

2005-2009

AGREEMENT

Between

United Air Lines, Inc.

and

**The International Association
Of Machinists and Aerospace Workers**



FOOD SERVICES AGREEMENT

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AGREEMENT
Between
UNITED AIR LINES, INC.
and
INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

This Agreement is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between United Air Lines, Inc., hereinafter referred to as the Company, and International Association of Machinists and Aerospace Workers, hereinafter referred to as the Union, representing the employees composing the craft or class of Dining Service employees as certified by the National Mediation Board in Case No. R-1980 on April 1, 1948. (For purposes of identification, this Agreement shall be know as the Food Services Agreement.)

ARTICLE I
PURPOSE OF AGREEMENT

- A.** The purpose of this Agreement is, in the mutual interest of the Company and of the employees, to provide for the operation of the services of the Company under methods which will further, to the fullest extent possible, the maintenance of high standards of food preparation and service, the efficiency of operation, and the continuation of employment under conditions of reasonable hours, proper compensation, and reasonable working conditions. It is recognized by this Agreement to be the duty of the Company and of the employees to cooperate fully, both individually and collectively, for the advancement of that purpose.
- B.** No employee covered by this Agreement will be interfered with, restrained, coerced, or discriminated against by the Company, its officers or agents, because of membership in or lawful activity on behalf of the Union.
- C.** It is understood wherever in this Agreement employees or jobs are referred to in the masculine gender, it shall be recognized as referring to both male and female employees.
- D.** There shall be no harassment and/or discrimination between employees covered by this Agreement based on age, sex, race, color, religion, national origin, disability, veteran status or sexual orientation.

**ARTICLE II
SCOPE OF AGREEMENT**

- A.** The Company hereby recognizes the Union as the sole and exclusive bargaining agent for all classes and grades of Cooks, Bakers and Food Service Employees employed by the Company.
- B.** The Company's General Policy, Food Services and other applicable Regulations shall be available to all employees at all points, and employees covered by this Agreement shall be governed by such Regulations and by all applicable rules, regulations and orders issued by properly designated authorities of the Company not in conflict with the terms of this Agreement. In addition, the Company shall cause to be compiled and issued to each present and new employee, a convenient-sized book containing all applicable rules, regulations and orders and shall furnish each employee with amendments or changes from time to time as amendments or changes are made. This book of rules shall be supplementary to, but shall not supersede the aforementioned manuals.
- C.** All work performed by the Company in its flight kitchens and cafeterias involving the work of all classes and grades of Cooks, Bakers and Food Service Employees, as described in the work classifications in Article IV of this Agreement, is recognized as coming within the jurisdiction of the International Association of Machinists and is covered by this Agreement.

It is understood that the Company reserves the right to continue to contract out the types of work heretofore customarily contracted out or to contract out any work when its facilities or personnel are not sufficient or available. The Company reserves the right to contract out other work but if such work comes within the scope of this Agreement, notice will be served on the Union before such contracting takes place. After receipt of notice by the Union of intent to contract out such work, if such contracting indicates that any employee covered by this Agreement will be reduced, laid-off or transferred as a result, either party to this Agreement may serve notice of a desire to negotiate for the procedure to be followed and the protection to be afforded employees involved. Actual negotiations under this provision will be initiated within ten (10) days from receipt of a notice of desire to negotiate the matter and no employee affected will be reduced, laid-off or transferred in less than forty (40) days after receipt of such notice.

- D.** Notwithstanding the provisions of Paragraph C above, no work shall be contracted out unless the Company can demonstrate that such contracting out will not result in the lay-off of any IAM represented employee unless the employee fails to exercise his seniority in his classification on the system in filling a permanent vacancy or bumping an employee not protected by Letter 94-5 in a job he is qualified to perform, or refuses to fill a permanent job in a higher classification he is qualified to perform.

- E.** The Company will not sell, lease or otherwise transfer or dispose of the flight kitchen in Miami or the four (4) current employee cafeterias at Chicago O Hare, the Denver Flight Training Center, the Executive Offices, and San Francisco. The Company will be permitted to enter into sale/lease back arrangements for financing reasons. Notwithstanding the above, the Company may a) sell, lease or otherwise transfer, the above facilities as part of a sale, lease or transfer, within a twelve month period, of all or substantially all the Company's assets, and b) subject to Union approval, sell, lease or otherwise transfer portions of the above facilities to the extent such portions constitute unused excess capacity, provided that the Union shall not be permitted unreasonably to withhold approval if the unused excess capacity condition exists. Unused excess capacity does not refer to those facilities or portions of those facilities which are temporarily unused as a result of seasonal or temporary work schedule changes. In the event that any of the facilities specified in this paragraph become unavailable due to the loss of lease (or other circumstances beyond the Company's control), or become uninhabitable due to a natural disaster, the Company agrees to make every reasonable effort to replace such facility unless it is not financially reasonable to do so.

ARTICLE III
STATUS OF AGREEMENT

A. It is expressly understood and agreed that when this Agreement is accepted by the parties and signed by their authorized representatives, it will supersede any and all agreements existing or previously executed between the Company and any Union or individual affecting the craft or class of employees covered by this Agreement.

B. Successorship Transactions

- 1.** The Company and any Parent shall require any successor, assign, assignee, transferee, administrator, executor and/or trustee of the Company or of a Parent (a "Successor") resulting from the transfer (in a single transaction or in multi-step transactions) to the Successor of the ownership and/or control of 50% or more of the equity of the Company or Parent or 50% or more of the value of the assets of the Company (for the purpose of this paragraph, including the Low Cost Operation ("LCO") as described in Letter 03-02PRFS whether or not such operation is in a subsidiary of UAL or UA or contained within UA) (a "Successorship Transaction") to employ or cause the Company to continue to employ the employees represented by the IAM in accordance with the provisions of the Agreement and to assume and be bound by the Agreement. "Parent" refers to UAL Corp. ("UAL") or any entity that has a majority control of the Company, whether directly or indirectly through the majority control of other entities that have majority control of the Company.
- 2.** In order for a Successor to be required to employ or to cause the Company to continue to employ any of the employees covered by the Agreement in accordance with the provisions of the Agreement at any air carrier other than the Company, the Successor must be engaged in the operation of an air carrier..
- 3.** In the event the Company or its Parent receives a proposal (a "Proposal") for a transaction which would result in a Successor if completed, and the Company or its Parent determines to pursue or facilitate the Proposal, the company or its Parent will in good faith seek to provide the Union with the opportunity to make a competing Proposal at such time and under such circumstances as the Board of Directors of UAL or the Company reasonably determines to be consistent with its or their fiduciary duties.

- C.** The Company and its Parent shall not conclude any agreement for a Successorship Transaction unless the Successor agrees in writing, as an irrevocable condition of the Successorship Transaction, to assume and be bound by the Agreement, to recognize the Union as the representative of the Successor's employees, and to guarantee that the employees represented by the IAM under the Agreement will be employed by the Successor in accordance with the provisions of the Agreement.
- D.** In the event of a Successorship Transaction in which the Successor is an air carrier or entity that controls or is under the control of an air carrier, the Successor shall provide employees represented by the IAM under the Agreement immediately prior to the transaction with seniority integration rights provided in Sections 2, 3 and 13 of the Labor Protective Provisions specified by the Civil Aeronautics Board in the Allegheny-Mohawk merger ("Allegheny-Mohawk LPPs").
- E.** The Company will join the IAM in strongly opposing any changes in U.S. law that would permit Foreign Air Carriers to engage in cabotage. However, if cabotage is permitted, the Company shall not be prohibited from code sharing with any Foreign Air Carrier code share partner who engages in it.

ARTICLE IV
CLASSIFICATIONS OF WORK

For the purpose of this Agreement the recognized classifications of work will be as hereinafter defined.

A. Lead Cook

A Lead Cook shall be a Cook who, as a working member of a group, is charged with the responsibility of leading, directing, and approving the work of other employees in lower classifications and may be required to give instruction and training to employees of the same or lower classifications covered by this Agreement. Lead Cooks shall be selected under the provisions of Article X from employees classified as Cooks, provided qualified employees are available. A Lead Cook's group may not consist of more than twelve (12) employees.

B. Cook

A Cook shall be an employee whose work involves the skilled preparation, compounding, seasoning, and cooking of food, including final preparation of foods for serving, to the highest professional standards.

C. Pastry Chef

A Pastry Chef shall be a Baker who, as a working member of a group, is charged with the responsibility of leading, directing, and approving the work of other employees in lower classifications and may be required to give instruction and training to employees of the same or lower classifications covered by this Agreement. Pastry Chefs shall be selected under the provisions of Article X from employees classified as Bakers, provided qualified employees are available. A Pastry Chef's group may not consist of more than twelve (12) employees.

D. Baker

A Baker shall be an employee whose work consists of the selection; preparation and baking of foods in accordance with Company approved recipes and practices. A Baker will also select, mix, cook and apply various types of icings, cream and meringues in a decorative, skillful and artistic manner.

E. Lead Food Service Employee

A Lead Food Service Employee shall be an employee who, as a working member of a group, is charged with the responsibility of leading, directing and approving the work of Food Service Employees and may be required to give instruction and training to employees of the same or lower classifications covered by this Agreement. A Lead Food Service Employee shall also be assigned to the work of inventorying, checking, and requisitioning Food Services equipment and supplies, issuing food and equipment to airplanes, and maintaining necessary Food Services

records. In addition, Lead Food Service Employees will use computer-connected remote input/output devices to generate Food Service checksheets. It is understood that other Company employees may also use these devices in the course of their duties. Lead Food Service Employees shall be selected under the provisions of Article X from employees classified as Food Service Employees. A Lead Food Service Employee s group may not consist of more than twelve (12) employees.

F. Food Service Employee

A Food Service Employee shall be an employee assigned to the work of preparing salads, cocktails, sandwiches, cold dishes, beverages and supplies including cutting, trimming, portioning, seasoning and packing of food, assembling meal tray set-ups, transferring food and equipment within kitchens or between kitchens and serving counters, washing, cleaning and polishing Food Services equipment and premises, and other miscellaneous general cleaning and manual work.

G. Lead Food Service Coordinator

A Lead Food Service Coordinator shall be an employee who as a working member of a group is charged with the responsibility of leading, directing and approving the work of Food Service Coordinators and may be required to give instruction to employees of the same classification covered by this agreement.

H. Food Service Coordinator

A Food Service Coordinator shall be an employee assigned to a variety of duties involving the receipt, storage, and issuing of food, beverages and supplies, as assigned, within a flight kitchen, or terminal. Duties include but are not limited to: liaison between the control center, customer service, onboard and kitchen; pulling, re-assembling, and boarding of movies; verifying duty free information with flight attendants; responsibility for last minute corrections regarding food and beverage including load plan changes, plane changes, and cancellations. Inspects the quality, quantity, temperature, and weight of foodstuffs, beverages, and sundries based on established standards. Conducts inventories, portion control tests and monitors stock usage. Maintains inventory and other accounting records to initiate local purchase reorders. Receives and prepares reports for payment of vendor invoices. Boards liquor for outbound flights into various types of aircraft galley equipment. Maintains liquor in the receipt inventory and rebuilding of liquor miniature racks, cans and bottles. Maintains related accounting and inventory reconciliation and reports. May be required to operate a variety of general office equipment and other equipment as required by the job.

- I.** An employee in the classifications listed above who has completed his probationary period may be required to break in an employee of the same or lower classification on the job.

**ARTICLE V
HOURS OF SERVICE**

- A.** Eight (8) consecutive hours of service exclusive of meal period will constitute a work shift.
- B.** The standard work week will consist of five (5) eight (8) hour days worked within seven (7) consecutive days, midnight Saturday to midnight Saturday. All employees covered by this Agreement will have two (2) regularly scheduled days off during each work week which will be consecutive except where a rotating days off schedule provides other than consecutive days off in order to maintain the schedule of rotated days off. Except at Maintenance Bases, employees may be assigned to fixed days off during the work week, or to a standard rotating days off schedule provided that when at least two (2) but not more than twelve (12) employees in a classification are assigned on a shift in a flight kitchen or cafeteria, not more than two-thirds (2/3) of such employees, and in such groups of more than twelve (12) employees, not more than one-half (1/2) will be so assigned to pairs of fixed days off which are within Monday through Friday of each work week. When assigned to a specific fixed day off schedule, no employee will work more than five (5) consecutive days at the straight time rate. If employees at any location are regularly scheduled each week to have Saturday and Sunday as their consecutive days off, and, if a Saturday and Sunday falling together are both worked, the first day will call for time and half and the second day for double time.
- C.** The starting time for shifts will be established in accordance with the needs of the service but in accordance with the provisions of Paragraph A and B of this Article. Thirty (30) minute lunch periods shall be regularly scheduled by mutual agreement on a local basis at a reasonable time during each shift.
- D.**

 - 1.** The regular starting and stopping time for all shifts will be scheduled and posted at each Flight Kitchen and Cafeteria and shall not be changed without five (5) calendar days notice to employees affected by such change. Any change of one (1) hour or more in the starting time will call for a bulletin of all jobs affected for local bids.
 - 2.** The Company shall give five (5) calendar days notice to employees required involuntarily to change shift or to change regular days off when no shift change is involved.
 - 3.** For the purposes of this Paragraph, the first day of the five (5) calendar days notice shall be the day following the calendar day notice is given.

E. All employees covered by this Agreement will be granted a ten (10) minute rest period during the first half of a work shift and a ten (10) minute rest period during the second half of the work shift without loss of time, for the purpose of relaxation. The time for the rest period will be regularly scheduled and posted by the Company. An employee who works four (4) hours overtime shall be granted a ten (10) minute rest period, and an employee who works eight (8) hours overtime shall be granted two (2) ten (10) minute rest periods.

F. Recall/Call-In/Reporting Pay

No regular or laid off employee, excluding part-time employees, will be required to report for a work shift of less than eight (8) hours, or pay therefor except under the following circumstances:

- 1.** In a recall situation after a regular shift the minimum pay shall be three (3) hours at the applicable overtime rate.
- 2.** In a call-in situation on the employee's regularly scheduled day off the minimum pay shall be four (4) hours at the applicable overtime rate.
- 3.** In a situation wherein there is temporarily no work because of an Act of God or other circumstances over which the Company has no control, including strikes by employees of the Company curtailing flight operations by fifty percent (50%) or more systemwide, the minimum reporting pay shall be four (4) hours pay at the regular hourly rate unless notified that there will be no work at the close of the last shift he worked, or sixteen (16) hours before the start of his regular shift, whichever period is the shorter.

G. Employees who, because of the requirements of the service, are requested to start their lunch period more than thirty (30) minutes in advance of, or one (1) hour after the starting time of their regularly scheduled lunch period, shall be allowed a thirty (30) minute lunch period as close to the regular lunch period as possible and paid for same at straight time rate in addition to their regular compensation.

H. 1. The Company will establish as necessary the number of Lead Cooks, Cooks, Pastry Chefs, Bakers, Lead Food Service Employees and Food Service Employees for the needs of the service on each shift at each Flight Kitchen and Cafeteria. There will be no rotation of shifts except the necessary rotation of relief men as required by the shift schedules. The rotating relief employee shall not rotate between more than two (2) shifts in a week. Lead Food Service Employees may be assigned to other than their own shifts for taking of inventory, and, immediately after the taking of inventory, employees will be returned to their regular shifts.

- 2.** Employees on vacation relief assignment will be scheduled on a basic or home shift and other shifts as necessary for vacation relief in accordance with a schedule published at intervals of three (3) months or longer. Vacation relief employees may also be assigned to relieve employees who are absent due to Company training, military reserve duties or jury duty where such absences are anticipated to be at least five (5) but not more than thirty (30) days. Five (5) days notice will be given to an employee of changes in his schedule.

- I.** Part-time shifts may be established in accordance with Paragraph O of Article IX at locations where employees covered by this Agreement are assigned.

**ARTICLE VI
OVERTIME**

A. Overtime Pay

1. Overtime rate of time and one-half computed on an actual minute or one one-hundredth (1/100) of an hour basis with a minimum of one (1) hour overtime shall be paid for all work performed in excess of eight (8) hours in any one day, for all work performed either in advance of or after regularly scheduled hours, for the first four (4) hours in excess of eight (8) hours in any regular work day, and for the first eight (8) hours worked on one of the two (2) regularly scheduled days off each work week.

2. Overtime rate of double time shall be paid for all hours in excess of the first eight (8) hours worked on one of the two (2) regularly scheduled days off each work week, time worked on the second regularly scheduled day off in a work week if the first regularly scheduled day off has been worked and for all time worked in excess of twelve (12) hours in any twenty-four (24) hour period except when an employee, after bidding, voluntarily changes shifts. For overtime purposes the twenty-four (24) hour period shall begin with the starting time of the employee's regular assigned shift.

3. There shall be no pyramiding of overtime rates provided for in this Agreement and no employee shall receive more than double the straight time rate for any hours worked.

B. Overtime Equalization

Base station overtime opportunities (including overtime at alternate airports within the same metropolitan area) shall be distributed as equally as possible among those available qualified employees who are shown on an overtime list as having accrued the least number of overtime hours. Employees will not be required to suspend work during regular working hours to absorb overtime. An employee temporarily transferred to a position not covered by this Agreement shall be charged on the overtime list at the applicable rate for overtime hours he would have been offered had he not been reassigned and will not be considered as available for overtime work until he has reported for a regular scheduled shift.

The following equalization rules are to be followed:

1. Overtime hours worked or declined by an employee will be recorded as equivalent straight time hours paid or offered, in one-hour increments, rounded to the nearest full hour. No charge will be made if overtime is cancelled.

- 2.** Employees who are physically restricted from working overtime or are absent from work shall not be called for overtime work or charged. Employees who are physically restricted from working overtime or are absent for forty-five (45) consecutive days or more shall, upon their return, be charged the average overtime hours of the employees on their overtime list or their own overtime hours, whichever is greater.
- 3.** Overtime opportunities of one (1) hour or less will not be charged.
- 4.** Refused overtime opportunities when less than one (1) hour advance notice is given will not be charged.
- 5.** Holiday work, one (1) hour minimum overtime payments, short turn arounds, premium rate training, pay for inadequate notice, etc., while paid at premium rates, are not subject to these overtime distribution rules.
- 6.** Employees without a phone number listed for overtime contact will automatically be charged when they would have been called.
- 7.** Employees who are absent a scheduled shift shall not be considered available for overtime work until they have reported for a regular scheduled shift.
- 8.** Overtime balances shall be posted in places accessible to all employees affected except by local agreement between the Union and the Company. Overtime balances shall not be zeroed. Overtime balances will be reduced periodically by subtracting the same number from all totals on an overtime list.
- 9.** When an employee is placed on a different overtime list, he shall be charged with the average hours of the employees on the list. During his probationary period, an employee will not be placed on the overtime list and will not be considered for overtime work unless qualified employees on the overtime list are not available. Overtime worked by employees during their probationary period will be added to their average hours when placed on the overtime list.
- 10.** An employee who is bypassed in violation of these overtime distribution procedures shall be paid and charged at the applicable rate for the overtime hours missed.

- 11.** When an employee performs emergency field service away from his base station, hours worked beyond eight (8) hours at straight time on a scheduled work day and all hours worked on a regular day off will be recorded as overtime and charged on his overtime list.
- 12.** When employees in premium and basic classifications are on the same overtime list and an overtime opportunity in the premium classification is to be offered, the qualified employee with the lowest overtime balance, regardless of classification, will be offered the overtime work unless the Union Local Committee and the Local Management agree such offer shall be made to the qualified employee in the premium classification who has the lowest overtime balance.
- 13.** Nothing herein shall require the establishment of a formal procedure for overtime distribution for groups where Local Management and the Local Committee determine that no such procedure is necessary.
- 14.** Nothing herein shall prohibit Local Management and the Local Committee from agreeing to assign Shop Stewards or other designated Local Union members to make offers of overtime opportunities to employees.

C. Overtime Scheduling

- 1.** Employees will not be required to work overtime except in emergencies.
- 2.** Employees will be given four (4) hours advance notice of contemplated overtime whenever possible.
- 3.** Overtime shall not be worked except as directed by the Company unless an emergency exists and proper authority cannot be obtained.
- 4.** No employee will be offered overtime which would require him to work (including his regular shift) in excess of sixteen (16) hours in any period of twenty-four (24) consecutive hours. Additionally, no employee will be offered or charged for overtime opportunities in excess of sixteen (16) hours within the twenty-four (24) hour period from the starting time of his regular shift.
- 5.** Overtime shall be assigned as follows:
 - a.** Overtime anticipated to be four (4) hours or less which is continuous following a scheduled shift will be offered to employees working on that shift.

- b.** Overtime anticipated to be four (4) hours or less in advance of and continuous with a scheduled shift will be offered to employees on regular workdays on the oncoming shift.
- c.** Overtime anticipated to be four (4) hours or less and not continuous with a work shift will be offered to employees on regular workdays.
- d.** Overtime anticipated to be more than four (4) hours will be offered to employees on a regular day off with preference to employees regularly on the shift on which the overtime is needed, except that by agreement of the Union and the Company overtime at line stations anticipated to be more than four (4) hours may be offered on a station or work function basis.

D. Lunch Periods-Overtime

Employees who work overtime on a regularly scheduled day off will receive a regular lunch period.

E. Training

The straight time rate shall be paid to employees required to attend formal educational classes held locally on their regular work days, with the applicable overtime rate paid if attendance is required on an employee's regular day off. Classes held before or after a regular shift shall be paid at the straight time rate and limited to two (2) hours unless locally agreed otherwise.

When an employee's shift or regular days off are changed for training purposes, the Company will give him five (5) calendar days notice of such change if possible. If this shift change results in a combination of work and training that exceeds eight (8) hours in a twenty-four (24) hour period, the employee shall be paid at the applicable overtime rate for hours in excess of eight (8) except where an employee voluntarily changes his shift for that day in lieu of the Company's changing his regular days off.

**ARTICLE VII
HOLIDAYS****A.** Employees covered by this Agreement will observe the following holidays:

New Year's Day

Memorial Day

Independence Day

Labor Day

Thanksgiving Day

Christmas Day

Except, however, Labor Day will not be observed in 2005.

Additionally, the employee's Birthday and his Date of Employment as reflected on his most recent UG-100 will be observed as holidays.

All Federal holidays listed above will be observed as designated by Federal Pronouncement except that New Year's Day will continue to be observed on January 1, and Christmas Day will continue to be observed on December 25. Employees at Maintenance Bases and Executive Offices assigned to a Monday-Friday schedule shall observe a holiday falling on Saturday on Friday and a holiday falling on Sunday on Monday, and employees at Maintenance Bases whose regular work schedule is Tuesday through Saturday will observe holidays falling on Sunday or Monday on Tuesday, and further, employees at Executive Offices and Training Centers shall observe the day designated by the Company for holiday observance at their work location. The Company will reduce the number of employees required to work on holidays to those needed to meet the requirements of its operation. If the Company expects the requirements of its operation will require employees at a location to work on a holiday, it will minimize the number of employees required to work insofar as practical by work arrangements and/or overtime prior to the holiday.

Except at Maintenance Bases, when less than the total number of employees within a work function, shift and classification who are scheduled to work are not required to work on the holiday, senior employees will be given preference to work or be off, and junior employees may be required to work. Employees who work hours other than their regular scheduled shift will be selected from the overtime list (even though it is not considered overtime work). Employees who work hours corresponding to the hours of their scheduled shift on a holiday will be charged for time and one-half. Employees who work hours other than their scheduled shift hours will be charged for time worked at the applicable rate.

Employees who refuse holiday work for hours other than their regular shift will be charged in the same manner for the work offered except that no employee will be charged more than sixteen (16) straight time hours for hours refused on any one holiday.

Employees selected for holiday work in accordance with these procedures shall be notified seven (7) calendar days in advance of a holiday whether it is anticipated that their services will be required on the holiday, and notice of adjustments in planned holiday coverage required by the needs of the service will be made by the end of the employee's last shift worked prior to the holiday.

- B. 1.** An employee will observe his Birthday and Date of Employment Holidays on the actual date except that the employee may observe these holidays on any other day other than another holiday after the employee has given not less than ten (10) days notice in writing of his intention of doing so, and no other employee on the same assigned shift for that day is scheduled to observe one of these holidays. Any exceptional operating problems will be worked out on a local basis. Less than ten (10) days notice of change may be accepted if operational requirements allow.

An employee may also observe one or both of these holidays by connecting it (them) with his scheduled vacation provided he does so at the time he selects his vacation as provided in this Agreement.

- 2.** In the event an employee's birthday falls on February 29, March 1 shall be considered as his birthday for purposes of this Paragraph, and, if the employee's birthday falls on another of the holidays specified above, his next following work day shall be considered as his birthday.

- C. 1.** A regular employee required to work on any of the holidays as observed shall be compensated at the rate of double time for all hours worked and shall receive no additional time off.
- 2.** Regular employees in active service who do not work on the above-mentioned holidays shall be compensated for the day for eight (8) hours at the straight time rate and shall receive no additional time off.
- 3.** An employee who receives holiday pay will not also receive sick leave pay.
- 4.** A regular employee who works on a holiday which is also one of his regularly scheduled days off will be compensated at the double time rate for all hours worked and additionally, will be paid holiday pay at the straight

time rate for the hours which coincide with his regularly assigned shift and which are not worked period. This provision shall not change the comparison of overtime pay or minimum overtime guarantees in any other respect.

- 5.** Temporary employees (not including Regular employees temporarily assigned to another Agreement-covered job or status) required to work on any of the holidays as observed shall be compensated at the straight time rate for all hours worked and shall receive no additional time off. Temporary employees who do not work on a holiday will receive no pay.

**ARTICLE VIII
TRAVEL PAY**

- A.** Employees who are temporarily transferred from their home station to fill temporary vacancies shall be paid in accordance with Paragraphs C and D of this Article for the time necessary to travel in connection with such temporary transfer, and they shall receive necessary and reasonable expenses for transportation, laundry, meals and lodging in accordance with Paragraph E of this Article.
- B.** When an employee is away from his home station filling a temporary vacancy he shall be paid straight time and overtime in accordance with the provisions of this Agreement based on the shifts as scheduled at the location of the temporary vacancy, but in no event shall he receive less than eight (8) hours pay for each day. It is understood the Company may schedule an employee to take his regular days off without compensation except for the reasonable and necessary expenses provided for in this Article.
- C.** All time spent in traveling or waiting in connection with temporary transfers as defined in Paragraph A above, including hours in excess of eight (8) hours in any one day will be paid for at straight time rate, unless an employee is required to travel on regular days off, in which event he will be paid for all hours traveling or working at the overtime rate applicable for the day. However, if travel is interrupted for any reason and the employee is released by an agent of the Company for a period of seven and one-half (7) consecutive hours or more, he shall not be paid for the time released, but in no event shall any employee receive less than eight (8) hours pay at straight time rate for any twenty-four (24) hour period while in travel status.
- D.** Employees required to work after traveling in connection with temporary transfers as defined in Paragraph A above, shall be paid at the overtime rate applicable for all hours worked in excess of eight (8) hours travel, waiting, and working time for the day in question.
- E.** Where transportation, laundry, meals and lodging are not provided by the Company, necessary and reasonable expenses will be allowed. Where overnight lodging is approved by the Company for employees away from their home station, single room accommodations will be provided where available. Upon application an employee will be given an advance by the Company to cover his expenses while away from his base station. Within five (5) days after returning to his home station, or at the close of each week in the event the employee is way for a period longer than one week, the employee shall submit an expense account in accordance with Company regulations, and if the employee has returned to his home station it shall be accompanied by the balance of any expense money advanced but not accounted for on the expense account.

- F.** When an employee covered by this Agreement receives a special assignment to attend training classes pertaining to his work, or to fulfill other special assignments not constituting the filling of temporary vacancies, he shall receive compensation not to exceed eight (8) hours per day for time spent in traveling or waiting at the applicable rate. If such special assignment involves traveling after completion of his regular work for the day, he shall receive the applicable overtime rate for the first succeeding eight (8) hours of traveling and waiting. When employees are assigned to training at points other than their home station, they shall be paid for the travel and training on the following basis:
- 1.** The employee is considered, for pay purposes, to remain on his normal 24-hour period for overtime purposes until such time as he actually begins training. The start of his training begins a new cycle of 24-hour periods, which is continued until such time as he resumes work at his home station. Pay for travel is computed in accordance with his normal schedule of 24-hour periods for travel to training, and travel returning to his home station is based upon the 24-hour periods established by his training schedule.
 - 2.** If the employee is scheduled to travel to training on a normal workday, he may work his normal work shift or he may not, depending upon circumstances involved in his travel. If he works any part of his normal work shift, he is paid for those hours at straight time rates and additionally for travel time, whether in or out of his normal work shift, at the applicable rate with a maximum of eight (8) hours travel pay for that 24-hour period.
 - 3.** The employee never receives less than eight (8) hours straight time pay for any 24-hour period constituting a scheduled workday. As provided above, he receives compensation not to exceed eight (8) hours per day for time spent in traveling or waiting at the applicable rate.
 - 4.** Additionally, the employee's regular days off may be rescheduled if circumstances warrant so that he travels on his days off and is trained on his scheduled workdays.
- G.** When an employee covered by this Agreement voluntarily accepts an invitation but is not required to participate in any educational program sponsored or given by the Company for the development of its employees, he shall receive his normal compensation and reasonable and necessary expenses as provided in Paragraph E above but shall not be paid additional pay for traveling or waiting time.

**ARTICLE IX
SENIORITY**

- A. 1.** Seniority shall be by work classification and shall accrue from the date of entering the classification. The work classifications to be recognized for seniority purposes shall consist of Lead Cook, Cook, Pastry Chef, Baker, Lead Food Service Employee and Food Service Employee. Effective with this Agreement, seniority of present employees at the point where presently employed will include total length of continuous service in the classification or related classifications with the Company or any of its predecessor companies. The names of all supervisory employees of the Company who have been promoted and credited with seniority for all continuous service from the date of entering a classification covered by this Agreement
- a.** For bulletined jobs, the classification seniority date of the successful bidder or bidders will be the day following the last day for bidding on the job or jobs.
- b.** In all other instances, the classification seniority date will be the first day actually worked in the classification except that the classification seniority date of a Company employee shall be established as the date he is notified that he is awarded an open vacancy. In cases where multiple vacancies are processed at the same time, a common classification seniority date will be assigned to all Company employees on the initial notification. When additional offers are necessary to fill the remaining vacancies, each additional group of offers will receive another common classification seniority date. The probationary period and pay in the new classification of such Company employees, however, will begin with the first day actually worked in the new classification.
- 2.** For seniority purposes under this Paragraph, the John F. Kennedy International Airport, LaGuardia Airport and Newark International Airport shall be jointly identified as the New York point; the Washington Ronald Reagan National Airport, Baltimore/Washington International Airport and Dulles International Airport shall be identified as the Washington point; the Chicago Midway Airport, O Hare International Airport and WHQ shall be jointly identified as the Chicago point; the Los Angeles International Airport, Lockheed Air Terminal in Burbank, Long Beach Municipal Airport, John Wayne Airport at Santa Ana, and Ontario International Airport shall be jointly identified as the Los Angeles point; the San Francisco International Airport and Oakland Airport shall be jointly identified as the San Francisco point; the Honolulu International Airport, the General Lyman Airport at Hilo, Hawaii, the Kahului Airport at Maui, Hawaii, the Keahole Airport at Kona, Hawaii

and the Lihue Airport at Kauai, Hawaii shall be jointly identified as the Hawaiian point; the Miami International Airport and the Fort Lauderdale-Hollywood International Airport shall be jointly identified as the Miami point; the George H. Bush Intercontinental Airport and Hobby Airport at Houston shall be jointly identified as the Houston point; and the Denver International Airport and the Colorado Springs Airport shall be jointly identified as the Denver point. There shall be no distinction made between airports at a point for seniority purposes.

- B.** Seniority plus the ability to satisfactorily perform the work required for the job in question shall govern all employees covered by this Agreement in preference of shifts, in case of lay off, re-employment after lay off, and in all promotions, demotions or transfers within or between classifications covered by this Agreement. Successful bidders for vacancies under this Agreement shall continue to accrue seniority in the classification from which advanced. Employees assigned to Flight Kitchens will be given preference when bidding for or requesting assignment at their points to a Flight Kitchen, and employees assigned to Cafeterias will be given preference when bidding for or requesting assignment to a Cafeteria at their point. Preference of fixed days off schedules within a shift in work groups which have more than one work schedule, and, for employees entering a work group, preference of rotating days off schedule vacancies within a shift shall be similarly governed.
- C. 1.** In the event of the geographical relocation in whole or in part of the work performed by employees in classifications covered by this Agreement, which would result in a layoff of such employees at the point from which the work is moved (herein called old point) and the creation of additional jobs at the point to which the work is relocated (herein called new point) employees to be laid off at the old point shall be offered, in order of seniority, an opportunity to transfer and fill such additional jobs at the new point. If no employees are to be laid off at the old point, no transfers shall be made under this provision. Employees accepting such offers shall be transferred at Company expense. Employees refusing such offer of transfer shall be laid off at the old point with no further rights under this provision. It is understood that if employees to be transferred under this provision have less seniority than any employee laid off at the new point who would be entitled to recall, the employee at the old point will be laid off at the old point and not transferred pursuant to this provision. It is further understood that if such relocation does not require additional employees at the new point the employees at the old point shall have no right to relocation unless it is determined within four (4) months after the work is relocated that additional employees covered by this Agreement are needed at the new point to perform the relocated work in order to maintain established work standards or to avoid excessive overtime which would make a job for an additional employee or employees in connection with the relocated work, in which event the provisions of this paragraph shall be used to

effect transfers as of the time of such determination during said four (4) months. Overtime at the new point unrelated to relocated work shall not be a reason for transferring employees under this provision.

- 2.** The remaining employees at the old point may:
 - a.** Accept lay off at that point with no further rights under this provision of the Agreement;
 - b.** Exercise the rights available to him under Paragraph J of this Article.
 - 3.** In the event of a geographical relocation of work the Company and the Union will meet prior to the effective date of such relocation to determine as nearly as possible the number of jobs to be created at the new point and the time limits to govern the move, considering the circumstances of the relocation.
- D.** Except as otherwise provided in this Agreement, new employees shall be regarded as probationary employees for the first one hundred eighty (180) days of their employment and may be discharged at any time during said probationary period without hearing. An employee's probationary period may be extended in appropriate cases (such as the employee's extended absence because of accident or illness) by local agreement between the Union and the Company. If retained in the service of the Company after the probationary period, the names of such employees shall then be placed on the seniority list for their respective classifications in the order of their classification seniority date.
- E. 1. a.** Master seniority lists by basic classifications for the system showing the name, classification, classification seniority date, and date of entering the Company's service of each employee covered by this Agreement shall be posted in a convenient place April 1 each year at each point. It shall be the responsibility of the employee to immediately protest if such list is in error. Such claims may be processed by the Union directly to Step Three of the Grievance Procedure. In the event an employee fails to protest the list within sixty (60) days after his seniority date and position on the seniority list is first established or adjusted there shall be no monetary liability or other retroactive application for subsequent seniority adjustments. In addition, a juniority list showing each employee's current job code shall be produced no later than May 1 of each year. A copy of each list will be furnished to the designated Local Union Representative and the Union System General Chairman.

- 4.** He does not inform the Company in writing or by telegraph of his intention to return to service within seven (7) days of sending of notice offering to re-employ him;
 - 5.** He does not return to the service of the Company on or before a date specified in the notice from the Company offering him re-employment, which date shall not be prior to fifteen (15) days after sending such notice; provided, however, that subdivisions 4 and 5 of this Section shall not apply to offers of temporary work.
- G.** All notices required to be sent under Paragraph F shall be sent by certified mail, return receipt requested, or by telegraph to the employee at the last address filed by him with the Company. There shall be no duty on the part of the Company to send a notice to a laid off employee unless the employee, when laid off, filed his address with his Local Manager and thereafter promptly advised that Local Manager of any change in address.
- H.** When it becomes necessary to lay off employees at any location on the Company's system, any temporary or part-time employees at the point will be terminated first and then system seniority in the basic classification plus ability to perform the available work will govern.
- I. 1.** When it becomes necessary to lay off employees due to reduction in force, at least twenty (20) calendar day's notice of such layoff or normal pay in lieu of such notice will be given all employees to be laid off except temporary employees.
- a.** When notice of layoff is handed to an employee in person, the day this is done shall be considered the date of delivery of notice. The first day of the twenty (20) calendar days notice period is the day following delivery.
 - b.** When notice is given an employee by means of U. S. Mail, the day following the postmarked date shall be considered the date of delivery to the employee. The first day of the twenty (20) calendar day's notice period is the day following the date of delivery.
 - c.** If the notice is served by mail and the date of delivery as defined above falls on a Sunday, holiday, or other day on which postal deliveries are not provided by the U. S. Postal Service, the date of delivery will be the day following the day on which postal deliveries are not provided, and the first day of the twenty (20) calendar day's notice will be the next succeeding day.

- 2.** The above shall apply to all employees covered by the Agreement at all times excepting employees on vacation. If an employee scheduled for vacation is given notice either by hand directly or by mail or telegraph prior to the day he begins his vacation, he shall be considered under notice as provided in Items a, b, and c above. An employee already on vacation, however, shall not be given notice of layoff earlier than the first scheduled workday after completion of his authorized vacation. If an employee not on vacation is laid off under this procedure before an employee junior to him who is on vacation, no grievance or wage claim shall be allowed because of the deviation from seniority in the order of layoff.
- J.**

 - 1.** The Company will furnish to employees to be laid off a list of available permanent vacancies, probationary employees, or junior employees on the system, whichever is applicable, at the time the employees are notified of layoff. The employee will have three calendar days after notification of layoff and the furnishing of this information to him to decide whether he will accept layoff or fill a vacancy or, if no vacancies are available, displace a probationary employee or the junior employee on the system, whichever may be applicable. Temporary vacancies (vacancies of a known, limited duration) shall not be considered as vacancies for the purpose of this entire Paragraph and subdivisions thereof.
 - 2.** An employee, temporary and part-time employees, being laid off in a basic seniority classification because of a reduction in force may:

 - a.** Accept layoff with right of recall at his point, or
 - b.** Exercise his seniority to transfer to any other point on the system where vacancies exist for which he is qualified with the privilege of returning to his home station when the force is increased and he is entitled to be recalled.
 - c.** If unable to fill a vacancy under b above, he may submit an order of preference among stations where probationary employees are located, and will be permitted in the order of his station preference to displace a probationary employee whose work he is qualified to perform. He shall have the privilege of returning to his home station when the force is increased and he is entitled to be recalled.
 - d.** If unplaced through the operation of sub-paragraphs b or c, he may exercise system seniority in his basic seniority classification to displace the junior employee on the system whose work he is qualified to perform. He shall have the privilege of returning to his home station when the force is increased and he is entitled to be recalled.

If two or more employees are to be laid off at the same time, the most senior employee will indicate his intention to displace the most junior employee in his basic seniority classification whose job he can perform, after which the next most senior employee to be laid off will indicate his intention to displace the most junior employee in his basic seniority classification whose job he can perform, et cetera.

- e. An employee may limit his willingness to displace to only a given location or locations from among several locations listed by the Company in application of subparagraphs c and d above. No employee may choose to displace a junior employee at another location so long as he is able to displace a probationary employee at any location on the system. Such employee, if unable to displace at the locations he has indicated, will be placed on layoff.
3. When an employee is offered recall to his old point, regardless of the length of time he has been at the new point, he must elect either to return to his old point with no further entitlement to seniority in any classification at the new point, or to remain at the new point with no further entitlement to recall or seniority in any classification at his old point.
 4. The temporary assignment of an employee filling a temporary vacancy shall be terminated before the layoff of any employee filling a permanent vacancy. Further, an employee who fills a temporary vacancy which is terminated for any reason shall not be entitled to be recalled to the point to which he temporarily transferred.
 5. Employees transferring under this Paragraph shall receive moving expenses as provided under Company policy as of November 12, 1993 for salaried employees, except that during the first two hundred seventy (270) days following transfer under this Paragraph, or until the employee's actual household move, whichever occurs first, the employee shall be entitled to unlimited non-revenue space available (NRSA) business passes between the point to which transferred and his former point.
 6. The Company will notify the System General Chairman of all employee's names, stations involved, and effective dates of all transfers under this Paragraph.
- K. 1.** Employees holding seniority in premium classifications who bid to other points shall lose all seniority in their higher classifications at the point from which they bid. In the case of a reduction in force affecting higher classifications, the employees reduced shall exercise their basic classification seniority or other seniority held at the point at which reduced.

- 2.** The terms higher classification and basic classification shall, for the purposes of this Paragraph, be interpreted as follows:
 - a.** The Cook classification shall be considered the basic classification for the higher classification of Lead Cook.
 - b.** The Baker classification shall be considered the basic classification for the higher classification of Pastry Chef.
 - c.** The Food Service Employee classification shall be considered the basic classification for the higher classification of Lead Food Service Employee.
- 3.** Employees in basic classifications as defined in subparagraph 2 hereof who successfully bid to another point in their classification, shall have all basic classification seniorities held transferred to the point to which they bid.
- L.** Employees, except temporary employees, laid off by the Company who desire to seek employment elsewhere will, upon application within twelve (12) months from the date of their lay-off, be granted on one occasion free one-way contingent air transportation on the Company's planes to any point on the system within the continental limits of the United States.
- M.** Employees who have given long and faithful service in the employ of the Company and who have become unable to handle their normal assignments, will be given preference for such other available work as they are able to handle within their classification at the rate of pay for the job to which they are assigned.
- N.**
 - 1.** An employee whose transfer request to a different classification represented by the Union is accepted by the Company shall retain and continue to accrue seniority in his former classification for two (2) years. If the employee does not complete his probationary period in his new classification and after the Company confers with the Local Committee; the employee shall be returned to his previous assignment. If returned, the employee shall lose seniority in the classification from which returned. In the event an employee exercises his seniority to return to a lower-rated classification, he must return to the highest lower-rated classification in which he holds seniority or forfeit all seniority held in that or any other classification higher than the classification to which he returns.
 - 2.** Employees promoted to supervisory positions or to other positions (not covered by this or any other Agreement unless otherwise agreed upon)

will retain and continue to accrue seniority in the classification from which promoted for a period of six (6) months following promotion, except that employees in such positions on November 1, 1969, shall retain and continue to accrue seniority for a period of six (6) months from that date. At the expiration of the six (6) month period, employees in promoted positions shall retain but shall no longer accrue seniority. Promoted as used herein shall mean assignment to a position in which the salary received is higher than that paid the highest classification in the promoted employee's general seniority classification. Employees who transfer to such positions but are not in promoted status shall retain and accrue seniority for a maximum of one (1) year.

- 3.** If an employee is temporarily assigned to a promoted position (as defined in subparagraph 2 above) for combined periods which exceed one hundred eighty-three (183) days in any period of twelve (12) consecutive months, the employee will retain seniority but will accrue no more than one hundred eighty-three (183) days seniority during that twelve (12) month period.
- 4.** Employees covered by this Agreement transferring to the position of Flight Officer shall retain and continue to accrue all seniority held under this Agreement for the duration of their initial Flight Officer training.
- 5.** An employee who is accepted for Flight Attendant Training will be placed in Authorized No Pay or Personal Leave of Absence status for the duration of that training and will retain and accrue seniority under the IAM Agreements in accordance with those Agreements. After that training, if and when the employees enter the Flight Attendant classification, they will lose all IAM Agreement Seniority held effective with the date of that reclassification.
- O.** When the needs of the service require, temporary (full-time) employees and regular part-time employees may be employed and at the time and point of hiring, the Local Station Manager and Local Stores Manager will inform the employee and the Chairman of the Local Committee of the contemplated duration and daily hours of the job or jobs. In no event shall a temporary employee be hired on a full-time basis for work contemplated to last in excess of six (6) months nor shall an employee be hired on a regular part-time basis for work in excess of four (4) hours per day regardless of how long the job lasts. No employee will be hired on a part-time basis in any classification covered by this Agreement when sufficient work exists for an individual to be employed or paid in such classification for more than four (4) hours within the limits of eight and one-half (8) consecutive hours in one (1) day, and when it can be shown that full-time employees can handle the work for which a part-time employee was employed either during or immediately before or after their regular work shift without excessive overtime, such employment on a part-time basis shall be discontinued. The Company will

notify the System General Chairman every other month beginning with January of the names and locations of all temporary and part-time employees and the reasons for their employment. If any permanent full-time jobs become available while temporary or part-time employees are on the payroll at the location, such employees will be offered such jobs in their classification before outsiders are hired, provided they have given the Company advance notification in writing of their desire to be considered. All temporary and part-time employees are subject to all provisions of this Agreement except that they will accrue no seniority and will not be subject to recall after termination of their jobs, and employees hired on a part-time basis will not be subject to the hours of service provisions of this Agreement but shall be paid shift premiums for afternoon and night shift hours as defined in the Agreement and in all cases will have a minimum tour of duty of two (2) consecutive hours or pay therefor. Regular part-time employees shall progress through each step of the wage scale specified for their classification in Schedule A of this Agreement at a rate based on the ratio which the hours they normally work each week bear to the forty (40) hours a week normally worked by full-time employees.

- P.** If temporary employees are hired as regular employees, the period of temporary employment shall be credited against and deducted from their probationary period. Seniority shall accrue from the time assigned as a regular employee.
- Q. 1.** Except as provided in Paragraph J hereof, an employee who transfers or is transferred for any reason to another point shall not be entitled to displace any employee at the new point upon his arrival at the point. He shall be entitled to exercise his seniority at the new point to preference shift vacancies which become available after his arrival at the new point when such vacancies are not filled by employees at the point more than thirty (30) days. After an employee has completed thirty (30) days service at the new point, he shall be entitled to exercise his seniority to bid job vacancies in premium classifications or in his classification. If such vacancies have not been filled from among employees with more than thirty (30) days service at that point, the bid of a transferred employee with less than thirty (30) days service at the new point shall be considered. For the purposes of this Paragraph the thirty (30) days period of service at the new point shall be considered to commence the day following the date bids are closed on a bulletined vacancy or the day following the date a vacancy filled through a permanent bid procedure is declared.

- 2.** An employee accepting assignment to a temporary vacancy at another point shall be allowed to exercise his seniority at the new point to preference shift vacancies in the same manner as if he were filling a permanent vacancy. So long as he fills the temporary vacancy, however, he will not be entitled to exercise his seniority to bid local job vacancies at his temporary point except vacancies at that point which are filled from the system. At the termination of his temporary assignment, he will exercise his seniority at his point of permanent assignment.

 - 3.** For transfers under this Paragraph, free non-revenue space available (NRSA) air transportation on the Company's system will be furnished to the employee to report to his new location.
- R.** New regular employees will normally establish their permanent shift within the first sixty (60) days of employment. For good and sufficient reasons employees may be retained on a shift beyond sixty (60) days but in no event will employees be retained on a shift out of normal shift preference order beyond the first ninety (90) days of employment except as otherwise agreed. Temporary employees may be assigned to shifts out of normal shift preference order for a period not to exceed sixty (60) days unless otherwise agreed between local management and the local union committee.

**ARTICLE X
VACANCIES**

- A.** Vacancies of sixty (60) days or longer in the Lead Cook, Pastry Chef and Lead Food Service Employee classification covered by this Agreement shall be bulletined at the point where the vacancy exists and, if not filled locally, shall be filled from among employees at other locations who have a permanent bid on file with the Company as of the preceding Friday. Vacancies in all other classifications shall be filled from among active or laid off employees at other locations who have a permanent bid on file with the Company as of the preceding Friday, and, if not so filled, shall be bulletined at the point where the vacancy exists, for local bidding. Such bids will be filed as prescribed by the Company, and the Union shall be furnished a copy of each bid after it has been received by the Company and shall be notified in writing the name, location, and seniority date of each employee awarded a vacancy, and the date of that vacancy, under this Paragraph. Such date will be a minimum of seven (7) days after the date the bulletin is posted. Any employee selected to fill such a vacancy shall be available to fill the assignment within a maximum of ten (10) days after being released from his job. An employee who fills a permanent job in a Lead classification and subsequently resigns from it within a period of six (6) months from the date he is declared successful bidder shall not be entitled to exercise his basic classification seniority to displace to the shift and/or bid area of his choice, but shall return in his basic classification to his former shift and bid area.
- B.** Any employee bidding for such job must file his bid in writing with the Company as provided in the bulletin and may file a copy of the bid with the Union.
- C.**
- 1.** In filling jobs under the bidding procedures provided in this Agreement, seniority plus ability to satisfactorily perform the work required for the job in question will be considered. Any person aggrieved by the action of the Company in filling such vacancies may file a grievance pursuant to the procedure set forth in the Agreement.
 - 2.** In cases where a vacancy in a higher classification bulletined under Paragraph A of this Article, is filled by bids from employees in a lower classification and the successful bidder is later displaced by a decision in the grievance procedure or an award of the System Board of Adjustment, the following procedure shall govern:
 - a.** The employee in the vacancy awarded the senior bidder by the System Board's award or the grievance decision shall lose all seniority in the higher classification and be returned to the job held at the time of promotion except under the following conditions:

If the employee's seniority in the lower classification would have entitled him to a vacancy in the higher classification with substantially the same qualifications and duties which was bulletined and awarded while he was working the higher classification, he shall be entitled to remain in the higher classification and his seniority shall be adjusted as though he had bid on and been awarded that vacancy. The same procedure shall be followed with all other employees in the higher classification who were awarded vacancies subsequent to the vacancy awarded the senior bidder by the System Board award or a grievance decision.

- D.** An employee bidding for more than one vacancy shall indicate the order of preference on each bid. When the Company has selected an employee to fill the bulletined job, it shall post immediately at each station or location where the vacancy was announced a bulletin showing the name of the employee selected to fill the job and his seniority date. If an employee refuses to accept a job for which he is the successful bidder, he shall forfeit all bidding rights (except shift preference within his classification or for the initial establishment of vacancies in a classification at a point) for a period of six (6) months from the date he was notified that he was the successful bidder.
- E.** If the applicant whose application for a bulletined job is accepted is stationed at a location other than the location of the bulletined job, the Company will furnish contingent air transportation on its system for the employee affected and for the members of his immediate family to the extent permitted by law from the location from which he is transferring to the location of the bulletined job. All other expenses incident to such transfer will be borne by the employee. The employee will be allowed a reasonable period between the time he is relieved of his duties until he is required to report at the new location. Such a period shall be established in advance, and be dependent upon the means of travel.
- F.** An employee whose application for a bulletined job is accepted shall hold the bulletined job for a reasonable period but not to exceed ninety (90) days on a trial basis in order to demonstrate his ability to perform the work required by the job. An employee's trial period may be extended in appropriate cases (such as the employee's extended absence because of accident or illness) by local agreement between the Union and the Company. During such trial period, if the employee is unable to demonstrate ability to perform the work required by the job and after the Company confers with the Local Committee, the employee shall be returned to his previous assignment but he shall not, for a period of six (6) months, be permitted to bid for a vacancy in the same or a higher classification of work in which he was unable to demonstrate ability. The return to his former station shall be without expense to the Company, except that the Company will furnish contingent air transportation on its system for the employee and his immediate family to the extent permitted by law, and the employee will be allowed a reasonable period from the time he is relieved of his duties until he is required to report for work at his previous station established as aforementioned.

- G.** During the interim required to bulletin a vacancy, the Company may select an employee to fill the vacancy temporarily. Employees temporarily transferred from their regular work to the work of any other classification covered by this Agreement shall receive their regular rate of pay or the minimum rate of the classification, plus longevity, whichever is the higher, for performing such work.
- H.** In the case of vacancies not expected to exceed sixty (60) days, the Company may select an employee to fill such vacancy on a temporary basis without bulletining the job. In case of vacancies in higher classifications, the selection will be based on seniority insofar as practical and wage claim will be paid where deviation from normal selection practice for temporary assignments is due to Company convenience. At the end of sixty (60) days the vacancy will be filled as otherwise provided in this Agreement. Exclusive of vacation requirements, when a Lead job in a work group for a full shift is regularly filled each work week by temporary upgrading an employee more than half time (more than 20 hours per week) for sixty (60) days, a permanent Lead vacancy will be bulletined and awarded.
- I.** An employee under this Agreement assigned to a temporary job under Paragraphs G and H of this Article shall, upon such discontinuance of such temporary job, be returned to his former job and status.
- J.** No employee will be compelled to accept a permanent transfer against his wishes.
- K.**
- 1.** When a permanent job opening occurs at a point at which Cooks, bakers, and/or Food Service Employees are on layoff, such vacancy will be filled by the senior employee in the classification who is (a) on layoff, or (b) is in active service and is surplus in a work function at that point. If not so filled, the vacancy will be filled, when no layoff is in progress, in accordance with Paragraph A of this Article.
 - 2.** System Permanent Bids will be sent to WHQES by either U.S. Mail (WHQES, United Airlines, P.O. Box 66100, Chicago, IL 60666) or Company mail, at the employee's option. Bids shall specify the location to which the employee desires to be transferred as vacancies occur. Bids will remain valid until withdrawn. Employees must submit bids in triplicate (electronically, when available systemwide), one copy to be retained by the Company and the other returned to the employee confirming the date such bid was received by WHQES. The District Union shall be furnished a copy of each bid after it has been received by WHQES (electronically, when available systemwide) and shall be notified in writing the name, location, and seniority date of each employee awarded a vacancy, and the date of that vacancy, under this Paragraph. Any employee selected to fill such a vacancy shall be available to begin the assignment within a maximum of ten (10) days after being released from his previous job. An

employee who is not considered qualified by the Company for a vacancy for which he files a system permanent bid shall be notified in writing of his disqualification and the reason therefor.

- 3.** Bids will be valid through January 15th of the year following the calendar year in which bids are received by the Company unless otherwise agreed to on a local basis.

- L.** In the event a vacancy in the classifications covered by this Agreement exists at any location on the Company's system and no qualified employees bid, the Company shall have the right to select to fill such position the junior qualified employee at any location willing to accept transfer at the Company's expense and the employee may be transferred to the new location and given credit for all of his classification seniority at the new point.

- M.** It shall be the policy of the Company to promote its own men, and only when competent employees cannot be found in the ranks, or when competent employees will not accept vacancies or new positions in the supervisory force, will it be the disposition of the Company to vary from this policy.

- N.** All transfer requests to the Utility Employee classification not filled in accordance with other provisions of the Mechanics Agreement shall be filled, in order of Company seniority by regular IAM-represented employees who have transfer requests on file and who have the ability to satisfactorily perform the work required for the job in question, ahead of other transfer requests and outside hires.

- O.** At least sixty-seven percent (67%) of all permanent vacancies in the following classifications not filled in accordance with other provisions of the IAM Agreements shall be filled by regular IAM-represented employees who have the appropriate transfer documents on file and who have the ability to satisfactorily perform the work required for the job in question. Vacancies for which no qualified regular IAM-represented employee has a transfer document on file shall not be counted in this calculation. This requirement will be measured by classification on an annual basis. The classifications are: mechanic, seamer, mechanic's helper, ramp serviceman, storekeeper, and vehicle driver.

**ARTICLE XI
LEAVE OF ABSENCE**

- A.** Where a justifiable reason exists and where the requirements of the service will permit, any employee covered by this Agreement will, upon proper application to the Company, be granted a leave of absence in writing for a period not in excess of ninety (90) days, and the local designated representative of the Union will be notified of all such leaves granted. An employee requesting a leave of absence who is required to maintain Union membership in accordance with the provisions of the Union Security Article of this Agreement shall present written evidence that his Union dues are paid up at the time he requests a leave of absence. Such leave or leaves may be extended for additional periods not to exceed ninety (90) days upon appropriate application in writing to the Company and Union and approval in writing. An employee granted leave of absence shall retain and continue to accrue seniority during the first ninety (90) days of any such leave of absence. For leaves of absence in excess of ninety (90) days, the employee shall retain but shall not accrue seniority after ninety (90) days, except where the leave has been granted because of health, injury, pregnancy, service in the Peace Corps or special assignment by the Company, or election to Federal, State or Local Office. Special assignment leaves in the interest of the Company may be extended without approval from the Union. An employee applying for an educational leave of absence must specify the entire period of time he plans to remain on such leave in order to obtain the desired education and, if the leave is granted, he shall have no right to reemployment until the entire educational leave specified has elapsed. Such employees will not be required to apply for and receive extensions at ninety (90) day intervals during their leave as will other employees granted leave of absence.
- B.** Employees accepting full-time employment with the Union as representatives of the employees covered by this Agreement shall be granted an indefinite leave of absence by the Company. An employee on leave of absence for this purpose shall retain and continue to accrue seniority but, with the exception of the employees selected by the Union as System General Chairman, Assistant System General Chairman, and District Secretary-Treasurer, shall have no other employee benefits. The employees selected as System General Chairman, Assistant System General Chairman, and District Secretary-Treasurer, shall have all employees benefits that can reasonably be continued in effect during their leaves of absence.
- C.** Employees covered by this Agreement must advise the Company and the Union ten (10) days in advance of their intention to return from a leave of absence or extension thereof. Upon their return, they shall be returned to the job held when leave was granted; provided, however, that if they fail to meet the qualifications and performance requirements of the job within thirty (30) days of the date of their return, they may be assigned to such other job for which they can qualify. If the job held prior to the leave of absence no longer exists, the employee may be assigned to any other job in his classification for which he can qualify.

- D.** Any employee covered by this Agreement who engages in gainful employment for someone other than the Company while on leave of absence without prior written permission from the Company and Union, except employees on special assignments in the interest of the Company, shall be deemed to have resigned from the Company's service and his name will be stricken from the seniority roster.

- E.** An employee who enters military service and has re-employment rights under applicable federal law and regulations thereunder shall be considered on military leave of absence and shall retain and continue to accrue seniority during such leave of absence. In the event the employee does not return to service with the Company during the period he has re-employment rights, his leave of absence shall automatically terminate and he shall lose all seniority.

**ARTICLE XII
VACATIONS**

- A.** The calendar year will be used for computing vacation allowances and scheduling vacations. Vacations will be taken during the calendar year following that in which accrued and will be paid at the employee's regular rate of pay in effect at the time the vacation is taken.
- B.** Vacation Accrual - New employees will accrue three and one-third (3-1/3) hours of vacation for each calendar month of active service during the remainder of the calendar year. The first vacation will be taken during the following calendar year. Thereafter, vacation accrual for each full year of active service will be based on the employee's length of service as determined by the employee's Date of Employment as follows:

LENGTH OF COMPANY SERVICE	VACATION ACCRUAL	
	Weeks	Hours
<u>0 to 1 Year</u>	<u>1</u>	<u>40</u>
<u>1 Year</u>	<u>2</u>	<u>80</u>
<u>9 Years</u>	<u>3</u>	<u>120</u>
<u>16 Years</u>	<u>4</u>	<u>160</u>
<u>24 Years</u>	<u>5</u>	<u>200</u>
<u>29 Years</u>	<u>6</u>	<u>240</u>

- C.** An employee taking a leave of absence or leaves of absence in excess of thirty (30) calendar days, except in case of sickness or injury on the job, shall have his vacation hours and pay reduced by one-twelfth (1/12) for each month or part thereof that he is on leave of absence in excess of thirty (30) days.
- D.** Holidays recognized by this Agreement at the beginning or end of a vacation period or falling within a vacation period will not be considered as part of the vacation. Holidays falling within a vacation period will be taken by extending the vacation period one day for each such holiday.
- E.** Employees who leave the Company, regardless of their length of service with the Company, shall be paid for all accrued but unused vacation credit for the preceding calendar year regardless of the reason for leaving the Company. In addition, an employee having a full year or more of service with the Company at the time of leaving will receive all accrued vacation credit in the current year up to the end of the month preceding the separation, if: (1) he gives the Company ten (10)

calendar days notice of intent to quit; (2) he is not discharged for cause. Employees laid off in a reduction of force and employees granted an indefinite leave of absence as full time representatives of the Union shall be granted vacation pay for all unused vacation time accrued to the end of the month preceding the layoff or leave of absence. In the event of the death of an employee after one (1) year of service, pay for any unused vacation time will be given to his executor, administrator or other legal heirs.

F. Day-At-A-Time (DAT) Vacation

- 1.** Employees with two (2) or more weeks of accrued vacation may take five (5) such days on a day-at-a-time basis (DAT). Employees with three (3) or more weeks of accrued vacation may take ten (10) such days on a day-at-a-time basis (DAT). Employees must elect this option at the time vacation lists are compiled.
- 2.** An eligible employee may take DAT vacation by obtaining the advance approval of his supervisor. The number of employees granted a DAT vacation day on any specific date will be subject to Company and departmental service requirements. An earnest effort will be made by all parties to schedule and use DAT vacation so as to avoid scheduling problems at year end.
- 3.** Additional flexibility in the scheduling of DAT vacation may be implemented on a local basis consistent with operational manpower requirements. Such local rules shall not prejudice the system application of the DAT program and shall be deemed to expire each vacation year unless renewed.
- 4.** A holiday, RDO, or another vacation day cannot be designated as a DAT vacation day. Further, Paragraphs D, H, (as related to the splitting of vacations), I, J and K are not applicable to DAT vacation.
- 5.** If for any reason, an employee does not use all of his DAT vacation days in the current calendar year, they will be carried forward only to the next following calendar year and if not then scheduled and used will be forfeited. If the employee also sets aside five (5) new DAT vacation days to be used in the next calendar year, he may not then use the new DAT vacation but will be required to select a regular vacation week only from the vacation weeks remaining.

- G. 1.** The Local Management and Local Union Committee shall meet at least thirty (30) days in advance of the vacation scheduling period to discuss the method of scheduling vacations, including DAT vacation, for the coming year.
- 2.** Vacation lists shall be compiled for each vacation scheduling group beginning on November 15 preceding the vacation year and shall be posted on the shop bulletin board no later than the following January 15. Such dates may be modified by local agreement between the Company and Union.
- H.** Subject to Company and departmental service requirements employees covered by this Agreement will be permitted to select their vacation in the Flight Kitchen or Cafeteria in which they are employed in accordance with Company seniority. Such selections will be without regard to shifts unless otherwise agreed to by Local Management and the Local Union Committee. Employees with two (2) or more weeks of vacation who are allowed to split their vacation may exercise their seniority for a primary choice of no more than two (2) segments of the split vacation at once. Each scheduled segment of such split vacation must be at least five (5) scheduled working days. A secondary exercise of seniority for a third segment must await the primary selection of junior employees, et cetera. When vacation schedules have been established, senior employees will not be permitted to take the vacation period already assigned to a junior employee. An employee who is transferred to a different vacation group shall be allowed to reschedule his vacation period(s) to available vacation weeks, or, if at his option, to retain his scheduled vacation period(s) except when extreme manpower requirements exist or the planned vacation list has already been exceeded.
- I.** If an employee's regular day off pattern is involuntarily changed by the Company after the employee has been assigned his vacation period, he shall be permitted at his option to move his regular days off or his vacation period in the work week in which his vacation starts to allow his regular days off and vacation period to butt.
- J.** Vacation leave is not cumulative except where an employee has been specifically requested by the Company in writing to forego his vacation during the year. Otherwise if not taken within the calendar year in which it is due, the vacation will be forfeited, except that an employee who is sick or injured prior to the commencement of his scheduled vacation and whose illness or injury disables him through the entire period of his scheduled vacation shall, at his option, receive vacation pay for his scheduled vacation or receive sick pay for this period of time and have his vacation rescheduled. He cannot receive both sick pay and vacation pay for the same period. If the Company does not reschedule his vacation in the current year and/or the following year, he shall then receive pay for his vacation in lieu thereof.

- K.** Employees shall be given one hundred percent (100%), less payroll deductions, of their vacation pay prior to the commencement of their vacation provided the employee makes application therefor in writing on a form to be prescribed and furnished by the Company which shall be signed by the employee. Such request for vacation pay must be filed in time to have it in the payroll office of the Company at least twelve (12) days prior to the employee's last working day before his vacation. Any pay due an employee for work performed prior to taking his vacation shall be paid on the regular payday.

ARTICLE XIII
SICK LEAVE

- A.** Employees will be credited with one-half (1/2) day of non-occupational sick leave for each month of employment during the first six (6) months of employment and one (1) full day for each month of employment during their second six (6) month employment. During the second six (6) months of employment an employee may be granted six (6) days of non-occupational sick leave with one-half (1/2) pay. At the start of the second year of employment an employee will have a total of nine (9) full days of non-occupational sick leave credit less any sick leave used during the first year, and will continue to accrue one (1) day of such sick leave credit for each month of continuous service up to a maximum of one hundred (100) days. Effective June 1, 1979, the maximum amount of non-occupational sick leave which may be accrued will be increased to one hundred and ten (110) days.
- B.** After one (1) year of employment, non-occupational sick leave with pay in case of actual sickness will be granted up to the number of days to the credit of the employee at the time. When such sick leave is granted the number of days paid for will be charged against the number of days credited to an employee and thereafter one (1) day of non-occupational sick leave for each month of continuous service shall again be credited to the employee until the total credit again reaches the maximum.
- C.** Employees will be required to request payment for non-occupational sick leave in writing not later than the pay period following their return to service on a form provided by the Company. Such sick leave with pay will be granted only in cases of actual sickness. The Company may require a doctor's certificate before paying such requests for sick leave in excess of three (3) days. Dental and doctor appointments will not be considered a basis for paid sick leave unless it can be shown that the doctor in question does not maintain office hours outside the employee's regular work time, or on the employee's regular days off.
- D.** Employees will accrue one (1) day of occupational illness or injury leave for each month of continuous service to a maximum of one hundred (100) days. This accrual will be in addition to non-occupational sick leave and may be used for absence resulting from occupational illness or injury only. After exhausting his occupational illness or injury leave, the employee may use his non-occupational sick leave credits. He may not, however, use occupational illness or injury leave for non-occupational illness or injury under any circumstances. When an employee on occupational illness or injury exhausts his occupational leave and uses non-occupational leave, his ensuing accrual of occupational injury leave shall be credited to his non-occupational sick leave until such time as he has replaced all non-occupational sick leave which was used for his occupational illness or injury. The provisions of Paragraph E of this Article will apply to

Workmen s Compensation paid to an employee while he is receiving occupational illness or injury leave.

- E.** When it is necessary for an employee to be absent from work because of occupational injury or illness he must request payment for occupational illness or injury leave in writing not later than the pay period following his return to service on a form provided by the Company. A doctor s certificate may be required before granting pay for this purpose. In the event he receives Workmen s Compensation because of such absence he shall turn over such compensation to the Company and shall have his sick leave or occupational illness or injury credit used in connection with such injury or illness restored to the extent that the compensation offsets the pay granted; provided, however, that such credits will be restored only in units of one-half () day.
- F.** All credit for non-occupational sick leave or occupational illness or injury leave will be cancelled if employment ceases for any purpose and no payment for such accumulated credit will be made at any time. No credit will be given for non-occupational illness or injury leave purposes while an employee is on leave of absence.
- G.** The employees covered by this Agreement and the Union recognize their obligation of being truthful and honest in preventing unnecessary absence or other abuse of either non-occupational or occupational illness or injury leave privileges. No employee shall be reprimanded for the legitimate use of sick and/or injury leave. An employee whose dependability record is unsatisfactory shall be so advised, furnished a copy of his record, and given a reasonable opportunity for improvement before any disciplinary action is taken.
- H.** Each hour of occupational or non-occupational sick leave charged to the employee s bank will be paid at eighty percent (80%) of the employee s hourly rate.

In the event of illness or injury requiring absence of seven (7) or more consecutive scheduled work days, sick time will be paid at one hundred percent (100%) of the employee s hourly rate commencing with the eighth (8th) consecutive work day.

**ARTICLE XIV
EXTENDED ILLNESS STATUS**

- A.** An employee who exhausts his sick leave or who is off work because of illness or injury longer than sixteen (16) days without sick leave pay shall be placed on extended illness status up to a maximum of three (3) years from the first day placed on extended illness status. The employee shall, when placed on extended illness status, file his address with the Company and shall thereafter promptly advise the Company of any change in address. The System General Chairman will be notified by two (2) copies of a letter stating the employee's name, home address, work location, job title and the date he is placed on extended illness status.
- B.** While on extended illness status, the employee:
- 1.** shall retain and continue to accrue seniority
 - 2.** may continue insurance coverages according to the provisions of the Company's insurance plan
 - 3.** may be granted free or reduced rate transportation privileges except vacation passes upon request to his supervisor. He may receive an accrued vacation pass if it is requested at the time he is placed on vacation status and paid for his accrued vacation.
 - 4.** may be required to submit to physical examinations at Company request or to furnish medical reports of his current physical condition. If the employee is examined by a Company medical examiner or is directed to a specific medical examiner by the Company the cost of the examination will be borne by the Company. If the employee is required to furnish a medical report of his current physical condition and elects to be examined by his own doctor rather than go to a Company medical examiner; he shall assume the cost of his examination. The Union will be notified of the date of a Company required medical examination if the employee requests the Company to do so in writing.
 - 5.** shall not accrue or be entitled to any other employee benefits, such as vacation accrual, sick leave accrual, holiday pay, et cetera, except that an employee who is off work because of occupational illness or injury will continue to accrue vacation credit.

- C.** If while on extended illness status the employee accepts employment elsewhere without prior approval by the Company and the Union, he shall be deemed to have severed his employee relationship with the Company.
- D.** At least sixty (60) days prior to the end of the employee's extended illness status, the employee's condition shall be reviewed by the Company and further extensions in the period of extended illness status may be granted if circumstances warrant. Thirty (30) days before the end of the employee's extended illness status, the Company shall notify the employee, the System General Chairman, and the Local Committee of its decision to extend the employee's extended illness status or to separate the employee. Separation by termination of the employee's extended illness status shall be automatic and the Company shall not be required to follow the procedures specified in the Disciplinary Action Article of the Agreement.
- 1.** If the Company grants an extension of the period of extended illness status, the extension will be confirmed by letter to the Union indicating the length of the extension and the reason(s) therefor.
 - 2.** Following notice to the Union and the employee that the employee will be separated, the employee may file a grievance protesting his separation and the Union may appeal the Company's decision directly to Step Three of the grievance procedure as provided in the Bargaining and Grievance Procedure Article of the Agreement.
 - 3.** The grievance must be filed within ten (10) days after the date of separation. If such appeal is not filed, the Company's action shall be final and binding.
 - 4.** Further appeal, if desired, shall be to the System Board of Adjustment provided for in this Agreement.

**ARTICLE XV
TRANSPORTATION**

- A.** It is agreed that the pass transportation regulations as established by Company policy on the date of signing this Agreement will apply to employees covered by this Agreement and will not be substantially changed or discontinued during the term of this Agreement without first advising the Union of the reason therefor and affording the Union an opportunity to confer with the Company. Any improvements in pleasure pass benefits provided to other domestic non-management employee groups will be offered to employees covered by this Agreement.

- B.** The System General Chairman and Assistant System General Chairman of the Union will be furnished with a non-contingent pass over the Company's system during their term of office for use in connection with their work in administering this contract.

- C.** Union Officials engaged in meetings with Company Officials shall be given business positive space air transportation over the lines of the Company, to the extent permitted by law, to attend such meetings.

**ARTICLE XVI
DISCIPLINARY ACTION**

- A.** An employee who is to be questioned by Company Representatives in the investigation of an incident which may result in disciplinary action being taken against him, will be informed of his right to have a Union Representative present before such questioning begins. Such Union Representative will not interfere with the Company's questioning of an employee. However, at the conclusion of the Company's questioning the Union Representative will be free to ask questions or clarify facts. The above does not apply to inquiries of employees by Supervisors in the normal course of work.
- B.** No employee shall be discharged without a prompt, fair and impartial investigative hearing at which he may be represented and assisted by Union Representatives. An employee will also be entitled to an investigative review hearing if he so requests upon being advised of a disciplinary suspension. The hearing will be held before any suspension is served. Prior to the actual hearing the Union and employee will be given copies of any previous disciplinary action letters which are to be considered and the Union will be advised in writing of the precise charges against the employee. The Union and employee will have at least forty-eight (48) hours advance notification of the hearing should they so desire. Nothing herein shall be construed as preventing the Company from holding an employee out of service pending such investigation.
- C.** Appeals of suspensions shall be made directly to Step Two of the Grievance Procedure. Appeals of discharge and appeals of employees laid off because of lack of qualifications shall be filed directly to Step Three of the Grievance Procedure. A hearing will be held within ten (10) days of perfecting such appeal. Oral and written evidence may be introduced at such hearings and witnesses may be required to testify under oath. All time limits for answers and appeals shall conform to the limitations imposed in the grievance procedure.
- D.** All disciplinary letters (letters of warning, reprimand, or suspension) as well as non-disciplinary letters of counsel or concern, will be removed from the employee's file after a period of two (2) years (excluding periods while on layoff, Leave of Absence or Extended Illness Status) from the date they were issued. Decisions relating to appeals of disciplinary action may not be used by the Company as part of the employee's past record when assessing subsequent discipline if more than two (2) such years have elapsed from the date of the disciplinary action taken.

- E.** If, as a result of any hearing or appeals therefrom, it is found the suspension or discharge was not justified, the employee shall be reinstated without loss of seniority and made whole for any loss of pay he suffered by reason of his suspension or discharge, and his personnel records shall be corrected and cleared of such charge; or, if a suspension rather than discharge results, the employee shall have that time he has been held out of service credited against his period of suspension. In determining the amount of back wages due an employee who is reinstated as a result of the procedures outlined in this Agreement, the maximum liability of the Company shall be limited to the amount of normal wages he would have earned in the service of the Company had he not been discharged or suspended.

- F.** Necessary hearings and investigations called by the Company shall, insofar as possible, be conducted during regular business hours and all Stewards, Local Committeemen and witnesses necessary for a proper hearing or investigation will be compensated at straight-time rate for all time spent attending such hearing or investigation.

**ARTICLE XVII
BARGAINING AND GRIEVANCE PROCEDURE**

A. Should a grievance occur, both the Union and the Company shall make an earnest effort to ascertain the facts and seek a fair and equitable settlement through the following procedure. It is the intent of the parties to settle complaints and grievances at the lowest possible level in the procedure based upon the facts and common sense.

B. Grievance Time Limits

In order to document relevant facts, complaints must be lodged promptly after the cause giving rise to the incident. The Company shall have no monetary liability for any period beyond thirty (30) days prior to the filing of the complaint in writing. Any answers not appealed in writing within the specified time limits at any step of the procedure shall be considered closed on the basis of such answer, unless such time limits have been extended by mutual agreement. Grievances not answered within the specified time limits may be appealed to the next step of the procedure. Time limits for appeals, decisions, and System Board responses will be exclusive of Saturdays, Sundays, and Holidays.

C. Step One

- 1.** An employee having a complaint should first discuss the matter with his Supervisor who will attempt to settle the matter.
- 2.** If the issue is not satisfactorily resolved, he may request the Steward to handle the matter with the Supervisor.
- 3.** If the matter is not resolved the Steward will reduce the facts to writing on a form provided by the Company. The Supervisor shall then have three (3) days to write his response. Each party shall get a copy of the completed form. Such document will not prejudice either party at future steps of the Grievance Procedure.

D. Step Two

The Local Committee shall determine if a grievance exists. If so, a grievance must be filed within fifteen (15) days from the Supervisor's written response. Such grievance will be filed on a standard form and shall be considered by the designated station or base management representative(s) and the Local Union Committee. Grievance hearings will be scheduled within fifteen (15) days of receipt of such appeal. The Local Committee may specify that a specific grievance shall be heard by the Department or Station Head rather than his designee. A written answer shall be provided within five (5) days after discussions have concluded. The Union may appeal the grievance to the next step of the procedure

within fifteen (15) days from the date of the Company's written answer. Such appeal may contain any disputed facts or additional germane facts.

E. Step Three

If not settled, the grievance shall be reviewed by a representative(s) of the Human Resources Staff and the appropriate Assistant General Chairman. The review will be held within ten (10) days of perfecting such appeal. If unable to reach an agreement, and at the request of the Union, a Step Three Hearing will be scheduled within ten (10) days of the conclusion of the review process. The Company shall provide its written answer within fourteen (14) days from the meeting. If the Union decides to appeal the answer to the System Board, it will submit a written appeal perfecting all facts within forty (40) days from the Company's answer. Copies of the appeal shall be sent to the appropriate labor relations officer and the System General Chairman.

F. Stenographic Record

When it is mutually agreed that a stenographic report is to be taken by a public stenographer of any investigation or hearing provided for in this Agreement, the cost will be borne equally by both parties to the dispute. When it is not mutually agreed that a stenographic report of the proceedings be taken by a public stenographer, the stenographic record of any such investigation or hearing may be taken by either of the parties to the dispute. A copy of such stenographic record will be furnished to the other party to the dispute upon request at pro rata cost. The cost of any additional copies requested by either party shall be borne by the party requesting them, whether the stenographic record is taken by mutual agreement or otherwise.

G. Management Grievance

The Company has the right to file a grievance against the Union. Such grievance will be proper when filed by the Corporate Director of Industrial Relations to the System General Chairman who will provide a written answer within fourteen (14) days. If the answer is unsatisfactory, the Company may appeal the grievance to the System Board within fourteen (14) days following receipt of the Union's answer.

H. Step Four—System Board

If the grievance remains unsettled after being processed through Step 3 above, the System General Chairman may request the case be heard by the System Board in compliance with Section 204, Title II of the Railway Labor Act as amended.

1. The System Board of Adjustment shall consist of three members, the CHAIRMAN, who will be a neutral member selected in a manner agreeable to the Company and Union, the COMPANY MEMBER, who will be appointed by the Company, and the UNION MEMBER, who will be

appointed by the Union. In matters relating to contract interpretation, all members of the Board will hear and decide the case by majority vote. In disciplinary cases, only the Chairman will sit on the Board and he shall decide the case.

- 2.** The Board shall meet in the city where the General Offices of United Air Lines, Inc. are maintained (unless a different place of meeting is agreed upon by the parties).
- 3.** The Board shall have the power to make sole, final and binding decisions on the Company, the Union, and the employee(s) insofar as a grievance relates to the meaning and application of this Agreement. The Board shall have no power to modify, add to, or otherwise change the terms of this Agreement, establish or change wages, rules, or working conditions covered by this Agreement.
- 4.** All appeals properly referred to the Board shall include:
 - a.** The question or questions at issue.
 - b.** A statement of the specific Agreement provisions which are claimed to have been violated.
 - c.** All facts relating to the dispute which it intends to cite in support of its position.
 - d.** The full position of the appealing party.

A copy of the Submission shall be served on the other party.

- 5.** Except in cases involving appeals of disciplinary action, letters in the file, suspension, or discharge, in which the only written procedural step will be the Union's Submission to the Board, the other party to the dispute shall, within forty (40) days after receipt of the appealing party's Submission, file a Statement of Position with the other party. A delay in the filing of such Statement of Position will not cause a delay in the scheduling of the hearing unless expressly agreed to by the Company and the Union. The Statement of Position shall include:
 - a.** The question or questions at issue.

- b.** All facts relating to the dispute which it intends to cite in support of its position.
- c.** The full position on which it will rely.

Within fifteen (15) days after the date the Statement of Position is filed with the other party, the parties shall advise the Board the facts, if any, on which they desire to present evidence during the hearing. Each party shall have the opportunity at the hearing to present evidence on the facts on which the other party presents evidence. The Chairman may also advise the parties the facts on which he desires to have evidence.

- 6.** If the parties agree, the following procedure will be used in place of that specified in Paragraph 5 above:

In advance of the Board hearing, the Company and Union will confer for the purpose of preparing a joint Submission to the Board. The Submission shall include:

- a.** The issue or issues to be decided.
- b.** The facts on which the parties agree.
- c.** The disputed facts.
- d.** The primary position of each party.

The Submission shall be signed by each representative and presented to the System Board Member(s).

- 7.** Witnesses who are employees of the Company shall receive free non-revenue positive space (NRPS) transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law.
- 8.** Witnesses testifying at the hearing may be required to do so under oath if requested by either party.
- 9.** Evidence presented at the hearing may include sworn depositions, written evidence, or oral testimony.

- 10.** A stenographic record may be requested by either party. If such record is requested the cost will be borne equally by the parties.
- 11.** Each of the parties hereto will assume the compensation, travel expense and other expenses of the witnesses they call or summon. The expenses of the Chairman will be borne equally between the Company and the Union.
- 12.** The Chairman shall give his written decision within thirty (30) days of the close of the hearing unless extended by mutual agreement.
- 13.** The Chairman's copy of all transcripts and/or all records of cases will be filed in a place to be provided by the Company, and will be accessible to the parties.
- 14.** No post hearing briefs will be required following System Board hearings unless agreed to by both parties.

**ARTICLE XVIII
SAFETY AND HEALTH**

- A.** Employees entering the service of the Company may be required to take a physical examination specified by the Company. The cost of such examination will be paid by the Company. Thereafter the Company may request an employee to submit to further physical examinations during the course of his employment or recall to service after a lay-off due to reduction in force. If it becomes necessary to hold an employee out of service due to his physical condition, the Union will, on the employee's request, be fully informed of the circumstances and every effort will be made to return the employee to service at the earliest possible date. The cost of such further examinations shall be paid by the Company.
- B.** In the event the Company's physician considers that an employee does not meet the physical requirements of the job as determined by the Company, or in the event the Company's physician considers that the employee meets the physical requirements of the job as determined by the Company, and in either event the employee's physician has made a contrary determination, these two physicians shall select a third impartial qualified physician to examine the employee and the decision of the majority as to the employee's medical fitness to perform the regular duties of his classification shall be binding upon the Company and the employee. The expense of the employee's physician shall be borne by the employee; the expense of the Company's physician shall be borne by the Company; and the expense of the impartial physician shall be borne one-half (1/2) by the employee and one-half (1/2) by the Company. This third physician procedure shall not apply to assignments involving restricted duty, whether temporary or permanent.
- C.** The Company hereby agrees to maintain safe, sanitary and healthful conditions and to maintain at each location proper emergency first aid equipment for the use of its employees in case of accident or illness. Reasonable dressing rooms will be provided for all employees, and employees will be provided with individual lockers where possible. The Union and employees recognize their duty and responsibility to assist in maintaining safe, healthful and sanitary conditions.
- D.** Adequate safety devices shall be provided for all employees working on hazardous or unsanitary work, such devices to be furnished by the Company. No employee shall be discharged or suspended pending an investigation for refusing to work with or on equipment which he believes is not reasonably safe.
- E.** Employees taken sick or injured while at work shall be given medical attention at the earliest possible moment and employees will be permitted to return to work without signing any release of liability pending the disposition or settlement of any claims for damage or compensation. It is the responsibility of the injured employee to report any injury to his immediate supervisor.

- F.** The Company, Union, and employees will cooperate toward the prevention of accidents and the furtherance of an aggressive safety program. A joint Company-Union Safety Committee will be established at each location where represented employees are assigned. Such Committees shall be comprised of an equal number of Company and Union representatives as designated by the parties. The Union member(s) shall function in an advisory capacity. Safety Committees will meet at least once a month to resolve safety issues and review corrective action taken for all lost time accidents which may have occurred.

Reasonable time without loss of pay will be allowed Union member(s) of the Safety Committee to investigate and handle safety complaints. Such Union member(s) will be promptly informed of all lost time accidents and shall be provided with the results of environmental air, noise, and contaminants testing conducted by the Company. The Company shall provide OSHA Form 200 for review by the Union. A copy of the factual account of all accidents (UA Form 1845 or equivalent), with any medical information deleted, will also be provided to the Union Safety Committee.

Both the Company and the Union shall cooperate in seeking solutions to help reduce the accident frequency and severity rates and shall jointly participate in safety education. The Company will maintain a safe working environment and no employee will be required to work under unsafe or unsanitary conditions. Both the Union and Company shall encourage employees to utilize the Safety Committee for all unresolved safety related matters.

- G.** In cases of occupational injury or illness employees may elect to be treated by their personal physician, and decline treatment from others, provided they have their physician registered with United's medical department prior to the occurrence of illness or injury. The company's physician will retain the right to monitor the employee's course of treatment.

**ARTICLE XIX
GENERAL AND MISCELLANEOUS**

- A.** Service records shall be maintained for all employees by the Company. When an employee covered by this Agreement leaves the Company for any reason, he will, upon request, be furnished with a copy of his service record.

- B.** Any employee leaving the service of the Company will, upon request, be furnished with a letter setting forth the Company's record of his qualifications and stating his length of service.

- C.** When any new equipment is put into service by the Company, employees covered by this Agreement will be given an opportunity to become familiar with such new equipment without change of classification or rate of pay; provided, however, that the Company may fix a reasonable time within which such employees must become familiar with such new equipment.

- D.** The present practice of furnishing and laundering work clothes will be continued for employees covered by this Agreement.

- E.** All orders or notices to an employee covered by this Agreement involving a transfer, promotion, demotion, lay-off, or leave of absence shall be given in writing.

- F.** The Company shall furnish the Union, through its System Chairman, twice each year the names, locations, classifications and hourly rates of pay for all employees covered by this Agreement. Said list shall be given on February 1 and August 1 of each year showing the information set out above as of January 1 and July 1 of each year.

- G.** Bulletin Boards accessible to employees covered by this Agreement will be provided by the Company at all flight kitchens and cafeterias marked International Association of Machinists for posting notices restricted to:
 - 1.** Notices of Union recreational and social affairs;

 - 2.** Notices of Union elections;

 - 3.** Notices of Union appointments and results of Union elections;

 - 4.** Notices of Union meetings;

5. Educational material relating to contract administration;
6. Excerpts from the Union official publications;

and there shall be no other general distribution or posting by employees of advertising or political material, notices or other kinds of literature on the Company's property other than herein provided.

- H.** Except as otherwise may be expressly provided for in this Agreement, the right to hire; promote; discharge or discipline for cause, and to maintain discipline and efficiency of employees is the sole responsibility of the Company however such right will not be used to discriminate against employees because of Union membership and lawful activities on behalf of the Union. In addition, it is understood and agreed that the routes to be flown; the equipment to be used; the location of Company facilities, and the scheduling of airplanes and types and times of dining service are the sole and exclusive function and responsibility of the Company.
- I.** It is the intent of the parties to this Agreement that the procedures herein shall serve as a means of peaceable settlements for all disputes that may arise between them. During the life of this Agreement the Company will not lock out any employee; the Union will not cause, support, or authorize its members to cause, nor will any member of the Union take part in any sit-down, stay-in, or slow-down in any office, work site or facility of the Company or in any curtailment or restriction of operations, servicing of airplanes, or any work of the Company. The Union will not cause, support, or authorize its members to cause, nor will any member of the Union take part in any strike or stoppage of any of the Company's operations, or picket any of the Company's plants or premises until the bargaining procedures outlined in this Agreement and provided for in the Railway Labor Act have been exhausted; and in no case where a grievance or dispute comes under the jurisdiction of the System Board of Adjustment as provided for herein. The Company reserves the right to discipline any employee taking part in any violation of this provision of the Agreement. Notwithstanding the provisions of this paragraph, it is understood that (1) there is no contractual prohibition on the ability of employees to honor lawful picket lines of the Company's employees and employees of Mileage Plus, Inc. on or in front of the premises; and (2) the employees covered by this Agreement are not prohibited from engaging in a concerted refusal to perform Struck Work. Struck Work for purposes of this contract is defined to be when the Company, in response to a labor dispute at a company where the employees are engaged in a lawful strike, is performing work for that company pursuant to an agreement or arrangement with the company and the Company has not previously performed such work.
- J.** Supervisory personnel with the title of Chef, Assistant Chef, Chief of Cafeteria Service, Assistant Chief of Cafeteria Service, and higher ranking officials of

the Company shall not be permitted to perform work on any hourly-rated jobs covered by this Agreement except in emergencies or instructions or training of employees except Chefs, Chiefs of Cafeteria Service and their assistants may act as relief to employees on their days off, or when employees are absent from work and no other employees covered by this Agreement are available and qualified to perform said work.

- K.** No employee covered by this Agreement shall engage in solicitation of membership for any Union, collection of dues or other Union activities not provided for in this Agreement during their working hours.
- L.** The Company will provide each employee covered by this Agreement with a copy of the Agreement printed in a union shop and bound in a convenient pocket-size booklet bearing the union label and distributed within ninety (90) days of signing.
- M.** Employees covered by this Agreement shall be entitled to time off without loss of pay up to a maximum of three (3) days in the event of death in the immediate family of an employee or an employee's spouse. Immediate family includes husband, wife, children, parents, brothers, sisters, daughters-in-law, sons-in-law, grandparents, grandchildren and any other relative living with the employee at the time of death. In case of the death of other relatives, and after reviewing the circumstances with the employee, the supervisor may grant one-half day off (1/2) without loss of pay and may approve up to one full day off in unusual cases where the additional time off is warranted.
- N.** In the event free parking facilities are not available for employees working at airport locations, the Company will assume the monthly parking charge as assessed by the appropriate authority for parking in an area designated for employees. This provision does not apply to original or replacement charges to employees for parking decals, stickers, gate keys, or similar items.
- O.** For the purpose of this Agreement, a Commissary will be considered as a Flight Kitchen.
- P.** An employee who is called for jury duty will be granted necessary time off to fulfill his responsibilities in accordance with Company policy. An employee required by the court to report for jury duty will not also be required to work his regularly scheduled shift the same day, including midnight shift prior to actually reporting for jury duty or afternoon shift following serving jury duty. In the event the employee serves on jury duty for five (5) or more working days, at his request he will be transferred to the day shift with Saturday and Sunday as his regular days off. Upon completion of his jury duty, said employee will return to his former shift and days off.

- Q.** Where the Company requires a commercial driver's license or special security badge, the Company will permit and schedule the necessary time to obtain such documentation without loss of pay, provided in the case of a license that the employee successfully obtains it. The fee for obtaining or renewing such license or special security badge will also be paid by the Company, except in case of loss. This will not disturb local practices which currently provide assistance in obtaining such documents.

The Company will attempt to get local licensing and security authorities to provide services on the employees' shifts.

- R.** The Union will be permitted to participate in new-hire employee orientation or initial training sessions which include Union-represented employees.
- S.** Suitable rain repellent garments shall be issued to each employee covered by this Agreement when they are required to work outside in the rain. Upon request, winter outerwear will be issued to each employee covered by this Agreement for their use when regularly required to work outside during periods of extreme low temperatures.

**ARTICLE XX
WAGE RULES**

- A.** The minimum hourly rates set forth on Schedule A attached hereto and made a part of this Agreement shall prevail on and after the effective date as set forth in Article XXV of this Agreement.
- B.** No employee shall suffer any reduction in hourly rate as a result of this Agreement, and nothing in this Agreement shall be construed to prevent increases in individual rates or classifications over and above the minimum specified except that temporary and part-time employees will be hired at the minimum rate of pay for the classification.
- C.** Employees shall be paid on alternate Thursdays during their regular working hours. The payment on such Thursdays shall include all wages due through the second preceding Saturday.
- D.** In the event a regular payday falls on a legal holiday, the Company will make every reasonable effort to have pay checks prepared and distributed on the day preceding such legal holiday. In the event the distribution cannot reasonably be made prior to a legal holiday, the distribution will be made the day following such legal holiday.
- E.** When there is a shortage of one day's pay or more in the pay due an employee, the Company shall issue a supplementary payroll check to cover the shortage as soon as reasonably possible and within seventy-two (72) hours after it is determined what is due.
- F.** Pay checks will be enclosed in envelopes and will include a statement of all wages and deductions made for the pay period; and, in addition, an employee will, upon request to his supervisor, be furnished a copy of his time record for the preceding pay period.
- G.** Employees leaving the service of the Company will be given their final check within forty-eight (48) hours after final clearance at points where payroll offices are located or mailed within seventy-two (72) hours at other points, or earlier when possible.
- H.** Employees recalled to work from a lay-off shall be returned to their former position if the job still exists and shall not be paid at a lower rate than they were receiving prior to the lay-off unless a new contract as to wages shall at the time of recall be in effect between the Company and the Union; provided that if the job does not exist the recalled employees shall receive the rate of the job accepted.

- I. 1.** All employees covered by this Agreement working the afternoon or night shifts shall be paid additional compensation over the rate paid on day shifts for all hours worked as follows:

<u>Effective</u>	<u>5/1/04</u>	<u>7/1/05</u>	<u>5/1/07</u>	<u>5/1/08</u>	<u>5/1/09</u>
<u>Afternoon</u>	<u>\$0.45</u>	<u>\$0.45</u>	<u>\$0.46</u>	<u>\$0.47</u>	<u>\$0.48</u>
<u>Night</u>	<u>\$0.51</u>	<u>\$0.51</u>	<u>\$0.52</u>	<u>\$0.53</u>	<u>\$0.54</u>

Any shift starting at 11:00 AM or later and before 5:00 PM shall be considered an afternoon shift and any shift starting at 5:00 PM or later and before 6:00 AM shall be considered a night shift.

- 2.** An employee working on a relief schedule who is scheduled to work on the day and afternoon shifts during a work week will receive additional compensation above the day shift rate for all regular hours worked as follows:

<u>Effective</u>	<u>5/1/04</u>	<u>7/1/05</u>	<u>5/1/07</u>	<u>5/1/08</u>	<u>5/1/09</u>
	<u>\$0.50</u>	<u>\$0.50</u>	<u>\$0.51</u>	<u>\$0.52</u>	<u>\$0.53</u>

An employee on a relief schedule who is scheduled to work on the afternoon and night shifts or day and night shifts during a work week will receive additional compensation above the day shift rate for all regular hours worked as follows:

<u>Effective</u>	<u>5/1/04</u>	<u>7/1/05</u>	<u>5/1/07</u>	<u>5/1/08</u>	<u>5/1/09</u>
	<u>\$0.54</u>	<u>\$0.54</u>	<u>\$0.55</u>	<u>\$0.56</u>	<u>\$0.57</u>

Rotating relief employees shall not receive shift premium as provided in subparagraph 1 of this paragraph but shall have the additional compensation provided for in this subparagraph treated for pay purposes the same as shift premium. An employee assigned to a vacation relief schedule will receive the shift premium provided in subparagraph 1 of this paragraph except that when in any one work week he is scheduled to work on the day and afternoon shifts or afternoon and night shifts, or day and night shifts, he shall not receive such shift premium but shall receive the appropriate relief premium in lieu thereof for all regular hours worked in that work week.

- J.** Increases provided for in this Agreement will be effective on the nearest date commencing a regular pay period.

K. The Company will provide death and disability insurance coverage, at no cost to the employee and in the amounts set forth below, for any employee who in the course of his employment is killed, permanently disabled, or loses a member (as described herein) by a bomb explosion or felonious assault.

Death\$100,000
Total Permanent Disability\$100,000
Total Loss of Two Members\$100,000
Total Loss of One Member\$ 50,000

A member as described herein is defined as an arm, leg, or eye.

No employee will be required to participate in a bomb scare investigation against his wishes.

L. Success Sharing

1. Performance Incentive Program

All employees covered by this Agreement will participate in an annual incentive program that aligns the interests of management and other employees.

a. Prior to each calendar year beginning with 2004, the Compensation Committee of the Board of Directors ("BOD") will establish a performance incentive formula (the "Annual Incentive Formula") that will provide a "Threshold" or minimum incentive payment, a "Target" or average incentive payment and a "Maximum" incentive payment for senior management, other management, and other employees.

b. The Annual Incentive Formula will be based on the following performance measures as reasonably weighted by the Compensation Committee. Each business unit (e.g., United Airlines, ULS, MPI) may have its own incentive plan measures. For example: financial performance (e.g., EBITDAR margin, pre-tax margin), operational performance (e.g., on-time performance), customer satisfaction (e.g., intent to repurchase), employee engagement, safety performance (e.g., lost time injuries) and reasonably comparable measures as adopted by the Committee.

c. Employees covered by this Agreement will receive the following cash incentive payments based on United's actual performance under the annual incentive program (with linear interpolation

between the performance points):

Threshold Performance: 0.5% of Wages

Target Performance: 1.0% of Wages

Maximum Performance: 2.0% of Wages

- d.** Qualifying income shall include base pay, overtime, holiday pay, longevity, sick pay, vacation pay, shift differential, and premiums but shall exclude expense reimbursement, incentive or profit sharing payments, pension payments, imputed income or other similar awards or allowances.
- e.** Incentive payments will be made to 141 members on the same date as incentive payments are made to management employees.
- f.** Incentive payments will be pensionable under the final average earnings pension plans applicable to IAM 141 members.
- g.** The incentive plan will cover each calendar year beginning in 2004.
- h.** Incentive payments will be paid to the employee, subject to applicable 401(k) deferral election, withholding and taxes.
- i.** The Company will provide any information requested by the Union to audit calculation of UAL's performance under the incentive plan and under the profit sharing program below. The parties agree that expedited arbitration shall be available for any disputes over incentive payment and profit sharing calculations.

2. Profit Sharing Program

All employees covered by this Agreement will participate in a pre-tax profit sharing program with respect to calendar years beginning in 2005.

- a.** Pre-tax Profit is consolidated UAL pre-tax earnings as calculated under U.S. generally accepted accounting principles and reported in regulatory filings but excluding (i) unusual, special or extraordinary charges or (ii) charges with respect to grant or exercise of employee equity or options or (iii) charges with respect to payments under this profit sharing program.

- b. The Annual Profit Sharing Pool is 15% of the excess of (i) annual Pretax Profit over (ii) the Annual Plan Threshold, but in no event more than the Pool Cap.
- c. The Annual Plan Threshold is the product of (i) net UAL revenues and (ii) the following percentages (which represent net pretax profit margins):

2005	8%
2006	10%
2007	10%
2008	10%
2009	10%
- d. The Pool Cap is 8% of Wages of all participating employees.
- e. The Union’s share (IAM 141) of the Annual Profit Sharing Pool is 17.7% of the Pool.
- f. The Union will determine the manner in which its represented employees share of the Annual Profit Sharing Pool is distributed.
- g. Profit Sharing payments will be made on May 1st of the year following each program year.
- h. Profit Sharing payments will be paid to the employee, subject to applicable 401(k) deferral election, withholding and taxes.

Effective Date of Profit Sharing Plan:	<u>As of January 1, 2005 (so that the first year covered by the profit sharing plan shall be calendar year 2005).</u>
Profit Sharing Pool:	<u>In the event that the Company has more than \$10 million in Pre-Tax Earnings in the relevant calendar year, then 7.5% of Pre-Tax Earnings in 2005 and 2006 and 15% of Pre-Tax Earnings in each calendar year thereafter.</u>
Pre-Tax Earnings:	<u>UAL consolidated net income as determined in accordance with GAAP, but excluding (i) consolidated federal, state and local income tax expense (or credit); (ii) unusual, special, or nonrecurring charges, (iii) charges with respect to the grant, exercise or vesting of equity, securities or options granted to UAL and United employees, and (iv) expense associated with the profit sharing contributions.</u>

Eligibility	All domestic employees of UAL Corp. or United Air Lines, Inc. (including all IAM-represented employees) who have completed one year of service as of December 31 st of the year for which Pre-Tax Earnings are being measured.
Allocation:	For each eligible employee, a pro rata share of the Profit Sharing Pool for each calendar year based on the ratio of the employee s Considered Earnings for the year to the aggregate amount of Considered Earnings for all eligible employees that year.
Considered Earnings:	As currently defined in the Company s Success Sharing Plan (i.e., base pay, overtime, holiday pay, longevity pay, sick pay, vacation pay, shift differential, premiums, pre-tax contributions to a 401(k) plan, pre-tax medical plan contributions, and flexible spending account contributions but not expense reimbursement, incentive or profit sharing payments, imputed income or other similar awards or allowances) for that portion of the calendar year for which the employee was eligible to participate.
Payment Date:	By no later than April 30th of the following year.
Distribution:	In cash.
Relationship to Other Programs:	Incremental to the Success Sharing Plan; in lieu of the existing profit sharing plan described in the Wage Rules Articles of the 2003 PCE, Ramp, SO, Food and MI Agreements and the Compensation Article of the 2003 FTI Agreement.
Documentation:	Implementing documentation reasonably acceptable to the Union.
Duration:	Continuing unless and until terminated in future IAM collective bargaining agreements.

**ARTICLE XXI
SEVERANCE PAY**

- A. 1.** An employee covered by this Agreement who has completed one (1) year of compensated service with the Company, laid off through no fault or action of his own, shall receive severance pay as provided in Paragraph B of this Article, subject to the limitations and conditions set forth herein, but he shall receive no severance pay if any one or more of the following conditions exist:
 - a.** He exercises his seniority in order to remain in the employ of the Company.
 - b.** He accepts any other employment with the Company or refuses to accept a job in his own or comparable work classification under this Agreement at his location.
 - c.** He fails to exercise his seniority in any classification which would enable him to remain in the employ of the Company, except that refusal to exercise his seniority at another location shall not prevent him from receiving severance pay.
 - d.** The layoff is caused by an Act of God, a war emergency, revocation of the Company's Operating Certificate or Certificates, or grounding of a substantial number of Company aircraft.
 - e.** The layoff is caused by a strike or picketing of the Company's premises or any work stoppage or other action which would interrupt or interfere with any operations of the Company.
 - f.** He is dismissed for cause, resigns or retires.
 - g.** There is a temporary cessation of work because of circumstances beyond the Company's control.

- 2.** An employee unable to retain employment as a result of a merger shall be entitled to severance pay as provided in this Article less any severance, dismissal, or other allowances for loss of employment to which he may be entitled under applicable labor protective conditions.

- B.** The amount of severance pay due under this Article shall be based on the length of total actual straight time compensated service with the Company under this or any other UAL-IAMAW Agreement since the employee's last date of hire with the Company (Company seniority date), and shall be computed on the basis of the employee's regular straight time basic hourly rate at time of layoff as follows:

IF EMPLOYEE HAS COMPLETED	SEVERANCE ALLOWANCE
Less than 1 year of service	None
1 year but less than 2 years of service	2 weeks
2 years but less than 3 years of service	2 weeks
3 years but less than 4 years of service	3 weeks
4 years but less than 5 years of service	4 weeks
5 years but less than 6 years of service	5 weeks
6 years but less than 7 years of service	6 weeks
7 years but less than 8 years of service	7 weeks
8 years but less than 9 years of service	8 weeks
9 years but less than 10 years of service	9 weeks
10 years but less than 11 years of service	10 weeks
11 years but less than 12 years of service	11 weeks
12 years or more of service	12 weeks

- C.**
 - 1.** An employee shall begin receiving his severance pay at the time of layoff and such severance pay shall be the equivalent of normal straight time earnings, at regular pay periods and continue until all such pay credit is used. Severance pay shall not be due after the recall of any such employee by the Company or if he accepts other employment with the Company.
 - 2.** An employee who is declared surplus and who is at least fifty-five (55) years of age, with twenty (20) years or more of service may retire in lieu of layoff and receive a severance allowance of twenty (20) weeks in a lump sum, if retirement occurs on the effective date of layoff. The layoff allowance may be paid either in the year of the layoff or in the year following the layoff.

- D. 1.** An employee returning to the service of the Company from layoff shall be credited:
- a.** With any unused severance allowance, or
 - b.** If it results in a greater amount the employee, upon completion of one (1) year of compensated service after recall, will be credited with up to five (5) weeks of severance allowance computed as provided in Paragraph B based upon his total service prior to recall. Any leaves of absence without pay voluntarily accepted by the employee at the Company's request shall be considered as compensated service credit for purposes of this paragraph. This credit shall not include periods of leave granted solely at the request and convenience of the employee, leaves for EIS, or any other unpaid absences.
- 2.** In addition, such employee will accrue severance allowance credit as computed in Paragraph B based upon his straight time compensated service with the Company after his return to the Company's service from the last layoff in which severance pay was received. If the employee has never received severance pay under these Agreements, then severance pay will be based on total compensated service as provided in Paragraph B.
- 3.** If the employee is again laid off under conditions entitling him to severance allowance he shall be entitled to the allowance credited to him under Subparagraphs 1 and 2 above up to but not exceeding the severance allowance specified in Paragraph B based upon his total straight time compensated service with the Company.
- E.** A period of layoff shall not be deemed to be broken by the duration of periods of temporary employment. Except as provided herein, severance pay shall not be paid twice for the same periods of compensated service.

ARTICLE XXII
HEALTH AND WELFARE BENEFITS

A. Health and Welfare Benefits

- 1.** The Company agrees that the following Company benefits will not be reduced without Union approval except when the reduction is accompanied by a simultaneous improvement in benefits which results in an equal or greater cost to the Company.
- 2.** The Company will provide the following Company Medical, Dental and Life Insurance benefits to employees in active service or on extended illness status, including coverage for Eligible Dependents ("Dependents"), except as otherwise specified. Employees will be offered Health Maintenance Organization (HMO) medical coverage as an option to Company Medical Insurance in accordance with the Federal Health Maintenance Organization Act of 1973 as amended.
- 3.** The following Changes to medical and dental benefits will take effect July 1, 2003 ("Effective Date") unless otherwise indicated.
- 4.** Eligible Dependent will include an employee's Qualified Domestic Partner. A Qualified Domestic Partner is an employee's domestic partner who is of the same sex as the employee and who has been enrolled by the employee with the Company as his or her domestic partner in accordance with the rules and procedures established by the Company.
- 5.** The Company Medical and Dental benefits (including Dependent coverage) of an employee who is laid off from active service due to a reduction in force will be continued while he is on layoff for a period of ninety (90) days from the date of his layoff, if the employee pays the required employee contribution.

B. Medical Benefits

- 1.** An employee electing to be covered for medical benefits will be required to make a monthly contribution for such coverage. Required monthly contributions will be governed by the following:
 - a.** The required contribution for each month of coverage under the Medical Preferred Provider Option ("Medical PPO") will be based on a 4-tier structure (1 Adult, 2 Adults, 1 Adult + Child(ren) and 2 Adults + Child(ren)).

- b.** For employees on the Company’s payroll, the required contributions for medical coverage will be paid by payroll deduction on a pre-tax basis. Such pre-tax payments are in addition to the amounts, if any, that the employee elects to defer to a Health Care Spending Account under the Flexible Spending Program.
- c.** For individuals not on the Company’s payroll (such as employees on unpaid leave of absence, retirees, and survivors) or employees on the active payroll who are on ANP or otherwise do not have a sufficient paycheck from which to take the payroll deduction, the required employee contributions will be paid on an after-tax basis.
- d.** For July 2003 through December 2003, the required contribution for each month of coverage under the Medical PPO is equal to the following:

<u>Coverage Tier</u>	2003	
	<u>Total Monthly Cost of Coverage</u>	<u>Required Monthly Contribution (20% of Total Monthly Cost)</u>
1 Adult	\$252.38	\$ 50.48
2 Adults	\$529.99	\$106.00
1 Adult + Child(ren)	\$479.51	\$ 95.90
2 Adults + Child(ren)	\$757.13	\$151.43

For each calendar year after 2003, the required contribution for each month of coverage under the Medical PPO is equal to 20% of the total projected cost of the Medical PPO for each such calendar year, for the coverage tier elected; provided, however, that any increase from one calendar year to the next will not exceed 7% of the prior year’s contribution, rounded to the nearest penny.

- e.** The contributions for each month of coverage under an HMO is equal to the total monthly cost of the HMO minus the amount of the Company’s contribution that would apply for such coverage tier each for such month of coverage under the Medical PPO.
- 2.** The Company will conduct a special Open Enrollment for medical benefits with participant elections to be effective July 1, 2003. During the special Open Enrollment and during each Open Enrollment thereafter, an employee eligible for medical coverage may make an election on behalf

of himself and eligible dependents regarding medical coverage. The employee may elect to be covered for medical benefits under either the Medical PPO or an applicable Health Maintenance Organization ("HMO"), or he may elect not to be covered for medical benefits. An employee who is eligible to make an election during the special Open Enrollment to be effective July 1, 2003, but who fails to make an election, will be deemed to have elected medical coverage for himself and all his eligible dependents as reflected in the Company's Insurance Department benefits records. Such enrollment will be in either the Medical PPO, or if enrolled in an HMO, in the same HMO, if such HMO is still available. If such HMO is not available, coverage will be defaulted to the Medical PPO. An employee who first becomes eligible to make an election after the special Open Enrollment to be effective July 1, 2003 (or who again becomes eligible to make an election after returning to active service following a lapse in eligibility), but who fails to make an election, will be deemed to have waived coverage for herself and her eligible dependents. An employee who fails to make an election during any succeeding Open Enrollment will be deemed to have elected to continue the election previously in effect.

- 3.** To add a new Dependent (including a newborn), delete a Dependent, or to make any other changes involving Dependents, the employee must notify the Company or its designee within 30 days of the event allowing the change (otherwise, changes regarding Dependents may be made only during an Open Enrollment)
- 4.** The Medical PPO Benefits are as follows:
 - a.** All covered medical expenses will be subject to a deductible in the amount of \$250.00 per person per calendar year and \$500.00 per family per calendar year. The family deductible is reached when covered family members have, in aggregate, paid an amount equal to the family deductible, but in no event may one person satisfy more than the individual deductible amount
 - b.** Except as provided in paragraphs B.7.a., B.7.c.1. and B.7.c.3. below, covered expenses incurred from an in-network provider will be paid at eighty percent (80%) after the deductible is satisfied until the individual's out-of-pocket limit is reached and then will be paid at one hundred percent (100%) for that individual for the balance of the calendar year. Covered expenses received from an out-of-network provider will be reimbursed as described above except that the co-insurance amount is sixty percent (60%) rather than 80%.

- c.** The out-of-pocket limit is fifteen hundred dollars (\$1,500.00) per person per calendar year and three thousand dollars (\$3,000.00) per family per calendar year. The family deductible is reached when covered family members have, in aggregate, paid an amount equal to the family out-of-pocket limit, but in no event may one person satisfy more than the individual out-of-pocket amount.
- d.** In-network providers under the Medical PPO will be the providers in the Claim Administrator's network, which is currently BlueCross BlueShield's Blue Card PPO network. All other providers are considered out-of-network under the Medical PPO.
- e.** Under the Medical PPO, covered expenses incurred out-of-network will be considered and paid as in-network expenses in the following situations:

 - 1.** Covered individuals who receive covered treatment will receive in-network benefits for those expenses, if, within 30 driving miles of their home (including a temporary residence), there is no network specialist or in-network primary care physician or in-network hospital as applicable to the treatment in question.
 - 2.** Treatment in the event of an emergency.
 - 3.** Treatment received outside the United States.
- f.** Transition Period under Medical PPO

 - 1.** If an individual is receiving treatment prior to July 1, 2003 from an out-of-network provider, for one of the following, then such treatment provided during the Transition Period (as defined below) will be considered and paid as if provided by an in-network provider under the Medical PPO: pregnancy; surgery scheduled before July 1, 2003 to be performed on or after July 1, 2003 but before December 31, 2003; inpatient treatment in a hospital; dialysis; chemotherapy; treatment as a follow-up to an accident or injury occurring before July 1, 2003; terminal illness; or follow-up to a surgery performed before July 1, 2003.
 - 2.** The Transition Period begins July 1, 2003 and ends December 31, 2003, except as provided in paragraphs B.4.f.3. and B.4.f.4. below.

- 3.** The Transition Period for pregnancy begins July 1, 2003 and continues for the lesser of:

 - a.** Nine months, or
 - b.** The period of the pregnancy (to include the period until discharge from the hospital after termination of the pregnancy, and to include the period during which the woman is treated for complications from the pregnancy).
- 4.** The Transition Period for an infant born of a woman whose pregnancy is covered by the Transition Period in paragraph B.4.f.3 above continues until the infant is discharged from the hospital.
- 5.** Additional Covered Expenses

The following will be included as covered medical expenses under the medical plan:

- a.** Home health care must be provided under the terms of a primarily skilled Home Health Care Plan and must be provided by an approved home health care agency approved by the Plan. Coverage for Home Health Care services will be provided when the care is determined by the Plan to be Medically Necessary. Eligible services must be provided in the employee's place of residence and include:

 - Part-time or intermittent skilled nursing care by or under the supervision of a Registered Nurse;
 - services of a home health aide other than a member of the employee's family or a person who lives in their home when the service is a part of a skilled Home Health Care Plan;
 - physical therapy, occupational therapy, and speech therapy provided through the Home Health Care Agency; and
 - medical supplies, drugs and medicines that require a prescription by law, and laboratory services.

Eligible services will not include housekeeping, cooking, babysitting, and the like.

- b.** Extended Care Facilities that have been approved by the Plan if the confinement in the extended care facility is ordered by the employee's or dependent's physician for continuing treatment of an illness

or injury and if the employee or dependent requires convalescent care that requires medical supervision and skilled nursing services.

- c.** Coverage for Hospice Care, will be provided for terminally ill individuals with a life expectancy of six (6) months or less if approved by the Plan.

Eligible services include:

- Part-time nursing care (Registered Nurse)
 - Physical, occupations and speech therapy
 - Medical social services under the direction of a physician
 - Part-time services of a home health aide
 - Necessary medical supplies
 - Laboratory services
 - Physicians' services
 - Up to three (3) Psychological, spiritual and bereavement counseling sessions to surviving members of the terminally ill person's immediate family
- d.** Expenses for the wellness program described in Attachment A.
 - e.** Expenses for hearing examinations, hearing aids and batteries for hearing aids will be payable up to a maximum payment of \$5,000 per person per lifetime.
 - f.** Expenses for an annual cervical cytology screening including a pelvic examination, the collection and preparation of pap smear, and the associated lab and diagnostic services.
 - g.** Expenses for an annual PSA test for men age 50 and over.
 - h.** Expenses for mammograms.
- 6.** Licensed Clinical Social Workers (LCSW).will be considered covered providers under the Plan.
 - 7.** The following will also apply:
 - a.** The need for and duration of confinement to any treatment facility must be pre-certified. The portion of the confinement which is certified will be considered a covered medical expense. Any portion

of the confinement not certified will be payable at fifty percent (50%). The remaining fifty percent (50%) will not apply to the out-of-pocket limit. Participants will notify the proper party of emergency admission within forty-eight (48) hours after admission, or as soon thereafter as possible.

b. Prescription Drugs under the Medical PPO

- 1.** Expenses for prescription drugs filled at retail are subject to the deductibles and co-insurance applicable to in-network expenses.
- 2.** Mail delivery of prescription drugs is available for maintenance drugs and is mandatory for certain maintenance drugs after prescriptions have been filled three times at retail. Mail delivery prescription drugs are not subject to deductibles or co-insurance, but do require employee co-payments. These employee co-payments do not apply toward the deductible or out-of-pocket limits. For July through December 2003, the employee co-payments for mail delivery prescription drugs are:

\$15 for generic medication up to a 90-day supply, and
\$45 for brand name medication for up to a 90-day supply.

For each calendar year after 2003, the employee co-payments will increase annually at the same rate as the total projected cost of the mail delivery prescription drug program increases; provided, however, that any increase in the employee co-payments for any year will not exceed 7% of the prior year's co-payment, rounded to the nearest dollar.

- 3.** The prescription drug program will be subject to strong management to ensure consistency with medical necessity and generally accepted practice. In cases where alternative therapies, dosage changes or similar recommendations are made, the individual's physician will have the right to reject those recommendations made pursuant to the strong management program. Determinations about medical necessity clinically appropriate use of a drug, and similar determinations are not subject to rejection by the individual's physician, however, such physician may avail himself of the appeal process established by Medco Health or its successor. Such appeal will be reviewed and a decision

made within 48 hours of receipt by Medco Health of the appeal.

- c.** Psychiatric and Substance Abuse
 - 1.** Covered expenses for out-patient psychiatric and substance abuse treatment received from an in-network provider will be payable at 80% and the employee's share does not apply to the out-of-pocket limit.
 - 2.** Coverage for in-patient psychiatric and substance abuse treatment received from an out-of-network provider is limited to 30 days per calendar year per person.
 - 3.** Covered expenses for out-patient psychiatric and substance abuse treatment received from an out-of-network provider will be payable at 50% and the employee's share does not apply to the out-of-pocket limit.
- d.** The Medical PPO plan will have a right of reimbursement when the plan has paid the medical expenses of a plan participant and the plan participant later recovers any amount from a third party who is responsible for the illness or injury. The plan's recovery is the first dollar paid in the judgment or settlement and is limited to the amount of the award or the amount paid by the plan, whichever is smaller.
- e.** Maintenance of Benefits. The medical PPO will apply Maintenance of Benefits for employees with other group coverage rather than Coordination of Benefits.
- f.** All covered expenses received from out-of-network providers are limited to an amount determined to be Reasonable and Customary. Reasonable and Customary shall be the amount up to which approximately 85% of the providers in a specific geographical area charge for a specific medical service. "Approximately" shall be limited to a variance of not more than five (5) percentage points from the 85%. The Insurance Company shall determine Reasonable and Customary.
- g.** Claims for Covered Expenses must be submitted for payment and received by the Claims Administrator within 12 months from the date charges are incurred.

- 8.** The widow/er or surviving Qualified Domestic Partner of an active employee or employee on extended illness status with 10 or more years of Company Seniority on the date of his/her death will be covered by the active employee medical plan until the widow/er or surviving Qualified Domestic Partner becomes eligible for Medicare or remarries (or in the case of a Qualified Domestic Partner, enters into another domestic partnership), whichever occurs first. Children of the employee who satisfy the eligibility requirements of the Plan will continue to be covered until they no longer meet the eligibility rules, the widow/er or Qualified Domestic Partner is no longer covered, the Dependent child becomes employed and eligible for medical coverage through their employment, or the child becomes eligible for Medicare, whichever occurs first. Upon becoming eligible for Medicare, the widow/er or Qualified Domestic Partner will become eligible for retiree medical coverage on the same basis as retired employees.

C. Dental Benefits

- 1.** An employee electing to be covered for dental benefits will be required to make a monthly contribution for such coverage. Required monthly contributions will be governed by the following:

 - a.** The required contribution for each month of coverage under the Traditional Dental Plan will be based on a 4-tier structure (1 Adult, 2 Adults, 1 Adult + Child(ren) and 2 Adults + Child(ren)).
 - b.** For employees on the Company's payroll, the required contributions for dental coverage will be paid by payroll deduction on a pre-tax basis. Such pre-tax payments are in addition to the amounts, if any, that the employee elects to defer to a Health Care Spending Account under the Flexible Spending Program.
 - c.** For individuals not on the Company's payroll (such as employees on unpaid leave of absence, retirees, and survivors) or employees on the active payroll but who are on ANP or otherwise do not have a sufficient paycheck from which to take the payroll deduction, the required employee contributions will be paid on an after-tax basis.
 - d.** For July 2003 through December 2003, the required contribution for each month of coverage under the Traditional Dental Plan is equal to the following:

<u>Coverage Tier</u>	2003	
	<u>Total Monthly Cost of Coverage</u>	<u>Required Monthly Contribution (20% of Total Monthly Cost)</u>
1 Adult	\$ 33.41	\$ 6.68
2 Adults	\$ 70.15	\$14.03
1 Adult + Child(ren)	\$ 73.51	\$14.70
2 Adults + Child(ren)	\$110.25	\$22.05

For each calendar year after 2003, the required contribution for each month of coverage under the Traditional Dental Plan is equal to 20% of the total projected cost of the Traditional Dental Plan for such calendar year, for the coverage tier elected; provided, however, that any increase from one calendar year to the next will not exceed 7% of the prior year's contribution, rounded to the nearest penny.

- e. The contributions for each month of coverage under a DHMO is equal to the total monthly cost of the DHMO minus the amount of the Company's contribution that would apply for such coverage tier for such month of coverage under the Traditional Dental Plan.
- 2.** The Company will conduct a special Open Enrollment for dental benefits with participant elections to be effective July 1, 2003. During the special Open Enrollment and during each Open Enrollment thereafter, an employee eligible for dental coverage may make an election on behalf of himself and eligible dependents regarding dental coverage. The employee may elect to be covered for dental benefits under either the Traditional Dental Plan or an applicable Dental Health Maintenance Organization ("DHMO"), or he may elect not to be covered for dental benefits. An employee who is eligible to make an election during the special Open Enrollment to be effective July 1, 2003, but who fails to make an election, will be deemed to have elected dental coverage for himself and all his eligible dependents as reflected in the Company's Insurance Department benefits records. Such enrollment will be in either the Traditional Dental Plan, or if enrolled in a DHMO, in the same DHMO, if such DHMO is still available. If such DHMO is not available, coverage will be defaulted to the Traditional Dental Plan. An employee who first becomes eligible to make an election after the special Open Enrollment to be effective July 1, 2003 (or who again becomes eligible to make an election after returning to active service following a lapse in eligibility), but who fails to make an election, will be deemed to have waived coverage for himself and his eligible dependents. An employee who fails to make an election during any succeeding Open Enrollment will be deemed to have elected to continue the election previously in effect.

- 3.** To add a new Dependent (including a newborn), delete a Dependent, or to make any other changes involving Dependents, the employee must notify the Company or its designee within 30 days of the event allowing the change (otherwise, changes regarding Dependents may be made only during an Open Enrollment).

- 4.** After the deductible has been satisfied, covered dental expenses shown in the Summary Plan Description will be paid as follows:

¥ Preventive (Class I) Procedures at 100% (The deductible amount will be waived for preventive procedures);

¥ Restorative (Class II) Procedures at 80%;

¥ Major (Class III) Procedures at 50%; and

¥Æ Orthodontic Procedures at 50%.

The deductible is \$50.00 per person per calendar year with a maximum of two (2) deductibles per family per calendar year.

Payment will be based on Reasonable and Customary charges as determined by the Insurance Company. Reasonable and customary shall be the amount up to which approximately 85% of the dentists in a specific geographical area charge for a specific dental procedure. "Approximately" shall be limited to a variance of not more than five (5) percentage points from the 85%.

Maximum Payment

¥ Non-Orthodontia Treatment: \$2,000.00 per person per calendar year.

¥ Orthodontia Treatment: \$2,000.00 per person per lifetime.

Pre-treatment Review will be required for any non-emergency dental treatment that is expected to cost over \$200. Only the portion of the treatment that is approved will be considered for payment.

- 5.** Maintenance of Benefits. The Traditional Dental Plan will apply Maintenance of Benefits for employees with other group coverage rather than Coordination of Benefits.

- 6.** Deadline to Submit Claims. Claims for Covered Expenses must be submitted for payment and received by the Claims Administrator within 12 months from the date charges are incurred.

- D.** Life insurance benefits will be provided as follows:
- 1.** Company Paid -- The amount of Company Paid Life Insurance will be equal to 2080 times the employee's Schedule A base hourly rate of pay in effect on January 1 each year rounded to the nearest one thousand dollars (\$1,000). The maximum benefit will be seventy thousand dollars (\$70,000) and the minimum benefit will be thirty thousand dollars (\$30,000).
 - 2.** Contributory Life Insurance -- Employees have the option to purchase additional life insurance under Part I or Parts I and II.
 - a.** Part I - Additional twenty thousand dollars (\$20,000) is available at a rate of forty cents (\$0.40) per month per thousand dollars (\$1,000).
 - b.** Part II - Additional twenty thousand dollars (\$20,000) is available at a rate of forty cents (\$0.40) per month per thousand dollars (\$1,000).
 - 3.** Dependent - A benefit in the amount of \$10,000 will be provided for an employee's spouse/ Qualified Domestic Partner and each eligible child under age 22.
- E.** Retiree Medical Benefits applicable to employees who retire on or after July 1, 2003.
- 1.** An employee (and his eligible dependents and survivors) will be eligible for retiree medical benefits if the employee, at retirement, meets one of the following:

Either

 - a.** Age 55 or older with ten (10) or more years of service, and
 - b.** Retires from active status or illness leave of absence, and
 - c.** Continues to make required contributions.

Or

- d.** Employment is terminated under the provisions of Article XV, Paragraph D. by exhausting the full period of Extended Illness Status (EIS); and
- e.** Years of service are equal to or greater than 25 years; and
- f.** Employee is collecting Social Security Disability Benefits; and
- g.** Continues to make required contributions.

For these purposes an employee's "years of service" is equal to the period from the employee's company seniority date through the employee's retirement date.

- 2.** Pre-Medicare Retiree Medical Benefits. When first eligible, and during any subsequent Open Enrollment, a retired employee or survivor may elect from among the same options as are available to active employees (effective July 1, 2003, the Medical PPO, any available HMO, or no coverage). Coverage will not be offered again once coverage has been waived or has ceased due to nonpayment of the required monthly contribution.
- 3.** Monthly Contribution for Pre-Medicare Medical PPO. A retired employee or survivor electing to be covered for Pre-Medicare medical benefits will be required to make a monthly contribution for such coverage. The required contribution of each month of coverage under the Medical PPO will be based on a 4-tier structure (1 Adult, 2 Adults, 1 Adult + Child(ren), and 2 Adults + Child(ren)). The required contribution for each month of coverage under the Medical PPO is equal to a percentage of the total projected costs of the Medical PPO, based on the employee's years of service as follows:

<u>Years of Service</u>	<u>Percentage of Cost</u>
10 through 19	80%
20 through 24	60%
25 and over	40%

For each calendar year after 2003, the required contribution for each month of coverage under the Medical PPO is equal to the applicable percentage of the total projected cost of the Medical PPO for such calendar year, for the coverage elected. There is no limit on the increases to the monthly contribution, although co-payments for the mail order drugs are limited as provided for active employees.

- 4.** Monthly Contribution for Pre-Medicare Medical HMO. The contribution of each month of coverage under an HMO is equal to the total monthly cost of the HMO minus the amount of the Company's contribution that would apply for such coverage tier for such month of coverage under the Medical PPO.
 - 5.** Post Medicare Retiree Medical Benefits. When first eligible, and during any subsequent Open Enrollment, a retired employee or survivor may elect from among one or more supplemental plans to Medicare offered by the Company. Coverage will not be offered again once coverage has been waived or has ceased due to nonpayment of the required monthly contributions.
 - 6.** Monthly Contribution for Post-Medicare Coverage. Eligible individuals must pay a monthly contribution for the cost of Post-Medicare coverage. For employees who retire on or after July 1, 2003 but before January 1, 2006, the monthly contribution is equal to 50% of the full cost of the coverage. The retiree share of the cost will not increase after the employee retires. For employees who retire on or after January 1, 2006, the monthly contribution is equal to the total projected cost of such post-Medicare coverage for the calendar year, per person, minus a Company contribution equal to \$90 per month per person covered. The retiree share of the cost will increase, without limit, after the employee retires.
 - 7.** If the retiree dies, dependent coverage may be continued, if premiums are paid, until the Spouse/Qualified Domestic Partner remarries (or in the case of a Qualified Domestic Partner, enters into another domestic partnership), moves outside the U.S. or Canada, is employed by the Company, or dies.
- F.** Retiree Life Benefits applicable to employees who retire on or after July 1, 2003.
- 1.** Eligibility: An employee (and his eligible dependents and survivors) will be eligible for retiree life benefits if the employee, at retirement, meets the following:
 - a.** Age 55 or older with ten (10) or more years of service, and
 - b.** Retires from active status or illness leave of absence.

For these purposes an employee's "years of service" is equal to the period from the employee's company seniority date through the employee's retirement date.

- 2.** Benefit Amount; \$10,000
-
- G.** A Flexible Spending Account, as permitted by Section 125 of the Internal Revenue Code, will be made available to all active IAMAW-represented employees. Such Flexible Spending Account will provide that employees may defer up to five thousand dollars (\$5,000) of his/her salary into a health care account and up to five thousand dollars (\$5,000) of his/her salary into a dependent care account. Elections must be made during periods of open enrollment. Any unused account balances remaining at the close of the plan year will be forfeited and will revert to the Company. The plan will allow for payment for all health care and dependent care expenses that are allowable under the Internal Revenue Code.

ATTACHMENT A

Preventive Health Care and Immunization Guide for Children Birth - 18 Years

Preventive Services	Birth to 1 Year	1 thru 4 Years	5 thru 12 Years	13 thru 18 Years
Schedule of Office Preventive Visits	<ul style="list-style-type: none"> ☞ Within first 2 weeks ☞ 2 months ☞ 4 months ☞ Between 6-9 months 	<ul style="list-style-type: none"> ☞ 15 months ☞ 2 years ☞ Once between 3-4 years 	<ul style="list-style-type: none"> ☞ 5 years ☞ Once between 7-9 years ☞ 12 years 	<ul style="list-style-type: none"> ☞ Once between 13-18 years
Components of Preventive Visits	<ul style="list-style-type: none"> ☞ Physical & medical history ☞ Height & weight ☞ Head circumference ☞ Ocular prophylaxis (typically given at birth) ☞ Hemoglobin blood test ☞ Preventive health counseling and education ☞ Dental health ☞ Subjective assessment of vision and hearing ☞ Developmental screening ☞ Injury prevention 	<ul style="list-style-type: none"> ☞ Physical & medical history ☞ Height & weight ☞ Preventive health ☞ Counseling and education ☞ Dental health ☞ Vision screen 3-4 years ☞ Subjective assessment of hearing ☞ Developmental screening ☞ Blood pressure ☞ Injury prevention 	<ul style="list-style-type: none"> ☞ Physical & medical history ☞ Height & weight ☞ Preventive health ☞ Counseling and education ☞ Dental health ☞ Vision screen ☞ Hearing screen ☞ Blood pressure ☞ Injury prevention 	<ul style="list-style-type: none"> ☞ Physical & medical history ☞ Height & weight ☞ Preventive health ☞ Counseling and education ☞ Dental health ☞ Blood pressure ☞ Injury Prevention

Preventive Visits for children from birth to age 18 do not include tests and lab work ordered by the physician except for a hemoglobin blood test (CPT Code 85022) for children from birth to age 1 as shown above. The covered expense for Preventive Visits is the Reasonable and Customary charge for the following CPT Codes and includes the components shown above.

Age	Birth to 1	99381 or 99391	5 thru 12	99383 or 99393
	1 thru 5	99382 or 99392	12 thru 17	99384 or 99394
	18	99385 or 99395		

Preventive Health Care and Immunization Guide for Children Birth - 18 Years - continued

Vaccine	Birth	2 months	4 month	6 months	12 months	15 thru 18 months	4 thru 6 years	12 thru 16 years
DtaP (Diphtheria, Tetanus, Acellular Pertussis CPT Code 90700, 90721, or 90723 (all except 12 to 16)		X	X	X		X	X	Adult Td (Tetanus, Diphtheria) X CPT Code 90718
OPV (Oral Polio Vaccine) CPT Code 90712		X	X	6 to 15 months X			X	
Hib (Haemophilus influenza b) CPT Code 90645, 90646, 90647, or 90648		X	X	X	12 to 15 months X			
MMR (Measles, Mumps, Rubella) CPT Code 90707 or 90710					12 to 15 months X			Booster between 11 th to 12 th year X
Varicella (Chicken Pox) CPT Code 90716					12 to 18 months X			Booster between 11 th to 12 th year X
HV (Hepatitis B) CPT Code 90740, 90743, or 90744	X	2 to 4 months X		6 to 18 months X				X

Preventive Health Care Guide for Adults

Preventive Services	Ages 19 thru 49	Ages 50 thru 54	Ages 55 and Over
Adult physical examination **	Every 5 years Every 2 years	Every 2 years Every 2 years	1 per calendar year 1 per calendar year
Blood pressure check CPT Codes 99201 or 99211	Every 5 years	Every 2 years	1 per calendar year
Blood cholesterol (Total and HDL) CPT Code 83715, 83718 or 82465	Every 5 years	Every 2 years	1 per calendar year
Complete Blood Count (CBC) CPT Code 85025	Every 5 years	Every 2 years	1 per calendar year
Chemistry Panel CPT Code 80048	Every 5 years	Every 2 years	1 per calendar year
Hemocult CPT Code 82270		Every year beginning at age 50	Every year
Flexible sigmoidoscopy or colonoscopy CPT Code 45330 or 45830		Every 5 years beginning at age 50	Every 5 years
Vision Screening CPT Code 99173			Every 1-2 years beginning at age 75
Tetanus-diphtheria (Td)vaccine CPT Code 90471, 90472, or 90718	Every 10 years	Every 10 years	Every 10 years
Influenza vaccine CPT Code 90657, 58, 59 or 60			1 per calendar year
Pneumococcal vaccine CPT Code 90732			Once after age 65
Rubella CPT Code 86762 or 90706	Once in lifetime	Once in lifetime	Once in lifetime

**Adult Physical Exam does not include tests and lab work ordered by the physician unless the test or lab work is specifically listed above. The covered expense for an Adult Physical Exam is the Reasonable and Customary charge for the following CPT Codes and includes the customary services performed by a Physician in an adult physical examination, including but not limited to assessment and history and vision screening.

Ages 18 to 39 99385 or 99395 40 to 64 99386 or 99396 65 plus 99387 or 99397

**ARTICLE XXIII
UNION REPRESENTATION**

- A.** In order to provide for orderly and peaceful labor relations the Company shall recognize the following Union Representatives to participate in settling disputes within the framework of the Grievance Procedure:
- 1.** Stewards - One (1) active employee for each shop, service station or sub-division thereof at each point on the system for each shift.
 - 2.** Local Committee - Three (3) active employee members elected by the local membership at each point where local lodges exist.
 - 3.** President and Directing General Chairperson, Assistant General Chairpersons, and District Executive Board members, and Grand Lodge Representatives, - As designated and agreed who will represent the Union with general officials of the Company. The Union may designate such representatives for the purpose of representing the employees under the terms of this Agreement. The President and Directing General Chairperson of the Union shall be permitted, at any time, to enter shops and facilities of the Company for the purpose of investigating grievances and disputes arising under this Agreement after contacting the Company officer in charge and advising him of the purpose of the visit.
- B.** The Company will designate a representative(s) at each location where persons covered by this Agreement are employed who is empowered to settle all local grievances not involving change in Company policy, or interpretations, or changes in the intent and purpose of this Agreement.
- C.** The Union and Company will, at all times, keep the other party advised through written notice of any change in authorized representatives.

REPRESENTATION TIME

- D.** Stewards and Local Union Committeemen will be permitted, after reporting to their Foreman or Supervisor, a reasonable amount of time during working hours to investigate or present grievances. In the event it is necessary to go to another shop, they will report in with the Foreman or Supervisor of the other shop. The Company will allow straight time compensation for such investigation and presentations during working hours.

- E.** The Local Committeemen at the Maintenance Operations Center and at John F. Kennedy Airport, Newark, O Hare, Los Angeles, Washington, Seattle, and Denver will be allowed a reasonable amount of time for this purpose. Stewards and other Local Committeemen will be allowed to a maximum of five (5) hours in any one (1) week for this purpose. Local Committeemen may be assigned to the day shift and to Saturday and Sunday as regular days off if requested by the Union and agreed to by the Company.
- F.** Any employee in a classification covered by this Agreement on the effective date of this Article shall become a member of the Union within sixty (60) days after the effective date of this Article and shall be required as a condition of continued employment by the Company to maintain his membership in the Union so long as this Article remains in effect, to the extent of paying an initiation (or reinstatement) fee and monthly membership dues no greater than as hereinafter set forth. Such employee may have his initiation (or reinstatement) fee and/or monthly membership dues deducted from his earnings as provided in Paragraph Q of this Article or he must pay his initiation (or reinstatement) fee and/or membership dues directly to the Financial Secretary of his local lodge. The provisions of this paragraph shall not apply to such employee if employed on or before December 1, 1945 in a classification now covered by this Agreement and who was not a member of the Union on December 1, 1945 and who has not become a member since that date.
- G.** Any new employee covered by this Agreement who is hired on or after the effective date of this Article shall become a member of the Union within ninety (90) days after employment in a classification covered by this Agreement and shall be required as a condition of continued employment by the Company to maintain his membership in the Union so long as this Agreement remains in effect, to the extent of paying an initiation (or reinstatement) fee and monthly membership dues as hereinafter set forth.
- H.** Any employee maintaining, or maintaining and accruing, seniority under this Agreement (except as provided in Paragraph K of this Article) but not employed in a classification covered by this Agreement shall not be required to maintain Union membership during such employment but may do so at his option. Should such employee return to a classification covered by this Agreement, he shall be required to become a member of the Union within fifteen (15) days after the date he returns to such classification, and shall, as a condition of employment in classifications covered by this Agreement, become a member of the Union and maintain membership in the Union so long as this Article remains in effect, to the extent of paying an initiation (or reinstatement) fee and/or monthly membership dues.

- I.** The provisions of this Article shall not apply to any employee covered by this Agreement to whom membership in the Union is not available by payment of initiation (or reinstatement) fee, if applicable, and monthly dues, upon the same terms and conditions as are generally applicable to any other employee of his classification at his point on the Company's system or in the local lodge on the Company's system to which assigned by the Union, or to any employee to whom membership in the Union is denied or terminated for any reason other than the failure of the employee to pay initiation (or reinstatement) fee, if applicable, and monthly dues. Nothing in this Article shall require the payment of any initiation (or reinstatement) fee by an employee if an authorized or permissible transfer according to the By-Laws or Constitution of the Union is involved.

- J.** If any employee covered by this Agreement has resigned from the Company and is re-employed he shall be governed by Paragraph F of this Article.

 - 1.** If any employee is laid off and is recalled from lay off he shall be governed by Paragraph H of this Article.

 - 2.** The seniority status and rights of employees granted leaves of absence to serve in the Armed Forces shall not be terminated by reason of any of the provisions of this Article, but such employees shall upon resumption of employment in classifications covered by this Agreement be governed by the provisions of Paragraph F of this Article.

- K.** The payment of membership dues shall not be required as a condition of employment during leave of absence without pay or during periods of promotion to a classification not covered by this Agreement. Employees who retain and accrue seniority up to one (1) year in other than a promoted position will be required to be a member of the Union and pay monthly dues as a condition of maintaining and accruing seniority under this Agreement.

- L.** Notwithstanding the provisions of Paragraph B of Article XVI of this Agreement, when an employee does not become a member of the Union by payment of an initiation (or reinstatement) fee as provided in this Article or who is a member of the Union and becomes delinquent in the payment of monthly dues as provided in this Paragraph the following procedure shall apply:

- 1.** Employee Who Does Not Become a Member of the Union:
 - a.** If a new employee has not become a member of the Union upon completion of seventy-five (75) days of service with the Company, the System General Chairman of the Union shall notify such employee in writing, certified mail, return receipt requested, copy to the employee's system Department Head, that such employee must become a member of the Union within the time limits specified in Paragraph G of this Article or be subject to discharge as an employee of the Company. If upon expiration of the period of time specified in Paragraph G of this Article such new employee has not become a member of the Union, the System General Chairman of the Union shall certify in writing to the employee's system Department Head, copy to the employee, that the employee has failed to become a member of the Union as provided in this Article and is, therefore, to be discharged. The employee's system Department Head or his designee shall then promptly notify the employee involved that he is to be discharged from the services of the Company, and shall promptly take proper steps to so discharge the employee.
 - b.** If an employee other than a new employee who is required to become a member of the Union as provided in this Article does not become a member of the Union within the time limits specified in this Article for employees in his category covered by this Agreement, the System General Chairman of the Union shall notify the Company, copy to the employee, that such employee has failed to become a member of the Union as required by this Article and is, therefore, to be discharged. Such employee's system Department Head or his designee shall then promptly notify the employee involved that he is to be discharged from the services of the Company and shall promptly take proper steps to discharge said employee.
- 2.** Employee Delinquent in Payment of Monthly Membership Dues:
 - a.** If an employee covered by this Agreement becomes delinquent by more than two (2) calendar months in the payment of monthly dues, the System General Chairman of the Union shall notify the employee in writing, certified mail, return receipt requested, copy to the employee's system Department Head, that said employee is delinquent in the payment of monthly membership dues as specified herein and accordingly will be subject to discharge as an employee of the Company. Such letter shall also notify the employee that he must remit the required payment to the Financial

Secretary of his local lodge by the twenty-second (22) day of the month in which notice from the System General Chairman is received or be subject to discharge. If such employee still remains delinquent in the payment of dues on the twenty-second (22) day of the month in which his notice from the System General Chairman was received, the System General Chairman of the Union shall certify in writing to the employee's system Department Head, copy to the employee, that the employee has failed to remit payment of dues within the grace period allowed herein and is, therefore, to be discharged. The employee's system Department Head or his designee shall then promptly notify the employee involved that he is to be discharged from the services of the Company and shall promptly take proper steps to so discharge the employee.

- 3.** An employee discharged by the Company under the provisions of this Paragraph shall be deemed to have been discharged for cause within the meaning of the terms of this Agreement.
- M.** Any discharge under the terms of this Article shall be based solely upon the failure of the employee to pay or tender initiation (or reinstatement) fee and/or membership dues upon the same terms and conditions as are generally applicable to any other member of the Union in his classification of employment at his point on the Company's system or local lodge on the Company's system to which assigned by the Union within the time limits specified herein and not because of denial or termination of membership in the Union for any other reason.
- N.** Notwithstanding the provisions of Article XVII of this Agreement, a grievance by an employee who is to be discharged as the result of an interpretation or application of the provisions of this Article, shall be subject to the following procedure:

 - 1.** Such employee who believes that the provisions of this Article pertaining to him have not been properly interpreted or applied and who desires a review must submit his request for review in writing within five (5) days from the date of his notification by his System Department Head or designee as provided in Paragraph L, subparagraph 2, of this Article. The request will be submitted to the Vice President of Employee Relations with a copy to the System General Chairman of the Union. The System General Chairman of the Union or his designee may be present at the review of the grievance to represent the Union interest in the case.

The Vice President of Employee Relations or his designee will review the grievance and render a decision in writing with a copy to the System General Chairman of the Union not later than ten (10) days following the receipt of the grievance.

- 2.** The Vice President of Employee Relations or his designee will forward his decision to the employee with a copy to the System General Chairman. If the decision is not satisfactory to either the employee or the Union, then either may appeal the grievance directly to the System Board of Adjustment, established under Article XVII of this Agreement within fifteen (15) days from the date of the decision. The terms and provisions of such Article shall be applicable, except as otherwise specified herein.

 - 3.** During the period a grievance is filed under the provisions of this Paragraph and until after decision by the Vice President of Employee Relations or his designee or after final decision by the System Board of Adjustment, if appeal is made to that Board, the employee shall not be discharged from the Company because of non-compliance with the terms and provisions of this Article.

 - 4.** Saturdays, Sundays and holidays shall be excluded only from the time limits specified in this Paragraph N.
- O.** No employee or employees covered by this Agreement or an employee whose employment is terminated pursuant to the provisions of this Article or the Union shall have any claim for loss of time, wages or any other damages against the Company because of agreeing to this Article of this Agreement or because of any alleged violation, misapplication, compliance or non-compliance with any of the provisions of this Article. If notwithstanding the provisions of the first sentence of this paragraph a Board, Court or other competent authority shall in a particular instance or case enter an award, decision or judgment monetary or otherwise against the Company because of agreeing to this Article of this Agreement or because of alleged violation, misapplication, compliance or non-compliance with any provision of this Article such award, decision or judgment shall be borne equally between the Company and the Union.
- P.** During the life of this Agreement the Union agrees the maximum initiation (or reinstatement) fee shall not exceed two hundred and fifty dollars (\$250.00).

Initiation (or Reinstatement) Fee and Dues Check Off

- Q.** During the life of this Agreement the Company agrees to deduct from the pay of each member of the Union and remit to the Union standard initiation (or reinstatement) fee and monthly membership dues uniformly levied in accordance with the constitution and by-laws of the Union as prescribed by the Railway Labor Act, as amended, provided such member of the Union voluntarily executes the agreed upon form(s) which are hereinafter included in this Agreement, to be known as check-off forms, which shall be prepared and furnished by the Union. The Company will not be required to deduct the initiation (or reinstatement) fee or monthly membership dues from the pay of employees covered by this Agreement unless the fee and dues for the employee conform to one of the following:
- 1.** Standard initiation (or reinstatement) fee and dues for employees of his classification as designated by the Union for San Francisco-Oakland, even though the fee and dues may be the same as those provided in subparagraph 2 below.
 - 2.** Standard initiation (or reinstatement) fee and dues for employees of his classification or designated by the Union for any or all other points on the Company's system.

**ASSIGNMENT AND AUTHORIZATION
FOR CHECK OFF OF UNION DUES**

TO: United Air Lines, Inc.

I _____, hereby assign to
(Name) (Print initial and last name)

the International Association of Machinists, my Union dues from wages earned or to be earned by me as your employee and authorize and direct you to deduct the flat sum of \$ each month, which are the standard monthly membership dues, (or such standard monthly membership dues as may hereinafter be established by the local Union as dues for employees in my present or future classification under the Agreement upon notification to the Company by the System General Chairman of the Union), from one pay check per month and to remit same to the Union.

This assignment and authorization may be revoked by me in writing after the expiration of one (1) year from the date hereof, or upon the termination date of the applicable labor agreement in effect at the time this is signed, whichever occurs sooner.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with existing Agreement between the Union and the Company.

State Number _____

(Do not fill in - for Payroll Use)

Organization Code _____

(See UG100 or Paycheck Stub)

Employee s File Number _____

(See UG 100 or Paycheck Stub)

Payroll Code Number _____

(Do not fill in - for Payroll Use)

Classification _____

Station Location _____

Local Union Number _____

Date _____

Signature of Employee _____

**ASSIGNMENT AND AUTHORIZATION
FOR CHECK OFF OF INITIATION/REINSTATEMENT FEE**

TO: United Air Lines, Inc.

I _____, hereby assign to

(Name) (Please print initial and last name)

the International Association of Machinists my initiation (or reinstatement) fee from my wages earned or to be earned by me as your employee and authorize and direct you to deduct from two pay checks and remit to the Union the total sum of \$ _____ which is the standard initiation (or reinstatement) fee for my local lodge.

This authorization and direction is made subject to the provisions of the Railway Labor Act, as amended, and in accordance with existing Agreement between the Union and the Company.

State Number _____

(Do not fill in - Payroll use)

Organization Code _____

(See UG100 or pay check stub)

Employee s File Number _____

Payroll Code Number _____

(Do not fill in - for Payroll use)

Classification _____

Station Location _____

Local Union Number _____

Date _____

Signature of Employee _____

- R.** When a member of the Union properly executes such check off form the System General Chairman of the Union shall forward the necessary information to a Payroll Representative. A check off form must be completed in a legible manner acceptable to the Company or it will be returned to the System General Chairman of the Union for correction. Any notice of revocation as provided for in this Article or the Railway Labor Act, as amended, must be in writing, signed by the employee and two copies delivered by certified mail, addressed to the System General Chairman of the Union. Dues deductions will be continued until one (1) copy of such notice of revocation is received by the appropriate Payroll Representative from the System General Chairman of the Union. Check off forms and notices received by the appropriate Payroll Representative will be stamp-dated on the date received and will constitute notice to the Company on the date received and not when mailed.
- S.** When a check off form, as specified herein, for the initiation (or reinstatement) fee is received by the appropriate Payroll Manager, one-half of the total amount due will be deducted from each of two regular pay checks due the employee. When a check off form as specified herein for membership dues is received by the appropriate Payroll Manager, twelve (12) days or more before the issuing date of the first bi-weekly pay check of the month or the corresponding weekly pay check at locations where weekly checks are issued, deductions will commence with such pay check and continue thereafter until revoked or cancelled as provided in this Article. The Company will remit to the Union a check in payment of all initiation (or reinstatement) fees and dues collected as soon after the payday on which deductions were made, as practicable. The Company remittance of Union initiation (or reinstatement) fees and membership dues to the office of the System General Chairman of the Union will be accompanied by two (2) copies of a list which includes (1) names, (2) employee file numbers, (3) state codes, and (4) individual amounts deducted.
- T.** An employee who has executed a check off form and who has been (1) promoted to a job not covered by the Agreement, (2) who resigns from the Company, (3) who is laid off and accepts employment in classifications not covered by any IAM Agreement, or (4) is otherwise terminated from the employ of the Company, shall be deemed to have automatically revoked his assignment as of the date of such action and if he (1) transfers back or returns to a job covered by the Agreement, (2) is rehired, (3) is recalled or (4) re-employed, further deductions of Union dues will be made only upon execution and receipt of another check off form. An employee who has executed a check-off form who enters layoff status directly from a position covered by an IAM Agreement shall have his dues deductions automatically reinstated upon direct recall to an IAM Agreement classification.

- U.** Collection of any back dues owed at the time of starting deductions for any employee, collection of dues missed because the employee was delinquent in dues at the time of going on leave of absence or because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period, and collection of initiation (or reinstatement) fee or dues missed because of accidental errors in the accounting procedure, will be the responsibility of the Union. It will be the Union's responsibility to verify apparent errors with the individual Union member before contacting the Company's Payroll Representative.

- V.** Deductions of initiation (or reinstatement) fees shall be in accordance with paragraph S of this Article and deductions of membership dues shall be made from one (1) or more paychecks each month as needed provided there is a balance in the pay check sufficient to cover such amounts after all other necessary deductions including those authorized by the employee or required by law have been justified. In the event of termination of employment, there shall be no obligation of the Company to collect initiation (or reinstatement) fee or dues until all such other deductions (including money claims of the Company and the Credit Union) have been made, and such obligation to collect dues shall not extend beyond the pay period to which the employee's last day of work occurs.

**ARTICLE XXIV
SAVING CLAUSE**

Should any part or provision of this Agreement be rendered invalid by reason of any existing or subsequently enacted legislation, such invalidation of any part or provision of this Agreement shall not invalidate the remaining portions thereof, and they shall remain in full force and effect. In the event of any invalidation, either party may, upon thirty (30) days notice, request negotiation for modification or amendment of this Agreement.

**ARTICLE XXV
EFFECTIVE DATE AND DURATION**

This Agreement shall become effective July 1, 2005 except as otherwise provided, and shall continue in full force and effect through December 31, 2009 and shall thereafter renew itself yearly without change each January 1 st unless written notice of intended change is served in accordance with Title I, Section 6 of the Railway Labor Act by either party at least thirty (30) but not more than two hundred and seventy (270) days prior to December 31, 2009 or December 31 of any year thereafter upon written notice of either party thereto. If such notice is served, negotiations will commence no more than 30 days after service. If a new tentative agreement is not reached by August 1, 2009 (or any August 1 thereafter, if applicable), the parties will jointly invoke the mediation services of the National Mediation Board under Section 5 of the Act.

IN WITNESS WHEREOF, the parties have signed this Agreement this 14th day of May, 2003.

/s/ S. R. (Randy) Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Witnessed by:

/s/ Thomas F. Brickner

/s/ Irene F. Gaughan

/s/ Robyn G. Eulo

/s/ Jack Lampe

/s/ William J. Gray

/s/ Pamela A. King

SCHEDULE A

	<u>Current</u>	<u>Less 5.5%</u>	<u>Plus 1.5%</u>	<u>Plus 1.5%</u>	<u>Plus 2.5%</u>
Cook	<u>05/01/04</u>	<u>07/01/05</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>
<u>Thereafter</u>	<u>\$18.78</u>	<u>\$17.75</u>	<u>\$18.02</u>	<u>\$18.29</u>	<u>\$18.75</u>
<u>Next 6 months</u>	<u>16.37</u>	<u>15.47</u>	<u>15.70</u>	<u>15.94</u>	<u>16.34</u>
<u>3rd 18 months</u>	<u>14.97</u>	<u>14.15</u>	<u>14.36</u>	<u>14.58</u>	<u>14.94</u>
<u>2nd 18 months</u>	<u>14.06</u>	<u>13.29</u>	<u>13.49</u>	<u>13.69</u>	<u>14.03</u>
<u>1st 18 months</u>	<u>13.50</u>	<u>12.76</u>	<u>12.95</u>	<u>13.14</u>	<u>13.47</u>

Baker					
<u>Thereafter</u>	<u>\$17.89</u>	<u>\$16.91</u>	<u>\$17.16</u>	<u>\$17.42</u>	<u>\$17.86</u>
<u>Next 6 months</u>	<u>15.76</u>	<u>14.89</u>	<u>15.11</u>	<u>15.34</u>	<u>15.72</u>
<u>3rd 18 months</u>	<u>14.31</u>	<u>13.52</u>	<u>13.72</u>	<u>13.93</u>	<u>14.28</u>
<u>2nd 18 months</u>	<u>13.45</u>	<u>12.71</u>	<u>12.90</u>	<u>13.09</u>	<u>13.42</u>
<u>1st 18 months</u>	<u>12.92</u>	<u>12.21</u>	<u>12.39</u>	<u>12.58</u>	<u>12.89</u>

Food Service Employees

<u>Thereafter</u>	<u>\$12.13</u>	<u>\$11.46</u>	<u>\$11.63</u>	<u>\$11.80</u>	<u>\$12.10</u>
<u>10th Year</u>	<u>11.65</u>	<u>11.01</u>	<u>11.18</u>	<u>11.35</u>	<u>11.63</u>
<u>9th Year</u>	<u>11.20</u>	<u>10.58</u>	<u>10.74</u>	<u>10.90</u>	<u>11.17</u>
<u>8th Year</u>	<u>10.77</u>	<u>10.18</u>	<u>10.33</u>	<u>10.48</u>	<u>10.74</u>
<u>7th Year</u>	<u>10.30</u>	<u>9.73</u>	<u>9.88</u>	<u>10.03</u>	<u>10.28</u>
<u>6th Year</u>	<u>9.91</u>	<u>9.36</u>	<u>9.50</u>	<u>9.64</u>	<u>9.88</u>
<u>5th Year</u>	<u>9.51</u>	<u>8.99</u>	<u>9.12</u>	<u>9.26</u>	<u>9.49</u>
<u>4th year</u>	<u>9.15</u>	<u>8.65</u>	<u>8.78</u>	<u>8.91</u>	<u>9.13</u>
<u>3rd Year</u>	<u>8.80</u>	<u>8.32</u>	<u>8.44</u>	<u>8.57</u>	<u>8.78</u>
<u>2nd Year</u>	<u>8.42</u>	<u>7.96</u>	<u>8.08</u>	<u>8.20</u>	<u>8.41</u>
<u>1st Year</u>	<u>8.07</u>	<u>7.63</u>	<u>7.74</u>	<u>7.86</u>	<u>8.06</u>

Food Service Coordinator

<u>Thereafter</u>	<u>\$19.04</u>	<u>\$17.99</u>	<u>\$18.26</u>	<u>\$18.53</u>	<u>\$18.99</u>
<u>10th Year</u>	<u>14.68</u>	<u>13.87</u>	<u>14.08</u>	<u>14.29</u>	<u>14.65</u>
<u>9th Year</u>	<u>12.98</u>	<u>12.27</u>	<u>12.45</u>	<u>12.64</u>	<u>12.96</u>
<u>8th Year</u>	<u>11.69</u>	<u>11.05</u>	<u>11.22</u>	<u>11.39</u>	<u>11.67</u>
<u>7th Year</u>	<u>10.72</u>	<u>10.13</u>	<u>10.28</u>	<u>10.43</u>	<u>10.69</u>
<u>6th Year</u>	<u>10.30</u>	<u>9.73</u>	<u>9.88</u>	<u>10.03</u>	<u>10.28</u>
<u>5th Year</u>	<u>9.97</u>	<u>9.42</u>	<u>9.56</u>	<u>9.70</u>	<u>9.94</u>
<u>4th year</u>	<u>9.53</u>	<u>9.01</u>	<u>9.15</u>	<u>9.29</u>	<u>9.52</u>
<u>3rd Year</u>	<u>9.16</u>	<u>8.66</u>	<u>8.79</u>	<u>8.92</u>	<u>9.14</u>
<u>2nd Year</u>	<u>8.75</u>	<u>8.27</u>	<u>8.39</u>	<u>8.52</u>	<u>8.73</u>
<u>1st Year</u>	<u>8.38</u>	<u>7.92</u>	<u>8.04</u>	<u>8.16</u>	<u>8.36</u>

Schedule A

Red Circled Food Service Employees

	<u>Current</u>	<u>Less 5.5%</u>	<u>Plus 1.5%</u>	<u>Plus 1.5%</u>	<u>Plus 2.5%</u>
	<u>05/01/04</u>	<u>07/01/05</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>
<u>Kitchen Steward</u>	<u>\$19.07</u>	<u>\$18.02</u>	<u>\$18.29</u>	<u>\$18.56</u>	<u>\$19.02</u>
<u>Lead Pantry Worker</u>	<u>\$18.11</u>	<u>\$17.11</u>	<u>\$17.37</u>	<u>\$17.63</u>	<u>\$18.07</u>
<u>Pantry Worker</u>	<u>\$17.43</u>	<u>\$16.47</u>	<u>\$16.72</u>	<u>\$16.97</u>	<u>\$17.39</u>
<u>Lead Food Svc Asst</u>	<u>\$16.20</u>	<u>\$15.31</u>	<u>\$15.54</u>	<u>\$15.77</u>	<u>\$16.16</u>
<u>Food Svc Asst</u>	<u>\$15.27</u>	<u>\$14.43</u>	<u>\$14.65</u>	<u>\$14.87</u>	<u>\$15.24</u>
<u>Porter</u>	<u>\$12.70</u>	<u>\$12.00</u>	<u>\$12.18</u>	<u>\$12.36</u>	<u>\$12.67</u>
<u>Pastry Chef</u>	<u>\$21.67</u>	<u>\$20.48</u>	<u>\$20.79</u>	<u>\$21.10</u>	<u>\$21.63</u>
<u>Pastry Cook</u>	<u>\$19.57</u>	<u>\$18.49</u>	<u>\$18.77</u>	<u>\$19.05</u>	<u>\$19.53</u>

Non Red Circled for Employees Hired as Second Cook Before 7/5/84

	<u>Current</u>	<u>Less 5.5%</u>	<u>Plus 1.5%</u>	<u>Plus 1.5%</u>	<u>Plus 2.5%</u>
	<u>05/01/04</u>	<u>07/01/05</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>
<u>Second Cook</u>	<u>\$21.84</u>	<u>\$20.64</u>	<u>\$20.95</u>	<u>\$21.26</u>	<u>\$21.79</u>

Employees in these wage progressions filling Lead positions will receive a 6% premium over their basic classification pay rate.

All employees in the Food Services classifications covered by this Agreement shall receive one (1) cent per hour per year longevity pay after two (2) years of Company service, based upon their Company service date, to a maximum of thirty (30) cents effective May 14th, 2002.

Employees hired into Food Services classifications covered by this Agreement on and after January 1, 1981, will require three (3) years of Company service, based upon their Company service date, to be considered eligible to receive longevity pay.

Letter 72-2
September 15, 1972

Mr. George J. Robinson
President and General Chairman
International Association of
Machinists-District 141
P.O. Box 391
Burlingame, California 94010

Dear Mr. Robinson:

This letter will confirm statements made to you by Company representatives in our current negotiations.

The Company will revise its free and reduced rate transportation policy effective October 1, 1972 to provide that employees with ten (10) years of service with United will be entitled to unlimited trip passes.

Sincerely,

/s/ Clark E. Luther

Clark E. Luther
Vice President
System Personnel

Letter 72-6
September 15, 1972

Mr. George J. Robinson
President and General Chairman
International Association of
Machinists-District 141
P.O. Box 391
Burlingame, California 94010

Dear Mr. Robinson:

This letter will confirm the understanding and agreement reached between the Company and the Union with respect to the proper application of Article V, Paragraph F, of the Food Services Agreement.

It was understood and agreed that in the event there is temporarily no work for the reasons described in Article V, Paragraph F, at any location on the Company's system which affects some but not all employees, the Company shall promptly reassign employees so that the more senior employees within each Flight Kitchen or Cafeteria are allowed to perform the available work in accordance with their classification seniority in the classification in which they are normally assigned or, if necessary, their next lower classification seniority held, if any, and so on, and the more junior employees are placed in without-pay status. Such reassignments shall be those which are practical considering the circumstances of the temporary lack of work. The Company shall not be subject to the provisions of Article V, Paragraphs D-1 and D-2, with respect to changes of starting times, shifts and/or days off, or to the overtime pay requirements of Article VI, Paragraphs A and B, because of such reassignments.

If this conforms to your understanding of our agreement, please date and sign in the space provided below and return four (4) copies to us for our files.

Sincerely,

/s/ Clark E. Luther

Clark E. Luther
Vice President
System Personnel

Accepted and agreed to this
15th day of September, 1972.

/s/ George J. Robinson

President and General Chairman

Letter 74-1F

May 24, 1974

Revised March 23, 1982

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

During negotiations the Company and the Union discussed the bumping rights of laid off employees and the options to be offered to Mechanics who are presently or have recently successfully worked in two or more Mechanic job skills. Accordingly, on a trial basis, the Union and the Company have agreed that the following system will be used in place of Article X, Paragraphs J-1 and J-2, of the Mechanics Agreement and similar provisions of the Ramp and Stores and Food Services Agreements.

1. The Company will furnish to employees to be laid off a list comprised of available permanent vacancies, probationary employees, and/or junior employees (starting at the bottom of the master seniority list) on the system. Such list will be by station and will be equal in number to employees in basic classifications being laid off, provided they have sufficient seniority to displace on the system. Such list will be reduced at the time the options are awarded by the number of employees who have elected to accept layoff rather than fill a vacancy or displace on the system.
2. Skillwise (applicable to Mechanics only), the list will be identical to the skills employees are working in at the time of layoff - after the station shakedown process has taken place. For example:

Employees Being Laid Off	List
30 A&P Mechanics	30 A&P Mechanics
10 B&M Mechanics	10 B&M Mechanics
10 R&E Mechanics	10 R&E Mechanics
5 Automotive Mechanics	5 Automotive Mechanics

Letters of Agreement

3. A laid off employee must bump in skill (i.e., A&P s must bump A&P s, and so forth), except that at the time a Mechanic is notified of layoff and given layoff options to bump in skill he may instead elect to designate another skill in which he has successfully worked within the past five years. He will be given the option to displace in that designated skill the junior employee on the system whose work he is qualified to perform in the same manner as provided in Article X, Paragraph J. If the displacing Mechanic is the junior employee on the system in the skill in which he is working or has designated, he may exercise seniority in another skill in the same manner as provided for displaced employees in Paragraph 6 below.
4. The senior employee being laid off will be given first preference to choose among all employees appearing on the list in his skill as to whom he will bump. The next most senior employee being laid off will then so choose; followed by the third most senior man, and so forth.
5. Preferences and the sequencing of preferences once established shall not be changed.
6. Employees displaced by this exercise of seniority - if they elect to move elsewhere on the system - will do so in accordance with Article X, Paragraphs J-1 and J-2, of the Mechanics Agreement and similar provisions of the Ramp and Stores and Food Services Agreements.
7. Nothing in the above will prevent an employee being laid off in a basic seniority classification because of a reduction in force from accepting lay-off with right of recall at his point.
8. Any employee who exercises his seniority to transfer to any other point on the system, in accordance with Paragraphs 1 through 7 of this letter, will have the privilege of returning to his home station when the force is increased and he is entitled to be recalled.

9. This letter may be cancelled with thirty (30) days written notice to the other party from the System General Chairman or the Corporate Director of Industrial Relations.

Sincerely,

/s/ David L. Pringle _____

David L. Pringle

Director of Industrial Relations

Ground Employees

Accepted and agreed to this
23rd day of March, 1982.

/s/ Louis R. Schroeder _____

Louis R. Schroeder

President and General Chairman

District 141

Letter 74-4F
May 24, 1974

Mr. George J. Robinson
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Mr. Robinson:

In our most recent negotiations, we modified Article X, Paragraph E, of the Mechanics Agreement and similar provisions of the Ramp and Stores and Food Services Agreements to replace point seniority lists (in basic classifications) with system master seniority lists.

To produce the first master seniority lists, it was necessary to (1) provide a way to break seniority ties without disrupting established relationship of employees already appearing on a seniority list; and (2) decide where an employee, whose adjusted seniority results in a tie with other employees, will be placed on the master seniority list in relation to the other tied employees.

Following are two examples which, I believe, illustrate the answers to these two situations:

Example No. 1 (illustrating how Social Security Numbers will be used to break ties without disrupting established relationship of employees already appearing on a seniority list.)

Sixteen employees with tied classification and Company seniority date of 6/1/62 and working at four different stations are shown. Each employee is shown by the last four digits of his Social Security number. They are also listed in the order they presently appear on their respective point seniority lists. The number in parenthesis indicates the order they will appear on the master seniority list.

SFO	DEN	ORD	PHL
7483 (4)	6291 (3)	0415 (1)	2388 (2)
4209 (7)	1673 (5)	7238 (8)	3994 (6)
0875 (9)	5864 (11)	2199 (10)	
9116 (13)	7003 (12)		
3892 (14)			
5656 (15)			
1847 (16)			

Example No. 2 (illustrating how an employee, with adjusted seniority and who is now tied with other employees, will be placed ahead of such other tied employees on a seniority list.)

An employee returns from a 12-month leave of absence. His seniority is adjusted to 6/1/62. Using the illustration above, this employee would be re-positioned on the seniority roster before 0415 (ORD).

The above procedure, illustrated in Example No. 1, will apply only to the initial system master seniority lists.

As new employees names are added to the system master seniority lists, seniority ties will be broken using the Company seniority and Social Security comparison method described in Article X, Paragraph E-1-b, of the Mechanics Agreement and similar provisions of the Ramp and Stores and Food Services Agreements, irrespective of the locations of such employees.

Adjusted seniority dates, which result in ties, will continue to be handled as described in Example No. 2.

We further understand that notwithstanding the language of new Article X, Paragraph E, of the Mechanics Agreement and similar provisions of the Ramp and Stores and Food Services Agreements, the posting date of the first master seniority list shall be made on the date agreed to by the Union and the Company which shall not be less than sixty (60) days from the signing date of the agreement.

Sincerely,

/s/ Clark E. Luther

Clark E. Luther
Vice President
System Personnel

LETTER OF AGREEMENT
between
UNITED AIR LINES, INC.
and
INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between UNITED AIR LINES, INC. (hereinafter referred to as the "Company ") and the INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS (hereinafter referred to as the "Union ").

WITNESSETH:

WHEREAS, the Union and the Company by letters dated May 24, 1974 and August 30, 1974 agreed that they would develop a mutually satisfactory Long Term Disability Insurance Plan for employees covered by the Mechanics , Ramp and Stores, Food Services, and Guards Agreements to be established no later than January 1, 1975, the administrative costs of which would be borne by the Company and the premium costs borne by the employee, and,

WHEREAS, the Union and the Company have not been able to reach agreement on a mutually satisfactory Long Term Disability Plan,

NOW, THEREFORE, it is hereby agreed as follows:

- 1.** The Company will make payroll deductions for employees subscribing to a Disability Income Protection Plan established by the Union to be effective only if a Long Term Disability Insurance Program as described in a separate Letter of Agreement also executed on this date does not become effective and which Disability Income Protection Plan is described as Plan II of Aetna Life and Casualty Salary Budget Income Protection Plan, but excluding the Accidental Death Rider, as submitted to the Company by the Union on November 4, 1974 (hereafter called Aetna Plan II), which Plan provides for disability income benefits payable to age 65 for sickness and accident and shall make payroll deductions for no other coverage. Such deduction shall be made only when the employee has earnings after all other deductions which are sufficient to pay the entire deduction

authorized for Aetna Plan II. Payroll deductions shall be made by the Company in a manner consistent with its payroll practices after receipt by it of appropriate notice from Aetna or the Union setting forth each employee's name, file number, amount of premium to be deducted, period to be covered by such premium, and the basis (weekly or biweekly) on which the employee is paid, accompanied by a copy of a payroll deduction authorization in a form satisfactory to the Company and containing the language set forth on Attachment A hereto, and the Company shall begin making payroll deductions not more than forty-five (45) days after receipt of such notice. In the event an employee discontinues his coverage, the Company will be provided a copy of his revocation of payroll deduction authorization and, in any event, the Company may discontinue payroll deductions for any employee who directs the Company to discontinue such deductions. The monies deducted shall be sent to the Union for transmittal to Aetna.

- 2.** The Plan described as Aetna Plan II is established solely by the Union. Accordingly, nothing herein shall be construed to mean that the Aetna Plan II has been established or maintained by the Company. Both the Union and the Company understand that the Company is not a fiduciary for the Aetna Plan II under the Employee Retirement Income Security Act of 1974, and the Company shall not have or exercise any of the authority or control described in Section 3 (21) of the Employee Retirement Income Security Act of 1974. The Company's sole function with respect to Aetna Plan II will be the ministerial acts of withholding premium payments as described in Paragraph 2 hereof and paying over such amounts to the Union for transmittal to Aetna. The Union agrees to indemnify and hold harmless the Company from and against all claims, demands, causes of action, suits or judgments (including costs and expenses incurred in connection therewith) arising out of or in connection with the payroll deduction authorizations referred to herein except where caused by the negligence or misconduct of the Company, its officers, or employees.
- 3.** This Letter of Agreement shall be deemed cancelled in the event a Long Term Disability Insurance Program as described in a separate Letter of Agreement also executed on this date becomes effective by February 16, 1975, and in any event, the payroll deductions provided for herein shall cease if and when any other accident and sickness disability plan is agreed to by the Union and the Company for the employees covered by the Mechanics, Ramp and Stores, Food Services, or Guards Agreements, and this Letter shall thereupon be deemed cancelled and thereafter shall have no force or effect.

Letters of Agreement

4. If and when the Aetna Plan II becomes effective, then the Letter of Agreement dated May 24, 1974 and identified as Letter 74-5M in the Mechanics Agreement, Letter 74-5R in the Ramp and Stores Agreement, Letter 74-5F in the Food Services Agreement, and the similar letter dated August 30, 1974 applicable to the Guards Agreement shall be of no force or effect during the term of the 1973-75 Mechanics , Ramp and Stores, and Food Services Agreements and the 1973-76 Guards Agreement except that in the event the Aetna Plan II is unilaterally terminated by Aetna, the Letters of Agreement dated May 24, 1974 and August 30, 1974 shall again be of full force and effect provided that any Long Term Disability Insurance Plan resulting from the reinstatement of such letters shall be established on the date agreed to at the time. The fact that the Letters of Agreement dated May 24, 1974 and August 30, 1974 become of no force and effect shall not affect the Company's obligation to make the payroll deductions provided herein under the terms and conditions specified in this Letter of Agreement.

5. Subject to the provisions of Paragraph 3 hereof, this Letter shall become effective upon the date of signing and subject to the provisions of Paragraph 3 hereof shall remain in full force and effect concurrently with the 1973-75 Mechanics , Ramp and Stores, and Food Services Agreements and the 1973-76 Guards Agreement and shall be subject to change in accordance with the duration provisions of those Agreements.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement this 3rd day of January, 1975.

UNITED AIR LINES, INC.

/s/ Clark E. Luther

Clark E. Luther
Vice President
System Personnel

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND
AEROSPACE WORKERS

/s/ George J. Robinson

George J. Robinson
President and General Chairman
District 141

ATTACHMENT A

I hereby authorize United Air Lines, Inc. to deduct from my earnings such amount of premium as may be payable by me from time to time under the provisions of Aetna Plan II, and I hereby release the Company from any and all liability for loss and damage arising out of the Company's withholding of amounts authorized hereunder, except where caused by the negligence or misconduct of the Company, its officers, or employees.

Letter 77-1F

January 28, 1977

Revised July 5, 1984

Revised May 14, 2002

Mr. S. R. Canale
President and General Chairman
International Association of Machinists and
Aerospace Workers - District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will confirm the understanding and agreement of the IAMAW and United to establish certain procedures applicable to part-time employees under the Mechanics (Utility employee classification only), Ramp and Stores, Food Services, and Guards Agreements. It is understood that this letter does not expand the use of part-time employees. It only provides to part-time employees in classifications in which part-time employees are permitted under the Agreements rights presently not provided them under the Agreements.

- 1.** Part-time employees shall be regarded as probationary employees for the first one hundred and eighty (180) days of their employment. During their probationary period, they may be discharged at any time without hearing. Since regular part-time employees do not accrue seniority, they will not be placed on the seniority list for their classification after completing their probationary period. All present part-time employees who have already served a period equal to the probationary period of their work classification shall be considered to have passed their probationary period.

- 2.** Part-time employees retained in the service of the Company after their probationary period shall be entitled to appeal any disciplinary action assessed by the Company in the same manner as regular employees, including use of the procedures specified in Article XVII, Paragraph B, of the Mechanics Agreement and similar provisions of the other Agreements. They may appeal disciplinary action assessed in the same manner as regular employees up to and including the System Board of Adjustment.

- 3.** For the purpose of determining the order of termination and offers of re-employment to regular part-time employees, part-time employees shall be considered a separate seniority group within their work classification. When the number of part-time employees at a location is to be reduced, terminations will be made in reverse order of Date of Employment date within the part-time employee group. Offers of re-employment will be made in order of their former Date of Employment date from among previously terminated part-time employees. Part-time employees shall be entitled to notice of termination and offers of re-employment to part-time jobs at their point for a period of three (3) years from the date of termination in the same manner and under the same conditions as regular employees notice of layoff and offer of recall. Such offers of re-employment will be sent to the employee s last address on recorded with the Company and the Company will have no further responsibility to locate terminated part-time employees. Part-time employees shall have no system seniority rights and no part-time employees shall be entitled to displace a regular full-time employee as a result of his termination as a part-time employee.

It is further understood and agreed that nothing in this Letter of Agreement changes or otherwise affects Article X, Paragraph H, of the Mechanics Agreement and the similar provisions of the Ramp and Stores, Food Services, and Guards Agreements which provides in part: "When it becomes necessary to lay off employees at any location on the Company s system, any temporary or part-time employees at the point will be terminated first and then system seniority in the basic classification plus ability to perform the available work will govern..."

If the foregoing conforms to your understanding of our agreement, please sign and date this letter in the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale

S. R. Canale
President and General Chairman
IAMAW - District 141

LETTER OF AGREEMENT

between

UNITED AIR LINES, INC.

and

INTERNATIONAL ASSOCIATION OF MACHINISTS

AND AEROSPACE WORKERS

WHEREAS, United Air Lines, Inc., and the International Association of Machinists and Aerospace Workers wish to record their agreement relating to service credit before age 25 and after completion of one year of service as it pertains to the employees covered by the Mechanics , Ramp and Stores, and Food Services Agreements,

NOW, THEREFORE, it is hereby mutually agreed as follows:

With respect to any employee who received credit for service prior to age 25 and after completion of one year of service as a result of having been a participant in a pension plan, such service will continue to be credited under the pension plan.

IN WITNESS WHEREOF, the parties have signed this Letter of Agreement this 24th day of May, 1979.

For UNITED AIR LINES, INC.

/s/ Duane M. Bucmaster

Duane M. Buckmaster

Senior Vice President

Personnel and Industrial Relations

For INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS

/s/ Louis R. Schroeder

Louis R. Schroeder

President and General Chairman

District 141

Letter 82-2 RFS

March 23, 1982

Revised May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
50 West Oakton
Des Plaines, IL 60018

Dear Randy:

During the course of these negotiations both the Union and Company discussed our current disciplinary system in an exploratory attempt to find a better way of addressing disciplinary problems.

The traditional method of responding to Company rule violators has been to impose punishment in the form of progressive disciplinary suspensions. The effectiveness of this form of behavior modification has been questionable, particularly in dealing with those types of problems such as absenteeism.

The concept of eliminating most disciplinary suspensions and replacing such actions with progressive disciplinary letters and joint counseling by both the Company and the Union was thought to be potentially beneficial to all parties and worthy of further exploration. Accordingly, the Company and the Union agreed to implement a new corrective disciplinary procedure throughout the system on a trial basis. Implementation will be on a location by location basis as fast as the appropriate training can be reasonably accomplished.

The new concept includes the following principles:

1. The Union and the Company both realize that rules of conduct are necessary for the welfare of the Company and of all employees but believe through mutual efforts improved standards of conduct can be achieved in most cases by utilization of this program.
2. Letters of Discipline may be given in place of traditional disciplinary suspensions.

Letters of Agreement

3. Such Letters of Discipline shall have the full force and effect of disciplinary suspensions and will be considered as equivalent corrective discipline in reviewing the merits of any subsequent suspension or discharge.
4. Such letters will be progressive in nature and will represent various levels of severity depending upon the offense and/or previous disciplinary record.
5. The employee's Supervisor or other designated Management Representative shall be responsible for administering this program.
6. Letters of Discipline shall be presented to the employee in the presence of his Steward, if requested, and shall contain an explanation of the infraction and the future corrective action expected.
7. This program will not limit the Company's current rights to discharge employees for a single serious offense, to hold an employee out of service without pay, or to issue disciplinary suspension if circumstances so warrant.

Notwithstanding the above, employees held out of service under circumstances which do not involve theft, acts of abuse or violence, acts of fraud, refusal to comply with a direct order (deemed to be non-safety related), use or possession of alcohol or illegal drugs on Company property, or possession of weapons on Company property will continue on pay status pending the results of the Investigative Review Hearing. Cases involving felony charges/convictions will be reviewed on an individual basis. In the event an employee is held out of service, prompt discussions with the local committee will be held.

8. This program will not limit the Union's right to grieve all disciplinary action including Letters of Discipline.
9. This program may be modified by mutual agreement as experience is gained.
10. The program is on a trial basis and may be cancelled upon written notice from the System General Chairman or the Vice President of Employee Relations.

If this conforms to your understanding of our agreement, please date and sign below.

Sincerely,

/s/ Peter B. Kain _____
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ Peter B. Kain _____
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 82-3F
March 23, 1982

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

During the course of negotiations, the Union expressed concern the Company intended to eliminate the Lead classification. The Union was assured the Company had no such intention and, in fact, planned to make greater use of the considerable skills inherent within this employee group.

Both the Company and the Union realize the potential of this group to contribute to a more efficient and profitable operation. Accordingly, both parties will endeavor to promote a more constructive and cooperative working relationship among employees, Leads, and Supervisors.

Sincerely,

/s/ David L. Pringle
David L. Pringle
Director of Industrial Relations
Ground Employees

Letter 83-1F
October 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This will confirm our discussion regarding the seniority of IAM Agreement represented employees whose application for Flight Attendant training is accepted by the Company.

The Company's interpretation of Article X, Paragraph M of the Mechanics Agreement and related provisions of the Ramp and Stores and Food Services Agreements is that an employee who is accepted for Flight Attendant Training will be placed in Without Pay or Personal Leave of Absence status for the duration of that training and will retain and accrue seniority under the IAM Agreements in accordance with those Agreements. After that training if and when the employees enter the Flight Attendant classification, they will lose all IAM Agreement seniority held effective with the date of that reclassification.

Sincerely,

/s/ David L. Pringle
David L. Pringle
Vice President
Industrial Relations

Letter 84-2F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This letter will confirm that during the 1983 negotiations the parties agreed that IAM-represented employees will be offered an opportunity to participate in a 401-K plan.

The details of such plan were discussed and it will be similar to the plan offered to other United employees.

Sincerely,

/s/ David L. Pringle
David L. Pringle
Vice President
Industrial Relations

Letter 84-4RF

July 5, 1984

Revised May 1, 2003

Revised July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This will confirm the agreement between the Union and Company with respect to the Hawaii Differential.

All active regular full-time and part-time employees now or hereafter working in Hawaii will receive the Hawaii Differential set forth below. This differential will be added to the rate of pay for each classification.

	<u>04/01/04</u>	<u>07/01/05</u>	<u>05/01/07</u>	<u>05/01/08</u>	<u>05/01/09</u>
<u>Second Cook</u>	<u>\$0.8</u>	<u>\$0.83</u>	<u>\$0.8</u>	<u>\$0.85</u>	<u>\$0.8</u>
<u>Lead Cook</u>	<u>\$0.8</u>	<u>\$0.83</u>	<u>\$0.8</u>	<u>\$0.85</u>	<u>\$0.8</u>
<u>Cook</u>	<u>\$0.9</u>	<u>\$0.86</u>	<u>\$0.8</u>	<u>\$0.88</u>	<u>\$0.9</u>
<u>Pastry Chef</u>	<u>\$0.9</u>	<u>\$0.86</u>	<u>\$0.8</u>	<u>\$0.88</u>	<u>\$0.9</u>
<u>Pastry Cook</u>	<u>\$0.8</u>	<u>\$0.81</u>	<u>\$0.8</u>	<u>\$0.83</u>	<u>\$0.8</u>
<u>Baker</u>	<u>\$0.6</u>	<u>\$0.62</u>	<u>\$0.6</u>	<u>\$0.64</u>	<u>\$0.6</u>
<u>Lead Pantry Worker</u>	<u>\$0.7</u>	<u>\$0.68</u>	<u>\$0.6</u>	<u>\$0.70</u>	<u>\$0.7</u>
<u>Lead Food Service Employee</u>	<u>\$0.7</u>	<u>\$0.68</u>	<u>\$0.6</u>	<u>\$0.70</u>	<u>\$0.7</u>
<u>Pantry Worker</u>	<u>\$0.6</u>	<u>\$0.60</u>	<u>\$0.6</u>	<u>\$0.62</u>	<u>\$0.6</u>
<u>Kitchen Steward</u>	<u>\$0.9</u>	<u>\$0.88</u>	<u>\$0.8</u>	<u>\$0.90</u>	<u>\$0.9</u>
<u>Lead Food Service Assistant</u>	<u>\$0.5</u>	<u>\$0.48</u>	<u>\$0.4</u>	<u>\$0.50</u>	<u>\$0.5</u>
<u>Food Service Assistant</u>	<u>\$0.5</u>	<u>\$0.48</u>	<u>\$0.4</u>	<u>\$0.50</u>	<u>\$0.5</u>
<u>Food Services Porter</u>	<u>\$0.4</u>	<u>\$0.43</u>	<u>\$0.4</u>	<u>\$0.45</u>	<u>\$0.4</u>
<u>Food Services Employee</u>	<u>\$0.4</u>	<u>\$0.38</u>	<u>\$0.3</u>	<u>\$0.40</u>	<u>\$0.4</u>

If this conforms to your understanding of our agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B Kain

Letters of Agreement

Vice President
Labor Relations

Accepted and Agreed to this
1st day of May, 2003.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
District 141 - IAMAW

Letter 84-5F

October 24, 1984

Revised December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080

Dear Lou:

This will confirm the agreement between the Union and the Company regarding the New Hire pay rate for a regular full-time employee transferring between IAM-represented classifications and an employee changing from temporary or part-time status to regular full-time status in such classifications.

- 1.** An active regular full-time employee transferring to an equal or higher paying basic classification will receive the beginning rate of the new classification if it is equal to or higher than his current Wage Schedule pay rate. If his current rate is higher than the beginning rate for the new classification, the employee shall receive the next higher pay rate of the new classification which is equal to or higher than the employee's current Wage Schedule pay rate.
- 2.** An active regular full-time employee transferring to a lower paying basic classification will receive the pay rate in the Wage Schedule of the new classification corresponding to his length of Company service as determined by his Company Seniority Date.
- 3.** An active regular part-time employee who accepts a regular full-time job in his classification will remain on his current Wage Schedule with no reduction in pay.
- 4.** In all other situations, any employee, including inactive employees, accepting a regular full-time job in a classification covered by these Agreements, will be paid the New Hire starting rate for his classification. If a laid off employee is offered recall to a lower classification where his pay would be higher than that received in his current classification, he may elect to remain in his current classification but be compensated as an employee transferring in paragraph 1 above.

Letters of Agreement

Progression from the entry rates established herein to each next step of the New Hire Wage Schedule will be based on regular full-time service in the classification.

If this is in accordance with your understanding of our agreement, please date and sign in the space below.

Sincerely,

/s/ John R. Samolis

John R. Samolis

Vice President

Employee Relations

Accepted and agreed to this

9th day of January, 1992

/s/ Louis R. Schroeder

Louis R. Schroeder

President and General Chairman

District 141

Letter 84-6F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

During the 1983-84 negotiations we discussed adding additional airports to present area seniority points listed in Article X, Paragraph A.2, of the Mechanics Agreement and similar provisions of the Ramp and Stores, and Food Services Agreements.

If it is decided an employee or employees represented by the IAMAW should be permanently assigned to an airport at which no such employees are permanently assigned, the President and General Chairman of District 141 and the Vice President-Employee Relations will determine whether that airport should be added to one of the points currently listed in Article X-A.2; or, if circumstances warrant, to determine and decide on the feasibility of creating an additional, new area seniority point.

If this conforms to your understanding of our discussions, please date and sign in the space provided below.

Sincerely,

/s/ David L. Pringle
David L. Pringle
Vice President
Industrial Relations

Accepted and agreed to this
5th day of July, 1984

/s/ Louis R. Schroeder
Louis R. Schroeder
President and General Chairman
District 141

Letter 84-7F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This will confirm discussions between the Company and the Union during negotiations regarding offers of temporary work in classifications under the Mechanics , Ramp and Stores, and Food Services Agreements to employees laid off from those classifications at the point.

While the Company s efforts to reach laid off employees with offers of temporary work are successful in the vast majority of cases, the Union expressed concern about confirming efforts to contact laid off employees that the Company has been unsuccessful in reaching. Accordingly, in the future when temporary work is offered to employees laid off from the classification at the point, the Local Committee will be notified of any employee that the Company was unable to contact, and they will make a good faith attempt to contact the employee consistent with the necessary time requirements for the temporary work.

Sincerely,

/s/ David L. Pringle

David L. Pringle
Vice President
Industrial Relations

Letter 84-8F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This will confirm discussions between the Company and the Union during the 1983 negotiations regarding holding employees out of service.

In those exceptional discipline cases where the Company holds an employee out of service, without a Letter of Charge, for more than thirty (30) days, the Vice President of Employee Relations will forward, by letter, to the President and General Chairman, an explanation of the Company's rationale for such action.

If this explanation is unacceptable to the Union, the President and General Chairman may immediately submit the matter to the Arbitration step of the Grievance Procedure.

Sincerely,

/s/ David L. Pringle

David L. Pringle
Vice President
Industrial Relations

Letters of Agreement

PAY PROTECTION

Letter 84-9F

July 5, 1984

Revised December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080

Dear Lou:

In negotiations leading to the 1983-86 Food Services Agreement, we discussed protection for employees in these classifications as of June 22, 1984:

Kitchen Steward
Lead Pantry Worker
Pantry Worker
Lead Food Service Assistant
Food Service Assistant
Food Services Porter

The new job descriptions contained in Article IV, Paragraphs E and F, have affected these employees movements between classifications. In order to guarantee pay rate advancement opportunity for these employees, we have agreed to the following pay protection system. It assures that opportunities remain for advancement to the same higher pay levels that existed when these employees entered the Food Services Agreement.

- 1.** The pay rates of all active regular full time employees in the above named classifications as of July 5, 1984, plus those on EIS or on educational, military, or personal leave, are red circled at the rate for their old classification.
- 2.** At each area seniority point, a list will be compiled showing one red circled slot for each such employee, and the pay rate associated with that slot.
- 3.** As red circled pay rate slots are vacated by retirement, separation, permanent transfer out of the Food Services Agreement, or moving to a higher red circled pay rate, red circled employees covered by this program will move into the vacated pay rate slots in this order:

FIRST: Employees holding recall rights to the old job title associated with a pay rate, in recall order;

SECOND: Other employees covered by this program in seniority order.

When no additional moves can be made by red circled remaining vacated red circled rates will be eliminated.

- 4.** Laid off employees (not working under the Food Services Agreement) who accept recall will receive the pay rate associated with the lowest old classification to which they hold recall rights. Thereafter they are eligible to progress to higher pay rates as described in 3 above.

- 5.** Longevity pay for red circled employees progresses in the normal manner.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Employee Relations

Accepted and agreed to this
9th day of January, 1992

/s/ Louis R. Schroeder
Louis R. Schroeder
President and General Chairman
District 141

PAY PROTECTION

Letter 84-10F

July 5, 1984

Revised December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080
Dear Lou:

In negotiations leading to the 1983-86 Food Services Agreement, we discussed protection for employees in the classifications of Pastry Chef, Pastry Cook and Baker as of July 5, 1984. The new job descriptions contained in Article IV, Paragraphs C and D, have affected these employees movements between classification. In order to guarantee pay rate advancement opportunity for these employees, we have agreed to the following pay protection system.

- 1.** The pay rate of all active regular full time employees in the above named classifications, as of July 5, 1984, plus those on EIS or on educational, military, or personal leave, are red circled at the rate for the old classification.
- 2.** At each area seniority point, a list will be compiled showing one red circled slot for each such employee, and the pay rate associated with that slot.
- 3.** As red circled pay rate slots are vacated by retirement, separation, permanent transfer out of the Food Services Agreement, or moving to a higher red circled pay rate, red circled employees covered by this program will move into the vacated pay rate slots, in this order:

FIRST: Employees holding recall rights to the old job title associated with a pay rate, in recall order;

SECOND: Other employees covered by this program, in seniority order.

When no additional moves can be made by red circled employees remaining vacated red circled rates will be eliminated.

4. Laid off employees (not working under the Food Services Agreement) who accept recall to Baker will receive the maximum published Baker pay rate. Thereafter they are eligible to progress to the higher pay rate as described in 3 above.

5. Longevity pay for red circled employees progress in the normal manner.

Sincerely,

/s/ John R. Samolis

John R. Samolis

Vice President

Employee Relations

Accepted and agreed to this
9th day of January, 1992

/s/ Louis R. Schroeder

Louis R. Schroeder

President and General Chairman

District 141

Letter 84-11 F

July 5, 1984

Revised November 25, 1987

Revised December 23, 1991

Revised July 12, 1994

Revised May 14, 2002

Revised May 1, 2003

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
1771 Commerce Drive Suite 103
Elk Grove, Village, IL 60007

Dear Randy:

During the course of the 2003-2009 negotiations, the Union and the Company agreed to protect the pay rates for current employees in the following Food Services classifications. The following are the wage rates for the duration of this Agreement:

“RED CIRCLE” PAY RATES

	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
Kitchen Steward	\$18.79	\$19.07	\$19.36	\$19.65	\$19.94	\$20.24
Lead Pantry Worker	\$17.84	\$18.11	\$18.38	\$18.66	\$18.94	\$19.22
Pantry Worker	\$17.17	\$17.43	\$17.69	\$17.96	\$18.23	\$18.50
Lead Food Svc Asst	\$15.96	\$16.20	\$16.44	\$16.69	\$16.94	\$17.19
Food Svc Asst	\$15.04	\$15.27	\$15.50	\$15.73	\$15.97	\$16.21
Porter	\$12.51	\$12.70	\$12.89	\$13.08	\$13.28	\$13.48
Pastry Chef	\$21.35	\$21.67	\$22.00	\$22.33	\$22.66	\$23.00
Pastry Cook	\$19.28	\$19.57	\$19.86	\$20.16	\$20.46	\$20.77
	<u>05/01/03</u>	<u>05/01/04</u>	<u>05/01/05</u>	<u>05/01/06</u>	<u>05/01/07</u>	<u>05/01/08</u>
Second Cook	\$21.52	\$21.84	\$22.17	\$22.50	\$22.84	\$23.18

All employees in the Food Services classifications covered by this Agreement shall receive one (1) cent per hour per year longevity pay after two (2) years of company service, based upon their Company service date to a maximum of thirty (30) cents.

Employees hired into Food Services classifications covered by this Agreement on and after January 1, 1981, will require three (3) years of Company service, based upon their Company service date, to be considered to receive longevity pay.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
1st day of May, 2003.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 84-13F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This is to clarify the proper application of red circle pay rates for red circled Food Service employees laid off at the time of a kitchen closing.

Such an employee who moves from laid off status to another location by System Permanent Bid would carry with him to the new location a red circle pay slot equivalent to his classification at the time of layoff.

e.g. **1.** Pantry Worker — SLC

Laid off at time of closing
Later bids to DEN as Food Service Employee
Brings in a new pay rate slot equivalent to
Pantry Worker rate.

2. Lead FSA — OMA

Laid off at time of closing.
Later bids to ORD as Food Service Employee.
Brings in a new pay rate slot equivalent to Lead FSA rate.

Sincerely,

/s/ David L. Pringle

David L. Pringle
Vice President - Industrial Relations

WORK AREA PREFERENCING

Letter 84-14F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

During the negotiations which led to the 1983-86 Food Services Agreement, it was agreed that a method of determining employee s performance for Food Service Employee s (FSE) work areas on the basis of seniority may be desirable, to the extent that such work areas may be identified in a given kitchen. It was also recognized that the organization of work areas will probably vary from kitchen to kitchen and even within the same kitchen from time to time, depending on the volume of work.

In consideration of these factors, upon request by the President and General Chairman of IAMAW District 141 or his designee, with respect to any given kitchen, local Management will meet with the local Union to develop a procedure for preferencing established work areas which shall be subject to periodic review. In the event the local Union and Local Management are unable to agree, the matter may be referred to the appropriate Assistant General Chairman and Manager of Industrial Relations for their assistance in reaching an agreement. Should this be unavailing, the matter will be referred to the President and General Chairman of IAMAW District 141 and the Director of Industrial Relations-Ground Employees for resolution.

It is understood that nothing herein prohibits the Company from assigning employees to any work.

Sincerely,

/s/ David L. Pringle
David L. Pringle
Vice President
Industrial Relations

Accepted and agreed to this
5th day of January, 1984

/s/ Louis R. Schroeder
Louis R. Schroeder
President and General Chairman
District 141

Letter 84-15F

July 5, 1984

Revised November 25, 1987

Revised July 12, 1994

Revised May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

In negotiations leading to the 2000-2004 Food Services Agreement, the parties agreed upon substantial revisions to the contract which were intended to strengthen our competitive position. In light of these revisions the Company agreed to the following job security guarantee.

The Company will guarantee full-time employment in their new basic classification to all regular full-time employees covered by this Agreement who are, on June 22, 1984:

1. In active service, or;
2. On EIS or on educational, military or personal leave, provided employee is senior to an employee in active service in his new classification upon his return to active service.

This shall continue in effect during the term of the 2000-2004 Agreement.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

Letter 84-16F

July 5, 1984

Revised November 25, 1987

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

During the 1983-84 negotiations and the 1986-87 negotiations the parties agreed to certain job security provisions. Notwithstanding these provisions, the Company may lay off or temporarily suspend work in accordance with the applicable provisions of the Agreement, when the action is necessitated by one or more of the following conditions:

- 1.** An act of God.
- 2.** A strike, picketing, work stoppage, slow down or other labor dispute by Company employees or others resulting in a reduction of work.
- 3.** A national emergency.
- 4.** Revocation of the Company's operating certificate or certificates.
- 5.** Grounding of a substantial number of Company aircraft for safety reasons.
- 6.** A reduction in the Company's operation resulting from a decrease in available fuel supply or other critical materials, or from a loss of a major contract customer.

The Job Security provisions do not limit the Company's right to terminate, discipline or disqualify protected employees for cause pursuant to the Agreement

Sincerely,

/s/John R. Samolis

John R. Samolis

Vice President

Labor Relations

Letters of Agreement

Letter 84-17F
July 5, 1984

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This will confirm statements made to you during negotiations leading to the 1983-86 Food Services Agreement.

It has long been United's policy to give consideration to qualified current employees transfer requests for new positions. The new amendments to the Food Services Agreement now provide the Company with a financial incentive to honor transfer requests from employees covered by this Agreement, since these employees can be replaced by new employees hired at lower pay rates. Accordingly, we expect that these transfer requests will be honored more frequently than in the past.

Sincerely,
/s/ David L. Pringle
David L. Pringle
Vice President
Industrial Relations

Letter 87-2F

November 25, 1987

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This will confirm the understanding reached during negotiations regarding the application of letter 82-2 of the Mechanics Agreement and similar provisions of the Ramp and Stores, Food Services, Communications Employees , and Dispatchers Agreements.

In the application of the Company s Non-Punitive Disciplinary System, the following features will be included:

- 1.** An Investigative Review Hearing will be conducted prior to issuing a Report of Non-Punitive Discipline at Level 4 and Level 5. Any appeals of such discipline shall be made directly to Step Three of the grievance procedure using the rules and time limits which apply to that Step.
- 2.** If an employee has received a Report of Non-Punitive Discipline at Level 4, that discipline shall be reduced to Level 3 after a period of one year (excluding periods while on layoff or Leave of Absence) without issuance of a Notice of Investigative Review Hearing which results in further disciplinary action.

Sincerely,

/s/ John R. Samolis

John R. Samolis

Vice President

Labor Relations

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P.O. Box 391
Burlingame, California 94010

Dear Lou:

This letter will reflect the understanding reached between the Company and the Union during our negotiations leading to the 1986-89 Agreements concerning the possible passage of federal law(s) requiring substance abuse testing in the airline industry.

We agree that in the event such law(s) becomes applicable to employees covered by the UAL/IAMAW agreements, we will meet to discuss its implementation, including its application to various classifications, types of screening tests, selection of appropriate testing facilities, etc.

If this conforms with your understanding of our agreement, please date and sign this letter in the space provided below.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Labor Relations

Accepted and agreed to this
10th day of December, 1987

/s/ Louis R. Schroeder
Louis R. Schroeder
President and General Chairman
District 141

Letter 87-10 F

November 25, 1987

Revised July 12, 1994

Revised May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinist and
Aerospace Workers
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

In negotiations leading to the 2000-2004 Food Services Agreement, the parties reached certain understandings regarding the work which falls within the job description of a Cook. In light of these understandings, the Company agreed to the following job security guarantee.

The Company will guarantee full-time employment in the Cook classification to all regular full-time Cooks covered by this Agreement who are, on November 25, 1987:

1. In active service, or;
2. On EIS or on educational, military or personal leave, provided the employee is senior to a Cook in active service at his area seniority point upon his return to active service.

This shall continue in effect during the term of the 2000-2004 Agreement.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 14

Letter 91-3MRF
December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
321 Allerton Avenue
So. San Francisco, California 94080

Dear Lou:

In discussions leading to the 1989-94 Agreements, the IAMAW asked the Company to consider implementing a loan provision as part of the existing 401(k) plan. Because of the numerous and complex issues raised by a loan provision, it was agreed that the concept should be jointly evaluated by the parties. Within 90 days following the date of signing of the new agreement, a joint task force will be established which will evaluate the feasibility of adding a loan provision to the 401(k) plan. The parties recognize and agree that the task force will evaluate the feasibility of implementing such a provision including the following issues:

- 1.** Legal constraints and requirements associated with a loan provision.
- 2.** The impact of a loan provision on the 401(k) and other benefit plans offered by the Company to employee groups.
- 3.** The feasibility of establishing a loan provision structured so that the Company does not assume any costs or administrative burden from implementing and maintaining the loan feature.

Please contact me to identify the employees to participate as members of the task force.

Sincerely,

/s/ John R. Samolis _____
John R. Samolis
Vice President
Employee Relations

Letter 91-5MRF
December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P. O. Box 3141
321 Allerton Avenue
South San Francisco, California 94080

Dear Lou:

This letter will reflect the understanding reached between the Company and the Union during our negotiations leading to the 1989-94 Agreement. In recognition of management objectives and employees needs concerning adequate and affordable child care, the Company and the Union agree to establish a Joint Child Care Committee. The Committee will be composed of two members selected by the Company and two members selected by the Union to study ways by which the Company might assist employee groups who wish to identify or establish child care services.

The Committee will meet within 60 days after this Agreement is signed at a time and place mutually agreed by the Company and Union. The Company agrees to give administrative support to this Committee and to seriously consider their recommendations for implementation. Committee recommendations cannot conflict with this Agreement or applicable laws and regulations.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Employee Relations

Letter 91-6MRF
December 23, 1991

Mr. Louis R. Schroeder
President and General Chairman
International Association of Machinists
and Aerospace Workers - District 141
P. O. Box 3141
321 Allerton Avenue
South San Francisco, California 94080

Dear Lou:

During the course of negotiations leading to the 1989-94 Agreements, the Union expressed its concern about safety issues affecting employees assigned for substantial periods to work involving video display terminals.

The Company is also concerned with any potential problems which could arise in this respect, and is presently investigating the matter. You were advised that the Company is committed to providing a safe working environment for its employees and will adopt a corporate policy in early 1992 which will establish necessary requirements to assure employee safety.

The Company will review this policy with the Union. The effectiveness of such requirements can then be monitored by local Safety Committees.

Sincerely,

/s/ John R. Samolis _____
John R. Samolis
Vice President
Employee Relations

Letter 94-4 RFS

July 12, 1994
Revised May 1, 2003

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

During negotiations in 2003, ALPA negotiated provisions concerning the right of the Company to engage in code sharing. The provisions negotiated appear at Sections 1.C.2 and 1.C.3 of the new ALPA-UAL collective bargaining agreements.

As we have discussed, the Company agrees that the above-cited provisions, as they may be amended from time to time, are incorporated by reference into the IAM agreements; provided, however, that any amendment to such provisions shall not apply to the IAM without its consent where the IAM can demonstrate that the amendment will result in the layoff of IAM represented employees. For purposes of this letter, an employee is not laid off if the employee fails to exercise his seniority in his classification on the system in filling a permanent vacancy or bumping an employee not protected by Letter 94-5 in a job he is qualified to perform or refuses to fill a permanent job in a higher classification that the employee is qualified to perform.

If this conforms to your understanding of the parties' agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
1st day of May, 2003.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the following understandings reached regarding job security during the recent negotiations:

No employee on the payroll or on leave of absence as of January 26, 1994, and no employee currently on furlough with right of recall as of January 26, 1994, who is subsequently recalled, shall be laid-off during the term of this agreement.

This provision does not apply under the following circumstances:

- 1) to an employee who fails to exercise his seniority in his classification on the system in filling a permanent vacancy or bumping an employee not protected by this paragraph in a job he is qualified to perform, or refuses to fill a permanent job in a higher classification that the employee is qualified to perform.
- 2) to part-time or temporary employees.
- 3) to employees who are being laid-off as a direct result of:
 - a) an act of nature;
 - b) a strike or labor dispute;
 - c) a reduction of the Company's operations because of a decrease in available fuel supply or other critical materials due to either governmental action or commercial supplier being unable to meet the Company's demands;
 - d) a revocation of the Company's operating certificate(s) or the grounding of a substantial number of the Company's aircraft by government action;

e) a declared or undeclared war or national emergency;

f) compulsion by a government agency, legislative or court action.

This letter shall remain in full force and effect through the 2000-2004 Agreement.

If this conforms to your understanding, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale

S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letters of Agreement

Letter 94-10 RFS
July 12, 1994
Revised May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will reflect the understanding reached between the Company and the Union during recent negotiations concerning additional information to be provided on the employee paycheck stubs.

It was agreed that the Company would do the following:

1. The Company will publish details of each employee s pass travel charges on the paycheck stub.
2. The Company will reflect employee sick leave balances on the paycheck stub.

If this conforms to your understanding of our agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S.R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 94-13F
July 12, 1994

Mr. Kenneth W. Thiede
President & General Chairman
International Association of Machinists
& Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080

Dear Ken:

This will confirm the understanding reached between the Union and the Company during negotiations leading to the 1994-2000 Food Services Agreement with regard to labor protective provisions to be provided to food service employees who lose their jobs as a result of the sale of the Flight Kitchens to Dobbs or Caterair (the Flight Kitchen Sale).

It was agreed as follows:

Section 1

The fundamental scope and purpose of the condition hereinafter specified are to provide for compensatory allowances to food service employees who lose their jobs as a result of the sale of Flight Kitchens to Dobbs or Caterair (the Flight Kitchen Sale).

Section 2

The term employee as used herein shall mean an employee of United Airlines covered by the IAM Food Services Agreement other than a probationary employee, temporary employee or part-time employee as of November 1, 1993.

Section 3

- (a) Any employee who is deprived of employment with United as a result of the Flight Kitchen Sale, and who applies for but does not receive a job from Dobbs or Caterair, at his current United location, shall be accorded an allowance (hereinafter termed a dismissal allowance), based on length of service, which shall be a length of service, which shall be a monthly allowance equivalent in each instance to 60 percent of an amount equal to 173.33 hours times the straight-time rate which would have applied to the employee in question as of November 12, 1993. This dismissal allowance will be made to each eligible employee while unemployed by United during a period beginning at the date the employee is first deprived of employment as a result of the Sale (subject to the conditions in Section 5 hereof), and extending in each instance for a length of time determined and limited by the following schedule:

Letters of Agreement

Length of Company Seniority	Period of Payment Months
Years	Months
6 mos. and less than 1 yr	1.5
1 and less than 2	4.5
2 and less than 3	9
3 and less than 5	13.5
5 and less than 10	27
10 and less than 15	36
15 and over	45

- (b) Any employee who is deprived of employment with United as a result of the Flight Kitchen Sale, and who receives a job offer from Dobbs or Caterair (whether accepted by the employee or not) shall be provided flight passes for two years; retention to recall rights to United, and a lump sum separation allowance (and not a dismissal allowance), calculated at the rate of pay as of November 12, 1993, as follows:

Years of Service	Amount of Months Pay
1 and less than 2	1.5
2 and less than 3	3
3 and less than 5	4.5
5 and over	6

- (c) An employee shall not be regarded as deprived of employment in case of resignation, death or retirement as an active employee in accordance with the agreement, or dismissal for justifiable cause in accordance with the agreement; except that, an employee who is eligible to retire and who elects to retire during the period of December 1, 1993 to February 1, 1994 shall be eligible for the separation allowance as set forth in 3(b) above in addition to his/her contractual severance allowance.
- (d) An employee covered by Letter 84-15F or Letter 87-10F who elects not to relocate from his/her current United location to maintain a position at United as a result of the Flight Kitchen Sale shall be eligible for the separation allowance.
- (e) As a condition of receiving a dismissal allowance, employees shall keep the carrier informed of their address and the name and address of any other person or entity by whom they may be employed, and must annually provide to United a copy of their federal tax returns.

- (f) An employee receiving a dismissal allowance may be subject to call to return to service after being notified in accordance with the agreement, and such employee may be required to return to the service of United for other reasonable comparable full time IAM represented employment (whether or not a transfer request has been filed) for which the employee is physically and mentally qualified whether or not such employment requires a relocation, provided that United shall reimburse the employee for a salaried employee paid move as presently defined, and provided further that the employee's return to United does not infringe upon the employment rights of other employees under the agreement. Failure of the employee to return to service will result in the termination of the employee's dismissal allowance and benefits (but not the employee's contractual severance allowance), except that an employee who is receiving a dismissal allowance and is offered and declines a position with United that involves a relocation, will be eligible to receive a partial separation allowance equal to the amount, if any, by which b exceeds a, as defined below:
- a. Dollar amount of dismissal allowance received as of the date he receives the job offer from United plus up to twenty percent (20% of that amount (to adjust for the value of benefits actually received).
 - b. Dollar amount of the separation allowance the employee would have received if eligible, under Section 3(b).

Receipt of a dismissal allowance or failure of the employee to return to service will not result in loss of other contractual rights including seniority rights except as may otherwise be provided for in the agreement.

- (g) If an employee who is receiving a dismissal allowance returns to service at United, the dismissal allowance shall cease while the employee is so re-employed and the period of time during which the employee is so re-employed shall be deducted from the total period for which employee is entitled to receive a dismissal allowance.
- (h) If an employee who is receiving a dismissal allowance obtains other employment, the dismissal allowance shall be reduced to the extent that the sum total of earnings in such employment plus the allowance and any unemployment insurance benefit (or similar benefit) exceed the amount upon which the dismissal allowance is based.
- (i) The amount of the dismissal allowance will be reduced by amounts received due to contractual severance pay.

Letters of Agreement

- (j) A dismissal allowance shall cease prior to the expiration of its prescribed period in the event of:
 - 1. Failure without a good cause to return to service after being notified of a position for which the employee is eligible and as provided in paragraphs (f) and (g).
 - 2. Resignation
 - 3. Death
 - 4. Retirement as an active employee in accordance with the agreement.
 - 5. Dismissal for justifiable cause.

- (k) Employees receiving a dismissal allowance will be required as a condition of receiving the allowance to participate in any United and/or government-provided programs (including but not limited to training) designed to assist them in obtaining re-employment, so long as such programs are scheduled at a time and place that does not interfere with employment, job search or other similar obligations.

- (l) Employees eligible for a dismissal allowance will be entitled to select the separation allowance referenced in subsection 3(b) above in lieu of receiving the dismissal allowance and continuation of benefits as provided in Section 4 below.

Section 4

During the period an employee receives a dismissal allowance, the employee shall not be deprived of the following benefits attaching to the employee's previous employment; health care, life insurance and pass benefits, provided that United shall not be required to provide such benefits if they are provided to the employee by another employee.

Section 5

The benefits provided under this agreement become effective and payable only when and if the IAM and ALPA ratify the ESOP transaction terms on or before January 31, 1994. The lump sum separation allowance will not be paid until a final and complete closing of the transaction. The benefits under this agreement will terminate if:

- a. Definitive documentation with respect to the transaction is not executed on or before the date referred to in Section 10 of the agreement in principle, or

- b. A final and complete closing of the transaction has not occurred on or before the date referred to in Section 10 of the agreement in principle.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Employee Relations

Accepted and agreed to this
12th day of July, 1994

/s/ Kenneth W. Thiede
Kenneth W. Thiede
President & General Chairman
IAMAW - District 141

Letters of Agreement

Letter 94-14F
July 12, 1994

Mr. Kenneth W. Thiede
President & General Chairman
International Association of Machinists
& Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080

Dear Ken:

This will confirm our understanding regarding the application of Section 3(b) of Letter 94-13F.

If an employee receives a separation allowance and is otherwise contractually entitled to have his transfer request considered, the Company will not be obligated to honor his transfer request during a specific period of time following his layoff. That period will be equal to the Amount of Months Pay number which applies to the employee, but in no case will the period exceed 4.5 months.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Employee Relations

Accepted and agreed to this
12th day of July, 1994

/s/ Kenneth W. Thiede
Kenneth W. Thiede
President & General Chairman
IAMAW - District 141

Letter 94-15F
July 12, 1994

Mr. Kenneth W. Thiede
President & General Chairman
International Association of Machinists
& Aerospace Workers - District 141
321 Allerton Avenue
South San Francisco, California 94080

Dear Ken:

This is to confirm our mutual intent with respect to the addition of Article II-D to the Food Services Agreement in connection with the transaction set forth in the letter of intent dated December 22, 1993, among UAL Corporation, the Air Line Pilots Association, International, and the International Association of Machinists and Aerospace Workers.

The parties agree that Article II-D does not prohibit the previously announced sale of flight kitchens to, and contracts for services with, Dobbs International Services, Inc. and Caterair Corporation, and will apply only to the facilities described in the proposed Article II-E of the Food Services Agreement.

Sincerely,

/s/ John R. Samolis
John R. Samolis
Vice President
Employee Relations

LETTER OF AGREEMENT
between
UNITED AIR LINES, INC.
and
INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

WHEREAS United Air Lines, Inc. (hereinafter called the Company) and the International Association of Machinists and Aerospace Workers (hereinafter called the Union) wish to record their agreement relating to the Union Ground Employees Retirement Plan (hereinafter referred to as the Plan) as it pertains to the employees covered by the Ramp and Stores Agreement (hereinafter referred to as the Agreement).

NOW, THEREFORE, it is hereby mutually agreed as follows:

1. The Plan will be revised as discussed and agreed to in the negotiations leading to the 2000-2004 Agreement (description attached).
2. The Company agrees that the benefits provided in the Plan will not be reduced without the prior agreement of the Union.
3. The Plan is subject to approval of the U.S. Treasury Department in the form of continuing qualification of the Plan by the Internal Revenue Service. In the event the Plan is not acceptable to the Internal Revenue Service, the Union and the Company agree to effect the revisions necessary to secure proper qualification.
4. The effective date for revisions contained in the attached Schedule B and Details is July 12, 2000, and applies to employees under the Agreement. Except as set forth below, such revisions will apply only to employees eligible for the Plan and who are in active service and receive pay (including sick leave pay) or who are eligible for the Plan and who are on extended illness status as such an employee on such effective date.

Revised retirement benefits are set forth in Schedule B and the section titled Details. An employee's benefit will be no less than those accrued through July 11, 2000, under the then existing Plan provisions.

5. Letter of Agreement 94-1MRF is now null and void.

IN WITNESS WHEREOF, the parties have signed this Letter of Agreement this 14th day of May, 2002.

FOR INTERNATIONAL
ASSOCIATION OF
MACHINISTS AND
AEROSPACE WORKERS

FOR UNITED AIR LINES, INC.

/s/ S.R. Canale _____
Randy Canale
President and Directing General
Chairman — District 141

/s/ Peter B. Kain _____
Peter B. Kain
Vice President
Labor Relations

**PENSION
SCHEDULE A
(Effective November 1, 1998)**

The monthly benefit of an employee is the product of the appropriate dollar amount below and the employee's years of plan participation.

Regular Retirement Benefit*

Retirement Age	Group II	Group III
55	\$40.18	35.37
56	41.70	36.72
57	43.23	38.06
58	44.76	39.40
59	46.28	40.75
60	47.81	42.09
61	49.33	43.43
62 & over	50.86	44.78

*This amount payable for life. If retirement occurs before age 65, an employee must have 10 years of continuous service.

**PENSION
SCHEDULE B
(Effective July 12, 2000)**

The monthly benefit of an employee is the product of the appropriate dollar amount below and the employee's years of plan participation.

Regular Retirement Benefit*

Retirement Age	Group II	Group III
55	\$62.64	51.00
56	64.86	52.80
57	67.07	54.60
58	69.28	56.40
59	71.49	58.20
60 and over	73.70	60.00

* This amount payable for life. If retirement occurs before age 65, an employee must have 10 years of continuous service.

Details

A. Pension Schedule/No Actuarial Reduction

1. The monthly benefit of a Participant is determined by multiplying the appropriate dollar amount for the participant's Group by the participant's years of Plan participation. The job classifications included in each Group are set out under the Group's schedule below. Job classification refers to a permanent job classification. A participant's appropriate Group will be the Group in which the most months of service occurred during the five years of service before retirement (or termination of employment with vesting or reclassification to a non-IAMAW job). However, in no event will the appropriate Group be lower than the Group at retirement (or termination of employment with vesting or reclassification to a non-IAMAW job) applicable to the permanent job classification held by the employee when the five-year period began.
2. There will be no actuarial reduction in the scheduled amounts shown above for early retirement, but the amounts shown above will be adjusted for payments in a form other than a single life annuity form.

B. Eligibility

1. Eligibility requirements for participation in the Plan are being employed in a classification covered by this agreement, age 21 and the completion of one year of service within an eligibility computation period as defined in 3 below.
2. Entry into the Plan shall be on the first day of the month next following the month in which an employee meets all eligibility requirements.
3. An employee's first eligibility computation period shall be the twelve-month period commencing on his or her date of employment with the Company. If at the end of such twelve-month period the employee has been credited with at least 6 months of service with the Company, the employee shall be credited with a year of service for eligibility purposes. If the employee is not credited with at least 6 months of service during his or her initial eligibility computation period, the next, and subsequent, eligibility computation periods shall be the Plan Year commencing with the first Plan Year beginning after the employee's first date of employment with the Company.

4. The determination of whether an employee has satisfied the year of service requirement for eligibility shall be made at the end of the employee's eligibility computation period.

C. Service

1. An employee will be credited with a month of service for each calendar month during which:
 - a. the employee is receiving earnings for services performed while employed by the Company;
 - b. the employee receives earnings from the Company but performs no services such as during periods of vacation before termination, sick leave, and jury duty; and
 - c. the employee receives no earnings and no services are performed due to illness leave of absence or eligible military service (provided the employee returns to employment with the Company within the eligible time period).
 - d. Service will be credited for periods during which the employee is on an approved unpaid leave of absence, lay-off or suspension under rules uniformly applied to employees in like situations provided the employee returns to active employment at the end of the unpaid leave of absence, lay-off or suspension
 - e. For purposes of eligibility, if an employee's employment with the Company is terminated and the employee is rehired, the employee will lose his or her prior service if the employee is not vested at the time of his or her termination of employment and his or her breaks in service exceed five (5) years. A break in service is a Plan Year in which the employee is not credited with any months of service.

D. Participation

Participation (an element used to calculate your accrued benefit under the Plan) is credited for each month the employee is eligible to participate in the Plan and is receiving pay from the Company for services performed for the Company, for vacation while in active service, or for sick leave. Participation for prior periods of employment will be reinstated if service for vesting purposes for the same period is reinstated. Participation will be credited for any period of eligible military service (provided the employee returns to employment with the Company within the eligible time period) in accordance with the Uniform Services Employment and Reemployment Act (as amended) regardless of the fact that the employee receives no earnings from the Company during the period of eligible military service.

E. Forms of Payment

1. The forms of payment in which a participant may elect to have his or her pension benefit paid are (a) a single life annuity, (b) a ten-year certain annuity, or (c) a 50%, 66 2/3%, or 100% contingent annuity. The participant may also elect a level income feature with any form of payment provided the participant has (i) not attained age 65 or (ii) is not drawing Social Security benefits, if earlier. If a participant elects a 50%, 66 2/3% or 100% contingent annuity and the contingent annuitant is the participant's spouse or domestic partner, the participant may also elect a pop-up feature. Monthly benefit payments will be actuarially adjusted to reflect the form of payment the participant elects.
2. The default standard form of payment for an unmarried participant is a single life annuity. Benefits cease upon the death of the participant. A participant may elect another Form of Payment.
3. The default standard form of payment for a married participant is a 50% contingent annuity with the participant's spouse as their contingent annuitant. The participant may elect one of the other Forms of Payment if his or her spouse consents to such election. To provide consent the spouse and the participant must sign a waiver of this standard Form of Payment and the spouse's signature must be notarized.
4. In the event the present value of a participant's vested accrued benefit upon their annuity starting date is \$3,500 or less, the benefit will be distributed automatically to the participant in a lump sum.

F. Maximum Benefit Levels

The Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (Code) limit the maximum allowable benefit that may be paid by the Plan. The maximum limit in 2000 is \$135,000 (2002 is \$160,000) per year or 100 percent of the employee s highest three-year average earnings, whichever is smaller. These figures will be adjusted from time to time as prescribed by ERISA and the Code.

G. Retirement Ages

1. In order to qualify for Normal Retirement a participant must have terminated and attained age 65. The Normal Retirement Date is the first day of the month next following the month in which the participant reaches his or her 65th birthday.
2. To qualify for Early Retirement a participant must have satisfied one of the following (a) terminated employment after attaining age 55 with at least 10 years of continuous service or (ii) attaining at least age 50 and the participant was Disabled from the date of termination of employment to his or her Early Retirement Date.

For purposes of the Plan, an employee is Disabled when the employee is, during the first twenty-four (24) months, unable to perform the functions of his or her job with the Company, and after twenty-four (24) months, unable to perform any occupation for which he or she is qualified by experience or education.

The Early Retirement Date is the first day of any month after the date the early retirement eligibility requirements are satisfied and before the participant s Normal Retirement Date.

3. Late retirement is the first day of any month after the participant s Normal Retirement Date.

A participant must commence receiving benefits at the later of the date he or she attains age 70-1/2 or terminates employment. A participant who is still employed at age 70-1/2 may make a one-time election to start the payment of his or her pension benefit at the time he or she reaches age 70-1/2. If a participant makes this election he or she will continue to participate in the Plan during his or her continued employment and will have his or her benefit adjusted each year to reflect additional accruals, if any.

H. Reemployment Following Retirement

An employee who has retired from the Company, commences benefits under the Plan and is then reemployed by the Company, will have his or her benefits suspended during the period of reemployment. When the employee again terminates employment, the months of service and participation earned during the period of reemployment will be added to the service and participation from the prior period of employment for purposes of calculating any additional accruals during his or her period of reemployment, and benefits will resume in the original form elected by the participant. Benefits will be actuarially reduced to reflect benefits received prior to reemployment.

I. Death Prior to Retirement

1. In the event of a participant's death prior to commencing his or her benefits under the Plan, and provided the participant was vested at the time of his or her death, a pre-retirement survivor's benefit will be payable to the participant's surviving spouse or the participant's same sex domestic partner if the participant elected this coverage for his or her same sex domestic partner. This benefit is equal to 50% of a joint and survivor annuity based on the participant's accrued benefit on the date of his or her death. The surviving spouse or domestic partner must wait until the participant would have been 55 to collect the benefit. If the participant was age 55 or older and eligible for early retirement on the date of his or her death, the surviving spouse benefit will be payable immediately on a monthly basis in the form of a 100% contingent annuity.
2. In order to qualify for the surviving spouse benefit, the surviving spouse must have been married to the participant (or the same sex domestic partner must have been in a domestic partnership with the participant) continuously for at least one year immediately prior to the date of the participant's death.
3. There is a charge for the pre-retirement survivor benefit for the period beginning upon the date the participant attains age 35, is married (or elects to cover his or her same sex domestic partner) and has been married for at least one year, and is vested. The charge ends on the date the participant becomes eligible for early retirement. If a participant terminates employment prior to becoming eligible for early retirement, the charge will continue until the participant commences his or her benefit. The charge is deductible from the benefit at the time payment of the benefit commences based on the period the coverage was in effect. A participant, with his or her spouse's consent may waive the coverage for any period for which a charge is imposed.

4. If a participant waives the pre-retirement survivor's benefit coverage, divorces and later remarries, the coverage will be automatically reinstated upon the participant's date of marriage and will continue until the participant waives coverage again.

J. Vesting

1. Employees become 100% vested in the Plan after completion of five years of service or upon reaching age 65 while still employed with the Company.
2. For vesting purposes only:
 - a. An employee credited with at least six months of service in any Plan Year beginning on or after January 1, 1976, will be credited with one year of service with respect to that calendar year. The Plan Year is the calendar year.
 - b. An employee will be credited with a year of service for vesting purposes for the first year of his or her employment with the Company whether or not the employee has completed six months of service during such Plan Year.
 - c. Years of service for vesting purposes includes military and other approved leaves of absence and layoffs occurring after January 1, 1976 provided (i) the employee returns to active service prior to the date any benefits become payable, and (ii) the employee returns to active service within the statutory period after discharge from the military or within 90 days following termination of such leave or layoff.
 - d. A former employee who terminated employment on or after January 1, 1976 and who is reemployed prior to January 1, 1987, will receive credit for service during the prior employment period if (i) service during the prior employment period exceeds the consecutive whole calendar years constituting the break in employment, or (ii) the employee was already vested when the prior employment ceased.

- e. A former employee who terminated employment on or after January 1, 1976 and is reemployed on or after January 1, 1987, will receive credit for service during the prior employment period if either 2(d)(i) or 2(d)(ii) identified above apply, or if the employee was rehired within five years of when the prior employment ceased.

- f. A former employee who terminated employment before January 1, 1976, lost all years of service upon termination and will not be credited with any prior years of service upon rehire.

K. Transfers

- 1. Employees moving from a position with the Company to a job classification included in one of the Groups set out in the attachment will retain any benefits accrued under their previous retirement plan up to the date of transfer to a job classification included in one of the Groups and these benefits (including the annuity value of lump sum payments) will be included as part of the benefits provided under this Plan. The employee's benefit under this Plan will be calculated by adding his or her transferred accrued benefit to the benefit the employee accrues in this Plan after his date of transfer using only his years of participation in this Plan.

- 2. Employees transferring from a job classification included in one of the Groups to another job classification with the Company that is not included in the Groups will have their accrued benefit (calculated as of the date of transfer) transferred to the Plan covering employees in the new position.

Groups

The following are the job classifications of each group:

Group II

Lead Ramp Serviceman

Ramp Serviceman

Lead Storekeeper

Storekeeper

Lead Vehicle Driver

Vehicle Driver

Lead Cook

Cook

Pastry Chef

Group III

Baker

Lead Food Service Employee

Food Service Employee

Security Officer

Employees filling red circled pay slots associated with the former Food Services job titles will be in the following pension groups:

Group II

Pastry Cook

Kitchen Steward

Group III

Lead Pantry Worker

Pantry Worker

Lead Food Service Assistant

Food Service Assistant

Food Services Porter

Letter 02-02 PRFS

May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will reflect the understanding reached between the Company and the Union during recent negotiations, regarding the application of retroactive pay for employees covered under this Agreement with an employment relationship on May 14th, 2002.

Retroactive pay will be based on each eligible employee's wages, earned in covered classifications, for the period between July 12, 2000, and May 14th, 2002, in accordance with Schedule A.

Eligible employees for this retroactive payment are those who, on May 14th, 2002, had an employment relationship with the company, who had earnings in the covered period and who are:

- ¥ Active employees
- ¥ Employees on layoff, leave of absence or Extended Illness Status
- ¥ Employees who have retired on and after July 12, 2000
- ¥ Employees who have transferred out of the bargaining unit since July 12, 2000
- ¥ Employees on excused absence due to illness or injury
- ¥ The estate of employees deceased since July 12, 2000

This retroactive pay, plus interest at a rate of six (6) percent, compounded annually, beginning May 14th, 2002, will be paid in eight (8) approximately equal payments in accordance with the following quarterly schedule:

- ¥ December 15, 2002
- ¥ April 15, 2003
- ¥ July 15, 2003
- ¥ October 15, 2003

¥ January 15, 2004

¥ April 15, 2004

¥ July 15, 2004

¥ October 15, 2004

If this conforms to your understanding, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B. Kai
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale

S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

LETTER OF AGREEMENT

between

UNITED AIRLINES

and

DISTRICT 141 OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

This will confirm the parties agreement to secure and collateralize the payment of the retroactive pay (the Secured Obligation) set forth in Letter 02-02 PRFS of the 2000-2004 Agreements between United Air Lines, Inc. (United) and the District 141 of the International Association of Machinists and Aerospace Workers (District 141). It was agreed that United shall grant a first mortgage to and for the benefit of District 141 in real estate to be identified by the Company (the Mortgaged Property). If the security interest in such asset shall be equal to 100 percent of the Secured Obligation.

United agrees that any other mortgage or mortgages that United might grant to third parties with respect to the Mortgage Property will be junior and subordinate to the mortgage that United will grant to District 141 (the District 141 Mortgage). If the Secured Obligation cannot be secured with the unencumbered Mortgaged Property by a collateral ratio of at least 1.0, or if United desires to substitute other collateral, United will grant, in order to secure such obligation, security interest in other unencumbered assets of United so that the aggregate value of the collateral securing such obligation is a value that produces and maintains a collateral ratio of at least 1.0. To establish values for purposes of this provision, United shall retain, at its expense, an independent appraiser (retention of such appraiser shall be subject to approval by District 141, which approval shall not be unreasonably withheld). However, no evaluation or appraisal shall be required, in the event that United elects to provide a letter of credit equal to the Secured Obligation from a financial institution(s) of generally recognized strength that is a member of the Federal Reserve.

The Secured Obligation shall accrue interest at a rate of 6.0% per annum, compounded annually, beginning on the date of signing (i.e., the mutual execution and delivery) of the 2000-2004 Agreement between United and District 141 and shall be paid quarterly in eight (8) equal payments over a period that commences on December 15, 2002, and terminates on October 15, 2004. In the event that United acquires and maintains, for a minimum period of six months, investment grade rating for UAL Corporation's senior unsecured debt, as reported by both Moody's and Standard & Poor's, United shall provide full payment of the outstanding Secured Obligation and the District 141 Mortgage and/or other collateral provided herein will be released, returned, voided and of no further force and effect.

The details of the District 141 Mortgage will be established in a Mortgage and Security Agreement to be negotiated by counsel for United and counsel for District 141. The provision of any other, additional or substitute collateral will be governed by appropriate agreement(s), to be negotiated by counsel for United and counsel for District 141.

Accepted and Agreed to this 14th day of May, 2002.

For UNITED AIRLINES, INC.

For INTERNATIONAL
ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

/s/ Peter B. Kain _____

Peter B. Kain
Vice President
Labor Relations

/s/ S. R. Canale _____

S. R. Canale
President and Directing General
Chairman — District 141

Letter 02-04 PRFS

May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will confirm discussions between the IAMAW and United in the negotiations leading to the 2000-2004 Public Contact, Ramp and Stores, Food Service, and Security Officers Agreements with respect to ergonomics.

The Company and the Union recognize the importance of ergonomics in our overall program of safety in the workplace. Therefore, it is agreed that the District 141 Director of Ground Safety will participate with United's Corporate Safety Department to ensure that ergonomic concerns are appropriately addressed in United's Corporate Safety Program.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. Canale
President and Directing General Chairman
IAMAW — District 141

Letter 02-06 PRFS

May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will reflect the understanding reached between the Company and the Union during the negotiations leading to the 2000-2004 Public Contact, Ramp and Stores, Food Service and Security Officers Agreements.

It was determined that Local Management and the Local Committee would meet to establish the method to be used to identify employees on a monthly basis that have been temporarily upgraded to promoted status, as defined in Article X, Paragraph J.2 of the Public Contact Employees Agreement, Article X, Paragraph N.2 of the Ramp and Stores Agreement, Article IX, Paragraph N.2 of the Food Services Agreement, and Article IX, Paragraph M.2 of the Security Officers Agreement.

If this letter conforms to your understanding, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain
Vice President
Labor Relations

Accepted and Agreed to this
14th day of May, 2002.

/s/ S. R. Canale

S. R. Canale
President and Directing General Chairman
IAMAW — District 141

Letter 02-07 PRFS

May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the discussions and understanding reached in the 2000-2004 negotiations regarding the importance of a Bloodborne Pathogen Exposure Control Plan in our overall program of safety in the workplace.

United Airlines Bloodborne Pathogen Exposure Control Plan is contained in Safety Regulations 5-12-44 — Infection Control Program. The Plan is designed to satisfy the requirements of OSHA and it includes the following elements:

- Exposure Determination/Classification
- Responsibilities for Implementation
- Engineering and Workplace Controls
- Employee Training Requirements
- Post Exposure Treatment

Corporate Safety agrees to consider any proposed changes to the Plan that may be suggested by the Union in an effort to improve the safety of employees in their work environment and to solicit comments from the Union whenever routine revisions are made to the Plan.

The United Airlines Medical Department agrees to make available, at no cost to covered employees, complete post-exposure evaluation including necessary blood work and medications.

If this conforms to your understanding, please sign and date in the space provided below.

Sincerely,

/s/ Peter B. Kain _____

Peter B. Kain
Vice President
Labor Relations

Accepted and Agreed to this
14th day of May, 2002.

/s/ S. R. Canale _____

S. R. Canale
President and Directing General Chairman
IAMAW — District 141

Letters of Agreement

Letter 02-08 PRFS

May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

In discussions leading to the 2000-2004 Agreement, the Company confirmed to the Union that there are no current plans to change the existing loan provision of the 401(k) plan. This provision is structured so that the Company does not assume any costs or administrative burden from maintaining the loan feature.

If this conforms to your understanding of our agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 02-09 PRFS
May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This letter will reflect the understanding reached between the Company and the Union during the negotiations leading to the 2000-2004 Agreements concerning the possible passage of federal law(s) or regulation(s) requiring substance abuse testing of employees covered by this Agreement.

We agree that in the event such law(s) become(s) applicable to employees covered by the UAL/IAMAW Agreements, we will meet to discuss its implementation, including its application to various classifications, types of screening tests, selection of appropriate testing facilities, etc.

If this conforms to your understanding of our agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain _____
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale _____
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

Letter 02-10 PRFS
May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the understanding reached between the Company and the Union during the negotiations leading to the 2000-2004 Agreement. The parties agreed to explore the use of grievance mediation as an optional addition to the contractually established grievance procedure. The parties will mutually agree which, if any, cases to refer to grievance mediation.

This letter shall remain in full force and effect through the 2000-2004 Agreement.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

Letter 02-12 PRFS
May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the understanding reached in the negotiations of the 2000-2004 Agreement regarding the concern expressed by the IAM with respect to the ramp servicing of Small Jets as they are defined in Section 1-M-28 of the United ALPA Agreement dated 10/26/00.

In the event that Small Jets, as they are defined in the United-ALPA Agreement dated 10/26/00, are flown in scheduled commercial airline service by United Pilots who are on the United Air Lines Pilots System Seniority List and/or Second Officers Eligibility Seniority List at United Air Lines, Inc., the Agreement-covered work required for any such Small Jets that are contained within United Air Lines Active Fleet, performed at stations that are already staffed by United Airlines IAM-represented employees covered by this Agreement, will be recognized as being within the scope of Article II of the 2000-2004 Agreement.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

LETTER OF AGREEMENT

between

UNITED AIRLINES

and

DISTRICT 141 OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

If, during the first six months following date of signing, United proposes to implement a financial recovery plan to address the Company's severe financial condition or as a prudent alternative to a bankruptcy filing, and such Plan involves employee concessions, District 141 shall participate in good faith in the negotiation of such plan.

The implementation of any negotiated recovery plan, as it relates to employees covered under the Agreement, shall be subject to ratification by the IAM District 141 membership.

The IAM shall have continual access to payroll records and other relevant financial data necessary to comply with this Letter of Agreement. United shall reimburse the IAM for reasonable expenses for the services of legal and financial advisors, along with reasonable travel expenses for District 141 leadership, incurred in connection with the implementation of this letter of Agreement.

Accepted and Agreed to this 14th day of May, 2002.

For UNITED AIRLINES, INC.

For INTERNATIONAL
ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS

/s/ Peter B. Kain

Peter B. Kain
Vice President
Labor Relations

/s/ S. R. Canale

S. R. (Randy) Canale
President and Directing General
Chairman — IAMAW - District 141

Letter 02-22 F
May 14, 2002

Mr. S. R. Canale
President and General Chairman
International Association of Machinists
and Aerospace Workers
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the agreement between the Company and the Union during the recent negotiations regarding the placement onto Schedule A of employees accreted into the Food Services Agreement (Agreement) whose classifications are Lead Food Service Coordinator (LFSC) and Food Service Coordinator (FSC).

In order to facilitate placement, a new Schedule A pay scale will be created for Food Service Coordinator, using the historical relationship of employees in this classification to employees who were previously in the same Teen Series job group.

The new FSC Schedule A pay scale will serve as the foundation for application of contractual increases under the 2000-2004 Food Services Agreement.

1. Effective with the date of signing of this Agreement, employees in the LFSC and FSC classifications will be placed on the next step of the Schedule A with a rate of pay higher than the employee's rate of pay prior to the date of signing. Employees who are at or above the Schedule A maximum will be placed in the last Step (Thereafter), and will be paid their rate of pay prior to the date of signing, until such time as their rate of pay is consistent with the maximum Schedule A rate.
2. After employees have transitioned to the appropriate step on Schedule A pursuant to Paragraph 1, they will be paid the rate of pay for their step that is effective on date of signing of the Agreement. Thereafter such employees will move to the next step on Schedule A on each anniversary of their entry into their classification until they reach a maximum step on Schedule A.

Letters of Agreement

3. Retroactive pay for employees in the LFSC and FSC classifications will be based on the effective date of accretion as established by the Letter of Agreement dated November 16, 2000. Accordingly, employees in these classifications will receive retroactive pay based on the fifteen percent (15%) general wage increase established in Schedule A for the period from November 16, 2000 and the date of signing of the Agreement and applied to the individual employee's actual rate(s) of pay for the same period.

4. Each employee will receive subsequent contractual increases to the extent such increases can be made without causing the employee to exceed the maximum Schedule A rate of pay. No employee can receive an increase in pay that would result in a rate of pay higher than the maximum rate as published in the Schedule A.

5. Employees classified as Lead Food Service Coordinators will receive a six percent (6%) premium over their Food Service Coordinator rate of pay.

This letter will remain in full force and effect through the 2000—2004 Agreement.

If this conforms to your understanding, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S. R. Canale
S. R. (Randy) Canale
President and General Chairman
IAMAW — District 141

Letter 02-23 F
May 14, 2002

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists and
Aerospace Workers — District 141
50 West Oakton Street
Des Plaines, IL 60018

Dear Randy:

This will confirm the agreement reached during the negotiations for the 2000-2004 Food Services Agreement.

The Company agreed that employees in the Lead Food Service Coordinator and Food Service Coordinator classifications will continue to be included as eligible employees under the terms of the United Airlines Management, Administrative and Public Contact Defined Benefit Pension Plan (hereinafter referred to as the Plan). Any changes to the terms of the Plan applicable to Public Contact Employees on or after the effective date of this Agreement shall be applicable to Lead Food Service Coordinators and Food Service Coordinators covered by this Agreement.

If this conforms to your understanding of our agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
14th day of May, 2002.

/s/ S.R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW — District 141

Letter 03-02 PRFS

May 1, 2003

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007
Dear Randy:

This letter will reflect the understanding reached between the Company and the Union during the negotiations leading to the 2003-2009 Agreement regarding United's need to develop a strategy to meet the competitive challenges presented by low cost carriers. The parties have agreed as follows:

1. The parties agree that it is essential to the Restructuring Agreement that a Low Cost Operation ("LCO") be developed in order to permit UA and UAL Corp. ("UAL") to more effectively compete against both low cost carriers and other network carriers. It is the parties' intention to work together to identify and resolve any on-going issues with respect to maintaining the competitiveness of this LCO. "LCO" is a contract term and is not intended to restrict in any way the Company's sole discretion with respect to branding.
2. UA will perform ground handling in or for the LCO, utilizing IAM 141 employees on the UA IAM 141 seniority lists under the terms and conditions of the UA Ramp and Stores and Public Contact Employees' Agreements. Successorship and transfer rights associated with the LCO shall be governed by Article III of the Ramp and Stores and Public Contact Employees' Agreements.
3. If UAL or UA establishes a separate majority-owned subsidiary of UAL or UA to house the LCO contemplated by this Letter, UAL and UA agree that such subsidiary will remain a majority-owned subsidiary of UAL or UA as applicable, so long as it continues as a corporation. Nothing in this paragraph limits or restricts in any way the Company's right, in its sole discretion, to establish any other subsidiary at UA or UAL except an LCO subsidiary, which remains covered by the first sentences of this paragraph.

If this conforms to your understanding of the parties' agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
1st day of May, 2003.

/s/ S. R. Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 03-03 PRFS

May 1, 2003

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter reflects the understandings reached between the Company and the Union during the negotiations leading to the 2003-2009 Agreement. The parties have agreed to establish a Review Committee to monitor and review the progress and performance of the Company's restructuring as it relates to the District 141 Restructuring Agreement. The Review Committee shall be a standing committee, consisting of two (2) District 141 representatives and two (2) Company representatives (plus additional representatives if deemed appropriate by the District and the Company) and shall be maintained by the parties. The Committee will meet as often as it deems appropriate, but no less than quarterly, in order to review performance of company operations.

If this conforms to your understanding of the parties' agreement, please date and sign in the space provided below.

Sincerely,

/s/ Peter B. Kain
Peter B. Kain
Vice President
Labor Relations

Accepted and agreed to this
1st day of May, 2003.

/s/ S. R. (Randy) Canale
S. R. (Randy) Canale
President and Directing General Chairman
IAMAW - District 141

Letter 05-01 PRFSIT

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement between the IAMAW and United Airlines in the negotiations leading to the 2005-2009 IAM Agreements with respect to participation in the IAM National Pension Plan.

Subject to Paragraph 5 below, the Company agrees to participate in the IAM National Pension Plan (NPP) in accordance with the following terms.

- 1. Participation.** All full-time and part-time active employees who are represented by the International Association of Machinists and Aerospace Workers shall be eligible to participate in the Plan effective March 1, 2006 or beginning on the first day of employment, if later. Notwithstanding the above, contributions on behalf of new-hire employees will be made retroactively after the first sixty (60) calendar days of service have been completed.
- 2. Contribution Rate.** There shall be no contribution prior to March 1, 2006. The contribution rate shall be equivalent to 4.0% of Considered Earnings and Success Sharing Payments effective March 1, 2006; 5.0% effective March 1, 2007, 6.0% effective March 1, 2008; and 6.5% effective March 1, 2009. The Company will not be required to contribute more than the contribution rate set forth in the preceding sentence.¹ Considered Earnings shall include base pay, overtime, holiday pay, longevity pay, sick pay, vacation pay (while employed), shift differential and premiums, employee 401(k) pre-tax contributions, and Flexible Spending Account contributions but shall exclude expense reimbursement, incentive or profit sharing payments, imputed income or other similar awards or allowances. Actual Contribution Rates shall be derived by applying a one-time adjustment factor to the foregoing contribution rates, as applicable, to reflect the difference between Considered Earnings and the Hourly Pension Rate Compensation, as defined below, for all IAM represented employees under a mutually agreeable methodology. The parties agree to work together to develop a mutually agreeable methodology for converting the contribution rate to a cents per hour rate. The Company's contribution per hour worked shall be adjusted automatically as the Hourly Pension Rate Compensation changes.

¹ This provision will not limit any withdrawal liability.

Letters of Agreement

Class	Classifications	Hourly Pension Rate Compensation Definition
A	Classifications Covered by the Ramp and Stores Agreement	Base rate at top-of-scale for Ramp Serviceman Class plus line premium and maximum longevity
B	Classifications Covered by the Public Contact Employees Agreement	Base rate at top-of-scale for Customer Service Representative Class plus maximum longevity
C	Classifications Covered by the Security Officers Agreement	Base rate at top-of-scale for Security officer Class plus maximum longevity
D	Classifications Covered by the Food Services Agreement	Base rate at top-of-scale for Food Service Employee Class plus maximum longevity
E	Classifications Covered by the Fleet Technical Instructors and Related Agreement	Base rate at top-of-scale for Fleet Technical Instructor Class
F	Classifications Covered by the Maintenance Instructors Agreement	Base rate at top-of-scale for Maintenance Instructor Class including license and skill premium and override

3. **Contribution Base.** The Company shall make the applicable cents per hour contribution on behalf of each eligible participant for all hours for which compensation is received by the employee (including vacation, sick leave, OJI, Union business and other paid leave), up to a maximum of forty (40) pay hours per week.
4. **Benefit Levels and Other Terms.** District Lodge 141 and United hereby adopt and agree, subject to Paragraph 5 below, to be bound by the Trust Agreement, dated May 1, 1960, as amended, creating the I.A.M. National Pension Fund and the Plan rules adopted by the Trustees of the I.A.M. National Pension Fund in establishing and administering the foregoing Plan pursuant to the said Trust Agreement, as currently in effect and as the Trust and Plan may be amended, from time to time.
5. **Conditions of Participation.** The Company's agreement to participate in the NPP shall be subject to the following conditions.
- a. The Company's verification of the accuracy of the information and representations in the letter of May 26, 2005 from S.R. Canale to Pete Kain.
 - b. Agreement of the PBGC that the contribution rates set forth in Paragraph 2 shall not be considered an abusive follow-on plan. If PBGC does not approve these contribution rates, the contribution rates shall be reduced as necessary to obtain PBGC approval and rates of pay shall be adjusted accordingly.

c. NPP meeting the following criteria:

- (1) The ratio of inactive to active participants in the Plan is not greater than 2 including the Company.
- (2) The Company's projected average annual Plan contributions are not greater than 25 percent of total projected annual plan contributions, including the Company. A somewhat higher percentage may apply if the Plan uses the direct attribution method and the other criteria are met.
- (3) The NPP is not less than 100 percent funded for vested liability based on the market value of the Plan's assets and vested liabilities (using an earning assumption not greater than 7 1/2 percent) determined as of a date on or about 90 days before the Company joins the Plan.
- (4) The Plan is maintained by a reasonably diverse group of reasonably financially-sound employers.
- (5) The Company will have the opportunity to nominate a representative to sit on the NPP Board of Trustees.
- (6) There are no major problems with Plan administration (such as Government investigations or litigation that pose a significant risk to the Plan), and the cost of Plan administration is reasonable.
- (7) The Company may waive any of these requirements in its sole discretion.

6. Alternative Pension Benefit Plans. In the event the conditions set forth in Paragraph 5 are not satisfied 90 days prior to the Company's proposed date to exit bankruptcy or by March 1, 2006, whichever is earlier, the Company and the Union will meet to agree upon the terms of an alternative pension benefit plan for IAM-represented employees. The Contribution Rate shall be as set forth in Paragraph (a) below.

- a. There shall be no contribution prior to March 1, 2006; the Contribution Rate shall be 4% of each eligible employee's Considered Earnings and Success Sharing Payments effective March 1, 2006; 5% effective March 1, 2007; 6% effective March 1, 2008; and 6.5% effective March 1, 2009.
- b. In the event the conditions set forth in Paragraph 5 are satisfied but the Company's exit from bankruptcy is delayed beyond March 1, 2006, the Company shall make a monthly contribution to the alternate pension benefit plan beginning with the later of (i) March 1, 2006 or (ii) the first day of the calendar month following the Exit Date; provided, however, that in the event the Exit Date follows March 1, 2006, contributions will accrue from March 1, 2006 through the Exit Date and will be contributed in a single lump sum as soon as practicable after the Exit Date.

Letters of Agreement

7. This agreement shall replace the letters of agreement in the existing IAM Agreements establishing a defined benefit plan for benefit of IAM-represented employees, and any related provisions of the agreement or side letters of agreements that contemplate maintenance of a defined benefit pension plan. The Company shall have no further obligation under the IAM Agreements to maintain the Ground Employees Retirement Plan or the Management, Administrative and Public Contact Defined Benefit Pension Plan, and the IAM shall not oppose termination of such plans.
8. No contributions provided for in Paragraphs 2 or 6 above will be made unless (1) the IAM withdraws with prejudice any and all opposition to termination of the Ground Employees' Retirement Plan and the Management, Administrative and Public Contact Defined Benefit Pension Plan, including but not limited to any appeal of the Bankruptcy Court's order approving the Company's settlement agreement with the PBGC or any motion to stay termination of those plans; or (2) any opposition by the IAM to the termination of the Ground Employees' Retirement Plan and the Management, Administrative and Public Contact Defined Benefit Pension Plan is resolved such that termination of those plans occurs. In no event and at no time shall the Company be obligated to maintain the Ground Employees' Retirement Plan or the Management, Administrative and Public Contact Defined Benefit Pension Plan in addition to a) participation in the NPP; or b) the Alternative Pension Benefit Plans under the terms set forth above. Nothing in this Letter of Agreement shall be construed, deemed or characterized by UAL or the Company as any agreement of any form by IAM that the Plan should be terminated, or as limiting IAM's right to proceed against the PBGC under ERISA/4003 to challenge the termination date of the Plan.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain

Vice President - Labor Relations

Accepted and agreed to this
1 st day of July, 2005.

/s/ S. R. (Randy) Canale

S. R. (Randy) Canale

President and Directing General Chairman
International Association of Machinists
and Aerospace Workers-- District 141

Letter 05-02PRFSIT

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement reached during the negotiations for the 2005-2009 IAM Agreements between the Union and the Company on the subjects addressed below.

1. Indemnification.

UAL and the Company (collectively, United) hereby indemnify and hold harmless IAM, its members, officers, committee members, agents, employees, counsel, financial advisors and representatives (each, an Indemnified Person) from any and all losses, damages, fines, penalties, taxes, expenses, claims, lawsuits, or administrative charges of any sort whatsoever (including reasonable attorney's fees and costs arising in connection with the investigation and defense of any such matter) relating to, concerning or connected with the negotiation or implementation of this Letter of Agreement (any such event, a Claim), except to the extent that a Claim against an Indemnified Person is finally determined by a court of competent jurisdiction to have resulted from the gross negligence, fraud or willful misconduct of such Indemnified Person.

2. Indemnification Procedure.

a. An Indemnified Person must give prompt notice to the Company of the facts and circumstances that may constitute a Claim under this Indemnity Agreement; provided, however, that any delay by an Indemnified Person in giving such notice shall not relieve United of its obligations under this Indemnity Agreement except to the extent that such delay causes material damage or prejudice to United.

b. United shall be entitled to participate in judicial, administrative proceeding concerning an actual or potential Claim (an Action) and, upon ten (10) days notice to the applicable Indemnified Person, may assume the defense of such Claim with counsel reasonably satisfactory to the Indemnified Person. Following any assumption of the defense of an Action by United, United shall not be liable for any subsequent fees of legal counsel or other expenses incurred by the Indemnified Person in connection with the defense of such Action, subject to reimbursement for actual out-of-pocket expenses incurred by the Indemnified Person as the result of a request for cooperation or assistance by United; provid-

ed, however, that if, in the reasonable opinion of outside counsel to the Indemnified Person, there exists an actual, material conflict of interest between the United and the Indemnified Person, United shall be liable for the legal fees and expenses of separate counsel to the Indemnified Person; provided, further, that the Indemnified Person shall have the right to participate in the defense of an Action with its own counsel at its own expense.

c. No compromise or settlement of any Action shall be binding on United for purposes of United's obligations under this Indemnity Agreement without United's express written consent, which consent shall not be unreasonably withheld. United shall not compromise or settle any Action or otherwise admit to any liability for any Claim on a basis that would reasonably be expected to adversely affect the future activity or conduct of the Indemnified Person without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld.

d. In the event United assumes the defense of any Action under this Indemnity Agreement, United shall (i) keep IAM and the applicable Indemnified Person informed of material developments in the Action, (ii) promptly provide IAM and such Indemnified Person with copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received in connection with the Action, (iii) permit IAM and such Indemnified Person and their counsel, to the extent practicable, to confer on the defense of the Action, and (iv) permit IAM and such Indemnified Person and their counsel, to the extent practicable, an opportunity to review all legal papers to be submitted prior to their submission. The parties shall provide to each others such assistance as may be reasonably required to insure the proper and adequate defense of the Action, and each party shall use its good faith efforts and cooperate with each other party to avoid the waiver of any privilege of another party.

3. Plan of Reorganization; Survival.

This indemnity agreement shall be assumed under the Plan of Reorganization and shall continue in full force and effect thereafter without regard to the terms of the Duration Articles of the 2003-2009 IAM Agreements.

If this conforms to your understanding of the parties' agreement, please date and sign in the space provided below.

Sincerely,
/s/ Peter B. Kain
Peter B. Kain
Vice President - Labor Relations

Accepted and Agreed to this
1 st day of July, 2005

/s/ S. R. Canale _____
S.R. (Randy) Canale
President and Directing General Chairman
International Association of Machinists
And Aerospace Workers-- District 141

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement reached during the 2005-2009 negotiations between the Union and the Company on convertible notes.

Issuer:	Reorganized UAL Corp.
Guarantor:	United Air Lines, Inc.
Issue:	[___]% Senior Subordinated Convertible Notes Due 2021 (the Notes) to be issued no later than 180 days following the Exit Date (the Issuance Date).
Initial Holder:	A trust or similar non-permanent vehicle for the benefit of eligible United employees represented by IAM; the Notes or the value of the Notes to be distributed to such employees or their retirement accounts as soon as reasonably practicable given tax, accounting, securities and market considerations; all rights of the Notes to be exercised by individual employees while the notes remain in the trust. Distribution mechanics, eligibility and allocation among such employees to be reasonably determined by IAM.
Principal Amount:	\$60,000,000 in denominations of \$1,000.
Term:	15 years from the Issuance Date.
Amortization:	None prior to maturity; full principal to be repaid at the maturity date except to the extent converted or prepaid.

The parties shall work together to set an interest rate for the Notes no later than thirty (30) days prior to the Issuance Date which shall ensure that the Notes will trade at par value or better on Issuance (the Par Value Interest Rate). Failing agreement on the Par Value Interest Rate, the parties shall solicit rate recommendation from two national trading firms and shall adopt the average of the two suggested rates.

Interest Rate:	Semi-annually in arrears, in cash, at an annual rate of []%; provided, however, that (i) the first full year of interest from the Issuance Date may be paid in cash or in kind at the option of the Issuer; (ii) if such interest is paid in kind, it will be in Common Stock, but only to the extent there exists Common Stock that is exempt from registration under 11 U.S.C. / 1145; and (iii) if such interest is paid in kind, it shall be delivered to the Holders under applicable market terms at issuance for public convertible debt securities of this type (e.g., any notice period and stock payment premium).
Security:	None.
Ranking:	Junior to the Reorganized UAL exit facility, customary secured indebtedness, indebtedness contemplated under a plan of reorganization, and other mutually agreed-upon indebtedness; pari passu to all current and future UAL or United Airlines senior unsecured debt; senior to all current and future subordinated debt.
Conversion Rights:	The Holder may convert any number of the Notes into the Issuer s common stock (the Common Stock), at any time, at the Conversion Price.
Conversion Price:	The product of (x) 125% and (y) the average closing price of the Common Stock for the sixty consecutive trading days following the Exit Date.
Transferability:	To the greatest extent feasible under applicable law, the Notes and the Common Stock shall be issued under 11 U. S.C. / 1145, and the Notes and the Common Stock into which they shall be convertible shall be freely transferable by the Holders without registration under the Securities Act of 1933.
Common Stock:	When delivered, the Common Stock into which Notes may convert shall be fully paid and non-assessable. Issuer shall use its best efforts to list the Common Stock on a national stock exchange or NASDAQ prior to the Issuance Date.

The parties shall work together to set an interest rate for the Notes no later than thirty (30) days prior to the Issuance Date which shall ensure that the Notes will trade at par value or better on Issuance (the Par Value Interest Rate). Failing agreement on the Par Value Interest Rate, the parties shall solicit rate recommendation from two national trading firms and shall adopt the average of the two suggested rates.

Letters of Agreement

Call Rights:	No call for five years from the Issuance Date; thereafter, callable in cash or Common Stock if the Common Stock has traded at no less than 125% of the Conversion Price for the sixty (60) consecutive trading days prior to the call date.
Put Rights:	Soft put right on the fifth and tenth anniversary of the Issuance Date for all principal and accrued interest as of such date; payable in cash or shares of Common Stock.
Mandatory Prepayments:	Mandatory prepayment upon a fundamental change with a customary make whole premium, if any, for public convertible debt securities of this type; no prepayment obligations for mergers in which the Issuer is the surviving entity; no make whole premium in other mergers.
Anti-Dilution Protections:	The Conversion Price will be subject to customary anti-dilution adjustments,* including upon (i) stock or extraordinary cash dividends, (ii) reclassifications, subdivisions or combinations of the Common Stock, (iii) the issuance of rights or warrants to all holders of Common Stock convertible into or exercisable for Common Stock at less than the then-current market price, (iv) distribution of the capital stock of an Issuer subsidiary to holders of the Common Stock and (v) any other distributions of assets by the Issuer to holders of the Common Stock.
Mergers and Business Combinations:	The Notes will enjoy customary adjustments and protections in the event the Common Stock is converted into, reclassified into or exchanged for cash, other assets or securities.
Other Terms and Conditions:	The Notes are intended to be public market securities and to trade at par value. The documentation of the Notes shall include such other terms and conditions as are customarily found in public market convertible securities of this type.
Implementation:	Implementing documentation reasonably acceptable to IAM and the Company.
Distribution:	IAM and the Company will coordinate any distribution of the Notes so that such distribution does not unreasonably interfere with capital markets activities of UAL or the Company.

* Anti-dilution adjustments shall not be applicable to securities issued or assets distributed under the Plan of Reorganization.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain

Vice President - Labor Relations

Accepted and Agreed to this

1 st day of July, 2005

/s/ S. R. Canale

S.R. (Randy) Canale

President and Directing General Chairman

International Association of Machinists -- District 141

Letter 05-04PRFSIT

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement reached during the 2005-2009 negotiations between the Union and the Company regarding the Distribution Agreement, as set forth below. This letter supersedes Attachment Q in the amendment to the 2000 IAM Agreements in its entirety.

UAL Corporation (UAL), United Airlines, Inc. (the Company) and the International Association of Machinists, District 141 (IAM 141), hereby agree as follows (the Distribution Agreement):

1. UAL, the Company, and IAM 141 are committed to the principle that the employees represented by IAM 141 should receive equity, securities, and/or other consideration under a plan of reorganization in an amount that fairly reflects the value of the IAM 141 members contribution to the reorganization of UAL and the Company.
2. In consideration for the IAM's contract revisions under the Section 1113 Restructuring Agreement reached between UAL, the Company, and the IAM effective May 1, 2003 (the 2003 Restructuring Agreements), which modifies the parties 2000 collective bargaining agreements (2000 Agreements), and in consideration of the IAM contract revisions under the revisions to the 2003 IAM Agreements effective in 2005 (the Revised 2003 IAM Agreements), any plan of reorganization proposed or supported by UAL and the Company as proposed and/or amended from time to time (the Plan), shall provide that, on or as soon as reasonably practicable after the effective date of such Plan, the IAM 141 members will receive a percentage distribution of the equity, securities and/or other consideration provided to general unsecured creditors under the Plan (the Distribution) calculated by the following formula:

$A/(A+B)$, where:

A is the sum of (i) \$1,155,654,657, representing the dollar value of 30 months of average cost reductions under the 2003 Restructuring Agreement as reasonably measured under Labor Model 1.1A FINAL², and (ii) \$271,570,007 - "2005 Distribution", representing the dollar value of 20 months of average cost reductions under the Revised 2003 IAM Agreements as reasonably measured by the Final 2004 Labor Model (the "IAM Amount"); and

B is the total amount of all other allowed prepetition general unsecured claims against the Debtors (UAL and its 27 debtor subsidiaries).

3. In the event the other employees of the Company receive a Distribution in excess of 20 months of average cost reductions (as measured by the Final 2004 Labor Model) in connection with the 2005 labor cost reductions (the Other Employee Distribution), the \$271,570,007 amount described in paragraph 2 of this Distribution Agreement shall instead be the product of (x) \$271,570,007 and (y) a fraction, the numerator of which is the actual amount of the Other Employee Distribution, and the denominator of which is 20 months of average cost reductions (as measured by the Final 2004 Labor Model) for all other employees.
4. If, for any reason, a confirmed plan of reorganization in UAL or the Company's Chapter 11 cases does not provide for both the Distribution and the Allocation, then IAM 141 on behalf of the IAM 141 members will be entitled to a stipulated and allowed nonpriority prepetition general unsecured claim equal to 110% of the IAM 141 Amount (the Alternative Distribution). This Distribution Agreement in no way converts any such claim into an administrative claim or any other claim with priority superior to a prepetition general unsecured claim. IAM141 agrees that it will neither assert, support, nor solicit any assertion in any proceeding before the Bankruptcy Court or any other tribunal that any claims allegedly arising from this Distribution Agreement constitute administrative claims (or any other claims with priority superior to a prepetition general unsecured claim) under Sections 503, 507 or any other Section of the Bankruptcy Code.
5. Following approval of the Distribution Agreement, and prior to the effective date of the Plan, IAM (in consultation with the Company) will develop a reasonable method for allocating the Distribution or Alternative Distribution as applicable (which allocation will distribute all of the Distribution or Alternative Distribution to the IAM members). The Company (in consultation with IAM) will develop and implement a mechanism and timetable for issuing the Distribution or Alternative Distribution to the IAM members which would take into account tax, legal, corporate liquidity and securities concerns as well as practical considerations.

² Including subsequent analysis and communication to account for AMFA/IAM split.

Letters of Agreement

6. The equities, securities and other consideration provided for, received and to be received under this Distribution Agreement and the other consideration provided for, received and to be received under this Restructuring Agreement, will be the sole and exclusive remedy for IAM 141 for a claim arising under the bankruptcy code with respect to the modifications made to the 141 Agreements by this Restructuring Agreement.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain

Vice President - Labor Relations

Accepted and Agreed to this

1 st day of July, 2005

/s/ S. R. Canale

S.R. (Randy) Canale

President and Directing General Chairman

International Association of Machinists -- District 141

Letter 05-05PRFSIT

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement reached during the 2005-2009 negotiations between the Union and the Company on fees and expenses.

1. United shall reimburse IAM for the reasonable, actual fees and out-of-pocket expenses incurred by IAM in connection with the review, design, negotiation, approval, effective ratification, and execution of the Letter of Agreement (its Expenses) including:

- a. reasonable base wages lost by IAM Negotiating Committee members in connection with meetings called for the purpose of negotiating, reviewing, approving or ratifying the agreed Term Sheet and this Letter of Agreement; and
- b. the reasonable, actual fees and expenses of IAM's outside legal, pension, and other professional advisors (in each case based on normal hourly rates for actual time expended)

up to a maximum, aggregate total of \$2.5 million. Of the total reimbursement for Expenses, \$1.25 million shall be paid on the Effective Date as defined in the agreed Letter of Agreement, and the remaining \$1.25 million will be paid on the Exit Date.

2. The Company shall seek judicial approval for its obligations under this Exhibit E at the same time that it seeks judicial approval of the agreed Letter of Agreement.

3. The parties acknowledge and agree that the Company's agreement to reimburse IAM for fees and expenses under this Letter of Agreement is a result of the special collective bargaining circumstances created by the parties' desire to negotiate modifications to the IAM Agreements as part of the Company's bankruptcy reorganization.

Sincerely,

/s/ Peter B. Kain _____

Peter B. Kain

Vice President - Labor Relations

Letters of Agreement

Accepted and Agreed to this
1 st day of July, 2005

/s/ S. R. Canale

S.R. (Randy) Canale
President and Directing General Chairman
International Association of Machinists -- District 141

Letter 05-06PRFSIT

May 1, 2003

July 1, 2005

Mr. Robert Roach
General Vice President - Transportation
International Association of Machinists
And Aerospace Workers
9000 Machinists Place
Upper Marlboro, MD 20772.2687

Dear Robert:

In discussions leading up to the 2003-2009 Agreements, the parties agreed that the International Association of Machinists and Aerospace Workers (the "IAM") will be entitled to designate a member (an "IAM Director") to the UAL Corporation Board of Directors. This letter of agreement confirms that the provisions of Article Fourth, Part VIII of the Restated Certificate of Incorporation of UAL Corporation (As Restated on April 16, 2003) (the "Restated Certificate") which provide for an IAM Director on the UAL Board of Directors satisfy the requirements of the preceding sentence. The parties also agree that any and all provisions of the certificate of incorporation of UAL Corporation immediately following UAL Corporation's exit from Chapter 11 (the "Emergence Certificate") will provide for the right to designate an IAM Director on the same terms as Article Fourth, Part VIII of the Restated Certificate, except that the Emergence Certificate shall provide that an "IAM Termination Date" shall occur if none of the IAM collective bargaining agreements provides for the IAM's appointment of an IAM Director.

Nothing in this letter shall be construed to limit the IAM in establishing its own procedures for the designation, removal and replacement of the IAM Director without the consent of any other party to the extent permitted by law.

This letter of agreement will become effective upon execution and will remain in effect concurrently with the 2003-2009 Agreements.

If this letter accurately reflects our agreement, please sign and return two (2) copies for our file.

Sincerely,

/s/Glenn F. Tilton _____

Glenn F. Tilton

Chairman, President and

Chief Executive Officer

UAL Corporation and United Air Lines, Inc.

Letters of Agreement

Accepted and agreed this
1 st day of May 2003.

/s/Robert Roach
Robert Roach
General Vice President - Transportation

Letter 05-07F

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement reached during the 2005-2009 negotiations between the Union and the Company with respect to severance and other benefits for employees covered by the Food Services Agreement who are furloughed as a result of the closing of the Miami Kitchen.

1. Notwithstanding any provision of the Food Services Agreement, including but not limited to Article II-D, Article II-E, and Article IV, the Company may close the Miami Kitchen and contract out the work performed by IAM-represented employees. An employee covered by the Food Services Agreement who was on the payroll or on leave of absence as of the effective Date of the 2005-2009 Food Services Agreement (the "Agreement") shall be a Covered Employee and entitled to enhanced separation benefits in accordance with the terms set forth below.
2. During the term of the Agreement, a Covered Employee who is involuntarily furloughed as a result of the closing of the Miami Kitchen, or as the result or displacement from a cafeteria, will be entitled to the normal benefits and provisions of the Agreement or may elect the following option:
 - a. Employees who are involuntarily furloughed as a direct result of closing the Miami Kitchen may elect to sever their employment relationship with the Company, by resignation or by retirement (if eligible) and thereby forfeit all of their recall rights under the 2005-2009 Food Services Agreement, and;
 - b. Employees who sever their employment relationship in accordance with Subparagraph 2(a) above will receive severance pay and benefits in accordance with the Agreement but in an amount as follows:
 - (i) Insurance Benefits established in Article XXII, Paragraph A-5 will be provided as follows:

<u>Years of Service</u>	<u>Total Benefits Provided</u>
Less than 5 years	4 months
5 years but less than 10 years	6 months
10 years but less than 15 years	9 months
15 or more years	12 months

- (ii) The amount of severance pay will be \$2,000 per year of service in addition to the normal severance allowance provided in Article XXI, paragraph B.
 - (iii) Employees and eligible dependents will be eligible for five (5) years of unlimited space-available travel following separation, as follows:
 - (a) for the first two (2) years following separation, unlimited space-available travel. Employee will be responsible for all applicable service charges, taxes and fees. Service charges will be set by the Company using a formula designed to recover the cost of providing NRSA travel to an individual, and can be changed - either in amount or approach — at the Company's discretion. This is the approach and methodology that is in place today for active employees.
 - (b) for the following three (3) years, unlimited space-available travel. Employee will be responsible for all applicable service charges, taxes (including taxes assessed on the imputed income arising from the assessed value of the travel) and fees. Service charges will be set by the Company using a formula designed to recover the cost of providing NRSA travel to an individual, and can be changed - either in amount or approach — at the Company's discretion. Furthermore, the value of the travel will be considered income (i.e., the employee shall be issued a W-2 on the imputed value of the travel) and all applicable Federal, State, FICA, and local taxes must also be paid to the Company. This is the approach and methodology that is in place today for domestic partners of active employees.
 - c. An employee who retires pursuant to Paragraph 2 (a) and who accepts benefits pursuant to Paragraph 2(b) will be considered to have retired from active service. Employees who are eligible for Retiree Medical Insurance in accordance with Article XXII, Paragraph E, will not also qualify for Insurance coverage under 2(b)(i), above and will receive regular retiree travel benefits.
3. Covered Employees who have been selected for involuntary furlough and who do not meet retirement age eligibility requirement on their date of furlough but will meet that requirement within three (3) years of their furlough date may elect to be placed on a Special Leave of Absence equal to the number of months from their furlough date until they satisfy the age requirement for retirement eligibility. This Special Leave of Absence may not exceed thirty-six (36) months from the date of furlough. On the last day of the month in which they meet the age eligibility requirement for retirement, their Special Leave of Absence would end, and employees must then retire.
- a. Employees who elect this Special Leave of Absence in lieu of layoff are not

- eligible to receive any severance pay.
- b. Employees will not be eligible for re-employment by United during the Special Leave of Absence.
 - c. The Special Leave of Absence must end on the last day of the month in which the employees would meet the eligibility requirements for retirement.
 - d. Employees may accept other outside employment while on a Special Leave of Absence.
 - e. Employees on Special Leave of Absence are eligible for medical, dental, company-paid life insurance and on-line travel benefits on the same basis as active employees.
 - f. Employees on this Special Leave of Absence must retire once they have met the age and service requirements for retirement. Seniority accrues for the entire duration of the leave. Employees will not receive participation credit for pension benefit calculation purposes during the Special Leave of Absence.
 - g. Employees who are interested in this option must identify themselves by returning a form to their manager or supervisor within five (5) business days of when they are informed of their furlough. Once an employee submits a request for this option, he or she may not withdraw his or her election.
4. The Company will use reasonable efforts to place employees with the vendor(s) to which the work is outsourced. Employees who accept such employment will not be eligible for the benefits described herein.
5. The foregoing provisions of this Letter of Agreement do not apply under the following circumstances:
- a. to temporary employees;
 - b. to employees who are being laid-off as a direct result of:
 - (i) an act of nature;
 - (ii) a strike or labor dispute;
 - (iii) a reduction of the Company's operations because of a decrease in available fuel supply or other critical materials due to either governmental action or commercial supplier being unable to meet the Company's demands;

Letters of Agreement

- (iv) a revocation of the Company s operating certificate(s) or the ground-
ing of a substantial number of the Company s aircraft by government
action;
- (v) a declared or undeclared war or national emergency; or
- (vi) compulsion by a government agency, legislative or court action.

6. In the event a Covered Employee exercises seniority to displace an incumbent IAM-
represented cafeteria employee, the Company shall have the right to furlough on a one
for one basis.

If this conforms to your understanding of the parties agreement, please date and sign in
the space provided below.

Sincerely,
/s Peter B. Kain
Peter B. Kain
Vice President - Labor Relations

Accepted and Agreed to this
1 st day of July, 2005

/s/ S. R. Canale
S.R. (Randy) Canale
President and Directing General Chairman
International Association of Machinists
And Aerospace Workers -- District 141

Letter 05-09PRFS

July 1, 2005

Mr. S. R. Canale
President and Directing General Chairman
International Association of Machinists
and Aerospace Workers - District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Randy:

This letter will confirm the agreement between the IAMAW and United Airlines in the negotiations leading to the 2005-2009 IAM Agreements with respect to vacation accrual in 2005.

In order to achieve the full savings associated with the reduction in vacation accrual in the 2005-2009 IAM Agreements, the accrual rates from July 1, 2005 through December 31, 2005 will be adjusted as follows:

<u>Years of Service</u>	<u>2005 Accrual Rate</u>	<u>Hour</u>
0-1 Year	Varies by individual date of employment to a maximum of 40 0-1 Year total vacation available in 2006:	40 40
1-3 Years	No difference. 1-3 Year total vacation available in 2006:	80
4-8 Years	Jan - Jun accrue 10 hours per month Jul - Dec accrue 3.33 per month 4-8 Year total vacation available in 2006:	60 20 80
9-15 Years	Jan - Jun accrue 13.33 hours per month Jul - Dec accrue 6.67 per month 9-15 Year total vacation available in 2006:	80 40 120
16-23 Years	Jan - Jun accrue 16.67 hours per month Jul - Dec accrue 10.00 per month 16-23 Year total vacation available in 2006:	100 60 160
24-29 Years	Jan - Jun accrue 20.00 hours per month Jul - Dec accrue 13.33 per month 24-29 Year total vacation available in 2006:	120 80 200
29+ Years	Jan - Jun accrue 23.33 hours per month Jul - Dec accrue 16.67 per month 29+ Year total vacation available in 2006:	140 100 240

If this conforms to your understanding of the agreement reached, please date and sign in

Letters of Agreement

the space provided below.

Sincerely,

/s/ Peter B. Kain

Peter B. Kain

Vice President - Labor Relations

Accepted and Agreed to this

1 st day of July, 2005

/s/ S. R. Canale

S.R. (Randy) Canale

President and Directing General Chairman

International Association of Machinists

FOOD SERVICES AGREEMENT

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CONSENT DECREE

At the time of printing this Agreement, the United States District Court, Northern District of Illinois, Eastern Division, was expected to order and decree that the following provisions are fully binding on United and the IAM and are made a part of this collective bargaining agreement and are to be expressly printed and incorporated in the printed contract.

- 1.** All job classifications covered by the United-IAM Ramp and Stores, Food Services, Mechanic, Dispatchers, Communications Employees and Security Officers Agreements as well as those jobs covered by United's agreement with the TWU shall henceforth be governed by the following seniority for purposes of determining priorities in layoffs and recalls:

 - a.** Classification seniority for all employees who have a classification seniority date in the job classification in question greater than July 2, 1965.
 - b.** A seniority date of July 2, 1965 for all employees who were initially hired by United prior to July 2, 1965 but, who have a classification seniority date in the job classification in question less than July 2, 1965.
 - c.** Company seniority for all employees who were initially hired by United after July 2, 1965 and did not enter the job classification until after that date.
 - d.** Employees in promoted positions holding seniority under the Mechanic, Ramp and Stores, Food Services, Dispatchers or Security Officers Agreements, or who are hereafter promoted to such positions, upon return to a position under one of the Agreements in which they hold seniority, shall have their Company seniority adjusted (for purpose of layoffs and recalls) in the same manner as their Classification seniority is adjusted pursuant to the seniority provisions of the collective bargaining agreement.
- 2.** An employee in a job classification covered by the IAM-United Mechanic, Ramp Service, Food Service and Security Officer collective bargaining agreements who is laid off in his/her classification at a point shall have the choice of exercising seniority in that classification pursuant to the Seniority Article of such collective bargaining agreements or take layoff. If he/she has been in his/her present classification 2 years or more and if he/she does not have sufficient seniority as defined in paragraph 1

to fill a vacancy or displace an employee in his/her present classification on this system, then he/she can exercise his/her seniority as defined in paragraph 1 to any classification in which he/she has worked in the same manner as those employees who have been in their classification less than two years as now provided in the Seniority Article of such collective bargaining agreements. In the event an employee exercises his/her seniority to return to a lower-rated classification, he/she must return to the highest lower-rated classification in which he/she holds seniority or forfeit all seniority held in that or any other classification higher than the classification to which he/she returns.

- 3.** Except pursuant to Section III, all individual classification adjustments granted to IAM represented employees under the Final Consent Decree entered April 30, 1976, as amended, and under this Amended Consent Decree, shall remain in full force and effect.