

SUMMARY OF TERMS UNDER CHAPTER 11 EXIT AGREEMENTS

MECHANIC AND RELATED CLASSIFICATIONS

	US Airways Enter - August 2000 Exit - September 2005 (1113c Agreement)	United Airline Enter - December 2002 Exit - January 2006 (1113c Agreement)	Northwest Airlines Enter - September 2005 Exit - May 2007 (Strike Settlement)	American Airlines Enter - November 2011 Exit - ??? (Tentative Agreement)
1. Contract Duration	7 yrs. 6 mos. 7/1/02 – 12/31/09	6 yrs. 8 mos. 5/1/03 – 12/31/09	5 yrs. 2 mos. 10/9/06 – 12/31/11	6 yrs. DOS + 72 mos.
2. Wage Change – Base (excluding Section E relief)	7/1/02 – 6.8% reduction 7/1/04 – 2.0% increase 1/31/05 – 8.0% reduction 1/31/06 – 1.0% increase 1/31/06 – 1.0% increase 1/31/06 – 2.0% increase 1/31/06 – 2.0% increase Increase wage progression from 5 to 9 years.	5/1/03 – 13.0% reduction 5/1/04 – 1.5% increase 7/1/05 – 3.9% reduction 1/1/06 – 1.5% increase 1/1/07 – 1.5% increase 1/1/08 – 1.5% increase 1/1/09 – 1.5% increase	8/20/05 – 25.7% cut 1/1/07 – 1.5% increase 1/1/08 – 1.5% increase 1/1/09 – 1.5% increase 1/1/10 – 1.5% increase 1/1/11 – 1.5% increase	Base Rate (except MSP): DOS – 3.0% Increase DOS+12 – 3.0% Increase DOS+24 – 3.0% Increase DOS+36 – 3.0% Increase; DOS + 36 adjustment to average of UAL/USA/DAL if greater. DOS+48 – 1.5% Increase DOS+60 – 1.5% Increase
3. Premiums/Differentials	Eliminate Longevity; Eliminate Skill Pay; Eliminate Line; Eliminate Shift dif; Reduce lead dif to \$1.00;	Same as base wage for license premiums, skill pay, shift premiums, and the Hawaii Differential.	8/20/05 – reduce License by 28.4%; Eliminate Line Eliminate Longevity Eliminate Shift dif.	No Change

	Reduce license pay to \$1.00 per lic (\$2.00 max); Restrict application of license premium; Increases License prem. \$.50 (max) 1/31/08 and \$.50 (max) 1/31/09			
4. Overtime Rates	Eliminate double-time rates; eliminate 8-hour OT point.	1/1/05 -- Eliminate double-time	Eliminate double-time rates.	No Change
5. Medical Plan Design	<p>Active employees participate in a Company-wide 3-option program. Top Level (best coverage):</p> <p><u>In-network:</u> Annual deductible -- \$225 single/\$450 family; 100/0 coinsurance; 100% coverage after deductible; out-of-pocket limit not applicable; increases.</p> <p><u>Out-of-network:</u> Annual deductible -- \$450 single/\$900 family; 80/20 coinsurance; \$3,000 single, \$6,000 family.</p>	<p>Active employees participate in a Company-wide PPO.</p> <p><u>In-network:</u> Annual deductible -- \$250 single/\$500 family; 80/20 coinsurance; \$1,500 single, \$3,000 family out-of-pocket limit;</p> <p><u>Out-of-network:</u> deductibles and out-of-pocket limits same as in-network; 60/40 coinsurance.</p>	<p>Active employees participate in a Company-wide PPO.</p> <p><u>In-network:</u> Annual deductible -- \$300 single/\$900 family; 80/20 coinsurance; \$2,000 single, \$5,000 family out-of-pocket limit; Indexed to plan cost inflation.</p> <p><u>Out-of-network:</u> deductibles and out-of-pocket limits same as in-network; 70/30 coinsurance.</p>	<p>Active employees participate in a Company-wide 3-option program. Standard (contract plan):</p> <p><u>In-network:</u> Annual deductible -- \$750 single/\$2,250 family; 80/20 coinsurance; \$2,000 single, \$5,000 family out-of-pocket limit; Subject to annual increases.</p> <p><u>Out-of-network:</u> deductible -- \$3,000 single/\$9,000 family; 60/40 coinsurance; \$6,000 single, \$15,000 family out-of-pocket limit.</p>

	<p><u>Prescription drugs</u> at retail: employee co-pay is \$15 for generic; \$30 for formulary; \$35 for brand. Mail order co-pays are double for 90 day supply.</p>	<p><u>Prescription drugs</u> at retail are subject to in-network deductible and coinsurance. Mail order prescription drug employee co-pay is \$15 for generic and \$45 for name brand, up to 90-day supply. Co-pays subject to increase equal to increase in mail order drug plan up to 7% per year.</p>	<p><u>Prescription drugs</u> at retail: employee co-pay is \$15 for generic; \$30 for formulary; \$45 for brand. Co-pay increased to 50% of cost after first prescription.</p>	<p><u>Prescription drugs</u> at retail: employee co-pay is 20% (\$10min/\$40 max) for generic; 30% (\$30 min/\$100 max) for formulary; and 50% (\$45 min/\$150 max) for brand. Mail order prescription drug employee co-pay is 20% (\$5 min/\$80 max) for generic; 30% (\$60 min/\$200 max) for formulary; and 50% (\$90 min/\$300 max) for brand. 90-day supply.</p>
6. Health Ins. Contributions	<p>Employee contribution of 19.4% of required cost of medical; 10% for dental.</p>	<p>Employee contribution of 20% of required cost of medical and dental plans. The increase in the employee contribution is subject to a 7% per year cap.</p>	<p>Employee contribution of 20% of required cost of medical and Dental. Plus 25% surcharge for tobacco users.</p>	<p>Employee contribution of 18% -- 2013; 19% -- 2014; 20% -- 2015; 21% thereafter.</p>
7. Retiree Health Insurance	<p>For employees who retire on or after 3/1/05:</p>	<p>For employees who retire on or after 7/1/03:</p>	<p>For employees who retire on or after 1/1/06:</p>	<p>Eliminated</p>

	<p><u>Pre-Medicare:</u> company contributes \$503.50 per month; may use up to 38 hours per month of unused sick leave to offset employee contribution.</p> <p><u>Post-Medicare:</u> eliminated 1/1/06.</p>	<p><u>Pre-Medicare:</u> Same coverage as actives; retiree contribution varies with service at retirement as follows: Less than 20 yrs. service – 80%; 0 thru 24 yrs. service – 60%; 25 yrs. service and over – 40%</p> <p><u>Post-Medicare:</u> For employees who retire on or after July 1, 2003 and before January 1, 2006, Employee pays 50% of full cost of supplement. For employees who retire on or after January 1, 2006, Employee pays full cost of supplement less \$90 per month.</p>	<p><u>Pre-Medicare:</u> Same coverage as actives; retiree contribution equals 80% of cost.</p> <p><u>Post-Medicare:</u> None</p>	
8. Retiree Death Benefit	Eliminated (\$7,000 benefit)	\$10,000 if age 55 with 10 years and retired from active status or illness leave.	None	Eliminated

9. Short-Term Disability	None	Eliminate benefit (\$53 per week for 26 weeks)	None	None
10. Sick Leave & OI	Eliminate 2 days; paid at 50% for first 5 days each occurrence; eliminate OJI	Paid at 75% for first 56 continuous hrs. 100% thereafter.	Eliminate 7 days; pay at 75% for first 7 consecutive days used. Cap accrual at 1,040 hrs. Eliminate 7 days of OIL accrual; paid at 0% for first 2 days; 70% after; cap at 800 hrs.	Improved to 50% pay for 1 st day; 100% thereafter; (was 50% for 2 days)
11. Holidays	Eliminate 5 days; pay 2x if worked.	Eliminate 2 days; pay 2x if worked for remaining.	Eliminate 4 days; pay at 2x if worked.	No change
12. Vacation	Eliminate 5 th , 6 th and 7 th week.	No change	Eliminate 5 th , 6 th and 7 th week	Eliminate 6 th week; eliminate single day usage.
13. Scope – Heavy Maintenance	Outsource all 757, 767, A330 maintenance and related shop work; outsource 50% of 737 Q checks. (retain 737 C checks and A320 S checks)	Close Oakland and Indianapolis OH facilities. Union Inspectors must be assigned to oversight inspection at any location where heavy maintenance is performed on United's equipment.	Effectively eliminate all restrictions on outsourcing.	Close AFW OH facility; outsource 777 MBV, 767 FS, 757 HC, 757 MC and related shop work. Permit the contracting-out of 35% of aircraft-related maintenance work- based

	<p>Outsource all GSE work except at CLT, PIT, and PHL.</p> <p>Outsource all line work except at 7 major stations.</p>	<p>Permit the contracting-out of 20 percent of the Maintenance Operation's annual budget (as previously defined) <u>excluding the cost of heavy maintenance visits.</u></p>		<p>on maintenance spend. Permit contracting-out of 15% of line maintenance spend (within the total 35% spend).</p> <p>Outsource plant maintenance at any station with fewer than 5475 annual departures.</p> <p>Outsource all cabin cleaning, building cleaning, cargo related, utility, and plant maintenance at headquarters and other corporate facilities.</p>
14. Scope – Receipt and Dispatch	Reassign R&D; deicing, air starts, AC moves, at all stations	The Company may assign receipt and dispatch to Ramp Service employees.	Eliminate all restriction.	NA
15. Lead Ratios	None	The lead ratio is changed from 1:11 to 1:14; a lead is required on any shift of 5 or more employees.	None	None

16. Paid Meal period	Eliminate 30 minutes	Eliminate 15 minutes.	Eliminate 30 minutes	None
17. No Furlough Provisions	Company will maintain minimum fleet size of 279 on mainline.	The provision protecting employees from lay off as a result of contracting out is deleted under all agreements. The date protecting employees from furlough, for any reason, is moved to January 1, 1990 – i.e. no employee on the payroll, on leave of absence, or on furlough with a right of recall as of January 1, 1990 can be laid off over the term of the Agreement. (If by July 1, 2003, the number of retirements or other separations from service fall below 600 the January protective date may be moved back by the number less than 600).	Eliminate all protective provisions and staffing requirements.	Eliminate all protective provisions

18. Pension	Terminate DBP – 1/1/05; replace with DCP 3% no match required plus 50% match up to 4% employee contribution.	Terminate DBP – 7/1/05; replace with DCP 5.0% employer contribution on gross pay; no match required.	Freeze DBP – 1/1/07 Replace with DCP 5.0% employer contribution on gross pay; no match required.	Freeze DBP; replace with DCP at 100% employer match up to 5.5% of gross.
19. Uniform Allowance	Eliminate	No change	Eliminate	No change
20. Profit Sharing Plan	<p>Employees will participate in Profit Sharing Plan with the following features:</p> <p><u>Purpose</u> – The Plan is designed to enable employees to participate in profits if or when profit levels exceed .1% margin.</p> <p><u>Plan Years</u> – Profit sharing payments will be made each calendar year for the years 2006 through 2009.</p> <p><u>Formula</u> – employees receive 10% of profits (defined as pre-tax earnings excluding unusual, special or</p>	<p>Employees will participate in Profit Sharing Plan with the following features:</p> <p><u>Purpose</u> – The Plan is designed to enable employees to participate in profits if or when profit levels exceed \$10.0 million threshold.</p> <p><u>Plan Years</u> – Profit sharing payments will be made on May 1 following each calendar year for the years 2006 through 2009.</p> <p><u>Formula</u> – employees receive 15% of profits (defined as pre-tax</p>	<p>Employees will participate in Profit Sharing Plan with the following features:</p> <p><u>Purpose</u> – The Plan is designed to enable employees to participate in profits if or when profit levels exceed \$1.0 million threshold.</p> <p><u>Plan Years</u> – Profit sharing payments will be made on May 1 following each calendar years 2007 through 2011.</p> <p><u>Formula</u> – employees</p>	<p>Employees will participate in Profit Sharing Plan with the following features:</p> <p><u>Purpose</u> – The Plan is designed to enable employees to participate in profits; 1st dollar, no threshold.</p> <p><u>Plan Years</u> – Profit sharing payments will be made on March 15 following each calendar year for the years 2012 through 2017.</p> <p><u>Formula</u> – employees receive 5% of profits (defined as AA pre-tax earnings excluding</p>

	<p>extraordinary charges, chargers for options and profit-sharing) between .1 and 10% margin and 25% above 10%.</p> <p><u>Allocation</u> – based upon relative gross earnings during the Plan Year.</p>	<p>earnings excluding unusual, special or extraordinary charges, chargers for options and profit-sharing) above the specified thresholds.</p> <p><u>Allocation</u> – based upon relative gross earnings during the Plan Year.</p>	<p>receive 10% of profits (defined as pre-tax earnings excluding unusual, special or extraordinary charges, chargers for options and profit-sharing) above the specified thresholds.</p> <p><u>Allocation</u> – based upon relative gross earnings during the Plan Year.</p>	<p>unusual, special or extraordinary charges, chargers for options and profit-sharing).</p> <p><u>Allocation</u> – based upon relative gross earnings during the Plan Year.</p>
21. Success Sharing Program	None	<p>Employees will participate in a Company-wide incentive program as follows: Prior to each calendar year beginning with 2004, UAL’s Board of Directors will establish a Company-wide performance incentive formula with three payment levels: Minimum – 0.5% of earnings; Target – 1.0% of earnings; Maximum – 2.0% of earnings.</p>	None	<p>Establish joint committee to develop metrics and other terms for financial payouts; separate programs for employee classifications/groups.</p>

		<p>The Annual Incentive Formula will be based on the following four performance categories weighted by the Board of Directors. Financial (e.g. profit margin), Operational (e.g. OT performance), Customer Satisfaction (e.g. intent to purchase); Employee engagement/ safety (e.g. lost time injury)</p> <p>At the end of each year, actual performance is measured against the established payment level; once the threshold or minimum level is achieved, employees receive 0.5% to 2.0% of pay (including base pay, overtime, premiums, differentials etc.) depending on the level of performance.</p> <p>Payments are made on the same date payments are made to management.</p>		
--	--	--	--	--

21. Convertible Notes	None	\$40 million principal + interest at rate TBD; junior unsecured; convertible into common stock at 125% of stock price; payable in 15 years with put right on 5 th and 10th anniversary.	None	None
23. Other Procedural Language	Administrative Claim Bankruptcy protection Advisory Board Seat Successors	Administrative Claim Distribution Agreement; Indemnification; Release and Exculpation; Bankruptcy Protection Successors	None	Administrative claim TBD; Indemnification; Successors

Source: Thomas R. Roth – President, The Labor Bureau Inc.