

Company Proposal

IBT Technicians & Related Negotiations

November 5, 2013

**See Page 30 for
Pay Scales**

Overview

- United's "Economic Framework"
- Based on Company's May 21 Framework Proposal and May 28 "Supposal"
 - \$40.85 base rate at Date-of-Signing (DOS) with 2.0% top basic rate increases at DOS+1yr, +2yrs & +3yrs
- Provides Total Compensation (*per hour worked*) \approx 20% Above Network Competitors
 - Maximizes Basic Hourly Wage Rates

Note: Within the economic parameters of this Economic Framework, we also provide options for funding other identified priorities via modifications to basic hourly wages.

Economic Framework

United's proposal provides industry-leading total compensation (per hour worked*)

Total Compensation Offered November 5, 2013					
Date	DOS	DOS + 1yr	DOS + 2yrs	DOS + 3yrs	
<i>Net Work Hours (excludes vacation, holidays, etc. hours)</i>	1,640	1,640	1,640	1,640	
<i>TOS Base</i>	\$40.85	\$41.50	\$42.16	\$43.33	
<i>Time Paid/Not Worked (vacation, holidays, etc.)</i>	\$14.11	\$14.34	\$14.56	\$14.97	
<i>Benefits</i>	\$15.55	\$15.69	\$15.83	\$16.05	
<i>OT & Other Wage Elements</i>	\$2.50	\$2.54	\$2.57	\$2.63	
Total Comp	\$73.01	\$74.06	\$75.13	\$76.98	

*Top of Scale Technician with Line and A&P License premiums

Total Compensation Higher Than Network Competitors

	United		Delta	American <i>(Merged)</i>
Date	DOS	DOS + 1yr	4/2014	9/2014
<i>Net Work Hours</i> <i>(excludes vacation, holidays, etc. hours)</i>	1,640	1,640	1,760	1,828
<i>TOS Base</i>	\$40.85	\$41.50	\$39.29	\$36.55
<i>Time Paid/Not Worked</i> <i>(vacation, holidays, etc.)</i>	\$14.11	\$14.34	\$9.97	\$7.57
<i>Benefits</i>	\$15.55	\$15.69	\$13.46	\$12.37
<i>OT & Other Pay Elements</i>	\$2.50	\$2.54	\$2.27	\$1.40
Total Comp	\$73.01	\$74.06	\$64.99	\$57.89

Critical Path Issues for Company's Economic Framework

**Maximize Basic
Hourly Wage
Rates**



**Harmonize
Healthcare
to 80/20
Cost Share**



**Address
Job Security**

Wages – “All-In” Rates for A&P

	Start	End	DOS	DOS+1yr	DOS+2yrs	DOS+3yrs
Basic Rates	0	1.0	\$ 17.69	\$ 17.69	\$ 17.69	\$ 17.69
	1.0	2.0	\$ 19.99	\$ 19.99	\$ 19.99	\$ 19.99
	2.0	3.0	\$ 21.44	\$ 21.44	\$ 21.44	\$ 21.44
	3.0	4.0	\$ 22.92	\$ 22.92	\$ 22.92	\$ 22.92
	4.0	5.0	\$ 25.08	\$ 25.08	\$ 25.08	\$ 25.08
	5.0	6.0	\$ 26.37	\$ 26.37	\$ 26.37	\$ 26.37
	6.0	7.0	\$ 31.17	\$ 31.17	\$ 31.17	\$ 31.17
	7.0	8.0	\$ 31.70	\$ 31.70	\$ 31.70	\$ 31.70
	8.0	8.5	\$ 31.96	\$ 31.96	\$ 31.96	\$ 31.96
	8.5	Thereafter	\$ 32.35	\$ 33.00	\$ 33.66	\$ 34.33
A&P License Premium Max.			\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.			\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**			\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Base Rate			\$ 40.85	\$ 41.50	\$ 42.16	\$ 43.33
<i>Delta</i>			<i>\$38.28</i>	<i>\$39.29</i>		
<i>American</i>			<i>\$34.41</i>	<i>\$36.55</i>		

Employees with less than 8.5yrs, hired before date of signing, will continue to follow current scale with progressive steps between steps 6 and 8.5

Basic Hourly Rates include \$1.50 VEBA contribution

**Line premium for line technicians only

Premiums – A&P, FCC, Welder/Machinist, Metrologist, Longevity & Lead

	DOS	DOS+1yr	DOS+2yrs	DOS+3yrs
A/P License (each)	\$ 2.75	\$ 2.75	\$ 2.75	\$ 3.00
FCC License	\$ 3.88	\$ 3.88	\$ 3.88	\$ 3.88
Welder; Machinist	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Metrologist	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Longevity	9 years Completed Service		\$ 0.40	
	10 years Completed Service		\$ 0.60	
	11 years Completed Service		\$ 0.80	
	12 years Completed Service		\$ 1.00	
	20 years Completed Service		\$ 1.50	
	25 years Completed Service		\$ 2.00	
	30 years Completed Service		\$ 2.50	
Lead	Status Quo – same methodology and current percentage for rates			

11% Top of Scale Increase at Date of Signing

Wage	Current	DOS
Basic	\$31.17	\$32.35
Max License	\$4.25	\$5.50
Longevity	\$1.00	\$2.50
Line	<u>\$0.50</u>	<u>\$0.50</u>
Total	\$36.92	\$40.85

11% increase 

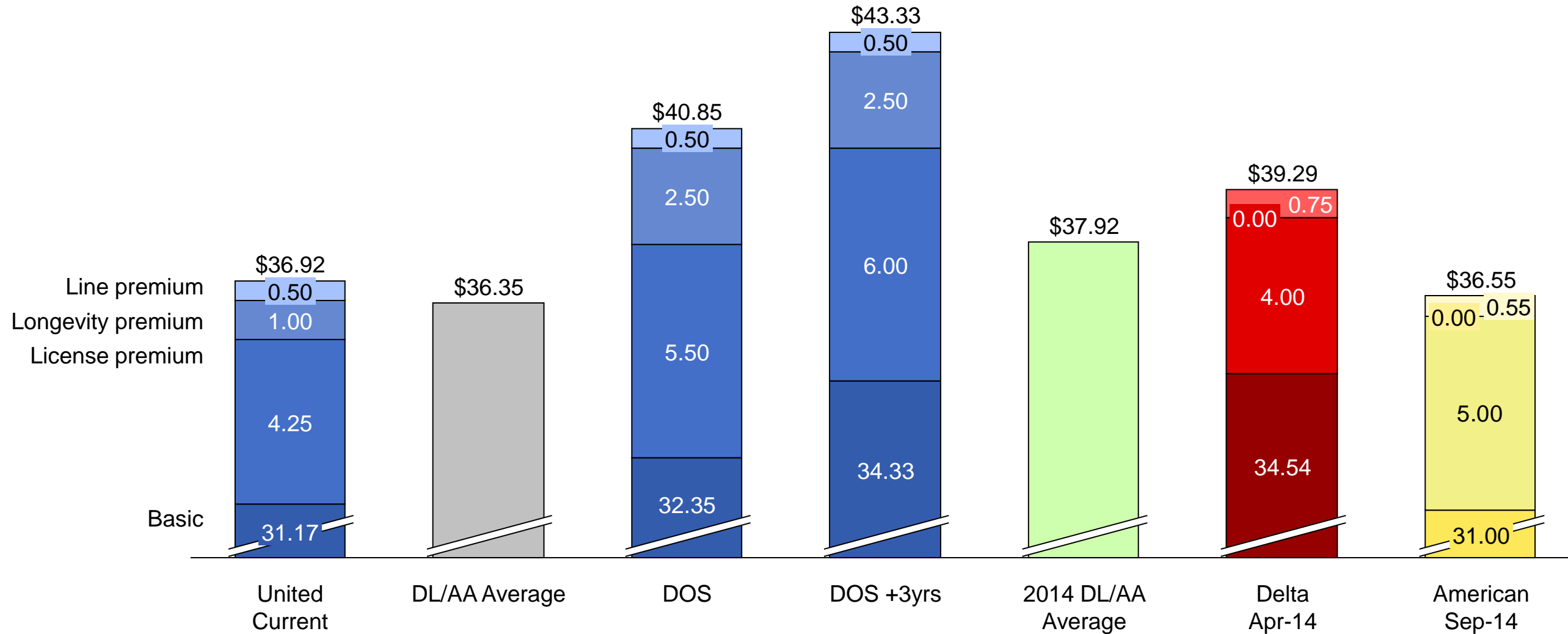
17% Top of Scale Increase by End of Contract

Wage	Current	DOS+3yrs
Basic	\$31.17	\$34.33
Max License	\$4.25	\$6.00
Longevity	\$1.00	\$2.50
Line	<u>\$0.50</u>	<u>\$0.50</u>
Total	\$36.92	\$43.33

17% increase 

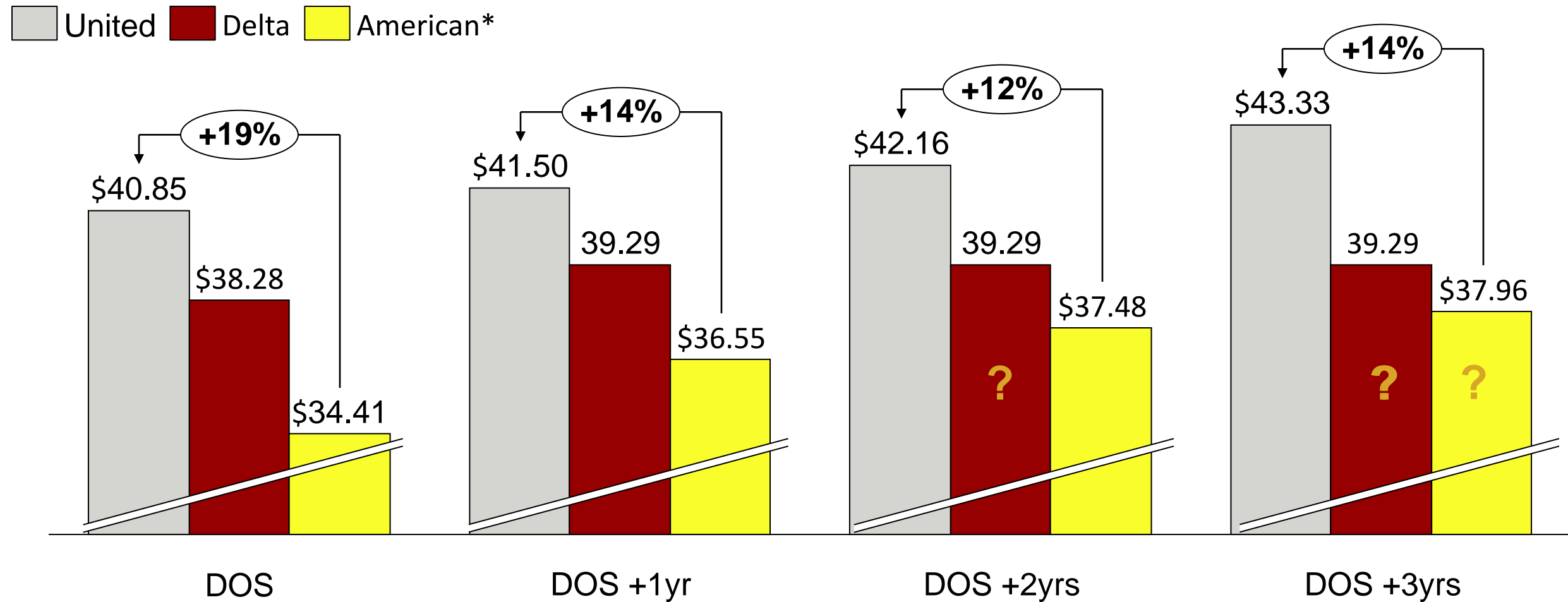
Wages

United's proposal offers "all-in" pay rates above the average of our network competitors



2014 DL/AA Average uses Delta as of 4/1/2014 and American as of 9/12/2014 with 4.3% merger-related increase

Top of Scale Wage Comparison



* Based on proposed MOU wages effective in 2014 (TBD) subject to reset at DOS +3yrs

Leading License Premiums at Date of Signing

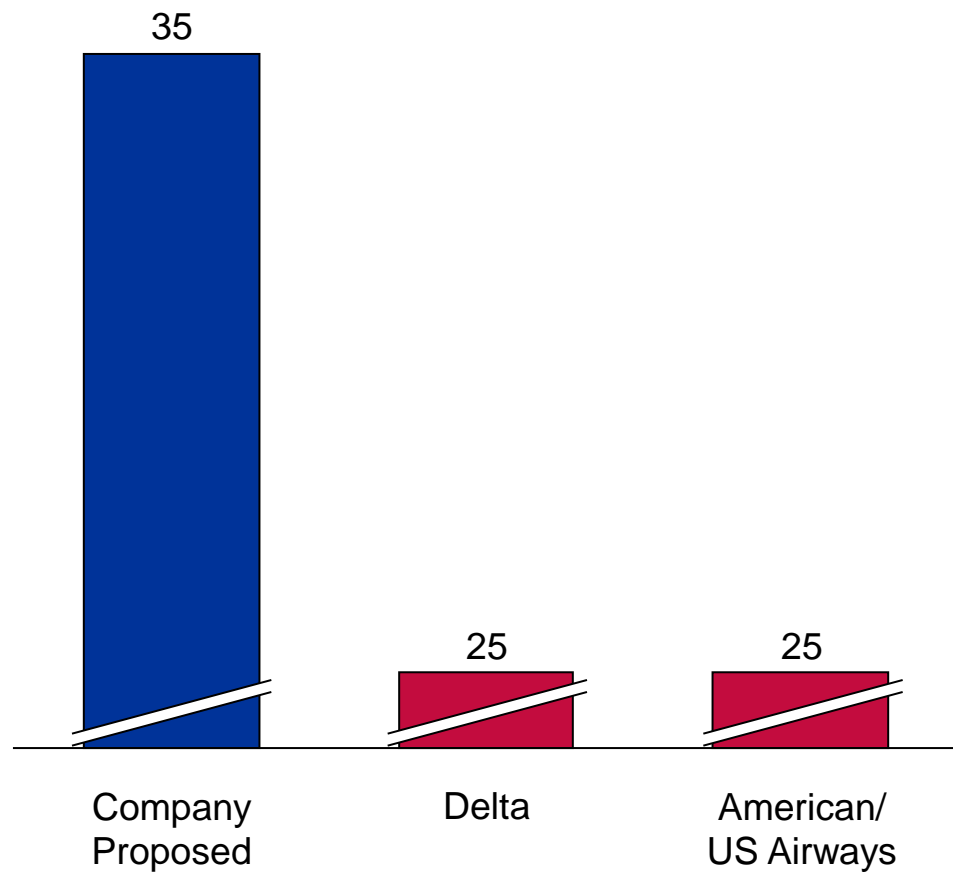


Leading Longevity Premium at Date of Signing

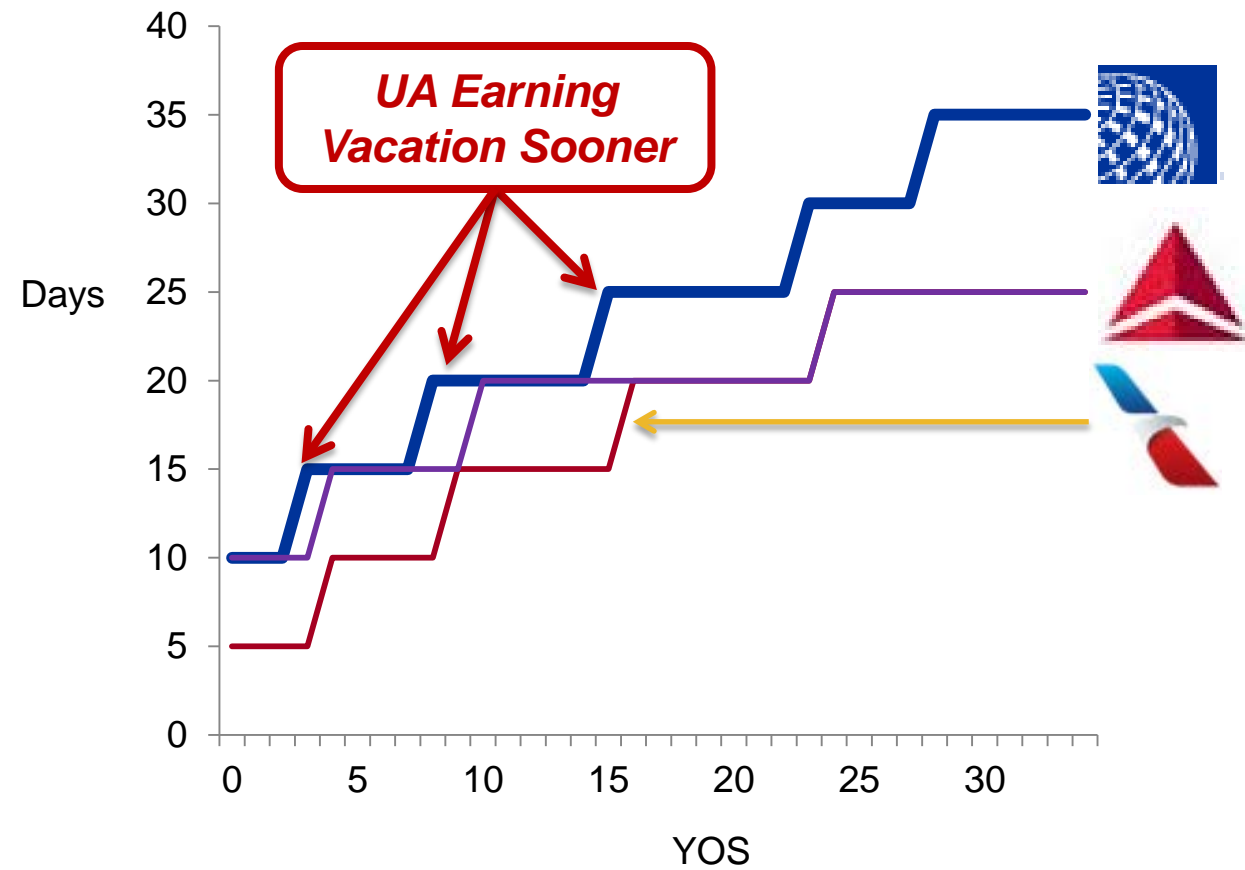


Vacation

Vacation days – max accrual

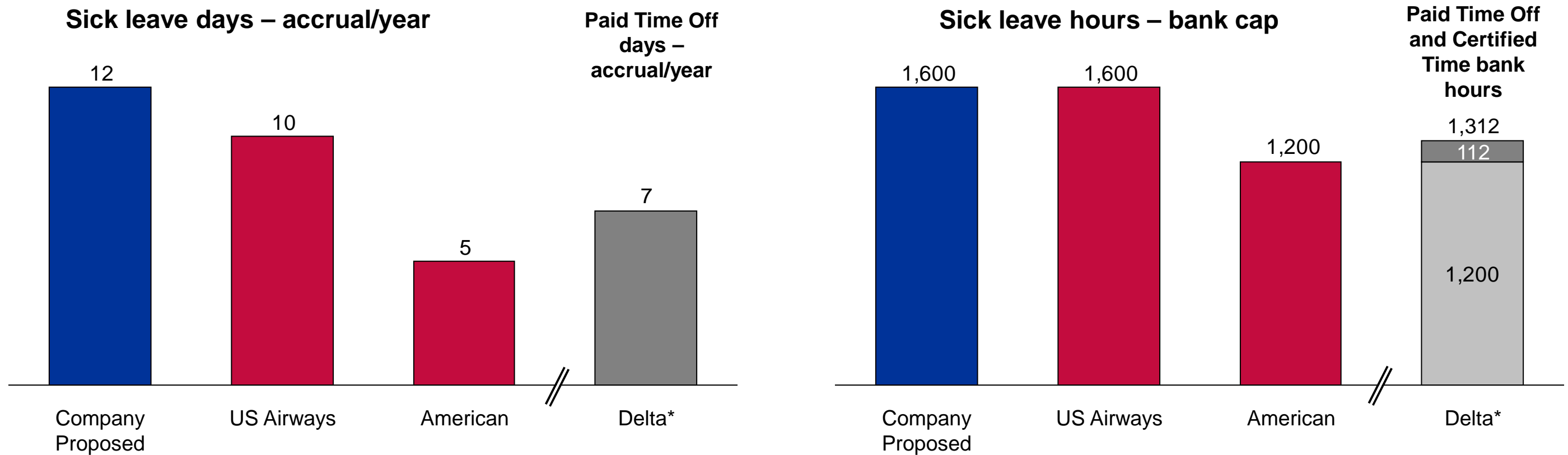


Vacation day accrual per YOS



Sick Leave

- 100% pay for each sick hour
- 1600 hour sick bank cap; **highest in industry tied with US**
- 8 hours/month accrual; **highest in industry**

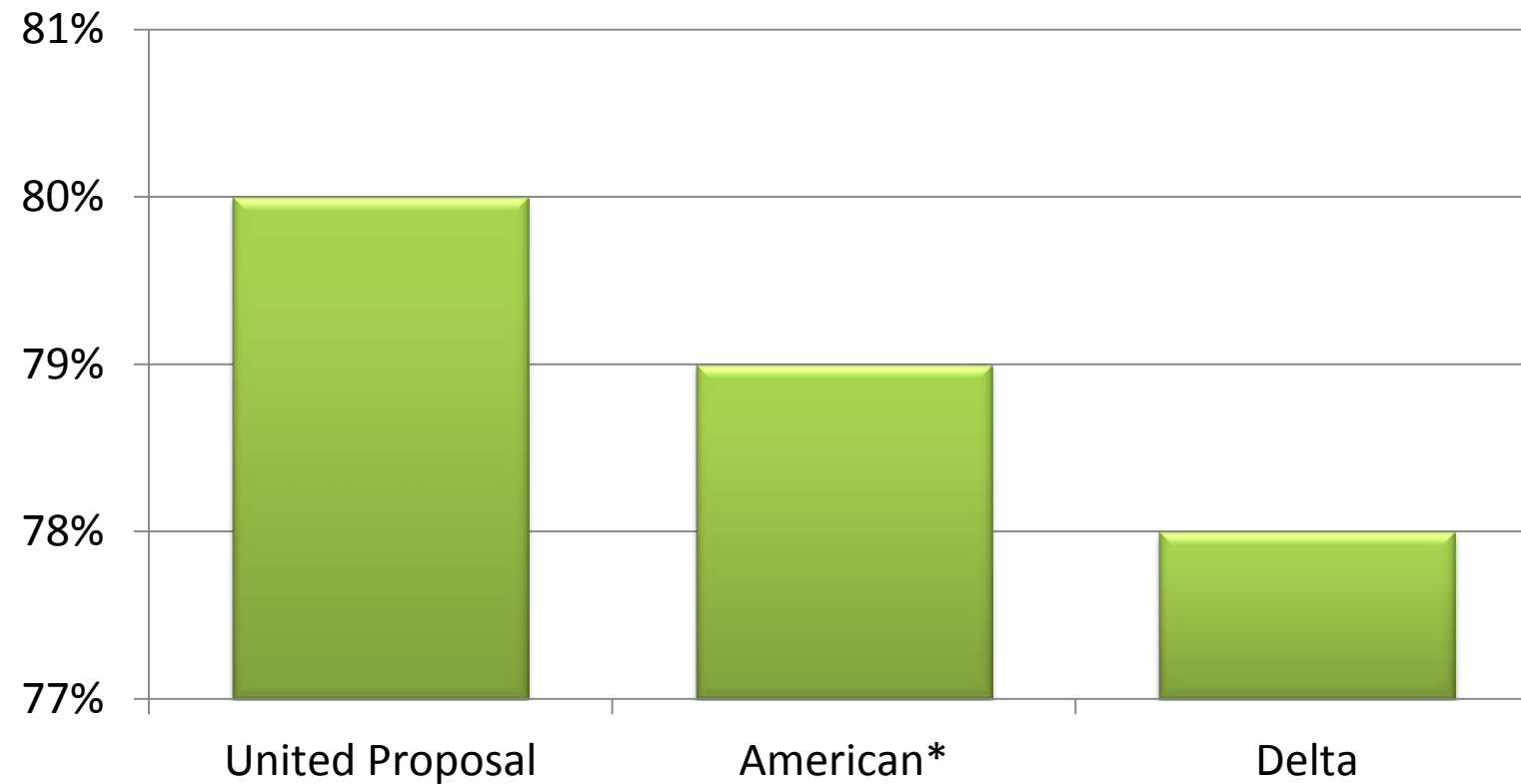


* PTO (112 hr. cap) used for occ and non-occ (OJI) sick, disability waiting period, and personal time off; thereafter, Certified Time (1,200 hr. cap) used for occ and non-occ sick (PTO must be used first before Certified Time).

Medical Cost Share

- Industry Competitive – with \$1.50 per hour put into HRA VEBA that can be used for premiums or other medical expenses – **provides tax-free method to pay for medical out of pocket expenses while active or retired**

Employer cost-share for medical coverage



* Reflects cost share by 2016

Leading Pay, Time Off and Benefits = Leading Total Compensation



- Phase 1 Discussions

- Harmonize to S-CO Four Floating Holidays
- Harmonize to S-UA Vacation Accrual Schedule
- Harmonize to S-CO Sick Pay (100%)
- Harmonize to S-CO Aircraft Movement (Company Assigned)

➤ **FURLOUGH PROTECTION FOR ALL ACTIVE EMPLOYEES ON SENIORITY LIST AS OF DATE-OF-SIGNING**

- Benefits/Medical

- Adopt Healthcare Programs in Pilot CBA (fixed core plans, 80/20 split, 9.25% annual cap)
- Eliminate S-UA Retiree Life Insurance
- Harmonize all Technicians to S-CO Retiree Bridge Medical Program with No Subsidy
- Retirement/Pension: Mutually Agreeable Cost-Neutral Defined Benefit Plan (need details from IBT regarding its proposed multi-employer DB plan).
- Harmonize to S-CO Medical Leave and Leave of Absence Benefits & Seniority Accruals
- Profit sharing pool at 3% of pre-tax earnings

■ Work Rules

- Duty Limits – Maximum 18 Hours w/ Minimum 6 Hours Rest Before Next Shift
- Lower Restrictions to Allow Technicians to be Assigned Across Work & Bid Areas
- Field Trips – Status Quo, 1.75X, Traveling Groups Exempt and 18 Mile Exemptions
- Overtime – Offered by Qualifications and/or Work Areas, Allow Four Early
- Harmonize All Sick Leave and OJI Accrual, Banks and Caps to S-CO
- FML - Use Qualifying Paid Time Before Unpaid Time

- Extend Company Paid Tool Allowance
- Eliminate Laundry Allowance/Cleaning
- Expand GSE/Facilities Utility Specialist Job Functions
- Eliminate Triggers Linked to Other CBAs
 - Death & Disability Benefits, Pass Travel (Article 16, 22)
 - Moving Provisions (including elimination of “career move”)
 - Per Diem, Mileage Reimbursement (Article 15)
- 75,000 Hours Company Paid Time for All Union Business and Representation
- Four-year duration

- Recall Rights – Maximum 10 Years or Length of Service, Whichever is Shorter
 - Effective at Ratification, Each Person on Involuntary Furlough Status to be Paid \$1000 or Have 10 Years ZED-Low Pricing on UA Flights
- Early-Out (contingent on Company proposal on recall rights, above)

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

- Attachments
 - Article 1 Proposal
 - LOAs # 7 & 31 Proposal
 - LOA San Francisco Point - AGREED

- LOAs
 - LOA #15, Troubleshooting/Tech Support – Retain
 - LOA #5/#26, GSE/Facilities Reporting – Delete
 - CMI LOA #8, Flight Technicians – Retain

Funding For Other Items – Through Wage Adjustments

November 5 Economic Framework	DOS	DOS+1yr	DOS+2yrs	DOS+3yrs
Top Basic Hourly Rate	\$ 32.35	\$ 33.00	\$ 33.66	\$ 34.33
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 40.85	\$ 41.50	\$ 42.16	\$ 43.33

May 28 Supposal				
<i>S-CO bridge medical available at DOS, sick leave subsidy eliminated at DOS +10 yrs. & 1% basic hourly rate increases DOS +1,+2 & +3</i>				
Top Basic Hourly Rate	\$ 32.50	\$ 32.83	\$ 33.15	\$ 33.50
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 41.00	\$ 41.33	\$ 41.65	\$ 42.50

Basic Hourly Rates include \$1.50 VEBA contribution

**Line premium for line technicians only

Funding For Other Items – Through Wage Adjustments

November 5 Economic Framework	DOS	DOS+1yr	DOS+2yrs	DOS+3yrs
Top Basic Hourly Rate	\$ 32.35	\$ 33.00	\$ 33.66	\$ 34.33
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 40.85	\$ 41.50	\$ 42.16	\$ 43.33

Example Option Modifying Retiree Medical

S-CO Retiree Bridge Medical available only to those with 10 years of service or more at DOS

Top Basic Hourly Rate	\$ 31.58	\$ 32.21	\$ 32.86	\$ 33.51
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 40.08	\$ 40.71	\$ 41.36	\$ 42.51

Basic Hourly Rates include \$1.50 VEBA contribution

**Line premium for line technicians only

Funding For Other Items – Through Wage Adjustments

November 5 Economic Framework	DOS	DOS+1yr	DOS+2yrs	DOS+3yrs
Top Basic Hourly Rate	\$ 32.35	\$ 33.00	\$ 33.66	\$ 34.33
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 40.85	\$ 41.50	\$ 42.16	\$ 43.33

Example Option Maximizing Retiree Benefits, Profit Sharing, Recall Rights and Work Restrictions

S-CO bridge medical available to all at DOS, 15% profit sharing pool, lifetime recall , current bid area and utility specialist restrictions

Top Basic Hourly Rate	\$ 30.18	\$ 30.78	\$ 31.40	\$ 32.03
A&P Lic. Premium Max. 2	\$ 5.50	\$ 5.50	\$ 5.50	\$ 6.00
Longevity Max.	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Line Premium**	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>	<u>\$ 0.50</u>
Base Rate	\$ 38.68	\$ 39.28	\$ 39.90	\$ 41.03

Basic Hourly Rates include \$1.50 VEBA contribution

**Line premium for line technicians only

Date of Signing Top-of-Scale Basic Rate Options

Proposed Nov. 5 DOS Basic Rate		\$32.35
<u>Retiree Medical Options</u>		
All to sCO Bridge program with no subsidy		\$ 0.00
All >5 YOS to sCO Bridge	Subtract	\$ 0.81
All >10 YOS to sCO Bridge	Subtract	\$ 0.77
All >15 YOS to sCO Bridge	Subtract	\$ 0.71
All >20 YOS to sCO Bridge	Subtract	\$ 0.64
All >25 YOS to sCO Bridge	Subtract	\$ 0.42
All to sCO Bridge, Program ends in 5 yrs.	Subtract	\$ 0.13
All to sCO Bridge, Program ends in 7 yrs.	Subtract	\$ 0.22
All to sCO Bridge, Program ends in 10 yrs.	Subtract	\$ 0.39
All to sCO Bridge, Program ends in 15 yrs.	Subtract	\$ 0.64
All to sCO Bridge	Subtract	\$ 0.84
<u>Scope Options</u>		
Utility Specialist Restrictions - Status Quo	Subtract	\$ 0.12
6 Hour GSE Rule - Status Quo	Subtract	\$ 0.11
<u>Profit Sharing</u>		
Profit Sharing - 15%	Subtract	\$ 0.56
Profit Sharing - 5%	Subtract	\$ 0.10
<u>Miscellaneous Options</u>		
Line Premium Eligibility - Status Quo	Subtract	\$ 0.05
Furlough List - Status Quo	Subtract	\$ 0.46
Wage Scale - Status Quo	Subtract	\$ 0.10

EXAMPLE	
Nov. 5 DOS Basic Rate	\$32.35
All >15 YOS to sCO Bridge	– \$0.71
6 Hour GSE Rule - Status Quo	– \$0.11
New DOS Basic Rate	\$31.53

- Before even hearing United's proposal, the IBT expressed certain demands and pre-conditions which were described as necessary in this proposal from the Company
- While the Company remains committed to negotiating a fair agreement, the requirement of pre-conditions by the IBT at this stage of negotiations is not productive and will make it materially more difficult to make progress
- The IBT's pre-determined rejection of this proposal will likely delay the process of concluding an agreement and the ability to provide significant increases to employees

**Proposed Scale at Date-of Signing for Current
UA Technicians**

Years	Rate	Longevity	A&P/2 Lic.	Line	Total
0 - 0.5 Yrs	\$ 16.98	\$ -	\$ 5.50	\$ 0.50	\$ 22.98
0.5 - 1 Yrs	\$ 18.40	\$ -	\$ 5.50	\$ 0.50	\$ 24.40
1 - 1.5 Yrs	\$ 19.99	\$ -	\$ 5.50	\$ 0.50	\$ 25.99
1.5 - 2 Yrs	\$ 19.99	\$ -	\$ 5.50	\$ 0.50	\$ 25.99
2 - 2.5 Yrs	\$ 21.44	\$ -	\$ 5.50	\$ 0.50	\$ 27.44
2.5 - 3 Yrs	\$ 21.44	\$ -	\$ 5.50	\$ 0.50	\$ 27.44
3 - 3.5 Yrs	\$ 22.92	\$ -	\$ 5.50	\$ 0.50	\$ 28.92
3.5 - 4 Yrs	\$ 22.92	\$ -	\$ 5.50	\$ 0.50	\$ 28.92
4 - 4.5 Yrs	\$ 25.08	\$ -	\$ 5.50	\$ 0.50	\$ 31.08
4.5 - 5 Yrs	\$ 25.08	\$ -	\$ 5.50	\$ 0.50	\$ 31.08
5 - 5.5 Yrs	\$ 26.37	\$ -	\$ 5.50	\$ 0.50	\$ 32.37
5.5 - 6 yrs	\$ 26.37	\$ -	\$ 5.50	\$ 0.50	\$ 32.37
6 - 6.5 Yrs	\$ 31.17	\$ -	\$ 5.50	\$ 0.50	\$ 37.17
6.5 - 7 Yrs	\$ 31.17	\$ -	\$ 5.50	\$ 0.50	\$ 37.17
7 - 7.5 Yrs	\$ 31.70	\$ -	\$ 5.50	\$ 0.50	\$ 37.70
7.5 - 8 Yrs	\$ 31.70	\$ -	\$ 5.50	\$ 0.50	\$ 37.70
8 - 8.5 Yrs	\$ 31.96	\$ -	\$ 5.50	\$ 0.50	\$ 37.96
8.5 - 9 Yrs	\$ 32.35	\$ -	\$ 5.50	\$ 0.50	\$ 38.35
9 - 9.5 Yrs	\$ 32.35	\$ 0.40	\$ 5.50	\$ 0.50	\$ 38.75
9.5 - 10 Yrs	\$ 32.35	\$ 0.40	\$ 5.50	\$ 0.50	\$ 38.75
10 - 10.5 Yrs	\$ 32.35	\$ 0.60	\$ 5.50	\$ 0.50	\$ 38.95
10.5 - 11 Yrs	\$ 32.35	\$ 0.60	\$ 5.50	\$ 0.50	\$ 38.95
11 - 11.5 Yrs	\$ 32.35	\$ 0.80	\$ 5.50	\$ 0.50	\$ 39.15
11.5- 12 Yrs	\$ 32.35	\$ 0.80	\$ 5.50	\$ 0.50	\$ 39.15
12 -13 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
13 -14 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
14 -15 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
15 -16 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
16 -17 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
17 -18 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
18 -19 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
19 -20 Yrs	\$ 32.35	\$ 1.00	\$ 5.50	\$ 0.50	\$ 39.35
20 -21 Yrs	\$ 32.35	\$ 1.50	\$ 5.50	\$ 0.50	\$ 39.85
21 -22 Yrs	\$ 32.35	\$ 1.50	\$ 5.50	\$ 0.50	\$ 39.85
22 -23 Yrs	\$ 32.35	\$ 1.50	\$ 5.50	\$ 0.50	\$ 39.85
23 -24 Yrs	\$ 32.35	\$ 1.50	\$ 5.50	\$ 0.50	\$ 39.85
24 -25 Yrs	\$ 32.35	\$ 1.50	\$ 5.50	\$ 0.50	\$ 39.85
25 -26 Yrs	\$ 32.35	\$ 2.00	\$ 5.50	\$ 0.50	\$ 40.35
26 -27 Yrs	\$ 32.35	\$ 2.00	\$ 5.50	\$ 0.50	\$ 40.35
27 -28 Yrs	\$ 32.35	\$ 2.00	\$ 5.50	\$ 0.50	\$ 40.35
28 -29 Yrs	\$ 32.35	\$ 2.00	\$ 5.50	\$ 0.50	\$ 40.35
29 -30 Yrs	\$ 32.35	\$ 2.00	\$ 5.50	\$ 0.50	\$ 40.35
>30	\$ 32.35	\$ 2.50	\$ 5.50	\$ 0.50	\$ 40.85