

Summary of the AFA Restructuring Tentative Agreement

The following is a summary of the proposed changes to our Collective Bargaining Agreement. The full text of the tentative agreement will be available on our website by tomorrow evening, and mailed to each member's home by the end of the week. This Tentative Agreement, if ratified will supercede the Interim Relief Letter of Agreement.

Compensation Modifications

Effective Date and Duration

- 6 Year Duration: effective May 1, 2003; amendable date May 1, 2009
- Effective May 1, 2003 the following will be reduced 9% from the 4/1/02 book rates. (Not from Interim Agreement rates.):
 - All hourly rates of pay
 - Purser Pay
 - Galley Pay
 - Aft Purser Pay
 - Language Qualified Pay
 - Language Incentive Pay
 - Reserve Override

All of the above pay factors will be increased by 2% on 5/1/07, 5/1/08 and 4/30/09

- Eliminate 2% increase scheduled for 2004
- Eliminate lump sums scheduled for 2003 and 2005
- Eliminate 2003-2006 Compensation Conference (Wage Arbitration)
- Eliminate increases for Purser, Language Qualified and Language Incentive Pay scheduled for 2003 and 2004
- Eliminate:
 - Ground Pay
 - ORC

- COLA
- HNL COLA
- Reduce per diem in Section 6.A.1. to \$1.75 (currently \$1.85)
- Understaffing paid based on total Flight Attendants on board regardless of cabin assignments
- Reduce paid holidays to 5 per year (currently 10)

Retirement Benefits

Benefit changes for those who retire on or after July 1, 2003

Defined Benefit Pension Plan

- Final average pay plan with final average pay equal to the highest consecutive 60 month average out of the last 120 months immediately before retirement, a multiplier of 1.48%, a 35 year cap on participation, and early retirement reductions equal to 3% per year from age 60, eligibility for early retirement is age 55 with at least 10 years of service

Retiree Medical

- Those Flight Attendants who retire on or after July 1, 2003 will be responsible for a portion of the Company premium for retiree medical benefits.

Pre-Medicare

- Same medical coverage as active employees
- Must retire from active status or illness leave of absence to be eligible for pre-Medicare retiree medical coverage
- Employee must be at least age 55 with at least 10 years of service
- Flight Attendant who is at least age 50 with 10 years of service as of May 1, 2003

Retiree contribution based on length of service at retirement as follows:

Years of Service	% of Cost
Fewer than 20	=80%
20 through 24	=60%
25 and over	=40%

<u>2003 Rates</u>	<u>80%</u>	<u>60%</u>	<u>40%</u>
1 Adult	\$201.90	\$151.43	\$100.95
2 Adults	\$423.99	\$317.99	\$212.00
1 Adult and Children	\$383.61	\$287.71	\$191.80
2 Adults and Children	\$605.70	\$454.28	\$302.85

The cost to the retiree will increase annually as the cost of the coverage increases.

Post Medicare

- One or more supplemental plans to Medicare will be offered with the retiree paying the full cost of the coverage minus a company contribution of \$90 per month.
- The cost to the retiree will increase annually as the cost of the coverage increases.

Retiree Life Insurance

- Employees must be at least age 55 with at least 10 years of service and retire from active status or illness leave of absence, provided that an employee who is at least age 50 with 10 years of service as of May 1, 2003 and who retires from active status or illness leave of absence will be eligible for retiree life. The benefit is \$10,000

Medical and Dental Benefits

Medical and Dental benefits will be modified July 1, 2003 as follows:

- Maintenance of medical and dental benefits with other group coverage rather than coordination of benefits
- Covered expenses will include necessary care and treatment of illness, injury and pregnancy as

well as expenses for certain preventative care

Active Employees

Medical Preferred Provider Option (PPO)

In-Network Benefits

- Increased deductible to \$250 single/\$500 family
- Maintained 80/20 co-insurance
- Increased out of pocket to \$1,500 single / \$3,000 family
- Improved out patient mental health and substance abuse treatment payable at 80% after deductible. Does not apply to out of pocket limits
- Maintained unlimited lifetime maximum
- PPO incentive payment discontinued

Out-Of Network Benefits

- Deductibles and out of pocket limits same as In-network
- 60/40 co-insurance
- Inpatient mental health and substance abuse treatment limited to 30 days per calendar year, per person, out patient payable at 50% after deductible. Does not apply to out of pocket limits
- \$500,000 lifetime maximum for expenses incurred on or after 5/1/03
- Covered medical services

obtained outside the U.S. will be treated as In-network

On July 1, 2003 Flight Attendants will be responsible for 10 % of the company premium for medical insurance, and will increase as follows:

- 1/1/04 12%
- 1/1/05 14%
- 1/1/06 16%
- 1/1/07 18%
- 1/1/08 20%

Effective 7/1/03 10% of company premium:

- 1 Adult = \$25.24
- 2 Adults = \$53.00
- 1 Adult & Child(ren) = \$47.95
- 2 Adults & Child(ren) = \$75.71

Health Maintenance Organization (HMO)

- Contribution will be the cost of the HMO less Company contribution to the cost of the medical PPO

Prescription Drug Benefit

- Retail deductibles and out of pocket limits same as in-network medical benefits
- Mandatory use of mail program after 90 days of retail
- Mail program co-payment increased to \$15 generic and \$45 brand name for 90 day supply

Dental plan PPO

- Maintain deductible \$50 per person, \$100 per family (does not apply to preventative)

On July 1, 2003 Flight Attendants will be responsible for 10 % of the company premium for dental

insurance, and will increase as follows:

- 1/1/04 12%
- 1/1/05 14%
- 1/1/06 16%
- 1/1/07 18%
- 1/1/08 20%

Effective 7/1/03 10% of company premium:

- 1 Adult = \$3.34
- 2 Adults = \$7.02
- 1 Adult & Child(ren) = \$7.35
- 2 Adults & Child(ren) = \$11.03

**Dental Health Maintenance
Organization (DHMO)**

- Contribution will be the cost of the DHMO less Company contribution to the cost of the dental PPO

Sick Leave, Long Term Disability and Illness Leave of Absence

Sick Leave

- Maintained sick leave accrual cap at 950 hours
- Combine Sick Leave and Occupational benefits into single bank
- Sick leave will be reduced by any state disability benefits or Worker's Compensation payments

**Occupational
Leave**

- Eliminate Occupational Salary Continuance
- Flight Attendants collecting occupational leave prior to May 1, 2003 will continue to receive benefits under occupational sick leave
- If the Flight Attendant returns to work any balance will be forfeited

**Long Term
Disability**

- Flight Attendant receiving pension benefits, LTD benefits are used to offset
- LTD benefit ends at age 65
- Flight Attendants on a leave of absence may not

continue their LTD coverage as LTD is provided for active employees

- Coverage will be automatically reinstated upon return to work
- Maximum period of unpaid medical LOA 3 years

Illness Leave of Absence

Work Rule Modifications

Hour Maximums

- Effective with the August 2003 schedule monthly maximums will increase to 92/184/261 and opt to 97/194/276

Line of Flying Averages

- Increase lines of flying averages to 84/168/252 for both International and Domestic
- Delete 80 hour cap on Domestic lines

Domestic Flying

- The definition of domestic flying includes all of Canada

Flight Segments

- A maximum of eight (8) segments per duty period

Minimum Rest

- Modify International rest at home minimums, no change except:

Flt/Dhd Time	Lineholder	Reserve
Over 12:00	36:00	48:00

- Modify International layover rest minimums (Up to 10:00 hours no change):

Flt/Dhd Time	Block to Block	Place of Lodging
10:01-14:00	22:00	20:00
Over 14:00	33:00	30:00

- Minimum legal rest for flights between U.S. and Japan:

Block to Block	Place of Lodging
22:00	20:00

Duty Times

- Duty time revisions as follows:

	Scheduled	Actual
0500 - 1859	13:00	14:30
1900 - 0459	11:30	13:00

West Coast to Hawai'i

- A Flight Attendant may be scheduled or rescheduled to work both flights in one duty period round trip between the West Coast and Hawai'i and may not exceed fourteen and one half (14:30) hours on duty (scheduled and actual)

Reassignment Rights

- Errors in lines of flying; reassignment must depart same day and return no more than 6 hours later than originally scheduled

Domestic:

- Line guarantee reassignment to return no more than twenty-four (24) hours later than originally scheduled

International:

- Line guarantee reassignment to return no more than twenty-four (24) hours later than originally scheduled return for a 4-day or less ID
- No more than 36 hours later than originally scheduled return for IDs in excess of four (4) days

Both Operations:

- Priority will be given to reassigning Flight Attendants to IDs in the same operation and same number of days
- If the number of reserves available is equal to or greater than the projected number of flights attendants needed for the specified time period of the reassignment, a Flight Attendant will have the option to decline the reassignment

- If the assignment is declined, her/his projection and line guarantee will be reduced

Reserve Days Off

- Eleven (11) days off per month

Personal Time Off

- If a PTO day would cause an inability for a reserve to be assigned on the remaining days of availability, the RSV will be placed on PTO for the day requested and non-disciplinary DNF for the remaining days on

Bid Positions

- Positions other than premium pay positions will be awarded in seniority order to lineholders with no E/Y designator
- Cabin work assignments for remaining positions will be filled in seniority order in briefing

RDO Trades

- Flight Attendant may increase hours by using the RDO process to ninety-seven (97) hours the first month of the quarter, one hundred ninety-four (194) hours for the first two months of the quarter and two hundred seventy-six (276) hours for the full quarter

Combined Reserve Pool

- Establish a single reserve pool at each domicile
- Reserve guarantee will be based on domestic rates of pay
- International IDs will be paid at international rates of pay and domestic IDs at domestic rates of pay
- Move up lines will be constructed with either pure international or pure domestic IDs. Flight Attendants can preference type of line they prefer

Layover Hotels

- "Downtown or downtown-like" lodging requirement for layovers of 20 hours or more

Last Quarter Maximum

- Reserve maximum hours in the last month of the quarter will be increased to 80 hours from the current 77/Domestic and 75/International effective 5/1/03
- The reserve maximum hours in the last month of the quarter will be increased to 87 hours effective with the August 2003 schedule month

Duty Rigs

- Minimum average of pay and credit of five (5) hours per day for multi-day IDs. (e.g. 5/10/15/20)
- Eliminate 4 hour minimum

Scheduling Restrictions

- A 2 segment, 1 duty period ID may be scheduled up to 8:30 in a 24 hour period

Bulk Scheduling

- Eliminate the “bulk scheduling”

Preferential Bidding System

- A preferential bidding system will be developed

Vacation**Overlap**

Effective for all vacations beginning after June 1, 2003:

- Flight Attendants will not be paid for vacation overlap

Effective with 2004 vacations:

- Vacation pay shall be 2.8 hours per vacation day
- Reserve vacation shall be paid at the daily reserve guarantee rate of 3:57 for a 30 day month and 3:45 for a 31 day month

Vacation Accrual

- Accrual will be 44 days for an employee with 25 or more years of service

“Me Too” Provision

- Eliminate the vacation “me too”

Low Cost Operation

- Flying will be performed by Flight Attendants on our seniority list
- Flying will be performed under our collective bargaining agreement with the same wages, benefits and working conditions as the mainline operation
- Flying will be performed on B737-300/500 and A319/320 aircraft
- In the event the LCO becomes a subsidiary, the Company and AFA agree to meet and establish

work rules and pay rates including 95 hour monthly cap

Success Sharing

In consideration for Flight Attendant contributions given in connection with this restructuring agreement, Flight Attendants will be provided with:

- Profit Sharing Plan
- Performance Incentive Plan
- Equity in a reorganized United Airlines