

**PROPOSED MODIFICATIONS TO THE 2003-2009 AFA-CWA AGREEMENT  
PURSUANT TO BANKRUPTCY CODE § 1113(c)**

This term sheet sets forth the proposals of United Airlines, Inc. (“United” or the “Company”), pursuant to Section 1113(c) of the U.S. Bankruptcy Code, for necessary modifications to the 2003-2009 Flight Attendant Agreement between the Association of Flight Attendants - CWA (“AFA – CWA”) and United.

**Name** The 2003-2009 Flight Attendant Agreement, as modified herein, shall be referred to in this proposal as the 2005-2010 Flight Attendant Agreement.

**Effective Date** The 2005-2010 Flight Attendant Agreement shall become effective on December 31, 2004, provided that ratification has occurred by that date. In the event that ratification occurs following December 31, 2004, the 2005-2010 Flight Attendant Agreement will become effective upon ratification, and the Company may implement an additional, temporary wage reduction to ensure that the full savings contemplated by this proposal are achieved for 2005.

**Duration** The 2005-2010 Flight Attendant Agreement shall continue through December 31, 2010, under the same terms as in the Duration Clause of the 2003-2009 Flight Attendant Agreement.

**Compensation** On the Effective Date of the 2005-2010 Flight Attendant Agreement, all hourly pay rates shall be modified as follows:

1. Subject to the temporary reductions set forth in paragraph 2 below, all hourly pay rates shall be reduced by 6.2 percent. These shall be the hourly pay rates for purposes of the increases described in paragraphs 3 through 6 below.
2. Between December 31, 2004, and the Company’s exit from bankruptcy, all hourly pay rates shall be reduced by an additional 4 percent (i.e., a total reduction of 10.2 percent from existing hourly pay rates).
3. On January 1, 2007, the hourly pay rates set forth in paragraph 1 shall be increased by 2 percent.
4. On January 1, 2008, the hourly pay rates set forth in paragraph 1 shall be increased by 2 percent.

5. On January 1, 2009, the hourly pay rates set forth in paragraph 1 shall be increased by 2 percent.
6. On January 1, 2010, the hourly pay rates set forth in paragraph 1 shall be increased by 2 percent.

**Potential  
Temporary Wage  
Cut**

Following exit from bankruptcy, the Company may impose a 4 percent wage reduction for a period of up to six months in the event that it would otherwise fail to meet the financial covenants in its exit financing agreements.

**Vacation Accrual**

On the Effective Date of the 2005-2010 Flight Attendant Agreement, Vacation accrual rates shall be as follows:

<b>Years of Service</b>	<b>Days Vacation</b>
<b>1</b>	<b>14</b>
<b>5</b>	<b>21</b>
<b>10</b>	<b>28</b>

Third split shall be at 28 days.

**Sick Leave**

On the Effective Date of the 2005-2010 Flight Attendant Agreement, all non-occupational sick time shall be paid at 70 percent of the employee's hourly pay rate.

1. Each scheduled flight time hour a lineholder flight attendant is absent due to illness shall be fully charged against the sick leave bank and the flight attendant shall receive 70% pay for each hour paid with a resultant reduction in Guarantee.
2. Each scheduled reserve day that a reserve flight attendant is absent due to illness shall be fully charged against their sick leave bank and the reserve flight attendant shall receive 70% pay for each day paid with a resultant reduction in Guarantee.
3. Absences related to occupational injuries and illnesses shall be compensated through Workers' Compensation (TTD), and shall not be augmented with regular sick leave. Flight attendants on occupational medical leave of absence shall not accrue vacation.
4. All employees shall be required to use their sick leave concurrently with FML for their own serious health condition, and to use vacation concurrently with FML for the care of a covered dependent.

**Work Rules/  
Scheduling**

On the Effective Date of the 2005-2010 Flight Attendant Agreement, the work rules/scheduling provisions of the 2003-2009 Flight Attendant Agreement shall be modified as follows:

1. Modify the definitions of Domestic and International Flying to provide that Domestic Flying will include Alaska, Mexico, the Caribbean, and Central America/South America, so long as the segment operates north of 15 degrees south latitude. Domestic pay and work rules will apply to this flying.
2. The minimum 3 hours training pay provision will be eliminated. Training will be provided electronically or through other media at Company discretion.
3. Eliminate the 8 in 24 restriction and associated 2 for 1 rest requirement. Modify duty time parameters to provide for 14 hours scheduled/16 hours actual (including Section 12.L.2.a.). Provide duty time exception to allow the scheduling of Premium Transcon turns up to 15 hours. Modify Duty RIGs to provide 4/9/14/19.
4. Increase scheduled hours to 95/190/285 and optional maximum to 100/200/300 hours, and eliminate the 30 in 7 restriction. Increase monthly line averages to 86/172/258.
5. Eliminate PTO (GWOP).
6. Modify International legal rest to provide 22 hour block to block minimum layover for all flight/deadhead time of 10:01 or greater, and eliminate place of lodging minimums.
7. Modify application of scheduled and actual time to provide that on a monthly basis a flight attendant's Time Over Schedule shall be offset by any Time Under Schedule accrued by the flight attendant during the month. Line Guarantee shall not be reduced.
8. Modify the Voluntary Furlough provision so that voluntary furlough will be offered at Company discretion. The Company shall determine the benefits to be offered, the seniority required for eligibility and bid award.
9. Eliminate all paper document requirements and restrictions on the Company's ability to communicate electronically or by other media with flight attendants and AFA-CWA for any and all purposes, including but not limited to official notices, general information, bid packages, and correspondence

related to grievances and hearing decisions.

**Termination of  
Defined Benefit  
Retirement Plan**

The AFA – CWA agrees that, under the 2005-2010 Flight Attendant Agreement, the Company shall not be required to maintain the United Air Lines, Inc. Flight Attendant Defined Benefit Pension Plan (Plan), or provide any defined benefit pension benefits whether from a plan, including the Plan or otherwise, and may terminate the Plan without violating the 2005-2010 Flight Attendant Agreement or any other agreements between the parties. The AFA – CWA further agrees that in the event the Company seeks to terminate such Plan, the AFA – CWA shall not oppose such termination.

**Implementation of  
Defined  
Contribution  
Pension Plan**

In the event that the United Air Lines, Inc. Flight Attendant Defined Benefit Pension Plan is terminated, the Company shall make the following contributions to a defined contribution plan:

A. Company Contribution: The Company shall contribute three percent of each employee's "Considered Earnings" to a defined contribution plan.

B. Company Profit Sharing Contribution: For each calendar year the Company has Pre-Tax Earnings in excess of \$10,000,000, the Company shall create a Profit Sharing Pool equal to 15% of Pre-Tax Earnings. Each eligible employee in all employee groups of the Company who is eligible to participate in the Profit Sharing Pool shall receive a pro rata share of the Profit Sharing Pool based on the employee's Considered Earnings for the year in question (as a portion of the aggregate amount of Considered Earnings for all eligible employees over the same period). Contributions that cannot be allocated to an eligible employee's account due to limitations on compensation set out in the Internal Revenue Code shall be payable to the employee in cash (subject to all applicable federal, state and local withholding taxes.)

Contributions will be made as soon as practicable after the Company files its Annual Report on Form 10-K for the year in which it achieved Pre-Tax Earnings in excess of \$10,000,000.

For purposes of the Profit Sharing Contribution the following requirements would apply:

i. Definition of Pre-Tax Earnings: Defined as UAL Corporation consolidated net income (or loss) as determined in accordance with GAAP, but excluding (i) consolidated federal, state and local income tax expense (or credit); (ii) unusual, special, or non-recurring charges, (iii) charges with respect to

grant, exercise or vesting of equity or options granted to employees, and (iv) expense associated with these Profit Sharing Contributions.

ii. Eligibility: All regular full time and part time employees who have completed one year of service as of December 31 of the year in which Pre-Tax Earnings are being measured.

iii. Definition of "Considered Earnings": Same as for the Success Sharing Plan which is base pay, overtime, holiday pay, longevity pay, sick pay, vacation pay (while employed), shift differential, and premiums, pre-tax contributions to a 401(k) plan, pre-tax medical plan contributions, and Flexible Spending Account contributions but shall exclude expense reimbursement, incentive or profit sharing payments, imputed income or other similar awards or allowances.

Vesting: 20% per year until 100% after 5 years of service. All service with the Company will be counted. Forfeitures are used to reduce future Company contributions.

Eliminate the "me-too" provisions of the current Flight Attendant 401(k) Plan.

<b>Health and Welfare Benefits</b>	As soon as practicable following the effective date of the 2005-2010 Flight Attendant Agreement, the Company shall implement the health and welfare benefits described in Appendix A to this proposal. These benefits shall be provided in lieu of any other health and welfare benefits provided in the 2003-2009 Flight Attendant Agreement.
<b>Profit Sharing</b>	The profit sharing provisions of the defined contribution plan discussed above will replace the Profit Sharing Program of the Company's existing Success Sharing Plan.
<b>Distribution Agreement</b>	The Company shall adopt the Distribution Agreement described in Appendix B (to be provided).
<b>Definitive Documentation</b>	This term sheet is intended only to describe the basic modifications to the 2003-2009 Flight Attendant Agreement that are necessary for the reorganization of the Company under Section 1113(c) of the Bankruptcy Code, and is not intended to constitute final contract language. The parties agree that they will draft final contract language, and execute the 2005-2010 Flight Attendant Agreement, within 60 days of the execution of this term sheet. The parties further agree that in drafting final

contract language, they will eliminate or modify any provisions of the 2003-2009 Flight Attendant Agreement that are inconsistent with this term sheet or which would preclude the Company from obtaining the full savings sought by this proposal.

**Withdrawal of Grievances**

The AFA – CWA agrees to withdraw the following grievances with prejudice:

List to be provided.

Executed \_\_\_\_ day of \_\_\_\_\_, 2004.

FOR THE ASSOCIATION OF  
FLIGHT ATTENDANTS - CWA

FOR UNITED AIRLINES, INC.

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WITNESS:

WITNESS:

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## APPENDIX A -- HEALTH & WELFARE BENEFITS

### I. ACTIVE EMPLOYEE MEDICAL

#### A. Preferred Provider Option (PPO) Contributions

The employee's contribution for the medical PPO will be equal to a percentage of the total projected cost of the medical PPO as follows:

2005	14%
2006	16%
2007	18%
2008 and beyond	20%

The amount of the employee's monthly contribution will change from year to year with changes in the total projected cost changes.

#### B. Health Maintenance Organization Contributions

The employee's monthly contribution for an HMO will be equal to a percentage of the premium charged by the HMO for each calendar year as follows:

2005	24%
2006	26%
2007	28%
2008 and beyond	30%

The amount of the employee's monthly contribution will change from year to year as the amounts charged by each HMO changes.

#### C. Mail Order Drug Benefit (Will Also Apply to Future Retirees)

The employee co-payments will increase annually, without limitation, at the same rate as the total projected cost of the mail-delivery prescription drug program increases.

#### D. Medical PPO Deductible and Out of Pocket Limit (Will Also Apply to Future Retirees)

The out-of-pocket limit is two thousand dollars (\$2,000) per person per calendar year. This amount is in addition to any amounts paid as a deductible.

The deductible and out-of-pocket limit amounts shall increase annually at the same rate as plan costs increase. Such increase to deductible and out-of-pocket limit amounts shall be applied before the applicable monthly contribution amounts are determined.

## II. ACTIVE EMPLOYEE DENTAL

### A. Traditional Dental Plan Contribution

The employee's contribution for the Traditional Dental Plan will be equal to a percentage of the total projected cost of the Traditional Dental Plan for each calendar year as follows:

2005	14%
2006	16%
2007	18%
2008 and beyond	20%

The amount of the employee's monthly contribution will change from year to year with changes as the total projected cost changes.

### B. Dental Health Maintenance Organization (DHMO) Contribution

The employee's monthly contribution for a DHMO will be equal to a percentage of the premium charged by the DHMO for each calendar year as follows:

2005	24%
2006	26%
2007	28%
2008 and beyond	30%

The amount of the employee's monthly contribution will change from year to year as the amount charged by the DHMO changes.

### C. Traditional Dental Plan Deductibles

The deductible shall increase annually at the same rate as plan costs increase. Such increase to the deductible shall be applied before the applicable monthly contribution amounts are determined.

## III. DISABILITY

### A. Short-Term Disability

Eliminate the \$53 a week loss of time benefit.

### B. Long-Term Disability

Eliminate the company subsidy toward the premium and provide on a fully employee-paid basis. The cost to the employee will change as the cost of coverage changes.

**IV. OTHER INSURANCE PROGRAMS**

**A. Company Paid Accidental Death and Dismemberment**

Eliminate the \$4,000 benefit for all employees. In addition, eliminate the \$10,000 accidental death and dismemberment benefit for flight attendants.

**B. Retiree Life Insurance**

Eliminate for all employees who retire on or after the effective date of this Agreement.

**APPENDIX B – DISTRIBUTION AGREEMENT**

To Be Provided