

Sam's Update – July 10, 2015

Contract negotiations continue to be at the forefront of your concerns. I've received a lot of correspondence this week, largely in response to my statement that United agrees to match the American Airlines (AA)-APFA flight attendant contract.

You've made two basic points. First, you clearly don't want the AA agreement. You don't want their scheduling system and work rules, and you don't want to give up many of the things you value under your current contracts. Second, you believe United should provide a better contract than our competitors, and that you deserve not a "match" to AA, but an "industry-leading" contract.

Let me clear up a few things. Matching the AA agreement doesn't mean adopting the terms of that agreement. We're not proposing PBS, and we're not proposing AA work rules. We're just saying the AA deal set a new and higher economic bar – and is, in fact, a substantially "richer" agreement than the current S-CO/CMI or S-UA agreements, in terms of flight attendant compensation and cost to the company. United is prepared to spend the significant amount it takes to match the overall economics of the AA agreement, and we'll work with AFA to develop a contract that reflects what you want.

Why is the AA contract relevant? In all labor negotiations, the compensation, benefits and work rules of one's competitors provide the benchmark for what's known as "pattern bargaining." The relevance can be in terms of overall economics (which is what United has committed to), broad programs (things like healthcare or retirement), or even specific working conditions (like duty and rest provisions, pay guarantees, days off or grievance procedures). We aren't suggesting that United should match or adopt the broad programs or specific working conditions of the AA agreement; we simply want to remain competitive in terms of overall labor costs. Matching the economics of the AA contract keeps us competitive with AA, even though our labor costs will be substantially higher than Delta's. You told us that flight attendants, like any other work group, want more. We understand that. The question really is "how much more, and how do we spend it?" Should we pay more – in terms of base rates or premiums or total earning potential? Should we provide more generous benefits – per diem, vacation, healthcare, or retirement? Should we accept lower productivity – shorter duty, longer rest and layovers, more days off, etc.?

"All of the above" is not a viable answer. Each of the current s-CO/CMI and s-UA collective agreements strikes its own balance among these elements of pay, benefits and productivity. Finding the right mix and balance of these elements within a joint agreement – and within a budget that keeps us competitive – is what all these months of negotiations are about. It's not practical or possible to preserve all the best (and most costly) features of each contract and discard those aspects that provide the balance that keeps each contract economically competitive. This is the core issue that United and AFA are working to solve. It means prioritizing among options and making difficult choices.

This doesn't mean we're asking you to pay for the merger. The company will pay for a new contract, but we can't just ignore the labor costs of our competitors who have also merged and combined their flight attendant groups. I'm confident that we'll get there – but there's a lot of work left to make that happen.

Thanks for everything you do. I'm proud to be a part of your team.

Sam