

ARTICLE 8 - VACATIONS

(a) Employees will be entitled to and receive vacation allowance in accordance with the following:

- (1) As used in this Article the term "year" is used to mean a calendar year.
- (2) The following vacation allowance will apply:

Length of service as of December 31 of any year	Accrual rate per month during the year ending December 31	Maximum vacation accrual
Less than 5 years	Eight (8) hours 1/2 work day	Eighty (80) hours 5 work days
5 years but less than 10 years	Twelve (12) hours 1 work days	One hundred twenty (120) hours 10 work days
10 years but less than 17 years	Sixteen (16) hours 1 1/2 work days	One hundred sixty (160) hours 15 work days
17 years but less than 25 years	Twenty (20) hours 2 work days	Two hundred (200) hours 20 work days
25 years but less than 30 years	Twenty four (24) hours 2 1/2 work days	Two hundred forty (240) hours 25 work days
30 years and over	Twenty eight (28) hours 3 work days	Two hundred eighty (280) hours 30 work days

(3) In computing vacation eligibility under this Article:

(a) In any calendar month, fifteen (15) calendar days or more of service with the Company will be considered a full month and less than fifteen (15) calendar days will not be considered.

(b) Fractions of one-half a day or more of earned vacation will be considered as entitling the employee to a full day's vacation and fractions of less than one-half a day will not be considered.

(b) The pay for such vacation will be at the pay which the employee would normally have received at his regular hourly rate at the time the vacation is taken.

(c) An employee may select his vacation in its entirety in weekly increments. Preference for the period in which an employee will be permitted to take their vacations will be granted within each work unit in the order of Company seniority provided, however, that vacation schedules may be so arranged within each work group to not interfere with the requirements of the service. The Company will post requests for vacation preference for the following year on Company bulletin boards not later than October 15th of each year and employees eligible will list their preference not later than November 15th. The vacation periods will be assigned and posted on Company bulletin boards by December 1st, whenever possible. Any employee not expressing a preference will be assigned a vacation, if eligible. Except in emergency, an employee's vacation will commence immediately following his regularly scheduled days off.

(d) Vacation allowances will not be cumulative and vacation time to which an employee becomes entitled on December 31 of any calendar year will be forfeited unless taken during the following year. However, if an employee is requested by the Company in writing to forego his vacation during the year in which it is to be taken and has not received it by the end of that year, the employee will be entitled to his deferred vacation during the succeeding calendar year or to pay in lieu of same at the option of the employee, subject to the requirements of the service.

(e) An employee who takes a leave or leaves of absence which exceeds or the total of which exceeds sixty (60) calendar days during any calendar year will have his vacation allowance to which he becomes entitled on December 31 of that year reduced by his monthly accrual rate as outlined in (a) above for each thirty (30) calendar days of said leave or the total of the leaves which exceeds sixty (60) calendar days. However, no deduction from vacation allowance will be made for leaves of absence granted due to injury sustained while on duty. However, no employee will be required to use his vacation while on IOD. An employee will choose from open vacation periods if any exist. Vacations not able to be accommodated by reassignment to an open week by the end of the calendar year will be paid out at the end of that calendar year.

(f) In the event of termination of employment with the Company, an employee who has completed six (6) months of service with the Company will be paid for vacation not previously taken to which he became entitled as of the preceding December 31. All vacation accrued since December 31 of the preceding year will be paid as follows:

Months of Svc in year of Term.	Accrual Rate Rate = X of Days Pay	1 Day X = 5/12ths	1 1/2 Days X = 1 1/4th	2 Days X = 1 2/3rds	2 1/2 Days X = 2 1/12th	3 Days X = 2 1/2	3 1/2 days X = 2 11/12th
1		1	1	2	2	3	3
2		2	3	3	4	5	6
3		3	4	5	6	8	9
4		3	5	7	8	10	12
5		4	6	8	10	13	15
6		5	8	10	13	15	17
7		6	9	12	15	18	20
8		7	10	13	17	20	23
9		8	11	15	19	23	26
10		8	13	17	21	25	29
11		9	14	18	23	28	32
12		10	15	20	25	30	35

An employee who fails to give two (2) weeks' notice of resignation in writing, and the notice is not waived by the Company in writing, or who is discharged for confiscation of Company funds or property, will not be paid for any vacation not yet taken, **unless provided otherwise by law.**

(g) An employee who has completed six (6) months of service with the Company, has been laid off, has been paid for all vacation due him at the time of termination, and who is subsequently recalled to work will accrue vacation allowance from the date of his reemployment in accordance with paragraph (a) (2).

(h) An employee who has not completed six (6) months of service at the time he is laid off and who is therefore not entitled to vacation termination pay will, if reemployed within a period of time from layoff not exceeding his previous service, be granted vacation credit for service prior to the layoff. In no case will the vacation to which the employee becomes entitled on December 31 of that year exceed ten (10) workdays.

(i) An employee who has been awarded ~~or assigned~~ a vacation period will not have his vacation dates changed without his consent, unless he is notified of ~~such~~ **the**

change in writing thirty (30) **calendar** days in advance of the starting date of his vacation. This will not apply in case of emergency; that is, an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, and airworthiness reasons which may threaten grounding of aircraft in the fleet. If an employee transfers to a different station or work unit, any vacation he has scheduled, but not yet taken, will be scheduled in accordance with agreed upon local procedures. At those stations where no procedure governing the scheduling of a transferee's vacation exists, such a procedure will be established subject to mutual agreement between the Local Union and local management.

(j) An employee's scheduled days off ~~during the week~~ immediately following his vacation will be the same as his scheduled days off immediately preceding his vacation.

(k) An employee may request a paid personal vacation day(s) (PV) of up to five (5) days per year. The Company will grant the days by seniority in accordance with agreed upon local procedures. At those airports where no procedure governing the granting of personal vacation days exists, a procedure will be established subject to mutual agreement between the Local Union and local management. Days used for personal vacation days will be deducted from the vacation day accrual to be awarded in the subsequent year's vacation. Requests for personal vacation will be granted in order of seniority within the work unit/group. An employee terminating employment during a calendar year will have the number of personal vacation days taken during that year deducted from any terminating monies due him. This provision will not be applicable at any location where deduction of vacation days or monies is prohibited by law. Personal vacation days will not be permitted on an employee's holiday.

(l) Vacation allowance and rate of accrual for part time employees will be governed by the provisions of Article 43.

(m) The attachment on the following page is agreed to by the parties and is incorporated as part of this agreement.

ATTACHMENT 8.1 - OFF WORK ON DISABILITY WHEN VACATION IS SCHEDULED

March 29, 1982

Mr. H. J. Leonard
International Vice President
Transport Workers Union of America, AFL-CIO
5128 E. Lancaster Avenue
Suite 18
Ft. Worth, TX 76112

Dear Mr. Leonard:

This will confirm our agreement concerning employees off work on disability due to an injury on duty when a vacation period is scheduled.

The Company will, if an employee requests in writing prior to the scheduled vacation period, attempt to reassign vacations scheduled during an uncontested lengthy IOD to the extent the operation permits; that is, the employee should be allowed to choose from open vacation periods if any exist or, if none exist, assigned with at least 7 days notice, a rescheduled vacation slot unless the operation cannot afford his absence. Such vacation deferral will be permitted only if the vacation can be rescheduled during the calendar year in which it was originally scheduled. Pay in lieu of vacation is not available to an employee in these circumstances.

Whenever such a vacation reschedule has been denied, the employee may request the Local Union President/Station Chairman to meet and review the vacation reschedule request with the General Manager/Chief Operating Officer at that location. If his vacation reschedule is not resolved at that level, he may utilize the procedures of Article 31 of the Labor Agreement.

H. J. Leonard
S. L. Crosser

Attachment 8.2 – Reduced Vacation Application

March 31, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Dr.
Hurst, Texas 76054

Reduced Vacation Application

Dear Jim,

This will confirm our understanding reached during the negotiations leading up to the agreement signed on (DOS), 2003. During these negotiations, we discussed how to implement the one week vacation savings in order to realize the savings in 2003 thereby avoiding additional decreases in pay or other work rule changes.

The basic principal of the transition application is that each employee with vacation remaining in 2003 will roll one (1) week of 2002's accrued vacation to use in 2004 thus reducing 2003 accrual by two (2) weeks. The application in effect combines vacation weeks from 2003 and 2004 which are then divided between the two years depending on whether or not the employee has already used some or all of his current vacation. The net effect is that we reduce the total weeks over the two (2) years by two (2) weeks.

The attached diagram on the attached page illustrates this application. It provides an example at each point from seven (7) weeks through two (2) weeks.

As part of the implementation and in order to realize the savings, employees will defer a week of 2003 vacation based on a certain allocation for each individual week. **Example:** Week of September 6 and 13, 2003. Station ABC will allow 6 employees to defer Sept. 6, 2003 and 6 employees for Sept. 13, 2003. This is to ensure the Company does not have too many of the same week deferred. To allow employees to select without a limitation could cause a scenario whereby Sept. 6 has 15 employees defer and Sept. 13 has only 4, thus, the vacation relief coverage would be skewed and the vacation relief headcount would not be balanced properly.

Once the procedures have been finalized, employees need to provide which week they would like to defer to local management no later than May 8, 2003. In the event, there are weeks made available after the deferral process is complete, local management in conjunction with the local union will work out a selection process for those available weeks.

~~For those employees, who as a result of the deferral and adjusted accrual do not have a week of vacation for 2004; can take time off without pay through a CS arrangement. We understand that for employees to work an entire year or more without a scheduled vacation should have time off and therefore strongly encourage these employees to utilize the flex vacation option which will be made available in October of 2003 for 2004 vacation.~~

~~James B. Weel
Managing Director
Employee Relations~~

~~Agreed to this date:~~

~~James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO~~

See attached

Current Vacation (Weeks)	2003-Already Taken	2003 Remaining	2004	2005-and-on
7	7	0	5	6
	6	0	6	6
	5	1	6	6
	4	2	6	6
	3	3	6	6
	2	4	6	6
	1	5	6	6
	0	6	6	6
6	6	0	4	5
	5	0	5	5
	4	1	5	5
	3	2	5	5
	2	3	5	5
	1	4	5	5
	0	5	5	5
	5	5	0	3
4		0	4	4
3		1	4	4
2		2	4	4
1		3	4	4
0		4	4	4
4		4	0	2
	3	0	3	3
	2	1	3	3
	1	2	3	3
	0	3	3	3
3	3	0	1	2
	2	0	2	2
	1	1	2	2
	0	2	2	2
2	2	0	0*	1
	1	0	1	1
	0	1	1	1

Note: ** Employees with two weeks of vacation would still receive the four (4) days accrued through the Date of Signing (one day per month). Therefore, these employees would have some days to take*

~~*in 2004.*~~

~~*–This scenario assumes that 2003 accrual is reduced by two weeks;*~~

~~*–and future accruals are reduced by one week.*~~

~~*–One week of vacation accrued in 2002 is deferred to 2004.*~~

Remove the chart above (attachment to 8.2 letter)

Attachment 8.3 – Flex Vacation

April 7, 2003

Mr. James C. Little
International Administrative Vice President
Director Air Transport Division
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054

Flex Vacation

Dear Jim:

~~During the recent negotiations for the restructuring of the AA/TWU labor agreements, the issue of Flex Vacation arose as it relates to the future application based on other changes to the AA/TWU agreements, such as wage rates, vacation accrual, etc.~~

~~To ensure both parties are clear on the matter, below are the questions as they have been posed and the Company's corresponding answer.~~

- ~~1. If an employee selected a flex vacation week or days in 2002 for use in 2003 and has not yet taken it, can the employee cancel the flex vacation and receive a refund on the wages that have been payroll deducted?~~

~~Employees will not be afforded an opportunity to cancel their flex vacation week in 2003 unless they meet the operational necessity requirement as determined by local operation. If they meet the operational necessity requirement the refund is made in the Month of December and the request for the refund is made in November.~~

- ~~2. Will the Company open up a window of opportunity to employees who did not select a Flex vacation week for 2003 to be able to do so?~~

~~Due to IRS constraints, we cannot offer another opportunity to purchase flex vacation for the year 2003.~~

- ~~3. With the changes to wages, will the payroll deduction for flex vacation pay back be reduced to reflect the new rates?~~

~~Yes, upon notification of ratification of the agreements, the Company will reduce the payroll deducted rates to reflect the new reduced rates. Due to implementation issues, the rate change will be effective June 1, 2003, however, it is contingent on receiving the necessary information by next week. Note: Since the original rates used for payroll deductions were the rates as of July 2002, some employees may have experienced a pay increase which we do not nor ever have adjusted for.~~

~~However, if the pay increase is greater than the reduced rate, the new payroll deducted rate will be based on the net salary increase.~~

- ~~4. If employees have already used their flex vacation for 2003, will the rates deducted from their paychecks be changed or left the same?~~

~~Due to system constraints, the rates will be reduced for all employees.~~

~~If you should have any questions, please contact me at 817-967-1447.~~

Sincerely,

James B. Weel
Managing Director
Employee Relations