

To: John Coveny
From: Eddie Berbarie
Re: Letter of Agreement - Non-Elective Contribution
Date: October 2, 2023

This Letter of Agreement ("LOA") is entered into between Southwest Airlines Co. (the "Company") and the International Association of Machinists and Aerospace Workers ("IAM") District Lodge 142. The Company agrees to provide a 4% Non-Elective Contribution (NEC) made to the 401(k) accounts of Employees represented by the IAM in exchange for and subject to the following terms and conditions:

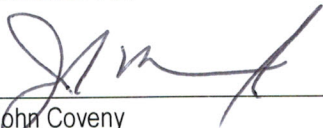
1. Effective January 1, 2024, the Company will contribute 4% of an Employee's retirement eligible compensation on their behalf to their 401(k) account, regardless and without any requirement of an Employee's contribution.
2. The matching contribution the Company makes to Employees' 401(k) accounts will be reduced from 9.3% to 5.3%. Effective January 1, 2024, the Company will contribute \$1.00 for each \$1.00 of the Employee's contribution, not to exceed 5.3% of each Employee's eligible compensation.
3. The Benefits Program known as the Regular Plan Program shall be closed to new participants and no longer available to any Employees who are not currently or become enrolled in the Regular Plan Program as of the conclusion of the annual open enrollment period for the 2024 plan year (the annual enrollment period for the 2024 plan year will take place during the open enrollment period beginning in October of 2023). Unless an Employee is currently or becomes enrolled in the Regular Plan Program as of the conclusion of the annual open enrollment period for the 2024 plan year, no Employee will be able to elect the Regular Plan Program during any future enrollment period or otherwise. However, those Employees who are currently or who become enrolled in the Regular Plan Program, as of the conclusion of the annual open enrollment period for the 2024 plan year, will be able to remain in the Regular Plan Program until they choose to voluntarily enroll in another benefits program (like the Benefits Plus Program). Should an Employee enrolled in the Regular Plan Program choose to enroll in another benefits program in the future, they will no longer be eligible to re-enroll in the Regular Plan Program.
 - a. Employees whose coverage ends during an approved leave of absence and while enrolled in the Regular Plan Program will have the ability to get back into the Regular Plan Program upon return to active status.
 - b. Employees currently on a leave of absence who, as a result of that leave, are not eligible to participate in the annual open enrollment period for the 2024 plan year will be eligible on a one-time basis to enroll in the Regular Plan Program upon return to active status.
4. Alternative medical and dental options (for example, the options offered under the Benefits Plus Program or their replacements) will continue to be made available to Employees, subject to the following:
 - a. Beginning in the plan year 2024, increases in the monthly Employee contribution amounts for the alternative medical and dental options will be subject to a cap whereby the average annual increase in rates, over a rolling 2-year period, will not exceed the greater of:
 - i. Seven percent (7%); or

- ii. Seven dollars (\$7) for Employee Only coverage, twenty dollars (\$20) for Employee plus Spouse coverage, sixteen dollars (\$16) for Employee plus Children coverage, and thirty dollars (\$30) for Employee plus Family coverage.
- b. Beginning in the plan year 2024, increases in the in-network annual deductible and in-network out-of-pocket (OOP) maximum amounts will be subject to a cap whereby the average annual increase in amounts, over a rolling 2-year period, will not exceed the greater of:
 - i. Seven percent (7%); or
 - ii. IRS requirements (HDHP only)
- c. Beginning in the plan year 2024, the in-network coinsurance rate will be no more than the current level of twenty percent (20%)
- d. Employees will not have employee contributions, in-network deductibles, in-network out-of-pocket (OOP) maximums, and in-network coinsurance rates for the same plan greater than Employees not covered by this Agreement.
- 5. a. If any Employee group (excluding pilots) receives an NEC contribution greater than 4%, then that same contribution (subject to the same terms and conditions) will be offered to the Employees covered by this LOA.
- b. If any Employee group (excluding pilots) receives any combination of Company match and NEC greater than a cumulative total of 9.3%, then that same combination (subject to the same terms and conditions) will be offered to the Employees covered by this LOA.
- c. If any Employee group (excluding pilots) receives an NEC without closing the Regular Plan Program to new participants, then that same NEC (subject to the same terms and conditions) will be offered to the Employees covered by this LOA as an alternative to replace and supersede this LOA.

In the event of any dispute, the Union may reopen negotiations concerning the NEC and the changes to the availability of the Regular Plan Program, as applicable.

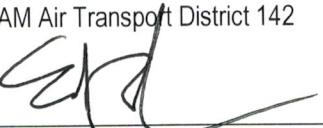
- 6. This LOA binds the Company and the Union and applies to all Southwest Employees represented by the IAM, notwithstanding any conflicting language in the CBA. This LOA governs and controls inasmuch as any conflicts exist between the CBA and this LOA.

AGREED TO:



John Coveny
 President/Directing GC
 IAM Air Transport District 142

10/2/23
 Date



Eddie Berbarie
 Managing Director Labor Relations
 Southwest Airlines

10/2/23
 Date