

Summer 2010

August 12, 2010

Ladies and Gentlemen:

These negotiations are about achieving improvements. Our Union is actively examining all options for achieving an Industry-Leading Contract with the improvements you defined as important. We continue to work with our negotiators and legal consultants to examine every avenue for improving the lives of United Airlines Flight Attendants while your attention and involvement continues to build our power at the negotiating table. We recognize the backdrop of these negotiations changed with the announcement of a merger with Continental. We will capitalize on the opportunities associated with making the merger work for Flight Attendants. A resolution unanimously adopted by your Local Council Presidents who make up the voting members of the United Master Executive Council states that we will continue to invite the leadership of the International Association of Machinists and Aerospace Workers (IAM) to engage in a process to advance the interests of all Flight Attendants recognizing the implications associated with the proposed merger transaction between United and Continental Airlines in accordance with certain protocols. (The protocols are listed in the box at the top of page 2.)

Management should have reason to wrap up these negotiations due to the pending merger. However, to date their proposals do not reflect the priorities you have identified. The merger may provide a new incentive to reach agreement and we will utilize every opportunity to achieve improvements. We believe it is in the best interests of Flight Attendants for all of us to work together. We continue to invite the IAM to work collaboratively to achieve Contract improvements for all Flight Attendants, recognizing the possibility for a global solution.

It has been a year since we began the mediation process under the auspices of the National Mediation Board (NMB) and it is over 200 days since our Contract became amendable. Within this mailer we have a review of the negotiations process to help refresh our understanding of the process and the legal parameters that allow for lengthy negotiations when one of the parties is loathed to reach an agreement. While negotiations under the Railway Labor Act (RLA) on average run the length of two years, the fact is that at any time in the process management could decide to abandon their stall tactics and seriously discuss the improvements you have determined are important to achieve a new Contract.

Since the beginning of our negotiations, management has been proposing concessions. After the announcement of the proposed merger with Continental the proposals remained concessionary and mirrored the Continental Contract. Management has used the Continental Contract for their proposals, (remember there has been no proposal from management for pay), simply because those provisions are worse than what we already have. Management would like us to compare ourselves to Continental, but that Contract isn't industry-leading. With the backdrop of the merger in these negotiations, merging Contract concepts doesn't mean we negotiate to the lowest standards, as much as management may want to. Harmonizing Contract provisions is just as easily realized at the highest standard.

If the merger is approved both UAL and CAL Flight Attendant Contracts and negotiations remain in full force and effect until a new single Contract is negotiated and ratified by the combined Flight Attendant group. With this in mind, it seems management's proposals in our negotiations are designed to lower the standard now for a single Contract negotiations later. Our negotiations can just as easily improve the provisions of our Contract and provide a better foundation for working with Continental Flight Attendants for additional improvements through single Contract negotiations.

Exploring every path to achieve improvements is both prudent and the responsible course of action. Section 6 negotiations under the RLA can be frustrating because the pressure of deadlines is only added at the end of the process. At the end of the day, the Section 6 negotiations process provides a definitive path to Contract conclusion. It has oversight by the National Mediation Board to provide an equal playing field and deadlines versus a process that tilts in favor of management. Therefore, we must keep the Section 6 process on track to ensure our negotiations deliver a new Contract. As we retain all of our options we will achieve improvements.

In Solidarity,

Greg Davidowitch, President United Master Executive Council

RLA Section 6 Contract Negotiations – Mediation Process

We have been in mediation since August 7, 2009. The National Mediation Board (NMB) is overseeing our negotiations and the mediator, Mr. John Livingood, may determine when and where we meet for mediation sessions along with the agenda for the mediation session. This does not mean the parties are banned from meeting outside mediation, although management continues to refused to accept AFA's offer to meet any time – 7 days a week, 24 hours a day – to discuss the issues Flight Attendants have determined are important.

Our next mediation session is schedule for the week of August 21.

The negotiations process under the Railway Labor Act has long been referred to by the courts as "nearly interminable." Small consolation to thousands of us who are forced to wait for a new Contract while management avails itself of the many opportunities for time wasting that are built into the RLA. As we reported at the beginning of these negotiations, the "average" negotiations take almost two years; some take much longer. The negotiations taking place at American Airlines are informative for our process. American Flight Attendants and other American Airlines workers are about a year further in the process than we are and they are currently seeking a decision from the NMB to release them from mediation and into the 30-Day Cooling-Off Period.

Protocols to Advance the Interests of All Flight Attendants:

- To share our knowledge and experience in the airline industry, including details of our collective bargaining agreement, national laws and regulations;
- To share other information important to protect and enhance our professional interests in our respective negotiations;
- To avoid any action that could reduce the leverage available for the United or Continental Flight Attendant groups;
- To develop common negotiating positions to be pursued with each management;
- To prepare for the further development of the corporate combination of United and Continental Airlines;
- To work together to ensure that United and Continental Flight Attendants rights are duly recognized and protected while each group is equally respected for the value Flight Attendants bring to the combined airline in the event of an operational merger.

*These protocols are referenced in the first paragraph of the letter on page one.

Negotiations don't have to take this long. AFA has completed new Contracts in as little as 10 days, start to finish. That's what happens when both sides are motivated and come to the table committed to making an agreement.

Negotiations-to-Date			
Exchange of Openers	April 6, 2009		
Joint Petition for Mediation	August 7, 2009		
Total Direct Negotiations Sessions Held			
(including joint mediation)	25		
Joint Mediation Negotiation Sessions Held	9		
Closed Sections (T.A. Reached)	7		
Open Sections (No T.A. Reached)	28		
Months in Section 6 Negotiations	16		
Total Days of Face to Face Negotiations	69		

So what's different about our current negotiations? Faced with our demands for significant improvements in pay and work rules, management knows any new agreement Flight Attendants would approve is going to cost money. It's a short trip from that reality to their strategy of delay – the longer this takes the further into the future they can push any added costs. Management also counts on long delays to demoralize the Flight Attendants, hoping that the attitude of our community will shift from "whatever it takes" to "let's just get this over with."

The difficult part about mediation is that the National Mediation Board controls the clock. We can't simply decide to storm out of negotiations and go on strike like they do in industries where there's a hard deadline for Contract expiration. The NMB has the sole discretion to decide when further negotiations would be fruitless, and then start a 30-day cooling-off period if the parties do not agree to arbitration of the Contract. The NMB uses this authority – and their unilateral ability to speed up or stretch out the negotiations – as a tool to try to force the parties to reach an agreement.

The merger announcement alters the backdrop for our negotiations. Even so, our goals remain the same: improve Flight Attendant pay, benefits and working conditions. We will continue to work with our advisors to identify and create opportunities. We will capitalize on the opportunities associated with the proposed merger and always be guided by our collective priorities in all of our efforts to maximize the benefits of a merger.

The path forward dictates innovation and resolve so that benefits associated with a merger can be realized in a timely manner in our negotiations and the result allows for the full potential of a world-class global airline to be realized.

You play a critical role in this process. The thing that will keep these negotiations moving is Membership Mobilization. Every day you talk with your flying partners and engage them in our negotiations you are getting us closer to a new Contract. Local Power and Action seminars about how we exercise our power continue around the system – contact your Local Council to volunteer to host a meeting or ask when you can attend the next meeting. Management can try to drag their feet at the bargaining table, but the demands of our unified Flight Attendant Community will be heard – *Whatever It Takes!*

Contract Sections Discussed during Mediation since May's Negotiations & You Update

Management did not agree to any new Tentative Agreements since the last update in May – although we have reached agreement on some isolated issues. We still do not have a proposal for Section 5 – Compensation from management.

Mediation Session Weeks	Contract Section(s) / Topics
June 14, 2010	 Hotels Satellite Domiciles Reserve Move-Up Reserve Preferencing Recording of Crew Scheduling
July 19, 2010	VacationSick LeaveDeadheadingPersonal Time Off (PTO)
Next Mediation Session	Contract Section(s) / Topics
August 21, 2010	TrainingSeniorityReduction in PersonnelFilling of VacanciesMoving Expenses

Plugged In

Outside of the mediation sessions we are keeping a consistent dialog going with the National Mediation Board to ensure the process continues to move as fairly and deliberatively as possible. We are also updating Congress and the Administration about the status of our negotiations and the affect of the delay on Flight Attendants. Our representatives on Capitol Hill could play a role in our negotiations at the end of the process and help create pressure on management to reach a deal. Congress should remain "plugged in" as it relates to our right to bargain for a fair Contract and our right to demand fair wages from an airline that seeks to lead the industry through a merger with Continental. We are making sure we have every resource available in our corner.

Strike Fund with Dues Increase Vote Results – July 6, 2010

The results of the Strike Fund Vote were 61.42% in favor and 38.58% against. Article XI.A.4. of our Constitution and Bylaws requires a two-thirds affirmative vote to enact the temporary dues increase for a United Airlines Flight Attendant Strike Fund, therefore the temporary dues increase will not be implemented.

This vote was an example of our democracy at work, both with ballots cast and our collective discussion. We heard from many of you that a Strike Fund is not necessary for you to make the commitment to strike. Others stated confidence in our strike strategy, and pointed to the incredible track record of CHAOSTM and the pressure it puts on management to reach a deal rather than lose control to the surprise attacks of CHAOS strikes. (Watch the CHAOS video available in our Negotiations Section of www.unitedafa.org) We also heard from Members who expressed confidence in the generosity of Flight Attendants and our commitment to financially take care of our strikers in the event of a strike.

Throughout our discussions during the vote we heard loud and clear that management's concessionary proposals are unacceptable and we will do what is necessary, whatever it takes, to beat them back and win our Industry-Leading Contract.

CHAOS Strike Fund with Voluntary Contributions

On July 15, 2010, the 14 Local Council Presidents who make up the voting body of the United Master Executive Council unanimously adopted a resolution to create a United MEC CHAOS Strike Fund with voluntary contributions. Contributions were delivered to the MEC Secretary-Treasurer before the resolution for the fund was adopted and we continue to receive donations from United AFA Members and other supporters for our fight for a fair Contract. Full information about the United MEC CHAOS Strike Fund is posted in our website's Negotiations section, along with a page to submit secure, on-line contributions to the fund. Checks may also be written to the United MEC CHAOSTM Strike Fund and sent to:

Status of Negotiations - Comparison of Proposals

August 5, 2010

On April 6, 2009, we presented a 148-page Opening Proposal of the Contractual improvements you determined were our priorities through Member negotiations surveys, discussions at the Roadshow in the fall of 2008, feedback to your Local Council and direct interaction with our Negotiating Committee. On the same day, management presented a 4-page letter of generalities with concessionary verbiage in reference to pay, healthcare, work rules, job security and quality of work life.

After 65 weeks of negotiations, we have completed a review of all Sections of the Contract and management has reviewed 34 of 35 Sections of our Collective Bargaining Agreement. The following is a summary reminder of our proposals set in contrast to the proposals made by management to this point. This is just a summary, and may not include full review of our collective goals as contained in our 148-page Opening Proposal. View our Opening Proposal document and video anytime at www.unitedafa.org/contract/negotiations.

Each Section of the Contract will achieve a "T.A." or "tentative agreement" between the parties prior to a final agreement. Sections tentatively agreed (T.A.) upon are not final until a final agreement has been reached. A tentative agreement on the full Contract will only take effect if ratified by AFA Members.

Red = Updated changes from May 11, 2010

Book = Current Contract

Section 1 – Recognition		Section 2 – Definitions	
AFA • Book	 United Management Other employees or vendors to perform Flight Attendants' work 	 AFA Increase holidays Same day reassignment ("fake 3-day" fix) EWR/JFK/LGA Co Terminals (Agreed) Domestic Partner Definition 	 United Management Decrease holidays CRAF, MAC, Hawaii, Caribbean, Canada, Mexico, Central and some South America domestic flying with domestic pay & work rules. HNL domestic domicile EWR/JFK/LGA Co Terminals (Agreed) Domestic Partner Definition
Section 3 - Union Activity		Section 4 – General	
 AFA Increase FPL Union office space No use of disapproved hotels 	 United Management Reduce FPL Restrict Union Travel Eliminate requirement for eating facilities to be on site at layover hotels (3.K. Layover Hotels) Eliminate inspection process and joint hotel selection Eliminate Hotel Standards, Operating Charter and Amenities Letters of Agreement 	 AFA Increase PTO No fee for CJA Reciprocal Cabin Seat Agreements Recording of Crew Desk International domiciles direct deposit International On-Board rest facilities improvement Signature required mail \$50 minimum reimbursement check (Agreed) Reciprocal Cabin Seats (Agreed) 	 United Management Eliminate PTO Deny CJA on weight restricted flights Eliminate flight crew lounges for sits over 3 hours Intentional selective deviation from staffing standards \$50 minimum reimbursement check (Agreed) Eliminate inspection process and crew lounge standards Reciprocal Cabin Seats (Agreed)
Section 5 – Compensation		Section 6 - Expenses, Transportation & Lodging	
 AFA Increase pay Increase reserve guarantee and override Merged pay scale Longevity Drafting pay Penalty pay 	United Management • Management continues to refuse to present a proposal for compensation. Instead, Doug McKeen presented a letter to the media insinuating a proposal of Continental pay rates, only if we give up our work rules, job protections and benefits similar to the Continental Contract. Reality is that no compensation proposal has been presented.	 AFA Increase expenses Greater of \$40 or 40% of cost of room for not using layover hotel (counter-proposal) Downtown for layovers over 15 hours Increase crew meals Actual reimbursement for cab or transportation 	 United Management No per diem proposal \$20 payment for not using layover hotel No Downtown layover requirement Eliminate crew meals Eliminate ability for self help if room not ready Hotel room for sits over 5 hours or 4 hours if between 2100 and 0559

Section 7 - Hours of Service & Contractual Legalities		Section 8 - Minimum Pay and Credit	
 AFA Increase RSV # of days off Shorten duty day Increase legal rest Improve crew rest Key-in-hand Reduce transit time with limited exceptions 	United Management Eliminate Quarter System Eliminate rest provisions: 8-in-24 30-in-7 1-in-7 Extend Maximum Duty Time to 17 hours, or more when last segment is Deadhead Reduce Legal Rest to 8 hrs Expand Field Layovers to a hotel within approximately 30 minutes of airport Weaken the limitations on Night-Into-Day Flying	 AFA Increased duty rigs 8.J. reassignments Drafting pay Increase call out pay Full pay for holding 	 United Management Eliminate minimum duty rigs (5/10/15/20) Reduce trip rig – time away from home (1 for 4) No longer pay the greater of actual or scheduled Holding time paid after 1 hr
Section 9 - Flight Assignmen	ts & Scheduling Procedures	Section 10 - Reserve Schedulin	ng Procedures
 AFA Increase staffing Reassignment pay Trip trading improvements Lower line averages No conversion from DHD for service enhancement Eliminate required purser qualification for domestic Limited critical coverage provisions (Agreed) 	 United Management Increase line of flying average Eliminate the printing of all bid materials Expand language qualified positions to domestic and double the number Restrict # of buddy bids Prevent trades that lower lines below 50 hours Mix Intl and Dom IDs Limited critical coverage provisions (Agreed) 	 AFA Improve Reserve Scheduling procedures - preferencing Improve Reserve trading procedures No more than 3 conversions to Ready per month No more than 3 STBY assignments per month Increase Reserve days off 	 United Management Eliminate Ready Reserve 4 hrs notice prior to departure Standby Reserves to be assigned to board/deplane flights and perform pre-departure duties when not assigned as a working crewmember
Section 11 - Deadheading		Section 12 – International	
 AFA Seating assignments and upgrade procedures Economy Plus and exit row seat booking for Economy 	 United Management Full pay and credit for DHD Booked in Economy for all DHD. Exit row and seat assignment priorities Upgrade per "Chain of Command": Captain, then pilots, next Purser, and lastly, other Flight Attendants in seniority order No drinking while DHD 	 AFA Reassignment & drafting pay Reduce duty day Increase legal rest West Coast and Hawaiian turn restrictions Eliminate selection and increase Purser Training Purser discretion for Onboard rest 	 United Management Reduce legal rest minimum to FAR Eliminate place of lodging minimum Reduce restrictions to mix Domestic and International Crew meals for flights over 8 hours, downgrade quality Use of crew rest facilities by other employees Max 4 Language Qualified per flight Eliminate RSV guarantee
Section 13 - Military Airlift Command		Section 14 - Temporary Duty Assignment (T.A.)	
AFA • Book	 United Management MAC as domestic flying Company agrees to language in current book for MAC flying death, disability, workers' comp and missing, internment and prisoner of war benefits 	• Book	

Section 15 - Training and Meetings		Section 16 – Uniforms	
 AFA Full pay for training and travel AFA approved hotel Increase IST Training 	 United Management Eliminate 3-hour min pay guarantee Flight Attendants removed from schedule subject to 8.J. reassignments. Eliminate 1-in-7 protection 	 AFA No advertising on uniforms Clarify uniform points (Agreed) Clarify for replacement due to wool allergies (Agreed) Limited exception to distinctly different uniforms (Agreed) Make winter coat part of basic uniform (Agreed) 	 United Management Clarify uniform points (Agreed) Clarify for replacement due to wool allergies (Agreed) Limited exception to distinctly different uniforms (Agreed) Make winter coat part of basic uniform (Agreed)
Section 17 - Seniority		Section 18 – Vacations	
AFA7 year accrual while on Medical Leave of Absence	United Management Increase number of yrs of seniority accrual & decrease number of yrs with access to benefits while on MLOA Flight Attendants who transfer to Onboard Management to retain and accrue seniority indefinitely	 AFA Increase vacation days for under 5 years and over 30 years 4:00/5:00 per vacation day based on increased flying levels Vacation work through Increase allocation for interim bids United Management Max 37 paid days – reduce accrual based on min flying levels, 7 unpaid days 3:15 per vacation day Eliminate interim bid process Eliminate vacation pay advance Maximum 5 splits Vacation fly through Eliminate vacation buy back Eliminate DAT 	
Section 19 - Sick Leave		Section 20 - Physical Examinat	tions (T.A.)
 Increase monthly sick leave accrual to 5/6 hours based on increased flying levels Occupational bank Long term bank Rapid re-accrual Direct deposit for Occupational reimbursement Cash out of sick leave bank at retirement Use of sick leave for family member 	 United Management Sick leave accrual to 4 hours decreased based on minimum flying Occupational bank rapid depletion Catastrophic bank Rapid re-accrual No sick leave accrual on sick leave status Use of sick leave for spouse and children Reduce use of sick leave pay to supplement Occupational benefits Sick leave make up within same month Monthly sick leave and occupational pay capped at 83 hours 	• Book	
Section 21 - Reduction in Perso	onnel	Section 22 - Filling of Vacancies	
AFAClarify Probationaries' ability to participate in Voluntary Furlough	United Management Limited furlough rebid Probationaries excluded from voluntary furlough Probationaries included in involuntary furlough	 AFA Increase COMAT Right of return to closed domiciles Right of return for surplus Ability to transfer while on leave Secure visas for Intl Domicile closure 	United Management Eliminate settling time for all voluntary transfers including new domiciles Eliminate hotel for new hires or for newly established domiciles Eliminate annual BP-3 for Intl Domiciles
Section 23 - Leaves of Absence		Section 24 - Moving Expenses	
 AFA Medical Leave of Absence increase to 7 years Increase maternity, paternity, adoption leave to 180 days FMLA improvements Ability to be awarded new leave from leave status 	United Management • Elimination of 12 month minimum on LOA before Flight Attendant kept off pay status until re-qualified	AFA • Book	United ManagementEliminate moving expenses for new domiciles

Section 25 - Personnel File (T.A.)		Section 26 - Grievance Procedures	
 All complaint letters/inflight observations removed after 12 months Extend time to place reports in Flight Attendants' Personnel File by 6 days after receipt at domicile 		AFA • Book	 United Management MEC grievance to be filed within 60 days (26.D.) LEC grievance to be filed within 60 days (26.E.)
Section 27 - System Board of A	Adjustment (T.A.)	Section 28 - Missing, Internment, Prisoner of War Benefits (T.A.)	
Provision to ensure 80 days of	of System Board are used	• Book	
Section 29 - Worker's Compensation Benefits (T.A.)		Section 30- Union Security	
• Book		AFAClarify dues collection	United ManagementModify Union Security and the processing of dues
Section 31 - Safety and Health	and Security	Section 32 - Savings Clause (T.	A.)
 AFA Request for information Access to secure areas Fatigue protection Air quality protection Pesticide protection Communicable Disease Policy (Agreed) 		• Book	
Section 33 - Benefits		Section 34 - Retirement	
 AFA Premiums lowered & capped Coordination of benefits Improve prescription drug program Modernize health and wellness charts Short term disability Lower retirement age to 50 	 United Management Decrease medical, dental and prescription drug benefits Increase premium contribution & eliminate cap Increase prescription drug costs Restrict access to benefits Eliminate company paid retiree healthcare for future retirees "Lifestyle" wellness program Medical/dental benefits limited to 1 year while on medical LOA Eliminate HMOs Eliminate Company subsidy for pre and post medical coverage for future retirees 	 AFA Increase direct contribution and match to 401(k) or equivalent Roth IRA Annuity feature 	 United Management Eliminate company paid direct contribution to 401(k) Eliminate UK Stakeholder Plan and other similar international plans Eliminate Union oversight
Section 35 - Duration (and Letters of Agreement) Letters on which we have reached Tentative Agreement=Current Book		Hotel Standards	
 AFA Staff Travel Commuter Policy/Personal Emergency Donation Check-Off Procedures Extended Duty Time International Low Cost Operation Non-U.S. Tax Deferral Recognition of International Domicile Issues Safe Airlines 747 Dumbwaiter Taking Tickets Off Aircraft Wage Garnishment 	 Commuter Policy Distribution Agreement (Equity) Duty Free Commission Duty Free Employee Discount International Flying Distribution Onboard Research Reserve Pagers Resignation Special Pass Benefit Special Assignment Calculation Training Jumbo Qualification 	AFA • Incorporate into Agreement	United Management • Eliminate Hotel standards including safety, amenities, food and all required standards

PRESORTED FIRST-CLASS MAIL U.S. POSTAGE PAID ALLIED UNION **SERVICES**

Negotiations: Achieving Improvements

"Preferential" Bidding System		Qualified Purser Program (Sections 9 & 12)	
AFA • No proposal	United Management Awards based on conditional bid model - must bid within specific category: International/Domestic/Reserve/Purser/LQ Buddy bids not guaranteed Mixed qualified Purser F and B schedules Eliminate provision for least desirable flying to be left in Open Flying Eliminate printed bid materials Eliminate minimum number of bid preferences Eliminate sliding vacation to fly overlap Eliminate minimizing flying from different co-terminals Eliminate minimum of reserves with weekend off Eliminate Aggressive Pick-up Program	 AFA Eliminate qualified Domestic Purser Purser training in system seniority 6 times per year Eliminate selection process 	 United Management Restrict Purser schedule flexibility Increased requirements to maintain qualifications New Purser program with restricted access, no grandfathering of existing Pursers Training at company discretion Company can disqualify at will – no grievance process

Satellite Domiciles

AFA

- Protection against domicile
- Scheduling and work rules apply
- No requirement to live within airport proximity
- System-wide transfer process
- Satellite required stay open minimum of one year
- Max of 2 satellites per domicile
- Satellite flying limited to 10% of flying assigned to primary domicile

United Management

- Must live within 75 miles of satellite airport and be based at domicile associated with satellite
- Flight Attendants expected to "maintain discipline-free record"
- Prudent Commuter Letter does not apply
- Company determines when and where to open and close
- Flight Attendant must make 12-month commitment to Satellite Location
- Company will give 45-day notice if no flying assigned to Satellite

Scheduling:

- No Trip Trade with Open FlyingNo PTO

- Flight Attendants expected to have trip covered if unavailable/sick
- Vacation month may be scheduled at Home Domicile (TBD)
- No scheduling interaction with Home Domicile (no trades, open flying...)

 • A midnight-to midnight Ready Reserve Day
- precedes some IDs
- Max 10 % of system flying assigned to satellites
- Max of 3 satellites per primary domicile
- No establishment of satellite for 24 months after closing of domicile
- IDs in relief lines may be combination satellite/ home domicile