

Exhibit 3

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Attorneys for Plaintiff and the Proposed Class

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

JAYSON HUNTSMAN, on behalf of himself
and all others similarly situated,

Plaintiff,

v.

SOUTHWEST AIRLINES CO.,

Defendant.

Case No. 3:17-cv-03972-JD
SETTLEMENT AGREEMENT

1 **I. INTRODUCTION¹**

2 This case, *Huntsman v. Southwest Airlines, Co.*, No. 4:17-cv-03972-JD (N.D. Cal.), was
3 brought by Jayson Huntsman (“Plaintiff”) on behalf of himself and others similarly situated
4 against Southwest Airlines Co. (“Southwest”) under the Uniformed Services Employment and
5 Reemployment Rights Act (“USERRA”), 38 U.S.C. § 4301 *et seq.* alleging that Southwest (i)
6 failed to make the proper matching contributions to pilots’ retirement plans based on Deemed
7 Earnings during periods of Short-Term Military Leave from their employment at Southwest; (ii)
8 failed to facilitate pilots’ opportunity to make retirement contributions that could be matched
9 during periods of Short-Term Military Leave, and (iii) failed to provide for the accrual of Sick
10 Leave during pilots’ periods of Short-Term Military Leave.

11 In the interest of resolving this dispute between the Parties without the significant expense,
12 delay, and inconvenience of further litigation of the collective and individual issues raised in the
13 Case, and in reliance upon the representations, mutual promises, covenants, and obligations set out
14 in this Settlement Agreement, and for good and valuable consideration also set out in this
15 Settlement Agreement, the Parties, through their undersigned counsel of record, hereby stipulate
16 and agree as follows.

17 **II. DEFINITIONS**

18 The following terms, as they are used in this Settlement Agreement, shall have the
19 meanings defined below:

20 **A.** “401(k) Plan” is the Southwest Airlines Pilots 401(k) Plan, as described in Section
21 19 of the CBA.

22 **B.** “Agreement” is this Settlement Agreement.

23 **C.** “Case” or “Litigation” is the action titled *Huntsman v. Southwest Airlines, Co.*, No.
24 4:17-cv-03972-JD (N.D. Cal.).

25 **D.** “Cash Settlement Amount” is the amount of Five Million Eight Hundred Thousand
26 United States Dollars (\$5,800,000).

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¹ Capitalized terms have the meanings set forth in the Definitions section below.

1 **E.** “Class Counsel” are Outten & Golden LLP, 601 Massachusetts Ave. NW, Suite
2 200W, Washington DC, 20001; the Law Office of Thomas G. Jarrard PLLC, 1020 N. Washington
3 Street, Spokane, WA 99201; and Crotty & Son Law Firm, PLLC, 421 W. Riverside Ave., Ste.
4 1005, Spokane, WA 99201.

5 **F.** “Class Member” is any Southwest pilot who satisfies the definition of the Proposed
6 Settlement Class set forth below or satisfies the definition of a class approved by the Court that is
7 substantially similar to the Proposed Settlement Class.

8 **G.** “Class Period” is the time period between January 1, 2001 and the Preliminary
9 Approval Date.

10 **H.** “Class Representative” is Plaintiff Jayson Huntsman.

11 **I.** “Collective Bargaining Agreement” or “CBA” is the collective bargaining
12 agreement between Southwest and the Southwest Airline Pilots’ Association.

13 **J.** “Court,” unless otherwise specified or clear from the context, is the United States
14 District Court for the Northern District of California.

15 **K.** “Deemed Earnings” is the amount of earnings Southwest pilots would have earned
16 per pay period if they had not taken Short-Term Military Leave.

17 **L.** “Effective Date of the Settlement Agreement” or “Effective Date” is the date upon
18 which an order providing Final Approval of this Agreement under Federal Rule of Civil Procedure
19 23(e) becomes non-appealable, or, in the event of any appeals, the date of final resolution of all
20 appeals. When this Agreement refers to the date on which the Agreement became “Effective,”
21 such date is the Effective Date.

22 **M.** “Escrow Account” is an account to be established pursuant to an escrow deposit
23 agreement by the Settlement Administrator, into which Southwest will deposit the Settlement
24 Fund.

25 **N.** “Final Approval Date” is the date upon which the Court enters an order granting
26 Final Approval of the Settlement Agreement.

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1 **O.** “Final Approval of the Settlement Agreement” or “Final Approval” is the Court’s
2 decision that the resolution of this Case, as reflected in the Settlement Agreement, is fair,
3 adequate, and reasonable pursuant to the provisions of Federal Rule of Civil Procedure 23(e).

4 **P.** “Lead Class Counsel” is Outten & Golden LLP, 601 Massachusetts Ave. NW,
5 Suite 200W, Washington DC, 20006.

6 **Q.** “Net Settlement Fund” is the Settlement Fund minus any amounts deducted for
7 attorneys’ fees, expenses and costs, the Settlement Administrator’s fees and costs, any Service
8 Award approved by the Court, and any taxes owed by the Settlement Fund.

9 **R.** “Notice Mailing Date” is the date the Notice Packets are mailed to the Class
10 Members.

11 **S.** “Notice Packet” is the packet of materials that consists of the Notice of Proposed
12 Class Action Settlement and Fairness Hearing.

13 **T.** “Parties” are Southwest and the Plaintiff in the Case.

14 **U.** “Plan Amount” is the amount of the Net Settlement Fund that has been allocated to
15 each Class Member, corresponding to each year covered by the Settlement Agreement, that can be
16 contributed to the Class Member’s 401(k) account in compliance with applicable IRS limits for
17 each such year without jeopardizing the tax-qualified status of the 401(k) Plan.

18 **V.** “Preliminary Approval Date” is the date on which the Court enters an order
19 granting Preliminary Approval of the Settlement Agreement.

20 **W.** “Proposed Settlement Class” or “Class” is defined as all former or current pilots
21 employed by Southwest who took Short-Term Military Leave from Southwest between January 1,
22 2001 and the Preliminary Approval Date.

23 **X.** “Service Award” is a monetary award to the Class Representative for his services
24 rendered and/or reimbursement for any lost compensation and out-of-pocket expenses incurred in
25 pursuing the Case and negotiating the Settlement on behalf of the Proposed Settlement Class.

26 **Y.** “Settlement Administrator” is the firm, to be proposed to and appointed by the
27 Court, as set forth below, that will perform the administrative functions required by this
28 Settlement Agreement, including but not limited to printing and mailing the Notice Packets,

1 establishing a Qualified Settlement Fund and Bank Account, and distribution of the Settlement
2 Funds to the Class Members.

3 **Z.** “Settlement Agreement” or “Settlement” is this Settlement Agreement.

4 **AA.** “Settlement Fund” means the amount of Five Million Eight Hundred Thousand
5 Dollars (\$5,800,000), plus any interest accrued on that amount while in escrow, that will be used
6 (i) to make supplemental contributions to Class Members’ 401(k) accounts or, if it is not possible
7 to make any such supplemental contributions to Class Members’ 401(k) accounts, to make cash
8 payments to Class Members for their claims related to USERRA make-up contributions during
9 periods of Short-Term Military Leave, (ii) to make payments of \$1,000 each to former employees
10 as consideration for the release of their Sick Leave Claims; (iii) to award attorneys’ fees and costs,
11 (iv) to fund a Service Award to the Class Representative, (v) to fund the costs of providing notice
12 to the Class and administrating the Settlement, and (vi) to pay any taxes owed by the Settlement
13 Fund.

14 **BB.** “Short-Term Military Leave” is a period of military leave of 14 calendar days or
15 less.

16 **CC.** “Sick Leave” is paid leave for illness or injury, which accrues at a rate of 1 TFP for
17 each 10 TFP a pilot flies, as described in Section 12 of the SWAPA CBA.

18 **DD.** “Sick Leave Claim” is a claim by a Class Member that he or she was subject to
19 Southwest’s policy that did not provide for the accrual of Sick Leave for pilots during periods of
20 Short-Term Military Leave from January 1, 2001 through the Preliminary Approval Date.

21 **EE.** “Southwest” is Southwest Airlines Co.

22 **FF.** “Southwest Airline Pilots’ Association” or “SWAPA” is the employee union that
23 represents Southwest pilots.

24 **GG.** “Southwest’s Counsel” is Ogletree, Deakins, Nash, Smoak & Stewart, P.C., Stuart
25 Tower, One Market Plaza, Suite 1300, San Francisco, CA 94105.

26 **HH.** “Trips For Pay” or “TFP” is a unit of pilot compensation that roughly corresponds
27 with miles flown, as described in Section 4 of the SWAPA CBA.

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1 **II.** “USERRA” means the federal Uniformed Services Employment and
2 Reemployment Rights Act of 1994, as amended.

3 **III. RECITALS**

4 **A.** On July 14, 2017, Plaintiff filed this Case against Southwest alleging that
5 Southwest violated USERRA by failing to provide its pilots (i) appropriate retirement
6 contributions mandated by USERRA for periods of Short-Term Military Leave, (ii) information to
7 facilitate pilots’ opportunity to make retirement contributions that could be matched during
8 periods of Short-Term Military Leave, and (iii) accrued paid Sick Leave for Short-Term Military
9 Leave, even though Southwest provides accrued paid Sick Leave to pilots who take other types of
10 leave. Plaintiff alleged that USERRA requires Southwest to (i) provide matching contributions to
11 pilots’ 401(k) accounts for the Deemed Earnings earned during periods of Short-Term Military
12 Leave for elective deferrals already made to the 401(k) Plan, (ii) provide timely information to
13 pilots on their Deemed Earnings so that they can make make-up retirement contributions into their
14 401(k) accounts pursuant to USERRA, 38 U.S.C. § 4318, and (iii) have their make-up
15 contributions matched by Southwest. Plaintiff also alleged that USERRA, 38 U.S.C. § 4316,
16 requires Southwest to provide for the accrual of Sick Leave when pilots take Short-Term Military
17 Leave, because Southwest provides for the accrual of Sick Leave when pilots engage in jury duty,
18 union leave, and bereavement leave. Southwest denies these allegations and maintains that the
19 claims in the Case have no merit.

20 **B.** Plaintiff sought, among other things, a declaration that Southwest’s policy with
21 respect to how Southwest matched the retirement contributions of Plaintiff and the Class Members
22 during periods of Short-Term Military Leave violated their rights under USERRA and a
23 declaration that Southwest’s failure to provide accrued paid Sick Leave to pilots who took Short-
24 Term Military Leave violated the rights of Plaintiff and the Class under USERRA. Plaintiff also
25 sought a declaration that Plaintiff and the Class were and are entitled under USERRA to receive
26 contributions to their defined contribution retirement accounts in an amount that is consistent with
27 USERRA § 4318 and that they are entitled to receive accrued paid Sick Leave in an amount that is
28 consistent with USERRA § 4316, and an order that Southwest fully compensate Plaintiff and the

1 Class for their losses related to the alleged violations. Southwest denies that Plaintiff or any
2 members of the class is entitled to these or any other forms of relief.

3 **C.** Plaintiff filed the Case as a putative class action pursuant to Rule 23 of the Federal
4 Rules of Civil Procedure and alleged that the Case is maintainable as a class action under Rule
5 23(a) and Rule 23(b)(1), Rule 23(b)(2), or Rule 23(b)(3).

6 **D.** On August 31, 2017, Southwest moved to transfer venue to the United States
7 District Court for the Northern District of Texas. On September 15, 2017, the parties stipulated to
8 a stay of the litigation to allow them to explore settlement following Plaintiff's Opposition to the
9 Motion to Transfer Venue. Plaintiff's opposition was filed on September 21, 2017, and the Court
10 granted the stipulation the same day.

11 **E.** From September 2017 through June 2018, the Parties engaged in informal
12 discovery on both liability and potential damages for the purpose of exploring a settlement. Using
13 personnel data provided by Southwest, Class Counsel developed a methodology for calculating the
14 potential alleged damages of Class Members.

15 **F.** On June 26 and 27, 2018, the Parties attended a mediation in Dallas, Texas with the
16 Honorable Deborah Hankinson, an experienced mediator and a former Texas Supreme Court
17 Justice. At the end of two days of arm's-length negotiation, the Parties agreed to the basic terms
18 set forth in a term sheet. In the weeks that followed, the Parties continued to negotiate the details
19 of a settlement, including how to allocate the Net Settlement Fund among the Settlement Class
20 Members.

21 **G.** The Parties intend this Settlement Agreement to be a final and complete resolution
22 of all Claims asserted in this Action. The Settlement is a compromise of contested claims and shall
23 not be deemed an admission by any Party as to the merits of any claim or defense. The Parties
24 agree that the terms of the Settlement were negotiated in good faith at arm's length by the Parties,
25 and were reached voluntarily after consultation with competent legal counsel. The Parties believe
26 that the terms of this Settlement Agreement are fair, reasonable, and adequate to the Proposed
27 Settlement Class as a whole; that this Settlement Agreement provides substantial benefits to the
28 Proposed Settlement Class and the Class Members; and that settlement of the Case on the terms

1 set forth in this Settlement Agreement is in the best interests of the Proposed Settlement Class and
2 the Class Members.

3 **H.** The purpose of this Settlement Agreement is to make a full, complete, and final
4 resolution of all the Claims of Class Members that will be released pursuant to Section XIV of this
5 Settlement Agreement

6 **I.** The Parties agree that Southwest's agreement not to oppose Plaintiff's motion for
7 preliminary approval in the Northern District of California is without prejudice to Southwest's
8 contention that the proper forum for this action is the Northern District of Texas, and further agree
9 that Southwest's agreement not to oppose Plaintiff's motion for preliminary approval in the
10 Northern District of California will not be held against Southwest in the event that the Settlement
11 is not approved, the parties return to active litigation, and Southwest re-notices its motion to
12 transfer venue. The Parties agree that upon the filing of the motion for preliminary approval,
13 Southwest or the parties shall request the Court to administratively terminate its motion to transfer
14 venue.

15 NOW, THEREFORE, in reliance on the mutual promises, covenants, releases, and
16 obligations as set out in this Settlement Agreement, and for good and valuable consideration, the
17 Parties hereby stipulate and agree to resolve the Claims of Class Members that will be released
18 pursuant to Section XIV of this Settlement Agreement.

19 **IV. THE SETTLEMENT CLASS**

20 **A.** The Parties agree, for purposes of this Settlement Agreement, that the following
21 class should be certified pursuant to Rule 23 of the Federal Rules of Civil Procedure: All former or
22 current pilots employed by Southwest who took Short-Term Military Leave from Southwest
23 between January 1, 2001 and the Preliminary Approval Date.

24 **B.** The Parties will cooperate and each use their best reasonable efforts to obtain
25 certification of an opt-out class under Rule 23(a) and 23(b)(3) of the Federal Rules of Civil
26 Procedure.

27 **C.** At the time that Plaintiff moves for preliminary approval of the Settlement, Plaintiff
28 will also seek, and Southwest will not oppose, certification of the Settlement Class solely for the

1 purpose of Settlement.

2 **D.** On the Effective Date of the Settlement Agreement, all members of the Settlement
3 Class will be bound by the Settlement Agreement's terms, except that those Class Members who
4 effectively and timely exercise a right to opt out of the Class and the Settlement will not be bound
5 by the Settlement Agreement.

6 **E.** In the event that the Court does not certify a class having a definition that is
7 substantially similar to the Class definition set forth in this Settlement Agreement or otherwise
8 requires the modification of material terms of this Settlement Agreement, each Party shall have the
9 right to void this Settlement Agreement so long as notice of the exercise of such right is provided
10 to the Court and the opposing Party within 14 days after the date on which the Court enters the
11 order establishing the non-conforming Class definition or otherwise requiring the modification of
12 material terms of this Settlement Agreement.

13 **F.** The Parties will cooperate and use their best reasonable efforts to obtain the fullest
14 possible participation of all Class Members in the Settlement.

15 **V. NOTICE**

16 **A.** Southwest has identified 1,478 Class Members who dropped a trip to take Short-
17 Term Military Leave from January 1, 2008 to the present ("previously identified Class
18 Members"). In addition, Southwest has identified approximately 500 additional former or current
19 Southwest pilots who had a military status since January 1, 2001—whether or not they took
20 military leave since that date—but have not been identified as part of the 1,478 Class Members
21 ("potential Class Members").

22 **B.** If the Court certifies the Class and preliminarily approves the Settlement, the
23 Settlement Administrator will provide the previously identified Class Members and potential Class
24 Members with a copy of the Notice of Proposed Class Action Settlement and Fairness Hearing in
25 the form agreed upon by the Parties, subject to modification and approval by the Court. The
26 Notice will contain a brief description of the Claims advanced by the Class Representative, a
27 summary of the terms of the proposed Settlement, and a notice of a fairness hearing to be held
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1 pursuant to Rule 23(e) of the Federal Rules of Civil Procedure.

2 **C.** Subject to modification and approval by the Court, Notice shall be provided to
3 each previously identified Class Member and potential Class Member as follows: (1) electronic
4 notice by e-mail to all previously identified Class Members and potential Class Members for
5 whom electronic information is available; and (2) direct notice by First Class Mail to all
6 previously identified Class Members and potential Class Members.

7 **D.** Southwest will cooperate with the Settlement Administrator and Class Counsel to
8 facilitate providing Notice and other court-approved settlement-related communication by
9 electronic means.

10 **E.** Publication Notice will be provided by a website that will contain information and
11 documents about the Settlement. This website shall be established by the Settlement
12 Administrator and maintained from at least the date on which notice is mailed until the Court no
13 longer maintains jurisdiction over this action.

14 **F.** A Settlement Administrator will be retained to provide notice to the previously
15 identified Class Members and potential Class Members and perform other services as set forth in
16 this Settlement Agreement. Within ten (10) business days of the Court's Order Granting
17 Preliminary Approval, Southwest shall provide the Settlement Administrator with the following
18 contact information for each known Class Member and each pilot with military status who was
19 employed by Southwest from January 1, 2001 to December 31, 2007, to the extent they are
20 reasonably available in Southwest's databases: (1) a street mailing address; (2) telephone
21 number(s); (3) Southwest and personal e-mail address(es), including email accounts provided by
22 Southwest; (4) Social Security number; (5) dates of known days with dropped trips for Short-Term
23 Military Leave; and (6) the average annual rate of pay for pilots.

24 **VI. SETTLEMENT CONSIDERATION FROM SOUTHWEST**

25 **A.** In full settlement of all Claims that the Class Members will release pursuant to
26 Section XIV, and in exchange for the consideration Southwest will receive as set forth in this
27 Agreement, Southwest agrees to the following:

28 **1. Settlement Fund.** Southwest will pay Five Million Eight Hundred

1 Thousand Dollars (\$5,800,000) into an Escrow Account jointly selected by the
2 parties that earns simple interest. The Escrow Account, including any accrued
3 interest, will be used to (i) make supplemental retirement contributions to Class
4 Members' 401(k) accounts to the greatest extent permitted under the law or, if it is
5 not possible to make such supplemental retirement contributions to Class
6 Members' 401(k) accounts, as cash payments to Class Members for their claims
7 related to USERRA make-up contributions during periods of Short-Term Military
8 Leave, which shall be consistent with the Plan of Allocation, (ii) make payments of
9 \$1,000 each to former employees as consideration for the release of their Sick
10 Leave Claims; (iii) award attorneys' fees and costs, (iv) fund a Service Award to
11 the Class Representative, (v) fund the costs of providing notice to the Class and
12 administering the Settlement, and (vi) pay any applicable taxes.

13 **2. Sick Leave Accrual for Periods of Short-Term Military Leave.**

14 a. For each day in which a Class Member dropped a trip to take Short-
15 Term Military Leave from January 1, 2008 to the Preliminary Approval Date,
16 Southwest will add to the pilot's Sick Leave balance 100% of the pilot's unaccrued
17 Sick Leave TFPs based on a rate of 7.1 TFPs per day with dropped trips for Short-
18 Term Military Leave and a rate of 1 TFP of unaccrued Sick Leave for every 10
19 TFPs of dropped trips.² For each Class Member who submits a sworn writing to
20 the Settlement Administrator stating each month that he or she took Short-Term
21 Military Leave from January 1, 2001 through December 31, 2007, Southwest will
22 add to the pilot's Sick Leave balance 8.5 TFPs of Sick Leave per year in which the
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24 ² For example, if a pilot dropped a single day of scheduled work to perform Short-Term Military
25 Leave between January 1, 2008 and the date of Preliminary Approval, the pilot would receive an
26 additional 0.71 TFP of Sick Leave in the pilot's Sick Leave balance, based upon an estimated 7.1
27 dropped TFP and a Sick Leave accrual rate of 1 TFP for every 10 TFP. If a pilot dropped 10 days
28 of work to perform Short-Term Military Leave between January 1, 2008 and the date of
29 Preliminary Approval, the pilot would receive 7.1 TFP of Sick Leave in the pilot's Sick Leave
30 balance, based upon an estimated 71 dropped TFP and a Sick Leave accrual rate of 1 TFP for
31 every 10 TFP.

1 pilot took Short-Term Military Leave. If a Class Member is no longer employed by
2 Southwest 30 days after the Effective Date of the Settlement, the Class Member
3 shall receive a \$1,000 share of the Net Settlement Fund, in addition to any
4 supplemental retirement contributions or payments he or she is entitled to receive
5 under the Plan of Allocation, except that if a Class Member has elected to exchange
6 accrued Sick Leave for continued health coverage upon retirement and the Class
7 Member is still receiving those continued benefits on the date of the distribution of
8 Sick Leave, that Class Member will receive additional accrued Sick Leave in the
9 same manner as current Southwest employees. The \$1,000 shares of the Settlement
10 Fund shall be allocated to Class Members before the Class Members' shares are
11 determined for claims related to USERRA make-up contributions.

12 **b.** The funding of each Class Member's Sick Leave balance pursuant
13 to this settlement will be capped at 1600 TFPs per pilot, which is the maximum
14 balance that a pilot can accrue pursuant to the CBA.

15 **c.** The process for Class Members to provide a sworn writing to the
16 Settlement Administrator stating each month that the pilot took Short-Term
17 Military Leave from January 1, 2001 through December 31, 2007, is set forth in
18 Section VII(C). The Settlement Administrator will determine for each Class
19 Member how many accrued Sick Leave TFP will be added to the Class Member's
20 Sick Leave balance, based upon Southwest's personnel data from 2008 to the
21 Preliminary Approval Date and Class Members' claim forms that identify the years
22 in which they took Short-Term Military Leave between January 1, 2001 and
23 December 31, 2007.

24 **d.** Within 30 days of the Effective Date, Southwest will add to each
25 Class Member's Sick Leave balance the amount of accrued Sick Leave TFP that
26 the Settlement Administrator determines will be added pursuant to this Section.

27 **B.** In addition to the consideration described in the preceding paragraphs, and in
28 exchange for the consideration it will receive as set forth in this Agreement, Southwest agrees to

1 implement the non-monetary relief set forth herein in Section X.

2 **VII. IDENTIFYING THE CLASS MEMBERS AND SHORT-TERM MILITARY**
3 **LEAVE TAKEN FROM 2001 TO 2007**

4 **A.** Although the Class Period in this Case extends as far back as January 1, 2001,
5 Southwest does not possess comprehensive records to identify which Southwest pilots took Short-
6 Term Military Leave from January 1, 2001 through December 31, 2007. Because of this gap in
7 data, it is possible that the parties cannot through Southwest's own records identify all members of
8 the Settlement Class. And to provide appropriate credit under the Plan of Allocation to Class
9 Members who took Short-Term Military Leave between January 1, 2001 and December 31, 2007,
10 it is necessary for Class Members to identify when they took Short-Term Military Leave between
11 January 1, 2001 and December 31, 2007. The parties agree that persons will have an opportunity
12 to demonstrate their membership in the Class if Southwest has not already identified them as Class
13 Members, and will have the opportunity to identify the amount of time that they took Short-Term
14 Military Leave between January 1, 2001 and December 31, 2007.

15 **B.** Class membership will be based on the data provided by Southwest to the
16 Settlement Administrator about which pilots took Short-Term Military Leave from January 1,
17 2001 through the Preliminary Approval Date, unless, pursuant to the following procedure (or
18 another procedure ordered by the Court) a person provides the Settlement Administrator with
19 information that demonstrates that the person meets the definition of a Class Member.

20 a. Before the Final Approval date, and by a deadline to be established by the
21 Court, any person who claims to meet the definition of a Class Member but who has not
22 been identified by Southwest as a Class Member will be entitled to demonstrate
23 membership in the Settlement Class to the satisfaction of the Settlement Administrator. A
24 person may make this showing by: (1) submitting a sworn statement to the Settlement
25 Administrator that the person was a Southwest pilot who took Short-Term Military Leave
26 between January 1, 2001 and the date of Preliminary Approval, and (2) demonstrating
27 through documentary evidence or having Southwest verify, upon a request from the
28 Settlement Administrator, that the person was a Southwest pilot during the Class Period.

1 Within five business days (or another period ordered by the Court) of when a person
2 submits a sworn statement to demonstrate that he or she is a Class Member, the Settlement
3 Administrator shall submit a request to Southwest for Southwest to identify whether the
4 person was a pilot for Southwest during the Class Period. If Southwest agrees that the
5 person was a pilot for Southwest during the Class Period, the person shall be deemed to
6 have been a Southwest pilot during the Class Period. If Southwest does not agree that the
7 person was a pilot for Southwest during the Class Period, the Settlement Administrator
8 shall send a deficiency letter to the person requiring the person to provide documentary
9 evidence to demonstrate that he or she was a pilot for Southwest during the Class Period
10 and return that evidence within twenty-one (21) days of the date of the deficiency letter (or
11 another period ordered by the Court). If the person submits such documentary evidence,
12 the Settlement Administrator will determine whether the person was employed by
13 Southwest as a pilot during the Class Period.

14 b. To the extent that a person demonstrates membership in the Settlement
15 Class to the satisfaction of the Settlement Administrator, that person will be included in the
16 Settlement Class and Southwest will provide the Settlement Administrator with any
17 available relevant data from the period of January 1, 2008 to December 31, 2013 that is
18 necessary to perform calculations regarding that person's Sick Leave and share of the Net
19 Settlement Fund pursuant to the Plan of Allocation for the period covering January 1, 2008
20 to December 31, 2013. A person who demonstrates his or her membership in the Class
21 shall have the same opportunity as other Class Members to identify the amount of Short-
22 Term Military Leave that the person took between January 1, 2001 and December 31,
23 2007, as described in Section VII(C).

24 C. For the months between January 1, 2001 and December 31, 2007, Class Members
25 will have an opportunity to identify the number of days each month in which they took Short-
26 Term Military Leave and those days of Short-Term Military Leave shall be taken into account to
27 determine the Class Member's share of the Net Settlement Fund pursuant to the Plan of Allocation
28 and to determine whether the Class Member will receive 8.5 TFP of accrued Sick Leave for a year

1 in which the Class Member took Short-Term Military Leave from January 1, 2001 and December
2 31, 2007. Pursuant to the following procedure, Class Members shall provide the Settlement
3 Administrator with information on the number of days each month in which they took Short-Term
4 Military Leave from January 1, 2001 to December 31, 2007.

5 a. Before the Final Approval date, and by 120 days after the date that Notice is
6 mailed to the Class (or a deadline to be established by the Court), any Class Member who
7 took Short-Term Military Leave from January 1, 2001 to December 31, 2007 shall submit
8 to the Settlement Administrator an online claim form signed under oath that identifies for
9 each month between January 1, 2001 to December 31, 2007 the number of days in which
10 the Class Member engaged in military service for a period of 14 consecutive days or less.
11 The claim form will advise pilots that, before signing the claims form under oath, they
12 should make reasonable efforts to confirm their claims with their own personal records of
13 military service or the records of military service reasonably available to them through the
14 military.

15 b. Upon receipt of timely online claim forms, the Settlement Administrator
16 shall determine for each month between January 1, 2001 to December 31, 2007 the number
17 of days of military service for periods of 14 consecutive days or less that each Class
18 Member identified in his or her online claim form. These days of military leave shall be
19 considered for the purpose of the Plan of Allocation that will be approved by the Court.

20 c. Upon receipt of timely online claim forms, the Settlement Administrator
21 shall determine for each year between January 1, 2001 to December 31, 2007 whether each
22 Class Member had any days of military service for periods of 14 consecutive days or less,
23 and for each such year Southwest will add to the pilot's Sick Leave balance 8.5 TFPs of
24 Sick Leave.

25 **VIII. DISTRIBUTION FROM THE SETTLEMENT FUND**

26 **A. Payment of Cash Settlement Amount into Escrow Account:** Within seven (7)
27 calendar days of the Effective Date of this Settlement Agreement, Southwest will deposit the Cash
28 Settlement Amount into an Escrow Account that will accrue simple interest. The Escrow Account

1 will be established by the Settlement Administrator, with the Settlement Administrator acting at
2 the joint direction of Lead Class Counsel and Southwest in administering the Escrow Account.
3 The Cash Settlement Amount plus any interest on the Cash Settlement Amount while in escrow
4 will constitute the Settlement Fund. The Cash Settlement Amount excludes individual investment
5 earnings and no Class Member is entitled to investment earnings on his or her allocation of the
6 Settlement Fund in accordance with his or her investment directions under the 401(k) Plan.

7 **B. Qualified Settlement Fund:** To the extent possible and at the earliest date
8 possible, the Settlement Fund is intended by the Parties to be a “qualified settlement fund” for
9 federal income tax purposes pursuant to Treas. Reg. § 1.468B-1.

10 **C. Attorneys’ Fees & Expenses:** Pursuant to the deadline set by the Court and no
11 later than fourteen (14) days prior to the deadline(s) by which Class Members must object and/or
12 opt out of the Settlement (if opt-outs are permitted), Class Counsel will file any motion requesting
13 the payment of attorneys’ fees, expenses/costs, and/or a Service Award from the Settlement Fund.

14 **D. Distribution and Allocation of the Settlement Fund to Class Members:**

15 **A.** Subject to Section VIII(G) below, the Net Settlement Fund will be
16 distributed to Class Members after the payment of any award of attorneys’ fees, reimbursement of
17 any expenses, any Service Award to the Class Representative from the Settlement Fund, and any
18 applicable taxes or withholdings.

19 **B.** Class Counsel and Southwest will submit a joint Proposed Plan of
20 Allocation to the Court for the distribution of the Net Settlement Fund in the form attached hereto
21 as Exhibit A. The Proposed Plan of Allocation is subject to approval or modification by the Court.
22 If the Court rejects the Proposed Plan of Allocation, the Parties will meet and confer and propose a
23 Revised Proposed Plan of Allocation. If the Court rejects the Revised Proposed Plan of
24 Allocation, the Parties will ask the Court to implement a Plan of Allocation that satisfies the
25 Court. If the Proposed Plan of Allocation is rejected or modified by the Court or on appeal, such
26 modification will not constitute a material modification of the Settlement, will not void the
27 Settlement Agreement, and will not provide a basis for either party to withdraw from the
28 Settlement Agreement.

1 C. Before the distribution of the Net Settlement Fund, the Settlement
2 Administrator will determine which persons are Class Members and the share of the Net
3 Settlement Fund that each of the Class Members will receive pursuant to the Plan of Allocation
4 approved by the Court, including all Class Members who identify themselves to the satisfaction of
5 the Settlement Administrator and all periods of Short-Term Military Leave that are identified by
6 Class Members between January 1, 2001 and December 31, 2007, to the satisfaction of the
7 Settlement Administrator, through the process set forth in Section VII of this Settlement
8 Agreement.

9 D. As described in section VIII(I), once the Settlement Administrator has
10 determined the share of the Net Settlement Fund each Class Member will receive, the Settlement
11 Administrator will work with Southwest to determine the amount of each Class Member's
12 payment that can be put directly into the Class Member's 401(k) account on a tax-deferred basis.
13 Any payments that can be made directly into the Class Member's 401(k) account on a tax-deferred
14 basis will be placed directly into each Class Member's 401(k) account, and whatever amounts
15 cannot be placed into the 401(k) account on a tax-deferred basis will be paid to Class Members
16 through checks less any necessary tax deductions. No payments to Class Members shall be made
17 until Southwest receives a final response from the Internal Revenue Service ("IRS") on whether
18 the payments can be made into the Class Members' 401(k) accounts on a tax-deferred basis.

19 E. No portion of the Cash Settlement Amount or the Settlement Fund, including any
20 undistributed monies, will revert to Southwest.

21 **F. Maximizing Distributions To the 401(k) Plan:** All distributions to the 401(k)
22 Plan, including Plan Amounts, distributed pursuant to this Settlement Agreement are intended to
23 be corrective contributions for specific years covered by this Settlement Agreement. To the
24 maximum extent that such contributions on behalf of the members of the Class can be made in
25 compliance with the applicable IRS limits for each such year without jeopardizing the tax-
26 qualified status of the 401(k) Plan, Southwest will use its best reasonable efforts to obtain and
27 maximize the tax-favored treatment of the distributions made pursuant to this Settlement
28 Agreement, and will submit an application for correction under the Employee Plan Compliance

1 Resolution System, as set forth in Revenue Procedure 2016-51, or later guidance, so that the Plan
2 Amounts contributed on behalf of each Class Member reflect corrective contributions for the
3 corresponding year(s) in which they allegedly should have been allocated to the Class Member's
4 Plan account. Southwest will provide copies to Class Counsel of any correspondence to and from
5 the IRS regarding the implementation of such corrective procedures related to the Settlement. The
6 Net Settlement Fund will not be contributed or distributed to Class Members until such time as
7 Southwest receives a favorable compliance statement from the IRS in response to its application
8 under the Employee Plan Compliance Resolution System, which may take one or more years. If
9 Southwest does not receive a compliance statement from the IRS, then contributions will be
10 distributed to Class Members as set forth above and will not be contributed to the Class Members'
11 401(k) Plan accounts.

12 **G. Taxes**

13 **1. Payment of Taxes on the Settlement Fund:** Following the Effective Date
14 and the deposit of the Cash Settlement Amount into the Escrow Account, the Settlement
15 Administrator shall to the extent necessary establish a reserve (the "Tax Reserve") within
16 the Settlement Fund to pay any taxes that are or will be owed (but not yet due) and for
17 expenses related to payment of taxes and filing returns.

18 **2. Taxation of Payments to Class Members:** As described in Section
19 VIII(G) above, the Parties will work collaboratively to maximize the amount of Class
20 Members' payments that will be made directly into their 401(k) accounts to defer taxes on
21 those payments. However, to the extent that any amount of a Class Member's payments
22 must be made to them in cash and not directly into their 401(k) accounts, the Settlement
23 Administrator shall withhold and remit to tax authorities any federal or state taxes, file the
24 required tax forms, and issue the required IRS forms to the Class Members. To the extent
25 that the Settlement Administrator determines that payroll taxes should be withheld from
26 the payments that Class Members receive from the Net Settlement Fund, both the
27 employee and employer share of the payroll taxes shall be paid from the Net Settlement
28 Fund.

1 **3. IRS Guidance:** Southwest will submit an application for correction under
2 the Employee Plan Compliance Resolution System, as set forth in Revenue Procedure
3 2016-51, on what amounts of the Class Members' payments from the Net Settlement Fund
4 may be deposited directly into the 401(k) Plan, and will use reasonable best efforts to
5 expedite the final guidance from the IRS.

6 **4. Responsibility for Tax Liabilities:** Southwest will not be held responsible
7 for any tax liabilities associated with payments made to Class Members.

8 **H. Distribution By Southwest as the 401(k) Plan Sponsor:**

9 **1.** By no later than 30 days after the Effective Date (or within another period
10 set forth by the Court), the Settlement Administrator will provide counsel for the Parties
11 and Southwest, the 401(k) Plan sponsor, with a spreadsheet that details the monetary
12 allocation from the Net Settlement Fund to which each Class Member is entitled for each
13 year covered by the Settlement Agreement, as determined by the Settlement Administrator
14 under the Plan of Allocation approved by the Court.

15 **2.** By no later than 30 days after receiving the information in Paragraph 1 (or
16 within another period set by the Court), or 30 days after receiving final confirmation from
17 the IRS about making the Class Members' payments directly into the 401(k) account on a
18 tax-deferred basis, whichever is later, Southwest will inform the Settlement Administrator
19 in writing for each Class Member (a) the Plan Amount, and (b) what amount of each Class
20 Member's Settlement Fund allocation, corresponding to each year covered by the
21 Settlement Agreement, cannot be contributed to the Class Member's 401(k) Account for
22 each such year without jeopardizing the tax-qualified status of the 401(k) Plan under
23 applicable IRS limits (the "Cash Amount"). In the event that Southwest determines that
24 more time than 270 days from the Effective Date is needed to ensure that the allocation of
25 the Net Settlement Fund to Class Member 401(k) accounts will not jeopardize the tax-
26 exempt status of the 401(k) Plan, Southwest shall promptly notify Class Counsel of the
27 reasons for that determination. Should the Parties have a dispute about when the allocation
28 of the Net Settlement Fund or payments should be made, any party may move the Court

1 for an order regarding when the allocation or payments should occur.

2 3. Except for those Settlement Fund monies that cannot be paid to a Class
3 Member's 401(k) account because of applicable IRS limits, the Settlement Administrator
4 will transmit to Southwest in the form of a cash payment the Plan Amounts within the
5 period set by the Court, which shall not in any event be earlier than the Effective Date.

6 4. Once the Plan Amounts have been transmitted from the Settlement
7 Administrator to Southwest in its capacity as Plan sponsor, Southwest will distribute or
8 cause to be distributed the Plan Amounts to each Class Member's 401(k) account in the
9 amounts previously identified.

10 5. The Settlement Administrator will distribute the respective Cash Amounts,
11 if any, to the Class Members at or about the same time that the Plan Amounts are
12 transmitted from the Settlement Administrator to Southwest, and will withhold and remit
13 to tax authorities any relevant taxes from those Cash Amounts.

14 6. Class Members shall have 180 days to cash their checks for any Cash
15 Amounts received. Any amount remaining unclaimed after that point shall be provided to
16 a cy pres entity agreed upon by the parties. 30 days before the 180 days have expired, the
17 Settlement Administrator will mail a postcard to any Class Members who have not yet
18 cashed their checks reminding them to cash their checks within the 180-day period.

19 **IX. SETTLEMENT ADMINISTRATION**

20 **A. Settlement Administrator:** The Settlement Administrator will be agreed to by the
21 Parties and approved by the Court. Any proposed Settlement Administrator will have experience
22 providing notice to Class Members in employment or employee benefit class action settlements,
23 and in supervising and administering large and complex settlement funds. The Parties will issue a
24 request for proposal to at least several potential settlement administrators for bids, and the request
25 for proposal will include a request that the settlement administrators indemnify Southwest for any
26 data breach related to the Class Members. The Settlement Administrator will undertake the
27 following to administer this Settlement consistent with the terms of this Settlement, the Proposed
28 Plan of Allocation as approved by the Court, and such other procedures or provisions as

1 established or approved by the Court:

2 **1.** Print and mail and e-mail the Class Notice Packet to the previously
3 identified Class Members and potential Class Members in a manner consistent with that
4 directed by the Court and undertake a single trace and re-mailing for all undeliverable
5 Notice Packets;

6 **2.** Establish a web site that includes information on the Settlement and that
7 includes a claim form that permits individuals to identify themselves as Class Members
8 and that permits Class Members to identify the number of days that they took Short-Term
9 Military Leave from January 1, 2001 to December 31, 2007;

10 **3.** Provide Counsel for the Parties with copies of all written objections to the
11 Settlement Agreement, any request for exclusions from the Class, and all claim forms that
12 identify persons as Class Members and/or identify the number of days that they took Short-
13 Term Military Leave from January 1, 2001 to December 31, 2007;

14 **4.** Maintain and staff a toll-free phone number and a website until the Court
15 no longer exercises jurisdiction over this Case;

16 **5.** Establish and manage a Qualified Settlement Fund, establish and manage
17 an Escrow Account, and submit any tax return and/or tax payments to tax authorities
18 regarding the Qualified Settlement Fund and the Escrow Account;

19 **6.** Provide the Plan Amounts and Sick Leave amounts to Southwest, disburse
20 the Cash Amounts to the Class Members, and withhold and remit relevant taxes on the
21 Cash Amounts disbursed to Class Members;

22 **7.** Track the status of mailing and re-mailing of Notice Packets, the status of
23 Plan Amounts disbursed to Southwest, the status of Cash Amounts disbursed to Class
24 Members, the status of accrued Sick Leave added to the Sick Leave balances of Class
25 Members, and the date of receipt of written objections or challenges filed by any Class
26 Members;

27 **8.** Provide monthly reporting to the Parties regarding the items above until the
28 Effective Date, and thereafter provide quarterly reporting to the Parties until the Court no

1 longer exercises jurisdiction over this Case.

2 **X. NON-MONETARY SETTLEMENT CONSIDERATION**

3 **A.** Within 30 days of the Effective Date of the Settlement Agreement, Southwest will
4 modify its policy to allow pilots to accrue Sick Leave during periods of Short-Term Military
5 Leave. Pilots who take Short-Term Military Leave will accrue Sick Leave for Short-Term
6 Military Leave at the same rate that pilots accrue Sick Leave during other forms of leaves of
7 absence for which pilots accrue Sick Leave.

8 **B.** Within 30 days of the Effective Date of the Settlement Agreement, Southwest will
9 (i) identify in all Southwest pilots' monthly paystubs the dollar amount of Deemed Earnings TFP
10 associated with their military leave for the relevant month; (ii) provide Southwest pilots individual
11 monthly emails that state the number of TFP for retirement plan purposes that the pilot earned in
12 the prior month (*e.g.*, June's statement will show the TFPs for May); and (iii) implement a
13 procedure such that a Southwest pilot may ask a designated Southwest human resources employee
14 to provide him or her with detailed information on how the pilot's Deemed Earnings TFP for the
15 prior month was calculated after the conclusion of each monthly pay period, and Southwest will
16 provide that information as soon as administratively feasible, which ordinarily should not exceed
17 30 days after the request is made and will not exceed 60 days after the request is made. In
18 addition, Southwest will consider the feasibility of automatically providing pilots detailed
19 information on each pilot's Deemed Earnings TFP for the prior month on a monthly basis, via
20 email or otherwise.

21 **XI. ATTORNEYS' FEES, EXPENSES, COSTS, AND SERVICE AWARD**

22 **A.** Class Counsel will be entitled to seek an award of attorneys' fees and
23 reimbursement of expenses and costs from the Settlement Fund subject to the approval of and in
24 an amount determined by the Court. Any award of attorneys' fees or reimbursement of expenses to
25 Class Counsel will be paid out of the Settlement Fund in an amount determined by the Court.

26 **B.** In recognition of the service that the Class Representative has performed on behalf
27 of the Class and/or for reimbursement of his time and expenses, Class Counsel will be entitled to
28 seek a Service Award to be paid out of the Settlement Fund for the Class Representative, Plaintiff

1 Jayson Huntsman, subject to the approval of and in an amount to be approved by the Court.

2 **C.** Southwest will not take any position with respect to Class Counsel's request for an
3 award of attorneys' fees, reimbursement of expenses or costs, and the Service Award, so long as
4 the request for such attorneys' fees does not exceed \$1,740,000 plus any expenses. Southwest will
5 not take any position with respect to Plaintiff's request for an award of a Service Award for the
6 Class Representative, so long as the request for such a Service Award does not exceed \$2,000 plus
7 reimbursement for any lost compensation and out-of-pocket expenses that the Class
8 Representative experienced due to his service to the Class and participation in the Litigation.

9 **D.** On the Effective Date of the Settlement Agreement, Class Counsel will be entitled
10 to a disbursement from the Settlement Fund equal to the amount of attorneys' fees, expenses/costs
11 and the Service Award as awarded by the Court, and will be entitled to distribute any Service
12 Award to the Class Representative consistent with the Court's order granting Final Approval. In
13 the event that there is an appeal of the Final Approval of the Settlement Agreement solely on the
14 issue of the amount of attorneys' fees and costs, within 30 days of the notice of appeal Class
15 Counsel will be entitled to a disbursement from the Settlement Fund of such amount of the
16 attorneys' fees and/or such amount of expenses/costs as to which there is no objection.

17 **XII. PROCEDURES GOVERNING APPROVAL OF THIS SETTLEMENT**
18 **AGREEMENT**

19 **A.** Within 15 days of the date on which this Settlement Agreement is fully executed by
20 or on behalf of all Parties, Plaintiff shall submit this Settlement Agreement and its Exhibits to the
21 Court along with a motion for its preliminary approval, a motion seeking certification of the class
22 and appointment of Class Counsel, a plan for providing Notice to the Class Members, and a
23 recommendation of a Settlement Administrator to perform their respective duties set forth in this
24 Settlement Agreement. The Motion shall be accompanied by a proposed Preliminary Approval
25 Order. The Motion shall specifically request that the Court:

- 26 1. Certify the Class for settlement purposes under Rule 23(a) and 23(b)(3);
27 2. Appoint Class Counsel and Class Representative, as defined in this
28 Settlement Agreement, to represent the Class;

1 **3.** Grant preliminary approval to the Settlement Agreement and its Exhibits;

2 **4.** Establish a date by which the Court will approve the Notice to be provided
3 to Class Members and the manner by which Notice is to be provided pursuant to Rule
4 23(e)(1) of the Federal Rules of Civil Procedure;

5 **5.** Establish the date by which the Notice will be mailed to Class Members and
6 the date and procedure by which Class Members must opt out (should the Court provide
7 Class Members an opportunity to opt out);

8 **6.** Appoint a Settlement Administrator to perform the duties set forth in this
9 Settlement Agreement;

10 **7.** Establish a date by which persons may identify themselves as Class
11 Members and/or identify the months and number of days that they took Short-Term
12 Military Leave from January 1, 2001 to December 31, 2007, and a date by which the
13 Settlement Administrator must make determinations with respect to membership in the
14 Class and the months and number of days that Class Members took Short-Term Military
15 Leave from January 1, 2001 to December 31, 2007;

16 **8.** Set a date and procedure by which objections from Class Members must be
17 filed and by which individuals must exclude themselves from the Class;

18 **9.** Set a date for the fairness hearing at which time the Court will determine
19 whether the Settlement Agreement should be approved under Rule 23(e) of the Federal
20 Rules of Civil Procedure.

21 **B.** Southwest will not oppose Plaintiff's motions for preliminary approval of the
22 Settlement Agreement, certification of the Class, approval of the Notice, and appointment of
23 Plaintiff's counsel as Class Counsel.

24 **C.** No later than thirty (30) days before the Fairness Hearing, the Settlement
25 Administrator shall file with the Court a declaration confirming compliance with the Notice
26 procedures approved by the Court.

27 **D.** At the fairness hearing, the Parties will jointly request that the Court finally
28 approve this Settlement Agreement pursuant to Rule 23(e) of the Federal Rules of Civil Procedure.

1 The Parties agree to take all actions necessary to obtain approval of this Settlement Agreement
2 consistent with their ethical duties and obligations to their clients and, as to Class Counsel, the
3 Settlement Class.

4 **E.** The Parties reserve the right, subject to the Court’s approval, to request any
5 reasonable extensions of time that might be necessary to carry out any of the provisions of this
6 Settlement Agreement. In addition, upon a showing of good cause the Settlement Administrator
7 may extend any deadline for a person to submit information about membership in the Class or
8 submit information on the number of days of Short-Term Military Leave a Class Member took
9 from January 1, 2001 to December 31, 2007.

10

11

12 **XIII. COURT SUPERVISION OF THE SETTLEMENT AGREEMENT & DISMISSAL**
13 **OF THE ACTION**

14 **A.** If the Court preliminarily approves the Settlement, the Parties will jointly agree to
15 seek an order and final judgment dismissing the case with prejudice consistent with Rules 41(a)(2)
16 and 23(e) of the Federal Rules of Civil Procedure, subject to the terms of the Settlement
17 Agreement and subject to the Court’s continuing jurisdiction as set forth in this section.

18 **B.** The Court shall retain continuing jurisdiction over this action beyond the Final
19 Approval Date for a period of three years from the Final Approval Date. If all payments
20 contemplated by the Settlement Agreement have not been made after three years from the Final
21 Approval Date, the Parties shall inform the Court that certain payments have not yet been made
22 and the Court shall extend its continuing jurisdiction until all such payments have been made.

23 **C.** The Parties agree to submit to the jurisdiction of the Court and shall be bound by
24 the terms of this Settlement Agreement, including, without limitation, disputes related to
25 interpreting, implementing, and enforcing the Settlement embodied in this Settlement Agreement,
26 and will request that the Court retain jurisdiction to hear any such disputes. If Plaintiff or a
27 member of the Class prevails in securing relief in the event of a violation or breach of the
28 Settlement Agreement by Southwest, the Court shall have discretion to award Class Counsel

1 attorneys' fees and costs against Southwest.

2 **D.** The waiver by one Party of any breach of this Settlement Agreement by any other
3 Party shall not be deemed a waiver of any other breach of this Settlement Agreement. The
4 provisions of this Settlement Agreement may not be waived except by a writing signed by the
5 affected Party, or counsel for that Party, or orally on the record in court proceedings.

6 **XIV. RELEASE OF CLAIMS**

7 **A.** Upon the Effective Date of this Settlement Agreement, Plaintiff and all other Class
8 Members (including their respective heirs, beneficiaries, executors, administrators, estates, agents,
9 attorneys, predecessors, successors, and assigns) release and fully and finally settle, relinquish,
10 waive and discharge, any and all claims, actions, demands, damages, rights, obligations, expenses,
11 costs, causes of action, or liabilities, known or unknown, against Southwest, the 401(k) Plan
12 administrator, the 401(k) Plan sponsor, the 401(k) Plan, 401(k) Plan fiduciaries, and their parents,
13 subsidiaries, agents, employees, and other affiliated persons or entities that (1) arise from or relate
14 to the accrual of Sick Leave during periods of Short-Term Military Leave from January 1, 2001
15 through the date of Preliminary Approval, or (2) arise from or relate to employee or employer
16 contributions to Class Members' 401(k) accounts arising from or related to periods of Short-Term
17 Military Leave from January 1, 2001 through December 31, 2013, including those related to the
18 failure to provide Class Members with information regarding their 401(k) accounts, Short-Term
19 Military Leave, or Deemed Earnings to facilitate additional contributions to Class Members'
20 401(k) accounts based on Short-Term Military Leave.

21 **B.** In the event that the Court certifies the Class under Rule 23(b)(3) or otherwise
22 permits Class Members to opt out of the Class, this release shall not apply to any Class Member
23 who successfully opts out of the Settlement Agreement pursuant to the deadlines and procedures
24 established by the Court.

25 **XV. TERMINATION OF THE SETTLEMENT**

26 **A.** In the event that Final Approval is not entered by the Court or the Settlement is
27 materially modified by the Court, either Class Counsel or Southwest may void this Settlement
28 Agreement.

1 **B.** In the event that the Court certifies the Class under Rule 23(b)(3) or otherwise
2 permits Class Members to opt out of the Class, Southwest will have the unilateral right by no later
3 than seven (7) calendar days before the Final Approval hearing to withdraw from the Settlement
4 and resume the Litigation if more than 50 Class Members opt out of the Class and the Settlement.

5 **C.** In the event that Final Approval is reversed on appeal, or in the event that either
6 Class Counsel or Southwest exercises a right to withdraw from the Settlement Agreement within
7 the times specified in this Agreement prior to the Final Approval Date, (1) the Settlement Fund
8 (including any interest or other earnings, but excluding any amount paid or owing for taxes or that
9 is necessary to prepare any tax returns, or that is owed to the Settlement Administrator) shall be
10 returned to Southwest, (2) Southwest will not be released from the claims asserted in the
11 Litigation, and (3) the Parties will return to their respective positions in the Litigation as of the day
12 before this Settlement Agreement was executed.

13 **XVI. CLASS ACTION FAIRNESS ACT NOTICE**

14 **A.** Pursuant to the Class Action Fairness Act of 2005 (“CAFA”), within ten (10) days
15 of the filing of the Preliminary Approval Motion, Southwest, at its own expense, shall prepare and
16 provide notices and materials required by CAFA set forth in 28 U.S.C. § 1715(b)(1)-(8) to the
17 Attorney General of the United States and the Attorneys General of all states in which any
18 members of the Class reside or any other Appropriate Federal official or Appropriate State Official
19 identified by the Court (“Appropriate State and Federal Officials”).

20 **B.** At the time that the Preliminary Approval Motion is filed, Southwest will identify
21 to the best of its knowledge and ability, the states in which any Class Members reside. In the
22 Proposed Preliminary Approval Order, Plaintiff and Southwest will request that the Court
23 determine (i) that the Attorney General of the United States and the Attorneys General of the states
24 that the Defendants have identified as being the residence of the members of the Class are the
25 Appropriate State and Federal Officials pursuant to CAFA, 28 U.S.C. § 1715(a) & (b), and (ii) that
26 in light of the terms of the Settlement, it is not feasible to include in the Notices to the Appropriate
27 State and Federal Officials the information described in CAFA, 28 U.S.C. § 1715(b)(7) (A) & (B).

28 **C.** Southwest will provide Class Counsel with a copy of the proposed notice and

1 materials that Southwest intends to send to the Appropriate State and Federal Officials as soon as
2 practicable, but no later than 1 business day, before such materials are sent.

3 **D.** To ensure compliance with CAFA, 28 U.S.C. § 1715(d), the Preliminary Approval
4 Motion will request that the Court set the Final Approval Hearing for a date no earlier than ninety
5 (90) days after the date that Southwest is required to provide notice under 28 U.S.C. § 1715(b).

6 **XVII. MISCELLANEOUS PROVISIONS**

7 **A.** This Settlement Agreement is deemed to have been drafted by all Parties, as a
8 result of arm's-length negotiations among the Parties. Whereas all Parties have contributed
9 substantially and materially to this Settlement Agreement, it shall not be construed more strictly
10 against one Party than another.

11 **B.** The headings in this Settlement Agreement are used for purposes of convenience
12 and ease of reference only and are not meant to have any legal effect, nor are they intended to
13 influence the construction of this Settlement Agreement in any way.

14 **C.** All terms of this Settlement Agreement shall be governed by and interpreted
15 according to the laws of the State of Texas without regard to its rules of conflicts of law and in
16 accordance with the laws of the United States.

17 **D.** This Settlement Agreement shall be binding upon, and inure to the benefit of, the
18 successors, assigns, executors, administrators, heirs and legal representatives of the Parties,
19 provided, however, that no assignment by any Party shall operate to relieve such party of its
20 obligations hereunder.

21 **E.** This Settlement Agreement may be executed in one or more original, photocopied,
22 or facsimile counterparts. All executed counterparts and each of them shall be deemed to be one
23 and the same instrument.

24 **F.** No opinion or advice concerning the tax consequences of the Settlement
25 Agreement has been given or will be given by counsel involved in the Case to Southwest, the
26 Settlement Class, or the Class Representative, nor is any representation or warranty in this regard
27 made by or to anyone by virtue of this Settlement Agreement. The tax obligations of Southwest,
28 the Settlement Class, the Class Representative, and Class Counsel and the determination thereof

1 are the sole responsibility of each of them, and it is understood that the tax consequences may vary
2 depending on the particular circumstances of each member of the Settlement Class.

3 **G.** All of the Exhibits attached hereto and identified herein are hereby incorporated by
4 reference as though fully set forth herein.

5 **H.** This Settlement Agreement may be amended or modified only by written
6 instrument signed by, or on behalf of, all Parties or their successors in interest, and approved by
7 the Court.

8 **I.** This Settlement Agreement constitutes the entire agreement among the Parties, and
9 no representations, warranties or inducements have been made by or to any Party concerning this
10 Settlement Agreement or the Agreement in Principle, other than the representations, warranties,
11 and covenants contained and memorialized in such documents. In the event of any conflicts
12 between this Settlement Agreement, the Agreement in Principle, or any other document, the
13 Parties agree that this Settlement Agreement shall control.

14 **J.** Southwest shall bear its own attorneys' fees, costs, and expenses in this Case.
15 Except as provided in this Settlement Agreement, the Class and the Class Representative shall
16 bear their own attorneys' fees, costs, and expenses in this Case.

17 **K.** Each signatory to this Settlement Agreement represents that he, she or it is
18 authorized to enter into this Settlement Agreement on behalf of the respective Parties he, she or it
19 represents.

20 **L.** References in this Settlement Agreement to time and mailing shall be construed in
21 the following manner. All time periods in this Settlement Agreement that are stated in terms of
22 days are calendar days. Unless otherwise specified in this Settlement Agreement, a document shall
23 be deemed timely if it is received, postmarked, or bears a similar reliable verification of delivery
24 before the expiration of the applicable period, or in the absence of a legible postmark, if it is
25 received by mail within three days of the expiration of the applicable period. The first day counted
26 shall be the day after the event from which the time period begins to run and the last day of the
27 period shall be included, unless it falls on a Saturday, Sunday, or Federal holiday, in which case
28 the period shall be extended to include the next business day.

1 **M.** Whenever this Settlement Agreement provides for notice to be given to the Parties,
2 such notice shall be served on the Parties as follows:

3 Notice to Plaintiff, Plaintiff’s Counsel, or Class Counsel Shall Be Sent To:

4 Peter Romer-Friedman
5 Outten & Golden LLP
6 601 Massachusetts Ave NW, Suite 200W
7 Washington DC, 20001
8 Fax: (202) 847-4410
9 prf@outtengolden.com

10 Notice to Southwest Shall Be Sent To:

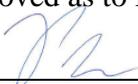
11 Brian Berry
12 Ogletree, Deakins, Nash, Smoak & Stewart, P.C.
13 Steuart Tower, One Market Plaza, Suite 1300
14 San Francisco, CA 94105
15 brian.berry@ogletreedeakins.com

16 **N.** Nothing in this Settlement Agreement, the Exhibits attached hereto, or the term sheet
17 shall be deemed to or construed to constitute an admission or evidence as to any of the claims or
18 allegations in the Complaint or any other matter, including whether this Case is suitable for class
19 treatment except for the purpose of settlement, nor shall this Agreement, the Exhibits attached
20 hereto, or the Agreement in Principle be used by any Party in this proceeding or any other
21 proceeding or context as reflecting upon the validity or invalidity of any claim or as any evidence
22 concerning the amount of or limit on potential alleged damages that may be recovered by the
23 Settlement Class, or as reflecting on whether this Case is suitable for class treatment except for the
24 purpose of settlement.
25
26
27
28

1 IT IS HEREBY AGREED by the undersigned.

2 DocuSigned by:
3 
711202BA1B9F4E0...

4 JAYSON HUNTSMAN
5 Dated: 9/12/2018

6 Approved as to Form:
7 
8 _____
9 Peter Romer-Friedman
10 Dated: September 11, 2018

11
12 Peter Romer-Friedman
13 OUTTEN & GOLDEN LLP
14 601 Massachusetts Avenue NW,
15 Second Floor West Suite
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19 Email: prf@outtengolden.com
20 Jahan C. Sagafi
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SOUTHWEST AIRLINES CO.

By: _____
Name (print): _____
Title: _____
Dated: _____

Approved as to Form:

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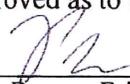
1 IT IS HEREBY AGREED by the undersigned.

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Exhibit A

PLAN OF ALLOCATION

1. The Net Settlement Fund and Authorized Claimants

The Net Settlement Fund¹ in this case shall be distributed on behalf of or to Class Members who (1) either have been identified as such by Southwest or who have been determined by the Settlement Administrator to be Class Members, and (2) have not successfully opted out of the Settlement (“Authorized Claimants”).

2. Sick Leave Payments for Class Members No Longer Employed

Before any shares of the Net Settlement Fund are allocated for Class Members’ claims related to USERRA make-up contributions, each Authorized Claimant who is no longer employed by Southwest 30 days after the Effective Date of the Settlement shall be allocated a \$1,000 share of the Net Settlement Fund, except that if a Class Member has elected to exchange accrued sick leave for continued health coverage upon retirement and the Class Member is still receiving those continued benefits on the date of the distribution of sick leave, that Class Member will receive additional accrued sick leave in the same manner as current Southwest employees. The \$1,000 shares of the Net Settlement Fund shall not reduce the amount of supplemental retirement contributions or payments the Authorized Claimant who is no longer employed by Southwest at the time of the Effective Date of the Settlement is entitled to receive under this Plan of Allocation. The total amount of these \$1,000 shares allocated to Authorized Claimants who are no longer employed by Southwest 30 days after the Effective Date of the Settlement shall be referred to as the “Former Employee Sick Leave Settlement Shares.”

¹ Unless otherwise defined in this Plan of Allocation, capitalized terms have the meanings ascribed to them in the Settlement Agreement. In all instances of discrepancy or ambiguity in definitions or otherwise, the terms of the Settlement Agreement shall control.

3. Recognized Claims

The Settlement Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund less the Former Employee Sick Leave Settlement Shares based upon each Authorized Claimant's "Recognized Claims." Each Authorized Claimant's Recognized Claims shall be determined based upon the aggregate of the potential matching retirement contributions described in Section 2(A) and 2(B) below.

A. Potential Matching Retirement Contributions for Short-Term Military Leave From 2008 to 2013

Based upon the personnel data provided by Southwest for the period of January 1, 2008 through December 31, 2013, for every period in which an Authorized Claimant took Short-Term Military Leave and dropped one or more trips between January 1, 2008 and December 31, 2013, the Authorized Claimant shall have potential matching retirement contributions based on the following calculation:

(1) Each day of Short-Term Military Leave in which a trip was dropped shall be multiplied by 7.1 TFP, then multiplied by the average base wage rate of the pilot in the same year, and then multiplied by the maximum percentage of a pilot's pensionable pay that Southwest would match under the CBA during the same year² ("matching make-up contributions per period of Short-Term Military Leave").

(2) For each year from 2008 to 2013, sum the matching make-up contributions per period of Short-Term Military Leave; however, for any single year in which the sum of the matching make-up contributions per period of Short-Term Military Leave plus the amount of matching

² Southwest matched 7.3% of pensionable pay between January 1, 2001 and December 31, 2008, 7.8% of pensionable pay between January 1, 2009 and December 31, 2009, and 9.3% of pensionable pay between January 1, 2010 and December 31, 2014.

retirement contributions that Southwest made for that pilot during that year exceeds \$25,000, then in that year the Authorized Claimant shall have potential matching retirement contributions equal to \$25,000 minus the amount of matching retirement contributions that Southwest previously made for that pilot during that year.³

(3) Sum the annual amounts of matching retirement contributions calculated in (2).

B. Potential Matching Retirement Contributions for Short-Term Military Leave From 2001 to 2007

The potential matching retirement contributions for periods between January 1, 2001 and December 31, 2007 shall be calculated based upon the number of days of Short-Term Military Leave that Authorized Claimants identify as having taken between January 1, 2001 and December 31, 2007, in timely claim forms submitted to and approved by the Settlement Administrator, based upon the following calculation:

(1) For each month between January 1, 2001 and December 31, 2007 in which an Authorized Claimant identified himself or herself as having taken Short-Term Military Leave, the Authorized Claimant will be deemed to have dropped one-half of a day of trips for every day in which he or she took Short-Term Military Leave, but no Authorized Claimant shall be deemed to have dropped trips for more than 7 days of Short-Term Military Leave in that month,⁴ and no

³ For example, if an Authorized Claimant already received \$24,000 of matching retirement contributions from Southwest in 2013, and in 2013 the Authorized Claimant had an aggregate of \$1,500 of matching make-up contributions per period of Short-Term Military Leave, then the Authorized Claimant's potential matching retirement contributions for 2013 would be \$1,000 (the \$25,000 maximum annual matching contribution minus the \$24,000 retirement contribution the pilot already received that year), rather than \$1,500.

⁴ Thus, if an Authorized Claimant claimed to have taken ten 10 days of Short-Term Military Leave in a specific month between January 1, 2001 and December 31, 2007, the Authorized Claimant shall be deemed to have dropped trips on 5 days in that month. But if an Authorized Claimant claimed to have taken 20 days of Short-Term Military Leave in a specific month between January

Authorized Claimant shall be deemed to have dropped more than 21 days of Short-Term Military Leave in a single year between January 1, 2001 and December 31, 2007 (“monthly dropped trip days from 2001 to 2007”). Dropped days of Short-Term Military Leave in excess of twenty-one (21) days will be eliminated from the earliest months in a year.⁵

(2) For any month between January 1, 2001 and October 31, 2004, the Authorized Claimant’s monthly dropped trip days from 2001 to 2007 shall be reduced by two-thirds to reflect Southwest’s defense that USERRA claims that accrued on or after October 10, 2004 are not timely in this action (“monthly dropped trip days from 2001 to 2007 with SOL discount”).

(3) For each month between January 1, 2001 and December 31, 2007, multiply the monthly dropped trip days from 2001 to 2007 with SOL discount by 7.1 TFP, then multiply the resulting figure by the average base wage rate of the pilot in the same year, and then multiply the resulting figure by the maximum percentage of a pilot’s pensionable pay that Southwest would match under the CBA during the same year (7.3%).

(4) Sum the monthly amounts of matching retirement contributions calculated in (2).

1, 2001 and December 31, 2007, the Authorized Claimant would only be deemed to have dropped trips on 7 days in that month.

⁵ For example, if an Authorized Claimant reports that he took 14 days of Short-Term Military Leave in June 2004, 14 days of Short-Term Military Leave in November 2004, 14 days of Short-Term Military Leave in September 2004, and 14 days of Short-Term Military Leave in December 2004, the Authorized Claimant will hit the annual cap of dropped days of Short-Term Military Leave and will receive credit for 21 days of dropped trip days of Short-Term Military Leave in 2004 (this is because 56 days of Short-Term Military Leave converts in to 28 days of dropped days of Short-Term Military Leave for the year). Accordingly, the Authorized Claimant’s 21 days of dropped trip days of Short-Term Military Leave in 2004 will be allocated among the later months that he took Short-Term Military Leave (7 dropped trip days in September 2004, 7 dropped trip days in November 2004, and 7 dropped trip days in December 2004). And the dropped trip days from June 2004 would not be counted towards the Authorized Claimant’s 21 dropped trip days that year.

3. Allocation and Distribution of USERRA Make-Up Contributions

Each Authorized Claimant shall receive a pro rata share of the Net Settlement Fund less the Former Employee Sick Leave Settlement Shares based on each Authorized Claimant's total Recognized Claims as compared to the total Recognized Claims for all Authorized Claimants. Each Authorized Claimant's pro rata share of the Net Settlement Fund less the Former Employee Sick Leave Settlement Shares shall constitute the payment—other than the accrued sick leave benefits and Former Employee Sick Leave Settlement Shares—that the Authorized Claimant shall receive under the Settlement Agreement. Pursuant to the Settlement Agreement, the Authorized Claimant shall receive some or all of the payment—other than the Former Employee Sick Leave Settlement Shares—as an employer contribution to the Authorized Claimant's 401(k) account subject to the Internal Revenue Service's guidance in response to Southwest's application for correction under the Employee Plan Compliance Resolution System, as set forth in Revenue Procedure 2016-51, or later guidance. Whatever amount of the Authorized Claimant's payment is not permitted to be contributed to the Authorized Claimant's 401(k) account on a tax-deferred basis shall be paid directly to the Authorized Claimant, subject to tax reporting and withholdings, including the withholding of any employee and employer payroll taxes, which shall be paid out of the Settlement Fund. The distributions of these payments—other than Former Employee Sick Leave Settlement Shares—into the Authorized Claimant's 401(k) accounts and/or directly to the Authorized Claimant shall be made by deadlines established by the Settlement Agreement or modified by the Court.

4. Remaining Funds After the Distribution

If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise after 180 days after checks have been mailed to Authorized Claimants, the remaining

funds shall be distributed to non-sectarian, non-profit 501(c)(3) charitable organization recommended by Class Counsel and approved by the Court.

Exhibit B

Southwest Airlines Pilots USERRA Sick Leave and 401(k) Retirement Account Litigation

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Huntsman v. Southwest Airlines Co., No. 4:17-cv-03972-JD (N.D. Cal.)

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

If you were a Southwest Airlines pilot who took short-term military leave on or after January 1, 2001, you could get money or additional benefits from this class action settlement.

- A Southwest Airlines pilot (the “Plaintiff”) has sued Southwest Airlines Co. (“Southwest”) alleging that Southwest violated USERRA by failing to (i) provide its pilots matching contributions to their 401(k) accounts for their deemed earnings during periods of Short-Term Military Leave for elective deferrals made to the 401(k) Plan, (ii) provide timely information to pilots on their deemed earnings from Short-Term Military Leave so that they can make make-up retirement contributions into their 401(k) accounts, and (iii) provide matching contributions to pilots’ make-up contributions to their 401(k) accounts from periods of Short-Term Military Leave. Plaintiff also alleged that Southwest violated USERRA by failing to provide for the accrual of sick leave when pilots take Short-Term Military Leave, because Southwest provides for the accrual of sick leave when pilots engage in jury duty, union leave, and bereavement leave.
- The Court has determined that the lawsuit can proceed as a class action on behalf of a group of all former or current Southwest pilots who took Short-Term Military Leave from Southwest between January 1, 2001 and [the Preliminary Approval Date].
- Under the Settlement, if you are a current or former Southwest pilot you may be eligible to receive an additional employer contribution to your 401(k) Plan account if you took Short-Term Military Leave from Southwest from January 1, 2001 to December 31, 2013. You may also be eligible to have accrued sick leave added to your sick leave balance or receive a cash payment if you took Short-Term Military Leave from Southwest from January 1, 2001 to [the Preliminary Approval Date]. To the extent feasible, any retirement-related payments under this Settlement will be made as an additional employer contribution to your 401(k) Plan account in a tax-deferred manner.
- If, 30 days after the Settlement becomes final and non-appealable (“Effective Date”), you are a current Southwest employee who is eligible to recover under the Settlement, all accrued sick leave that you are entitled to receive will be added to your sick leave balance. If, 30 days after the Effective Date of the Settlement, you are a former Southwest employee who is eligible to recover under the Settlement, you will receive a one-time payment of \$1,000, unless you are a retired pilot and have exchanged your accrued sick leave for continued health care coverage and are still receiving continued health care coverage, in which case you will receive all accrued sick leave that you are entitled to receive under the Settlement for use toward continued health coverage.
- You have received this Notice because Southwest has identified you as either as a Class Member or a potential Class Member. To determine whether you need to submit additional information before it is possible to determine whether you qualify as a Class Member, please visit www.southwestpilotsUSERRAsettlement.com and enter your unique code, <XXXX>, and your password, <XXXX>.
- The Court has preliminarily approved the Settlement. For the Settlement to become final and any payments or benefits to be distributed, the Court will need to issue final approval after a final approval hearing, which is currently scheduled for XXXX, XX, 2019. This date is subject to change without further notice. Please check www.southwestpilotsUSERRAsettlement.com, or access the docket at www.pacer.gov for the most up-to-date information.

PLEASE READ THIS NOTICE CAREFULLY.

IF YOU ARE A MEMBER OF THE CLASS, THIS SETTLEMENT WILL AFFECT YOUR RIGHTS.

<u>SUMMARY OF YOUR LEGAL RIGHTS & OPTIONS</u>	
CURRENT SOUTHWEST PILOTS	<p>OPTION #1: DO NOTHING. If you have been identified by Southwest as a Class Member and the Settlement is approved by the Court, you will receive additional accrued sick leave for periods of Short-Term Military Leave you took from January 1, 2008 to [the Preliminary Approval Date] pursuant to a formula set forth in the Settlement, and you will receive retirement contributions or cash payments for periods of Short-Term Military Leave you took from January 1, 2008 to December 31, 2013, based upon a Plan of Allocation approved by the Court.</p>
	<p>OPTION #2: FILE A CLAIM FORM TO RECEIVE ADDITIONAL SETTLEMENT BENEFITS. If you took Short-Term Military Leave from January 1, 2001 to December 31, 2007, you may file a Claim Form to identify the number of days of Short-Term Military Leave that you took during this period. Based on the information in your Claim Form, you may receive additional accrued sick leave and a larger share of the Settlement Fund for your retirement-related claims. In addition, if you have not been identified by Southwest as a Class Member, you may submit a Claim Form to demonstrate that you are a Class Member and be included in the Class and the Settlement.</p>
	<p>OPTION #3: OBJECT/COMMENT. You may write to the Court and explain why you do not like one or more aspects of the proposed Settlement. You must do so by no later than XXXX, XX, 2019.</p>
	<p>OPTION #4: EXCLUDE. You may opt out of the Settlement by writing to the Court by XXXX, XX, 2019.</p>
FORMER SOUTHWEST PILOTS	<p>OPTION #1: DO NOTHING. If you have been identified by Southwest as a Class Member and the Settlement is approved by the Court, you will receive retirement contributions or cash payments based upon the data that Southwest has for Short-Term Military Leave that you took from January 1, 2008 to December 31, 2013 and based upon a Plan of Allocation approved by the Court. In addition, if, 30 days after the Effective Date of the Settlement, you are a former Southwest employee who is eligible to recover under the Settlement, you will receive a one-time payment of \$1,000, unless you are a retired pilot and have exchanged your accrued sick leave for continued health care coverage and are still receiving continued health care coverage, in which case you will receive all accrued sick leave that you are entitled to receive under the Settlement for use toward continued health coverage.</p>
	<p>OPTION #2: FILE A CLAIM FORM TO RECEIVE ADDITIONAL SETTLEMENT BENEFITS. If you took Short-Term Military Leave from January 1, 2001 to December 31, 2007, you may file a Claim Form to identify the number of days of Short-Term Military Leave that you took during this 2001-2007 period. By filing such a Claim Form, you may receive a larger share of the Settlement Fund for your retirement-related claims. If you have exchanged your accrued sick leave for continued health care coverage, you may also have additional sick leave added to your sick leave balance. If you are a former Southwest pilot who took Short-Term Military Leave from January 1, 2001 to December 31, 2007 and are not already eligible for a one-time payment of \$1,000 based on Short-Term Military Leave taken after December 31, 2007, you may receive the one-time payment of \$1,000 by submitting a claim form. In addition, if you have not been identified by Southwest as a Class Member, you may submit a Claim Form to demonstrate that you are a Class Member and be included in the Class and the Settlement.</p>
	<p>OPTION #3: OBJECT/COMMENT. You may write to the Court and explain why you do not like one or more aspects of the proposed Settlement. You must do so by no later than XXXX, XX, 2019.</p>
	<p>OPTION #4: EXCLUDE. You may opt out of the Settlement by writing to the Court by XXXX, XX, 2019.</p>

If you have any questions after you have read this Notice, contact Class Counsel; PLEASE DO NOT CONTACT THE COURT as they will not be able to answer your questions.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION 4

 1. Why did I receive this Notice? 4

 2. What is this lawsuit about? 4

 3. What has happened so far in the lawsuit? 4

THE CLASS..... 5

 4. What is a Class Action? 5

 5. Who is included in the Class?..... 5

THE SETTLEMENT 5

 6. What does the Settlement provide? 5

 7. What do I give up as a result of the Settlement?..... 6

 8. Why is there a Settlement? 6

 9. What additional accrued sick leave will I receive under the settlement? 6

 9. What additional retirement contributions or cash payments will I receive under the settlement? 6

 10. When would I receive my additional sick leave under the Settlement?..... 7

 11. When would I receive my additional retirement contributions or payments related to retirement claims?..... 7

 12. Will I have to pay taxes on the additional employer retirement contributions that I receive? 7

EXCLUSION & OBJECTIONS 7

 13. If I want to get out of the Settlement, what should I do?..... 7

 14. If I do not exclude myself, can I sue Defendant for the same thing later?..... 8

 15. If I exclude myself, can I still get benefits from the Settlement? 8

 16. How do I tell the Court what I think about the Settlement? 8

 17. What’s the difference between objecting and asking to be excluded?..... 8

THE FINAL APPROVAL HEARING 8

 18. When and where will the Court hold the hearing? 8

 19. Do I have to come to the Final Approval Hearing? 8

 20. May I speak at the Final Approval Hearing? 9

 21. What happens if I do nothing at all? 9

THE LAWYERS REPRESENTING YOU..... 9

 22. Do I have a lawyer in this case? 9

 23. How will the lawyers for the Class be paid? 9

THE SETTLEMENT IS NOT YET FINAL 9

 24. Can the Settlement be terminated? 9

GETTING MORE INFORMATION 10

 25. How do I get more information? 10

 26. How do I ensure that I receive any updates? 10

 27. Whom do I call about questions?..... 10

BASIC INFORMATION**1. Why did I receive this Notice?**

All current or former Southwest pilots who took Short-Term Military Leave (*i.e.*, one or more military leaves each totaling 14 days or less) from Southwest from January 1, 2001 to the [the Preliminary Approval Date] are Class Members in this case. You received this Notice because the Court has ordered that it be sent to the persons whom Defendant Southwest Airlines identified as Class Members or potential Class Members. Southwest's records show that you either (i) took Short-Term Military Leave from Southwest sometime between January 1, 2008 and [the Preliminary Approval Date], which means that you are a Class Member, or (ii) were a pilot with military status who was employed by Southwest between January 1, 2001 and December 31, 2007, which means that you may be a Class Member. If you do not know whether you are a Class Member or a potential Class Member, please visit www.southwestpilotsUSERRAsettlement.com and enter your unique code, <XXXX>, and your password, <XXXX>. This case is pending in the United States District Court for the Northern District of California, and is called *Huntsman v. Southwest Airlines Co.*, No. 4:17-cv-03972-JD (N.D. Cal.).

This Notice informs you of a proposed settlement (referred to as "Settlement" or "Settlement Agreement") of this class action consisting of \$5,800,000 in cash that will be used to make additional 401(k) retirement contributions to Class Members ("the Settlement Fund"), among other payments, and the recovery of accrued sick leave for eligible Class Members who took Short-Term Military Leave from January 1, 2001 to [the Preliminary Approval Date]. This Notice describes your rights and options in connection with the Settlement.

2. What is this lawsuit about?

The lawsuit is a class action brought under the Uniformed Services Employment and Reemployment Act ("USERRA"). The USERRA law provides servicemembers and veterans with a range of rights and benefits, including protections for reservists who take military leave from civilian employers like Southwest.

The Class Representative who brought the lawsuit is a Southwest pilot who has participated in the Southwest Airlines Pilots 401(k) Plan ("401(k) Plan"). The Defendant is Southwest Airlines.

The lawsuit claims that Southwest violated USERRA by failing to (i) provide its pilots matching contributions to their 401(k) accounts for the deemed earnings during periods of Short-Term Military Leave for elective deferrals made to the 401(k) Plan, (ii) provide timely information to pilots on their deemed earnings from Short-Term Military Leave so that they can make make-up retirement contributions into their 401(k) accounts, and (iii) provide matching contributions to pilots' make-up contributions to their 401(k) accounts from periods of Short-Term Military Leave. The lawsuit also claims that Southwest violated USERRA by failing to provide for the accrual of sick leave when pilots take Short-Term Military Leave, because Southwest provides for the accrual of sick leave when pilots engage in jury duty, union leave, and bereavement leave. Southwest has denied the claims in this lawsuit.

Additional information about the claims and a copy of the Complaint are available at www.southwestpilotsUSERRAsettlement.com.

3. What has happened so far in the lawsuit?

Plaintiff filed the Complaint on July 14, 2017. On September 15, 2017, Plaintiff and Southwest stipulated to stay the litigation to allow them to explore settlement of the lawsuit. The Court granted the stipulation to stay the case on September 21, 2017. The stay was continued numerous times, with the Court most recently staying this matter until September 5, 2018.

During the stay of the lawsuit, Plaintiff and Southwest engaged in substantial informal discovery (a process through which the parties exchange information without directly involving the court) on issues related to liability, damages, and class certification. Plaintiff and his counsel obtained from Southwest information and documents about Southwest's policies and practices, as well as personnel data about the Class Members so that the Class Members' potential damages and relief could be estimated. Numerous conversations took place between the parties and their counsel, including in-person meetings and mediations between the parties' counsel. After a two-day mediation on June 26 and June 27, 2018, supervised by an experienced mediator who is a former state Supreme Court judge, the parties reached an Agreement in Principle to resolve the lawsuit.

On XXXXXXXX, 2018, the Court certified a Class as to all claims and appointed Plaintiff's counsel as Class Counsel and Plaintiff as the Class Representative. The Court has not ruled on the merits of any claims or defenses.

On XXXXXXXX, 2018, the Court preliminarily approved the Settlement and has scheduled a final hearing to evaluate the fairness and adequacy of the Settlement.

THE CLASS

4. What is a Class Action?

A class action is a lawsuit in which the claims and rights of many people are decided in a single court proceeding. In a class action, one or more people, called Plaintiffs, file suit on behalf of others with similar claims, called the Class or Class Members. If a class is certified, the Court appoints a person, called the Class Representative, to represent and act on behalf of the class. Here the Class Representative is Jayson Huntsman.

5. Who is included in the Class?

The Class is defined as all former or current pilots employed by Southwest who took Short-Term Military Leave from Southwest between January 1, 2001 and [the Preliminary Approval Date]. The class period for the 401(k) Plan claims is January 1, 2001 to December 31, 2013. The class period for sick leave claims is January 1, 2001 to [the Preliminary Approval Date]. Southwest has only identified pilots who fall within the Class definition who were employed by Southwest from January 1, 2008 to the present. If you fall within this definition but your employment with Southwest terminated between January 1, 2001 and December 31, 2007, you must file a claim form to identify yourself and receive your share of the Settlement. If you do not know whether you have been identified as a Class Member, please visit www.southwestpilotsUSERRAsettlement.com and enter your unique code, <XXXX>, and your password, <XXXX>.

If you are included in the above definition, you will be included in the Class unless you exclude yourself. If you are unsure about whether you are a Class Member, you can contact the lawyers representing the Class by telephone at 212-245-1000 or e-mail at SWASettlement@outtengolden.com. The lawyers' contact information is listed in the response to Question 22.

THE SETTLEMENT

6. What does the Settlement provide?

The Settlement provides equitable and monetary relief to Class Members who were allegedly denied sick leave and matching retirement contributions for periods of Short-Term Military Leave in the past. In addition, in the future Southwest will agree to provide accrued sick leave for periods in which pilots take Short-Term Military Leave.

The Settlement Agreement provides the following equitable and monetary relief:

- **Sick Leave Benefits.** If you are a current Southwest pilot who is a Class Member, the Settlement provides you with additional sick leave for periods in which you took Short-Term Military Leave but did not receive accrued sick leave from January 1, 2001 to [the Preliminary Approval Date]. For periods of Short-Term Military Leave from January 1, 2008 to [the Preliminary Approval Date] you will automatically receive an additional 0.71 Trips for Pay ("TFP") of sick leave in your sick leave balance for every day of work you dropped to take Short-Term Military Leave. Also, if you file a Claim Form identifying yourself as having taken Short-Term Military Leave in any year from 2001 to 2007, you will receive an additional 8.5 TFP of sick leave for the year in which the Short-Term Military Leave was taken. The additional sick leave that you receive cannot increase your sick leave balance beyond the maximum sick leave balance of 1,600 TFP (the 1,600 figure is set by the Collective Bargaining Agreement between Southwest and the Southwest Airlines Pilots Association). If, 30 days after the Effective Date of the Settlement, you are a former Southwest employee who is eligible to recover under the Settlement, you will receive a one-time payment of \$1,000, unless you are a retired pilot and have exchanged your accrued sick leave for continued health care coverage and are still receiving continued health care coverage, in which case you will receive all accrued sick leave that you are entitled to receive under the Settlement for use toward continued health coverage. Any \$1,000 cash payments associated with sick leave claims will be made from the \$5,800,000 Settlement Fund described in the next paragraph.
- **Retirement Contributions and Payments.** The proposed Settlement provides a common fund of \$5,800,000 that will be used (1) to make supplemental retirement contributions to Class Members' Southwest 401(k) Plan account to the greatest extent permitted under the law or, if it is not possible to make retirement contributions directly into Class Members' 401(k) Plan account, to make a cash payment for Class Members' USERRA retirement-related claims; (2) pay attorneys' fees and costs; (3) pay a service award to the Class Representative; (4) pay for notice and settlement administration costs and related tax expenses; and (5) provide payments to Class Members who are former employees (as described in the prior paragraph). After the payment of any attorneys' fees and costs, a service award, notice and administration costs, taxes, and payments to Class Members who are former employees, the remaining Settlement Fund will be distributed under a proposed distribution methodology called the Plan of Allocation described below (unless the Court modifies the Plan of Allocation).

The Settlement provides for the following future policy changes and benefits:

- **Accrual of Sick Leave in the Future.** Under the proposed Settlement, Southwest has agreed to change its policy in the future to provide accrued sick leave for pilots who take Short-Term Military Leave.
- **Information on Deemed Earnings for Retirement Contributions.** Under the proposed Settlement, Southwest has agreed to regularly provide pilots with information about their deemed earnings related to their military leave, and Southwest will provide

more detailed information about the calculation of deemed earnings related to military leave upon request by pilots. This information will help pilots to better and fully understand the retirement contributions that they receive from Southwest for periods of military leave, as required by USERRA.

The Court has not ruled on liability or relief. This Notice is not an expression of opinion by the Court as to the merits of any claim or defense. This Notice does not imply that there has been any violation of law or that the Class will recover if the lawsuit is not settled and instead is resolved in Court by trial or otherwise.

7. What do I give up as a result of the Settlement?

If you are a Class Member, unless you exclude yourself from the Class, you (including your heirs, beneficiaries, executors, administrators, estates, agents, attorneys, predecessors, successors, and assigns) will release and fully and finally settle, relinquish, waive and discharge, any and all claims, actions, demands, damages, rights, obligations, expenses, costs, causes of action, or liabilities, known or unknown, against Southwest, the 401(k) Plan administrator, the 401(k) Plan sponsor, the 401(k) Plan, 401(k) Plan fiduciaries, and their parents, subsidiaries, agents, employees, and other affiliated persons or entities that (1) arise from or relate to the accrual of sick leave during periods of Short-Term Military Leave from January 1, 2001 through the date of Preliminary Approval, or (2) arise from or relate to employee or employer contributions to your 401(k) account arising from or related to periods of Short-Term Military Leave from January 1, 2001 through December 31, 2013, including those related to the failure to provide you with information regarding your 401(k) account, Short-Term Military Leave, or deemed earnings to facilitate additional contributions to your 401(k) account based on Short-Term Military Leave.

8. Why is there a Settlement?

In deciding to settle the lawsuit, the Class Representative and Class Counsel considered, among other things (a) the factual record; (b) the potential monetary recovery and potential to change Southwest's policies through litigation; (c) the strength of the Class' claims based on a review of the law and the facts established in discovery and through investigation; (d) the expense and length of continued proceedings, including possible trial and post-trial proceedings and appeals, necessary to prosecute the lawsuit; (e) the risks arising from the existence of unresolved questions of law and fact; (f) the nature and strength of defenses asserted by and available to Southwest; and (g) the risks and uncertainties of continued USERRA class action litigation of this nature. After a thorough review and investigation, the Class Representative and Class Counsel believe that in light of the foregoing considerations, the proposed Settlement is fair, reasonable and adequate and in the best interests of the Class.

9. What additional accrued sick leave will I receive under the settlement?

If you are a current Southwest pilot who is a Class Member, under the proposed Settlement, for every day that you dropped a trip to take Short-Term Military Leave between January 1, 2008 and the Preliminary Approval Date, Southwest will add to your sick leave balance 0.71 TFP of sick leave. This figure assumes that you would have worked approximately 7.1 TFPs each day that you dropped a trip to take Short-Term Military Leave, and applies the standard rate for accruing sick leave under the SWAPA CBA (1 TFP of accrued sick leave for every 10 TFP earned).

In addition, if you elect to submit a Claim Form to the Settlement Administrator stating each year that you dropped a trip to take Short-Term Military Leave from January 1, 2001 through December 31, 2007, Southwest will add to your sick leave balance 8.5 TFPs of sick leave per year that you attest that you dropped a trip to take Short-Term Military Leave. (This 8.5 TFP figure is 77% of the average annual amount of accrued sick leave that Class Members would have received from 2008 to 2013 had they been permitted by Southwest to accrue sick leave during Short-Term Military Leave.) You do not have to submit a Claim Form, but you will not be eligible for additional sick leave benefits for any trips dropped from January 1, 2001 through December 31, 2007 if you do not submit a Claim Form. The additional accrued sick leave that you receive cannot increase your sick leave balance beyond the maximum balance of 1,600 TFP (a figure set by the SWAPA CBA). The amount of additional accrued sick leave that you will receive under the Settlement does not depend on how much accrued sick leave other Class Members took from January 1, 2001 to the Preliminary Approval Date.

If, 30 days after the Effective Date of the Settlement, you are a former Southwest employee who is eligible to recover under the Settlement, you will receive a one-time payment of \$1,000, unless you are a retired pilot and have exchanged your accrued sick leave for continued health care coverage and are still receiving continued health care coverage, in which case you will receive all accrued sick leave that you are entitled to receive under the Settlement for use toward continued health coverage.

9. What additional retirement contributions or cash payments will I receive under the settlement?

If you are a Class Member, under the proposed Settlement, for your claims related to retirement contributions under USERRA, you will receive a share of the \$5.8 million Settlement Fund after certain expenses are paid for attorneys' fees and costs, a service award for the Class Representative, the costs of settlement administration, any applicable taxes, and the payments to former Southwest pilots for sick leave claims.

Your share of the Settlement Fund will be based upon Southwest's personnel data from January 1, 2008 to December 31, 2013, any information that you choose to provide if you submit a Claim Form about the Short-Term Military Leave you took from January 1, 2001 to December 31, 2007, and a Plan of Allocation proposed by the parties and approved by the Court. A copy of the Plan of

Allocation can be found at www.southwestpilotsUSERRAsettlement.com. Under the proposed Plan of Allocation, Class Members will receive a pro rata share of the Settlement Funds based on their Recognized Claim, as defined below.

Under the proposed Plan of Allocation, for the 2008 to 2013 period, a Recognized Claim is based on: (1) the number of days each Class Member dropped trips to take military leave, times (2) 7.1 TFP per day, times (3) Class Members' average base rate of pay in the relevant year. For each year during the 2008 to 2013 period, Class Members' additional retirement contribution will be limited if this formula would result in a retirement contribution that causes them to receive more than the annual maximum of \$25,000 of employer contributions for the relevant year.

For each year during the 2001 and 2007 period, a Recognized Claim is based on: (1) one-half of the number of days of Short-Term Military Leave each Class Member took in the year (but this resulting figure shall not exceed 21 days annually or 7 days in a month), times (2) 7.1 TFP, times (3) Class Members' average base rate of pay in the relevant year. For Short-Term Military Leave that occurred prior to October 2004, the Recognized Claim will be reduced by two-thirds to reflect Southwest's affirmative defense that such claims are untimely.

The parties intend to take reasonable steps to have the distribution of retirement-related shares of the Settlement Fund be paid directly into Class Members' individual 401(k) Plan accounts in a tax-deferred manner (just like other previous 401(k) Plan contributions made by Southwest). However, if it is not possible to deposit some or all of a Class Member's retirement-related share of the Settlement Fund into his or her 401(k) Plan account, the Class Member will receive a cash payment, from which payroll taxes and other applicable taxes will be deducted.

10. When would I receive my additional sick leave under the Settlement?

Class Members' receipt of additional sick leave (or payment) is conditioned on the Court's approval of the Settlement and such approval becoming final and no longer subject to any appeals. If additional sick leave is being deposited in your account, within 30 days of the Effective Date of the Settlement (*i.e.*, 60 days after the Court grants final approval if there is no appeal), Southwest will add to your sick leave balance the amount of accrued sick leave TFP that you are entitled to receive under the Settlement.

11. When would I receive my additional retirement contributions or payments related to retirement claims?

Class Members' receipt of any retirement contributions or retirement-related payments is conditioned on the Court's approval of the Settlement and such approval becoming Final and no longer subject to any appeals. If there is no appeal, the Settlement will become effective 30 days after the Court enters Final Judgment. Once the Settlement becomes final, it is expected that a distribution to your 401(k) Plan account will occur as soon as possible. However, because Southwest will need to seek and receive guidance from the Internal Revenue Service on whether and what amount of any retirement-related share of the Settlement Fund can be deposited into a 401(k) account and what amount must be paid in cash, and because the Settlement involves 401(k) Plan accounts for a large number of persons, processing all of those distributions may take one or more years. Your patience is appreciated. Updates will be provided at the following web site: www.southwestpilotsUSERRAsettlement.com.

12. Will I have to pay taxes on the additional employer retirement contributions that I receive?

If you are a Class Member and you do nothing, under the Plan of Allocation proposed by Class Counsel and preliminarily approved by the Court, you will receive a pro rata distribution of the Settlement Fund. The parties intend to take reasonable steps to have the distribution made directly into your individual 401(k) Plan accounts in a tax-deferred manner (just like other previous 401(k) Plan contributions made by Southwest). You should, however, consult your own tax advisor about the tax implications of any money or employer contributions that you receive as part of the Settlement.

EXCLUSION & OBJECTIONS

13. If I want to get out of the Settlement, what should I do?

If you are a Class Member and you wish to exclude yourself from the Settlement, you must send a letter to the Settlement Administrator that includes the following:

- Your name, address, and telephone number;
- A statement that you want to be excluded from *Huntsman v. Southwest Airlines Co.*, No. 4:17-cv-03972-JD (N.D. Cal.); and
- Your signature.

You must mail your exclusion request, postmarked no later than **XX**, 2019, to:

Settlement Administrator Address

14. If I do not exclude myself, can I sue Defendant for the same thing later?

No. Under the release in the Settlement Agreement, if you are a Class Member and you do not opt of the Settlement, you (including your heirs, beneficiaries, executors, administrators, estates, agents, attorneys, predecessors, successors, and assigns) will release and fully and finally settle, relinquish, waive and discharge, any and all claims, actions, demands, damages, rights, obligations, expenses, costs, causes of action, or liabilities, known or unknown, against Southwest, the 401(k) Plan administrator, the 401(k) Plan sponsor, the 401(k) Plan, 401(k) Plan fiduciaries, and their parents, subsidiaries, agents, employees, and other affiliated persons or entities that (1) arise from or relate to the accrual of sick leave during periods of Short-Term Military Leave from January 1, 2001 through the date of Preliminary Approval, or (2) arise from or relate to employee or employer contributions to your 401(k) account arising from or related to periods of Short-Term Military Leave from January 1, 2001 through December 31, 2013, including those related to the failure to provide you with information regarding your 401(k) account, Short-Term Military Leave, or deemed earnings to facilitate additional contributions to your 401(k) account based on Short-Term Military Leave. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately.

15. If I exclude myself, can I still get benefits from the Settlement?

No. If you are a Class Member and you exclude yourself from the Settlement, you will not receive any additional sick leave or any monetary payment from the Settlement Fund.

16. How do I tell the Court what I think about the Settlement?

Any Class Member may object to any aspect of the Settlement or attorneys' fees or expenses by filing a written objection with the Court. To object, you must send a letter or other written statement to the Court saying that you object to the Settlement, the Plan of Allocation and/or the attorneys' fee award. Include your name, address, telephone number, signature, the title of the case, *Huntsman v. Southwest Airlines Co.*, No. 4:17-cv-03972-JD (N.D. Cal.), and an explanation of all reasons you object to the Settlement. Please be advised that failure to include these details may result in the Court refusing to consider your objection.

Your written objection must be filed or postmarked no later than XX, 2019, and either (1) mailed to the Class Action Clerk, Phillip Burton Federal Building & United States Courthouse, 450 Golden Gate Avenue, San Francisco, CA, 94102, or (2) filed in person at any location of the United States District Court for the Northern District of California.

Your objection should state the supporting bases and reasons for the objection, identify any and all witnesses, documents or other evidence you would like to present at the Final Approval Hearing, and describe the substance of any testimony provided by you or other witnesses.

IF YOU DO NOT OBJECT IN THE MANNER DESCRIBED IN THIS NOTICE, THE COURT MAY CONCLUDE THAT YOU HAVE WAIVED ANY OBJECTION AND MAY NOT PERMIT YOU TO SPEAK AT THE FAIRNESS HEARING.

17. What's the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you do not like or disagree with an aspect of the Settlement. You can object to the Settlement only if you are a Class Member and you do not exclude yourself from the Settlement. Excluding yourself from the Settlement is telling the Court that you do not want to be part of the Settlement. If you exclude yourself from the Settlement, you cannot object to the Settlement because you will not be bound by the Settlement.

THE FINAL APPROVAL HEARING**18. When and where will the Court hold the hearing?**

The Final Approval Hearing (also called the Fairness Hearing) will take place before the Honorable James Donato in Courtroom 11 of the United States District Court for the Northern District of California, located at 450 Golden Gate Avenue, 19th Floor, San Francisco, California 94102, at 10 am, on XXXXXX, 2019. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check www.southwestpilotsUSERRAsettlement.com for updates. At the hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, how much to pay Class Counsel in fees, what to reimburse Class Counsel for their expenses, and whether to provide Plaintiff with a service award because of his time and expense to bring this lawsuit. If there are objections or comments, the Court will consider them at the hearing. After the hearing, the Court will decide whether to approve the Settlement and enter Final Judgment. We do not know how long these decisions will take. Please be patient.

19. Do I have to come to the Final Approval Hearing?

Your attendance is not required, even if you submit a written response. Class Counsel will answer questions the Court may have at the Final Approval Hearing, including any questions about objections. If you or your personal attorney wants to attend the hearing, you

may attend at your own expense. As long as any objection or comment you filed was postmarked by the deadline, the Court will consider it even if you do not attend the Final Approval Hearing.

20. May I speak at the Final Approval Hearing?

Yes. You may speak at the Final Approval Hearing, so long as you are a member of the Class and have properly and timely submitted a written response as set forth above and have stated in your response your intention to appear at the Final Approval Hearing.

21. What happens if I do nothing at all?

If you do nothing and you are entitled to receive benefits from the Settlement, you will receive those benefits as described above if the Settlement is approved.

THE LAWYERS REPRESENTING YOU

22. Do I have a lawyer in this case?

Yes. The Court has appointed the following law firms to serve as the attorneys for the Class:

<i>Lead Class Counsel</i>	<i>Additional Class Counsel</i>
<p>OUTTEN & GOLDEN LLP Peter Romer-Friedman 601 Massachusetts Avenue NW Second Floor West Suite Washington, D.C. 20001 Telephone: (202) 847-4400 Facsimile: (202) 847-4410 Email: SWASettlement@outtengolden.com</p> <p>Jahan C. Sagafi Rachel Dempsey One California Street, 12th Floor San Francisco, California 94111 Telephone: (415) 638-8800 Facsimile: (415) 638-8810 Email: SWASettlement@outtengolden.com</p>	<p>CROTTY & SON LAW FIRM, PLLC Matthew Z. Crotty, Esq. 905 W. Riverside Avenue, Suite 404 Spokane, WA 99201 Telephone: (509) 850-7011 matt@crottyandson.com</p> <p>LAW OFFICE OF THOMAS G. JARRARD LLC Thomas G. Jarrard, Esq. 1020 N. Washington Street Spokane, WA 99201 Telephone: (425) 239-7290 tjarrard@att.net</p>

The Court has approved these law firms to serve as Class Counsel. You have the right to hire your own attorney (at your own expense), but if you are a member of and remain in the Class, you are not required to hire a separate attorney.

23. How will the lawyers for the Class be paid?

Class Counsel undertook this matter more than a year and a half ago—following an investigation of several years—on a wholly contingent basis. Subject to approval of the Court, Class Counsel is permitted to seek an award of attorneys' fees to be paid from the Settlement Fund, and reimbursement of expenses incurred during the litigation. These attorneys' fees pay for work the attorneys have performed on behalf of the Class and for work yet to be done in helping to administer the Settlement. Before the Final Approval Hearing, Class Counsel will seek the Court's approval of an award of attorneys' fees in the amount not to exceed \$1.74 million of the \$5.8 million Settlement Fund plus reimbursement for lawsuit costs and expenses. The maximum amount of attorneys' fees of \$1.74 million is 30% of the \$5.8 million Settlement Fund, but in the view of Plaintiff's counsel it is a much smaller percentage of the total value of the Settlement, which includes the \$5.8 million Settlement Fund and providing Class Members with sick leave for periods of Short-Term Military Leave over an 18-year period. Whether the Settlement is approved or not, you will not be required to directly pay any attorneys' fees or other expenses or costs, which will be paid only from the Settlement Fund in the amount approved by the Court.

THE SETTLEMENT IS NOT YET FINAL

24. Can the Settlement be terminated?

If there is no final Court approval of the proposed Settlement in this case, or if Class Counsel or Defendant withdraws from the Settlement in accordance with the terms of the Settlement Agreement, or if the Settlement is not consummated for any other reason, the Settlement Agreement will become null and void, and the parties will resume their former positions in the lawsuit.

GETTING MORE INFORMATION**25. How do I get more information?**

This Notice contains only a summary of the proposed Settlement and your rights as a Class Member. Full details of the Settlement are set forth in the Settlement Agreement. The Settlement Agreement and certain other documents about the litigation are available on the Settlement Administrator's website at www.southwestpilotsUSERRAsettlement.com. You may obtain additional information regarding the matters involved in this lawsuit by reviewing the papers on file in this litigation, which may be (a) inspected, during business hours, at the Office of the Clerk of Court, United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102, or (b) accessed online for a fee by obtaining a password at www.pacer.gov.

Please do not contact Southwest Airlines about this Settlement. It may not be able to give you additional information.

26. How do I ensure that I receive any updates?

If your contact information changes after you receive this Notice, you should contact Class Counsel. You may e-mail any updates to your contact information to Class Counsel at SWASettlement@outtengolden.com.

27. Whom do I call about questions?

If you have any questions about this Notice, or the lawsuit, contact Class Counsel or the Settlement Administrator listed below.

<i>For Questions About the Settlement:</i>	
OUTTEN & GOLDEN LLP Peter Romer-Friedman 601 Massachusetts Avenue NW, Second Floor West Suite Washington, D.C. 20001 Telephone: (202) 847-4400 Facsimile: (202) 847-4410 Email: SWASettlement@outtengolden.com	Southwest Pilot USERRA Settlement Administrator
CROTTY & SON LAW FIRM, PLLC Matthew Z. Crotty, Esq. 905 W. Riverside Avenue, Suite 404 Spokane, WA 99201 Telephone: (509) 850-7011 matt@crottyandson.com	
LAW OFFICE OF THOMAS G. JARRARD LLC Thomas G. Jarrard, Esq. 1020 N. Washington Street Spokane, WA 99201 Telephone: (425) 239-7290 tjarrard@att.net	

PLEASE DO NOT CONTACT THE COURT OR THE COURT CLERK'S OFFICE REGARDING THIS NOTICE, THE SETTLEMENT, OR THE CLAIMS PROCESS.

Dated: **XX**, 2018

BY ORDER OF THE COURT

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

Exhibit C

CLAIM FORM

THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

JAYSON HUNTSMAN, individually and on
behalf of all others similarly situated,

Case No. 3:17-cv-03972-JD

Plaintiff,

v.

SOUTHWEST AIRLINES CO.,

Defendant.

You may be eligible to receive additional benefits or payments from a court-approved settlement if you took Short-Term Military Leave from Southwest Airlines between January 1, 2001 and December 31, 2007.

Please read this Claim Form carefully.

To be eligible for additional benefits related to the Short-Term Military Leave you took between January 1, 2001 and December 31, 2007, you must submit a Claim Form online at [www.\[URL\].com](http://www.[URL].com) to be received by the Settlement Administrator no later than **XX, 2019.**

[FIRST NAME] [LAST NAME]

[ADDRESS]

[CITY] [STATE] [ZIP]

Claim ID: [CLAIM ID]

Password: [INITIALS AND GENERATED NUMBER CODE]

Records of Southwest Airlines Co. indicate that you were a pilot who also served in the military sometime between January 1, 2001 and **[Preliminary Approval Date]** 2018, and that you may have taken Short-Term Military Leave during that time.

More information, including copies of the Notice sent to you by mail and e-mail, is available at **[www.\[insert URL\].com](http://www.[insert URL].com)**. Please read the Notice carefully before completing this form.

TO MAKE A CLAIM FOLLOW THESE INSTRUCTIONS:

It is important to read and follow these instructions carefully. Failure to follow these instructions may result in your losing eligibility for benefits to which you might otherwise be entitled.

You must complete each part and sign and date the Claim Form.

This Claim Form must be submitted online at [www.\[insert URL\].com](#) no later than **XX, 2019.** Claim Forms deemed late will not be accepted. Failure to submit a timely Claim Form will result in your ineligibility to receive additional benefits related to any Short-Term Military Leave you took from Southwest between January 1, 2001 and December 31, 2007.

Log on to the case website and enter your Claim ID [**INSERT CLAIM ID**] and password [**INITIALS AND GENERATED NUMBER CODE**]. Then complete the form online.

PART 1: PERSONAL INFORMATION (Required)

Name (First Middle Last)

Email

Mobile or Home Phone

Street Address

Apartment Number

City

State

Zip Code

Southwest Employee ID

Date of Birth

Social Security Number

Date of Hire at Southwest

PART 2: SHORT-TERM MILITARY LEAVE (Required):

For each month between January 1, 2001 and December 31, 2007 in which you were employed by Southwest, please state the number of days that month that you performed military service that was part of a period of military service of 14 days or less. Before filling out this information, you should make reasonable efforts to confirm these dates with your own personal records of military service or the records of military service reasonably available to you through the military, including, if accessible to you, by submitting an NGB Form 22 or SF Form 180 to obtain your DD Form 214 or equivalent.

2001	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2002	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2003	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2004	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2005	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2006	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

2007	Number of Days of Short Term Military Service
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

PART 3: YOUR SIGNATURE (Required)

In order to submit a valid claim and be eligible for additional benefits related to any Short-Term Military Leave you took from Southwest between January 1, 2001 and December 31, 2007, you must sign and date this Claim Form.

I, (print your name) _____, declare, under penalty of perjury, that the information I have provided on this form and any supplemental pages submitted with this form is true and correct to the best of my knowledge, and, if called upon to testify under oath, I would testify that the information I have provided is true. I understand that intentionally submitting false information on this form is a violation of the law.

Dated: _____ Signature: _____

PART 4: QUESTIONS?

If you have any questions, please visit [www.\[insert URL\].com](http://www.[insert URL].com), or write or call the Settlement Administrator at [\[ADDRESS\]](#); Toll-Free [XX](#).

If you have questions about the proposed Settlement, you can contact Class Counsel:

Peter Romer-Friedman (*pro hac vice*)
 OUTTEN & GOLDEN LLP
 601 Massachusetts Avenue NW
 Second Floor West Suite
 Washington, D.C. 20001
 Telephone: (202) 847-4400
 Facsimile: (202) 847-4410
 Email: SWASettlement@outtengolden.com

Thomas G. Jarrard (*pro hac vice*)
 LAW OFFICE OF THOMAS JARRARD
 PLLC
 1020 N. Washington Street
 Spokane, WA 99201
 Telephone: (425) 239-7290
 Facsimile: (509) 326-2932
 Email: tjarrard@att.net

Jahan C. Sagafi (Cal. Bar No. 224887)
Rachel W. Dempsey (Cal. Bar No. 310424)
OUTTEN & GOLDEN LLP
One California Street, 12th Floor
San Francisco, CA 94111
Telephone: (415) 638-8800
Facsimile: (415) 638-8810
Email: SWASettlement@outtengolden.com

Matthew Z. Crotty (*pro hac vice*)
CROTTY & SON LAW FIRM, PLLC
905 W. Riverside Avenue, Suite 404
Spokane, WA 99201
Telephone: (509) 850-7011
matt@crottyandson.com

Exhibit D

Settlement Administrator
[insert address]

**Notice of class action settlement to
Southwest pilots who took Short-Term
Military Leave**

[window]

**According to our records,
you may be eligible for a settlement payment. This payment may
be increased if you submit a Claim Form
by [insert deadline].**

Details are in the enclosed legal notice.