

To Technical Operations Leaders:

Since early this year, United and the Teamsters have been in contract negotiations facilitated by the National Mediation Board in an effort to finalize a joint agreement for technicians and related employees. This week we exhausted that process without reaching agreement, and today United filed for NMB mediation. This takes negotiations in a new, but familiar direction. This Update provides information to help you answer questions from employees.

First, let's summarize what happened this week. The full negotiating committees met in Chicago, along with mediators Patricia Sims and Michael Kelliher. At the outset, we discussed a number of scope and benefit grievances that the union said were impediments to negotiations. We don't believe any of those grievances have merit, and so we suggested dates for expedited arbitration and a process for moving negotiations forward. The IBT has not committed to the dates or process the company suggested.

We were prepared to make a comprehensive proposal to close the deal. However, before even hearing the Company's proposal, the IBT stated several demands and pre-conditions that the Company's proposal "must" satisfy. That was both unusual and unhelpful, and made it materially more difficult to make progress towards an agreement. Nevertheless, we presented our proposal, and the IBT made a non-responsive proposal. The Company decided the facilitated bargaining process was no longer productive, and as a result has filed for formal mediation under the Railway Labor Act. Mediation is the next step in the process that has helped us reach joint agreements with United's pilots and nearly 30,000 IAM-represented employees.

We're disappointed the IBT "pre-rejected" our proposal without even seeing it, since it would have provided technicians industry-leading compensation and benefits, as well as no-furlough protection for all active technicians as of date of signing. Highlights of the proposal are below; you can view the complete proposal at: <http://www.unitednegotiations.com/employees/uploaded-assets/proposal.pdf> or on the Tech Ops portal at: <https://techops.ual.com>.

Our proposal also would set the foundation for Technical Operations to continue to make decisions that are right for the business and fair and respectful to our front-line employees. While we're focused on getting the collective agreement done, at the same time we're continuing to transform our division in ways that benefit technicians and the business, including:

- Investing in infrastructure such as new hangers (IAD and EWR) and the GSE facility in IAD
- Over 150 technician positions have been added in the last 3 years, and there are additional plans for an over 150 more technician positions in 2014 primarily related to the SF terminal expansion and new IAD/EWR hangers
- Insourcing domestic cabin mod work
- Investing in tooling, training and facilities, including updating break rooms and other work areas
- Providing increased opportunities for long term stability and competitiveness in the SFO base

Highlights of United’s November 6 Comprehensive Proposal

- “All-in” top basic hourly pay rate of \$40.85 for A&P technicians, at date of signing
 - ✓ Higher than Delta April 2014 rate and merged AMR/US September 2014 rate
 - ✓ 17% increase over life of contract (4 years)
 - ✓ Includes \$1.50 per hour HRA/VEBA contribution (for health care benefits)
 - ✓ Industry leading license premium of \$2.75 per license maximum of \$5.50

- Improved vacation harmonized to s-UA accrual schedule (max. 7 weeks at 30 years of service)
 - ✓ Industry-leading accruals at all seniority levels
 - ✓ 10 holidays, includes 4 floating

- Changes in work rules and scope that enabled industry leading compensation, benefits and job security

- Sick leave paid at 100%, 12 days accrued per year, with 1,600 hour max. banks for sick and 700 hour max OI

- Protection against furlough for all technicians and related employees active on date of signing

- Healthcare programs adopted by Pilots, with fixed core plans, industry leading 80/20 cost-share, and a 9.25% annual cap on employee contribution increases

- Enhanced early-out program, linked to max 10 year recall

Minimum # of Takers	Cash Payment	Contribution to HRA VEBA ¹	Total
500	\$65,000	\$10,000	\$75,000
750	\$70,000	\$20,000	\$90,000
1000	\$80,000	\$25,000	\$105,000