. and one (1) P.M. shift available for bid at each location and, where there are five (5) or fewer Employees in a classification at a location, at least one (1) shift per day shall be awarded based upon seniority. An Employee must have worked forty (40) hours, including WOP time, during the month to qualify for a freeday. A new hire must have begun his employment prior to the 10th of the month and have worked forty (40) hours during the month to establish eligibility. An Employee who bids a freeday and becomes ill before working forty (40) hours in the month shall be paid for the freeday, provided his accumulated sick pay is sufficient to encompass the scheduled freeday. No covered Employee shall be required to work overtime on his freeday, but an Employee may elect to work on his freeday if he so desires.

C. Holidays. The following holidays shall be observed: Thanksgiving Day (November) and Christmas Day (December). These holidays shall be that day generally recognized as that holiday. All Employees shall receive a holiday bonus in an amount equal to their regular compensation rate, including premium and differentials, if applicable, for eight (8) hours. If the Company requires an Employee to work on a holiday, he shall be paid time and one-half according to his regular compensation rate for the first eight (8) hours, in addition to his regular holiday bonus rate, and triple time thereafter. An Employee scheduled to work on a holiday who does not report for work shall lose all pay for such holiday unless the absence is due to sickness or is excused.

D. Additional Vacation Day. If the Company-approved holiday (or day free of the Company) falls within an Employee's vacation period, an extra day with pay shall be added to the Employee's vacation in lieu of holiday bonus.

E. Freeday Bid. If any shift bid for more than one (1) calendar month is re-bid, Employees shall be allowed to re-bid affected freedays.

ARTICLE TWENTY-THREE
ATTENDANCE

A. Purpose. The Company and the Union recognize that habitual absenteeism and tardiness adversely affect operations and morale. The purpose of this program is to control the attendance of Employees in a constructive manner and within the framework of progressive disciplinary procedures. In order to avoid the accumulation of occurrences, it is recommended that, in the event Employees require time off, they should, to the degree possible, secure trades with other Employees, request vacation time, or, where appropriate, request a leave of absence. Using sick leave or sick pay for a purpose other than that intended constitutes abuse. Abuse of sick leave or sick pay shall warrant immediate termination.

1. Reporting Procedure. In all cases of absence or tardiness, the Employee shall call his supervisor. If the Employee is unable to call, he shall cause someone to call in his stead. Answering machines at the stations can also be utilized.
2. Requirements of Reporting. Call-ins must be made at least one-half (½) hour before the start of the Employee's shift on every day that the Employee shall be absent. Failure to report an absence at least one-half (½) hour prior to the start of the Employee's shift shall be treated as unreported. Failure to report a tardy before the beginning of a shift shall be treated as an Unreported Tardy. No tardiness shall be charged until two (2) minutes have passed from the Employee's scheduled starting time. If an unusual condition exists that would make it impossible for the Employee to report an absence or tardy within the required time frames before his shift, a valid reason must be furnished. If no valid reason is furnished, the penalty for an unreported occurrence shall be assigned. If an Employee can provide doctor's verification in advance of a specific duration of absence due to hospitalization, the requirement to call in each day shall be waived by the appropriate manager.

SECTION I
ATTENDANCE PROGRAM

DEFINITIONS

A. No Show. (Unreported Absence). Any Employee who is scheduled for regular work, overtime, training, trades, or holidays and does not report his absence as outlined in the "Requirements of Reporting" section of this program shall be charged with a No Show (Unreported Absence). Failure to report an absence, whether or not verified by a doctor's statement, shall be chargeable as a No-Show (Unreported Absence). The Employee shall not be allowed to work.

B. Reported Personal Absence. (Personal Business). Any Employee providing at least one hour prior notice that he shall not report to work for whatever reason, other than his personal illness, shall be charged with a Reported Personal Absence (Personal Business).

C. Reported Illness. (Non Chargeable). Four (4) doctor statements per calendar year shall be allowed for any Employee calling to report that he shall not report to work because of his personal illness/injury. No more than one (1) doctor statement shall be accepted for any Employee during the period from November 1 through and including January 3.

1. Doctor Statement. An Employee utilizing a doctor's statement to excuse his absence must furnish it to local management on his first day back to work. Upon receipt of the doctor's statement on the Employee's first day back, if the Employee has not utilized his allowable number of doctor's statements under paragraph C. above, the absence shall be excused.
2. Non Chargeable Occurrence. If an Employee becomes ill and fails to complete his shift after working at least four (4) hours thereof, no charge shall be made to his record; however, he shall be charged for any similar failure within the succeeding six (6) month period.
3. Statement Contents. The doctor's statement for verification of an illness/injury must contain the following information or it shall be deemed unacceptable:
 - 1 - Inclusive date(s) of illness/injury;
 - 2 - Date(s) of treatment;
 - 3 - Date Employee can return to full duty; and
 - 4 - Doctor's signature.

D. Reported Illness. (Chargeable). Any Employee calling to report that he shall not report to work because of his personal illness/injury, and who does not provide a doctor's statement on his first day back, shall be charged with a Reported Illness (Chargeable). An Employee who has utilized his allowable number of doctor's statements under paragraph C. above shall also be charged with a Reported Illness (Chargeable).

E. Unreported Tardy. Any Employee who reports to work within one-half (1/2) hour after the start of his shift and did not notify local management that he was going to be late prior to his shift beginning shall be charged with an Unreported Tardy.

1. Within 1/2 Hour Window. If the Employee did not notify the local management that he was going to be late prior to his shift beginning, but notifies the local management within one-half (1/2) hour after the beginning of his shift, the Employee shall be allowed to report to work, provided he reports to work within one hour and thirty minutes (1:30) past the beginning of his shift. Otherwise he shall be sent home without pay and charged with a No-Show (Unreported Absence).
2. Outside 1/2 Hour Window. If the Employee is more than one-half (1/2) hour late and has given no notice to the local management that he shall report late, the Employee shall be sent home without pay and shall be charged with a No-Show (Unreported Absence).

F. Reported Tardy. Any Employee who calls prior to the start of his shift and reports that he shall be late or any Employee who calls within one-half (1/2) hour after the start of his shift because of an extreme or unusual circumstance shall be considered tardy. In this instance, the Employee should estimate the time he shall arrive at work. However, in no event shall the Employee be permitted to report more than two (2) hours after the start of his shift.

1. Two (2) Hour Period/Fails to Report. If an Employee calls reporting that he shall be late and fails to report to work within two (2) hours from the start of his shift without further notification to the local management of his intended absence, he shall be charged with a No-Show (Unreported Absence).
2. Two (2) Hour Period/Reports. If however, the Employee provides notification to local management within this two (2) hour period, he shall be charged with a Reported Personal Absence.

SECTION II CONTROL PROCEDURES

A. Recorded Occurrences. Absences and tardiness on scheduled workdays, overtime, training, trades, or holidays shall be recorded in the following manner:

No-Show (Unreported Absence)	2	
Reported Personal Absence (Personal Business)	1	
Reported Illness (Non Chargeable)	0	
Four (4) doctor's statements per calendar year, but no more than one (1) November 1 - January 3		
Reported Illness (Chargeable) (No doctor's statement or after utilizing allowable number of doctor's statements for Non Chargeable Reported Illness)	1	on the first day and $\frac{1}{2}$ for the third consecutive day, to a maximum of $1\frac{1}{2}$ per single continuous illness
Unreported Tardy	1	
Reported Tardy	$\frac{1}{2}$	

B. Point Accumulation. It is the responsibility of the Employee to know the status of his point accumulation. However, the Company shall be responsible for notifying an Employee receiving a chargeable occurrence for absenteeism/tardiness of the following disciplinary action as the occurrences accumulate:

Less than 3 Points	No action taken
3 - 5	Warning Letter
5 $\frac{1}{2}$ - 6 $\frac{1}{2}$	Final Warning
7 or more	Termination

C. Excused Time Off. No points will be recorded for approved absences, i.e., personal leave, medical leave, OJI leave, military leave, bereavement leave, jury duty, Union leave, and shift giveaways.

D. Record Improvement. For each non-cumulative three (3) consecutive month period during which an Employee works without any chargeable occurrence, two (2) points shall be deleted from the Employee's accumulation until the total reaches a maximum of minus five (-5). At the end of February of each year, the record of any Employee who has a positive total of three (3) or fewer points shall be reduced to zero (0).

E. Total Absentee Record. If any Employee is absent from work for any reason for five percent (5%) or more of his work days in the course of a calendar year, the Employee's file shall be reviewed in order to determine whether disciplinary action is appropriate. All absences, excluding FMLA, medical leave, OJI leave, military leave, bereavement leave, jury duty, Union leave, or shift giveaways, shall be considered for the purposes of this paragraph.

F. It is noted that nothing contained in this Attendance Program negates Article Eight, Paragraph H, Sub-paragraph 3; Article Twenty, Section One, Paragraph J.2; nor precludes Company action under Article 13, Section 2, Paragraph C, nor Paragraph A of this Article.

G. Earned Award Program. An Employee with -4 or -5 points as of the end of February (beginning February 2002) and who was absent for any reason (other than jury duty or bereavement leave) less than six (6) days during the prior twelve (12) month period shall be awarded two (2) nonchargeable personal days ("Earned Award Days"), which may be utilized during the following twelve (12) months, subject to the following terms:

1. A minimum of one (1) and a maximum of five percent (5%) of shifts shall be available at each bid location per day for use of such Earned Award Days.
2. Earned Award Days cannot be used during the week of Thanksgiving (Monday through Sunday) nor during the period from December 16 through and including January 3.
3. Earned Award Days shall be awarded on a "first come, first served" basis, with at least 24 hours advance request by the Employee.
4. For Employees with -4 or -5 points as of the end of February who were absent from work for any reason (other than jury duty or bereavement leave) less than three (3) days during the twelve (12) month period prior to the award of the Earned Award Days (i.e. the previous March-February period), the Earned Award Days shall be paid. For other Employees awarded Earned Award Days, such Earned Award Days shall be unpaid.
5. If any paid Earned Award Days are not used within twelve (12) months of award (by the end of the following February), the Employee will be paid for the unused Earned Award Day(s).

ARTICLE TWENTY-FOUR

[INTENTIONALLY LEFT BLANK]

ARTICLE TWENTY-FIVE
SAVINGS CLAUSE

Should any part or provision of this Agreement be rendered invalid by existing or subsequently enacted legislation, the balance of the Agreement shall remain in full force and effect.

ARTICLE TWENTY-SIX
GROUP INSURANCE BENEFITS

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

B. Employees covered under this Agreement who retire after attaining the age sixty-one and one-half (61½) with ten (10) years of service in a classification covered by this Agreement, or at age sixty (60) with twelve years of service in a classification covered by this Agreement, 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 will not exceed the pure actuarial cost of providing such coverage as determined by the Administrators of the Health Benefits Trust in effect at the time. 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 may continue coverage up to the date the retired Employee would have reached age 65.

C. 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 and 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, Section One, Paragraph F. The Employee must agree to forego COBRA coverage during this period.

1. 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.
2. 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 may continue coverage up to the date the retired Employee would have reached age 65.

ARTICLE TWENTY-SEVEN
PROFIT SHARING

The Employees covered hereunder shall be included in the Southwest Airlines Profit Sharing Plan, as amended, which became effective January 1, 1973.

ARTICLE TWENTY-EIGHT
WAGE RULES

A. Employees shall be paid twice per month, based on the following schedule:

<u>Pay Period</u>	<u>Regular Pay</u>
1 st through the 15 th	20 th of the month
16 th through the end of the month	5 th of the next month

If a Regular Payday falls on Saturday, paychecks will be distributed on the preceding Friday (or the preceding Thursday, if such Friday is a holiday). If a Regular Payday falls on Sunday, paychecks will be distributed on the following Monday (or the preceding Friday, if such Monday is a holiday). If a Regular Payday falls on a Monday holiday, paychecks will be distributed on the following Tuesday; otherwise, if a Regular Payday falls on a holiday, paychecks will be distributed on the preceding day. Examples of known events during the term of this Agreement when distribution of paychecks will be affected by a Monday or Friday holiday include:

<u>Monday/Friday Holiday</u>	<u>Circumstance</u>	<u>Payday</u>
July 4, 2003 (F)	Friday Holiday preceding Saturday Payday	July 3, 2003 (Th)
July 5, 2004 (M)	Regular Payday on Monday Holiday	July 6, 2004 (Tu)
September 6, 2004 (M)	Monday Holiday following Sunday Payday	September 3, 2004 (F)

B. In lieu of receiving a traditional paycheck, an Employee may elect "direct deposit" to any financial institution capable of receiving electronic funds transfer. Availability of direct deposit funds to the Employee's account may vary slightly (earlier or later) from paycheck distribution dates depending on financial institution/Federal Reserve holidays and the specific financial institution's account posting practices.

C. Where there is a shortage equal to one-half (1/2) a day's pay or more in the pay of an Employee, the Employee shall be reimbursed from the General Office for such shortage within two (2) working days.

D. Pay checks shall include an itemized statement of all hours, wages, adjustments, and deductions for the pay period.

E. Employees leaving the service of the Company shall be paid for all the time due at the earliest possible time after separation and in compliance with state law.

F. Automatic changes in pay rates shall be computed as follows: changes occurring from the 24th day of the month to the 8th day of the following month shall be effective beginning on the 1st of the following month and changes occurring from the ninth to the 23rd of any month shall become effective beginning on the 16th day of the month.

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

G. An inconvenience shift premium of \$60.00 per month shall be added to the base pay during each month that an Employee is scheduled to work at least four (4) shifts during such month which begin after 12:00 noon and before 5:00 A.M.

H. A premium of \$20.00 per month shall be added to the base pay during each month an Employee is scheduled to work two (2) or more shifts within his work week whose starting times vary by more than twenty-nine (29) minutes within the work week.

I. An Employee reclassified to a higher rated position under this Agreement shall enter such new higher rated position at the pay scale to which he is entitled in accordance with his Company seniority. An Employee reclassified to a position with equal rates of pay shall enter the new classification with his pay unaffected.

J. Nothing in this Agreement shall prevent the Company from paying to an individual Employee hereunder a higher rate of compensation than the rate established in this Agreement.

K. 1. Employees hired on or after January 1, 2000, shall be paid during their first year of service at entry rate levels as follows:

<u>Ramp/Provisioning</u>	<u>Operations/Freight</u>
1/1/2000 \$8.60	1/1/2000 \$8.95
7/1/2001 \$8.75	7/1/2001 \$9.10

2. Upon completion of the first year of service with the Company an Employee shall advance to Step One of the progressive pay scale. Thereafter, on the anniversary of such Employee's date of hire the Employee shall advance to the next step and so on until he reaches the top of the pay scale. Effective as of January 1, 2000,

Employees in Steps 13 and 14 shall be reclassified as being in Step 12. Effective July 1, 2001, Employee in Step 12 shall be reclassified as being in Step 11.

3. Effective as of July 1, 2001, and thereafter on the dates described below, all Employees who have completed one year of service shall be paid at the following hourly rates of pay:

RAMP/PROVISIONING AGENTS

	Previous Contractual Rates	Current Actual (Non-Contractual) Rates	7/1/01	7/1/02	7/1/03	7/1/04	7/1/05
Step 1	\$ 8.61-\$ 8.98	\$ 9.81-\$10.18	\$10.18	\$10.18	\$10.18	\$10.18	\$10.18
Step 2	\$ 9.43-\$ 9.72	\$10.77-\$10.92	\$10.92	\$10.92	\$10.92	\$10.92	\$10.92
Step 3	\$10.15-\$10.20	\$11.37-\$11.40	\$11.52	\$11.87	\$12.22	\$12.22	\$12.22
Step 4	\$10.60	\$11.97	\$12.27	\$12.64	\$13.02	\$13.41	\$13.81
Step 5	\$11.23	\$12.57	\$13.30	\$13.70	\$14.11	\$14.53	\$14.97
Step 6	\$11.62	\$13.17	\$14.32	\$14.75	\$15.19	\$15.65	\$16.12
Step 7	\$12.18	\$13.77	\$15.03	\$15.48	\$15.95	\$16.42	\$16.92
Step 8	\$12.99	\$14.37	\$15.73	\$16.20	\$16.69	\$17.19	\$17.70
Step 9	\$13.48	\$14.97	\$16.44	\$16.93	\$17.44	\$17.96	\$18.50
Step 10	\$13.89	\$15.57	\$17.15	\$17.66	\$18.19	\$18.74	\$19.30
Step 11	\$14.83-\$19.00	\$16.17-\$20.50	\$21.00	\$21.63	\$22.28	\$22.95	\$24.00

OPERATIONS/FREIGHT AGENTS

	Previous Contractual Rates	Current Actual (Non-Contractual) Rates	7/1/01	7/1/02	7/1/03	7/1/04	7/1/05
Step 1	\$ 8.91-\$ 9.30	\$10.17-\$10.50	\$10.53	\$10.53	\$10.53	\$10.53	\$10.53
Step 2	\$ 9.73-\$10.04	\$11.08-\$11.24	\$11.27	\$11.27	\$11.27	\$11.27	\$11.27
Step 3	\$10.45-\$10.50	\$11.68-\$11.70	\$11.87	\$12.22	\$12.57	\$12.57	\$12.57
Step 4	\$10.80	\$12.28	\$12.62	\$12.99	\$13.37	\$13.76	\$14.16
Step 5	\$11.53	\$12.88	\$13.65	\$14.05	\$14.46	\$14.88	\$15.32
Step 6	\$11.90	\$13.48	\$14.67	\$15.10	\$15.54	\$16.00	\$16.47
Step 7	\$12.49	\$14.08	\$15.38	\$15.83	\$16.30	\$16.77	\$17.27
Step 8	\$13.30	\$14.68	\$16.08	\$16.55	\$17.04	\$17.54	\$18.05
Step 9	\$13.79	\$15.28	\$16.79	\$17.28	\$17.79	\$18.31	\$18.85
Step 10	\$14.20	\$15.88	\$17.50	\$18.01	\$18.54	\$19.09	\$19.65
Step 11	\$15.14-\$19.35	\$16.48-\$20.85	\$21.35	\$21.98	\$22.63	\$23.30	\$24.35

The following charts may be used, for illustrative purposes only, to determine the pay rates for an individual Employee during the term of this contract, through June 30, 2006. To determine future pay rates, an Employee should consult the page describing his or her Step as of the date of ratification of this contract. The date of ratification was assumed to be June 30, 2001, for purposes of these illustrative charts. In the event a new contract has not been negotiated by June 30, 2006, an Employee would, of course, continue to receive Step increases on their Anniversary Date thereafter, until pay rates are determined by a new contract.

L. The Company and the Union agree that negotiations for a new contract will begin by January 15, 2006.

ARTICLE TWENTY-NINE
DURATION AND AMENDMENTS

This entire Agreement shall remain in full force and effect as of the date of ratification through and including June 30, 2006, and thereafter shall be subject to change as provided in Section Six of the Railway Labor Act, as amended, and in Article 28, Paragraph L.

ARTICLE THIRTY
RETIREMENT

The Employees covered hereunder shall continue to be included in the Southwest Airlines Co. 401(k) plan, subject to the terms thereof, to which the Company shall agree to make a matching contribution in the amount set forth below. Effective the next full pay period following ratification of this Agreement, with respect to all Employees covered hereunder, the Company agrees to contribute one dollar (\$1.00) for each one dollar (\$1.00) of the Employee's pre-tax contribution, not to exceed six and three/tenths percent (6.3%) of the Employee's compensation, as defined in the 401(k) plan. Effective January 1, 2002, the Company agrees to contribute \$1.00 for each \$1.00 contributed by each Employee covered by this Agreement, up to 7.3% of the Employee's compensation, as defined by the 401(k) plan. Thus, the Company contribution shall never exceed the lesser of the applicable percentage or dollar amount. In the event that any portion of an Employee's pre-tax contribution to the 401(k) plan shall be distributed to the Employee, as a result of the failure of such 401(k) plan during any plan year to pass the actual deferral percentage test, such distribution shall not affect the amount of matching contribution payable with respect to such Employee; rather, the matching contribution shall be calculated by reference to the entire pre-tax contribution of the Employee, prior to any such distribution. The determination of whether or not the 401(k) plan has failed the actual deferral percentage test for any plan year, and of the amount to be distributed to an Employee in order to correct such failure, shall be made by the Company, whose determination in that regard shall be binding on all parties hereto.

**ARTICLE THIRTY-ONE
UNION MEMBERSHIP**

A. Any Employee of the Company covered by this Agreement who fails to voluntarily join and maintain membership in the Union shall be required, as a condition of employment, beginning thirty (30) days after the effective date of this Agreement or one (1) full month after the completion of his probationary period, whichever is later, to pay the Union semi-monthly membership dues as a service charge for the Union's administration of this Agreement and representation of such Employee.

B. If any Employee of the Company covered by this Agreement becomes delinquent in the payment of dues, the Union shall attempt to notify such Employee by certified mail, return receipt requested, with a copy sent to such Employee by regular U.S. Mail and to the appropriate department Vice President, that he is delinquent in the payment of such dues, as specified herein, and is subject to discharge as an Employee of the Company. Such letter shall also notify the Employee that he must remit the required payment within a period of fifteen (15) days or be discharged.

C. If, upon the expiration of the fifteen (15) day period, the Employee remains delinquent, the Union shall certify in writing to the appropriate Vice President, copy to the Employee, that the Employee has failed to remit payment within the grace period allowed and is, therefore, to be discharged. The Company's Vice President shall thereupon take steps to promptly discharge such Employee from the service of the Company.

D. 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 procedure:

1. An Employee who believes that the provisions of this Article have not been properly interpreted or applied must submit his written request for review within five (5) days from the date of his discharge from the Company pursuant to Paragraph C, above. The request must be submitted to the Vice President, or his designee, who shall review the grievance and render his decision, in writing, no later than five (5) days following receipt of the grievance.
2. The Vice President or his designee shall forward his decision to the Employee, with a copy to the Union. Said decision shall be final and binding on all interested parties, unless appealed as hereinafter provided. Either the Employee or the Union may appeal the decision within ten (10) days from the date of the decision. Such appeal shall be direct to a neutral referee, to be agreed upon by the Employee and the Union, within ten (10) days after notice of appeal. In the specified period, either the Employee or the Union may request the National Mediation Board to name such neutral referee. The decision of the neutral referee shall be rendered within ten (10) days after his appointment. The decision of the neutral

referee shall be final and binding on all parties to the dispute. The fees of such neutral referee shall be borne equally by the Employee and the Union.

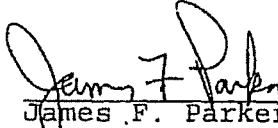
E. During the period a grievance is being handled under the provisions of this Article, and until final award by the department Vice President, his designee, or the neutral referee, the Employee shall not be discharged from the Company nor lose any seniority rights because of noncompliance with the terms and provisions of this Article. A decision shall be deemed final when time for appeal has expired.

1. An Employee discharged by the Company under the provisions of this Paragraph shall be deemed to have been "discharged for just cause," within the meaning of the terms and provisions of this Agreement.
2. It is agreed that the Company shall not be liable for any time, wage, or other claims of any Employee discharged by the Company pursuant to a written order by any authorized Union representative under the terms of this Paragraph.

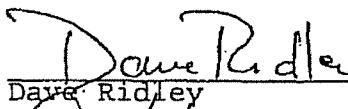
F. Provided the Company has received the "check-off form," prepared and furnished by the Union and executed by the Employee, the Company shall deduct the Employee's dues, as determined by the Union, from the Employee's wages and remit same to the Union.

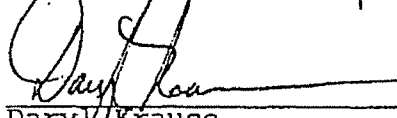
EXECUTION PAGE

For Southwest Airlines Co.:

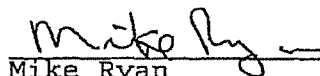

James F. Parker

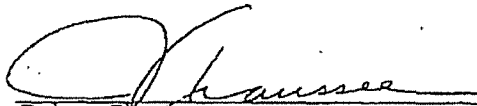

Donna Conover

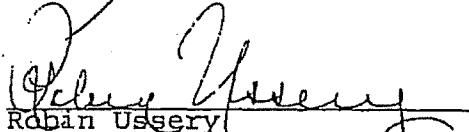

Dave Ridley


Daryl Krause

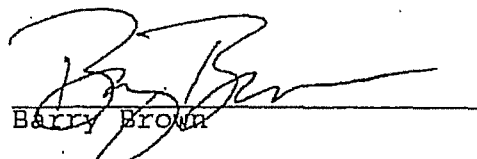

Ruth Ann Chancellor


Mike Ryan

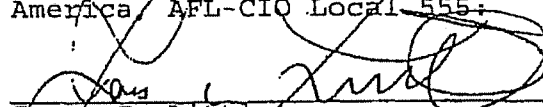

John Chaussee

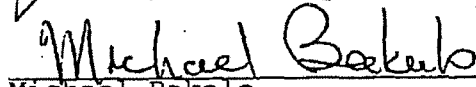

Robin Ussery

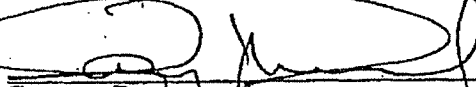

Beverly Carmichael


Barry Brown

For Transport Workers Union of
America AFL-CIO Local 555:


James C. Little
International Vice President
Director, Air Transport Division

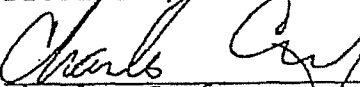

Michael Bakalo
International Vice President

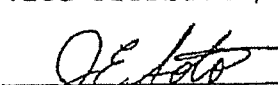

Garry Drummond
International Representative

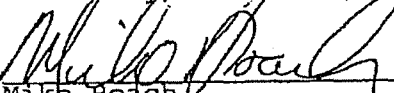

Mike Aron
Negotiating Committee Member

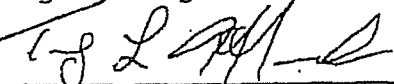

Richard Heron
Negotiating Committee Member


Gary Shults
President, Local 555


Charles Cerf
Vice President, Local 555


Jesse Soto
Secretary/Treasurer, Local 555


Mike Roach
Executive Board Member and
Negotiating Committee Member

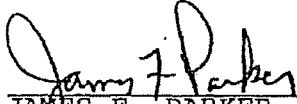

Terry Meech
Negotiating Committee Member

Date of Execution: July 12, 2001

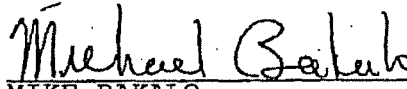
Date of Ratification: June 14, 2001

SIDE LETTER OF AGREEMENT NUMBER ONE

Employees who were assigned a seniority date of January 1 by Side Letter of Agreement No. One in the 1995 Agreement between the Company and the Union shall continue to have such January 1 seniority date for the duration of this Agreement.



JAMES F. PARKER
Vice-Chairman and
Chief Executive Officer

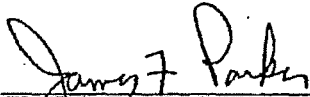


MIKE BAKALO
International Vice President
Transport Workers Union

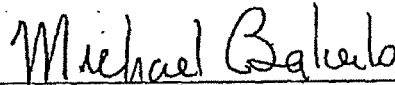
SIDE LETTER OF AGREEMENT NUMBER TWO
Implementation Dates

Unless otherwise specifically provided in the Agreement, the implementation date of all provisions of the Agreement shall be determined by mutual agreement between the Company and the Union.

With respect to Article 23, the provisions of this Agreement shall be effective on the date of ratification, and shall apply to events commencing on and after that date, except that the provisions of Article 23, Section II, Paragraph E shall apply to the 12 month period beginning on the first day of the calendar month which follows the Employee's Company hire date/anniversary date after the ratification of this Agreement. If the Employee is absent from work on the date of ratification due to a single continuous illness which began before the date of ratification, the Employee shall be charged only one point for such illness, in accordance with the previous contract.



JAMES F. PARKER
Vice Chairman and
Chief Executive Officer

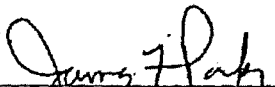


MIKE BAKALO
International Vice President
Transport Workers Union

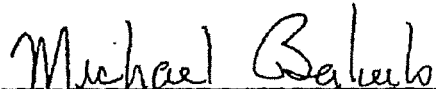
SIDE LETTER OF AGREEMENT NUMBER THREE

This will confirm the understanding reached during negotiations leading up to the Agreement between the Company and the Union regarding the application of Article 20, Section 1.G, 1.a.:

In cases involving allegations of matters involving harassment, intimidation, threats, Customer complaints, or criminal activity, it is understood that an internal investigation may be required before the Company will become aware of the incident concerning which the fact-finding shall be convened. If such an investigation is required, it will be conducted in an expeditious manner.



JAMES F. PARKER
Vice Chairman and
Chief Executive Officer

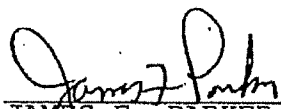


MIKE BAKALO
International Vice President
Transport Workers Union

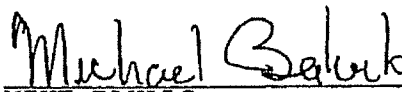
SIDE LETTER OF AGREEMENT NUMBER FOUR

This will confirm the understanding reached during negotiations leading up to the agreement between the Company and the Union regarding the Work Rule Interpretations:

Upon ratification of this agreement, designees from both parties will meet to update the Work Rule Interpretations. Both parties agree that any difficulties arising from such update will be resolved by the undersigned or their designees.



JAMES F. PARKER
Vice Chairman and
Chief Executive Officer

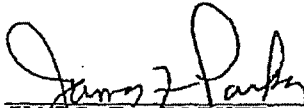


MIKE BAKALO
International Vice President
Transport Workers Union.

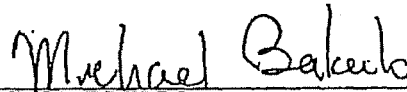
SIDE LETTER OF AGREEMENT NUMBER FIVE

This will confirm the understanding reached during negotiations leading up to the agreement between the Company and the Union regarding meetings with the Southwest Airlines Co. Profit Sharing Committee:

Upon request of the Union, following the normally scheduled meetings of the Southwest Airlines Co. Profit Sharing Committee, the Company agrees to meet with the Union to provide updates on any investment decisions made by the Committee and discuss any suggestions the Union may present.



JAMES F. PARKER
Vice-Chairman and
Chief Executive Officer

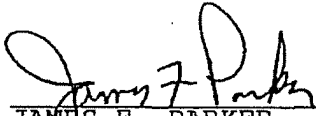


MIKE BAKALO
International Vice President
Transport Workers Union

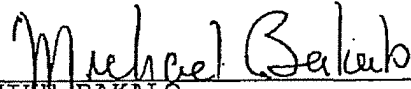
SIDE LETTER OF AGREEMENT NUMBER SIX

This will confirm the understanding reached during negotiations leading up to the agreement between the Company and the Union regarding monthly meetings:

Monthly meetings will be scheduled between the TWU Local 555 Executive Board and officials of Southwest Airlines Co. to discuss and attempt to resolve ongoing issues. Agendas will be exchanged between the parties prior to the meetings in order to facilitate the discussions.



JAMES F. PARKER
Vice-Chairman and
Chief Executive Officer



MIKE BAKALO
International Vice President
Transport Workers Union

SIDE LETTER OF AGREEMENT NUMBER SEVEN

ATTENDANCE

This will confirm the understanding reached during negotiations leading up to the Agreement between the Company and the Union regarding the application of Article Twenty-Three, Section I, Paragraph C, 1, and Article Twenty-Three, Section II, Paragraph E:

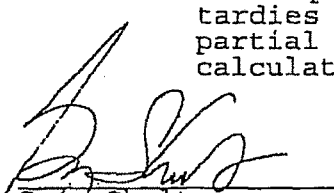
There shall be no charge to an Employee's attendance record in the event such Employee suffers a relapse of the same medical condition for which the Employee utilized a doctor's statement, provided:

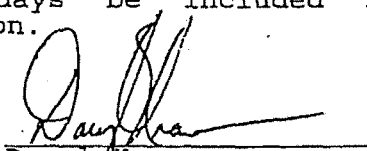
1. The verified relapse occurs no later than three (3) days following the Employee's return to work; and
2. Such absence is verified by the same doctor or medical facility who treated the Employee for the original illness/absence and which documents in the statement that the Employee has suffered a relapse.

The doctor's statement which confirms the relapse must be furnished to the Company on the Employee's first day back to work and will not be charged as one of the Employee's four (4) doctor's statements allowed annually.

For purposes of Article Twenty-Three, Section II, Paragraph E effective upon the ratification date of this Agreement:

1. A "calendar year" shall be measured from the first day of the calendar month which follows the Employee's Company hire date/anniversary date through the last day of the month during which the Employee's anniversary date falls in the following year.
2. The "five percent" calculation for every Employee shall be based on 260 work days.
3. The basis for calculation of 260 work days shall not be adjusted due to leave(s) of absence, shift giveaways, shift pickups, or overtime worked, nor will tardies, tardies or absence on overtime shifts, or absences of partial days be included in the "five percent" calculation.


Gary Shults
President
TWU Local 555


Daryl Krause
Vice President
Provisioning


Dave Ridley
Vice President
Ground Operations

Southwest Airlines Ramp, Operations, Air Freight and Provisioning Standard Overtime Call Book

DATE: _____

BOOK CLOSED BY: _____

Initials/Time/Date

DAY: _____

WITNESSED BY: _____

Initials

[illegible]

Note: When the Overtime Call Book is closed, underline in red the last name in the book at the time. Time and initial this red line and have witnessed.
In order to be eligible for overtime, all information must be completed in ink and be correct.

* Operations/Air Freight Agents only

Page ____ of ____