

UAL Corporation and United Air Lines, Inc.

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

Dear Randy:

Attached hereto are the following documents negotiated by and between UAL Corporation ("UAL"), United Air Lines, Inc. (the "Company") and the International Association of Machinists and Aerospace Workers – District 141 ("District 141") collectively referred to as the "Restructuring Agreement"):

Term Sheet setting forth the elements of the Restructuring Agreement, together with Attachments A through R, inclusive, further detailing the agreements reached.

I write to confirm that UAL, the Company and District 141 will reduce these agreements to contractual language and, following satisfaction of the following conditions, implement them as of the effective date (May 1, 2003) :

- Approval of the UAL Board of Directors and any appropriate Committee;
- Ratification by the District 141 United Airlines membership; and
- Approval of the Bankruptcy Court; and

In addition, District 141 has committed to completing the ratification vote on the Restructuring Agreement by April 29, 2003. Since the ratification vote will not conclude until after the April 14, 2003 date set for the hearing on the Company's 1113(c) motion, the Company will ask the Court not to rule on that motion unless any of the District 141 agreements fail ratification. Upon ratification of each of the District 141 agreements by the memberships of District 141, the Company will withdraw the applicable portion of the pending 1113 (c) motion for rejection of those agreements.

In the event these conditions are not all satisfied by April 30, 2003, this letter will terminate and will become null and void in its entirety, and neither UAL, the Company nor District 141 will have any obligation to implement the Restructuring Agreement in whole or in part.

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

Draft Final
IAM 141/United Restructuring Agreement
04/24/03

Sincerely,

Glenn F. Tilton
Chairman, President and Chief
Executive Officer
UAL Corporation and United Air Lines,
Inc.

Accepted and agreed to this ___ day
of April, 2003:

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

UAL Corp., United Air Lines, Inc. and the International Association of Machinists, District 141 ("IAM 141") will enter into a Restructuring Agreement ("Restructuring Agreement") to enable the successful reorganization, restructuring and transformation of United and UAL upon the following terms and conditions. Unless otherwise stated, all terms of the 2000-2004 Collective Bargaining Agreements between the parties (the "141 Agreements")¹ remain in full force and effect, provided the 141 Agreements will be modified as necessary to enable and to reflect the terms of this Restructuring Agreement together with its Attachments A through U, inclusive, further detailing the agreements reached.

Duration	Effective date of May 1, 2003; amendable date of May 1, 2009.
Duration Clause	Revise the duration clause set forth in the Effective Date and Duration Article in each of the 141 Agreements to provide: "This Agreement shall become effective May 1, 2003, shall continue in full force and effect until May 1, 2009 and shall thereafter renew itself yearly without change 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 May 1, 2009 or May 1 of any year thereafter upon written notice by either party thereto."
Wage Rates	<p>United: Eliminate the base hourly pay rate increases scheduled for June 1, 2003 and July 1, 2004, as set forth in Schedule A to each of the 141 Agreements. For all classifications, reduce the base hourly pay rates effective as of May 14, 2002, as well as the following premium pay rates effective as of that date: shift premiums, Service Director premium, and the Hawaii Differential by 13%. For all classifications, increase the base hourly pay rates, as well as the following premium pay rates: shift premiums, Service Director premium, and the Hawaii Differential by 1.5% each year effective on the anniversary of the Effective Date, commencing May 1, 2004 through May 1, 2008. The new rate schedule is attached as Attachment A.</p> <p>MPI: Eliminate the base hourly pay rate increase scheduled for January 1, 2004, as set forth in Schedule A to the 141 MPI Agreement. Reduce the base hourly pay rates effective as of</p>

¹ The 141 Agreements include the Ramp and Stores Agreement, the Public Contact Employees' Agreement, the Food Services Agreement, the Security Officers' Agreement, and the MPI-PCE Agreement.

	February 14, 2003, as well as the following premium pay rates effective as of that date: shift premiums and Service Director premium by 10%. Increase the base hourly pay rates, as well as the following premium pay rates: shift premiums and Service Director premium by 1.5% each year effective on the anniversary of the Effective Date, commencing May 1, 2004 through May 1, 2008. The new rate schedule is attached as Attachment A.
Other Compensation Issues	For the Ramp Agreement: Establish 10 year pay progression, as provided in Attachment B, for new hire full time or part-time ramp employees. Part-time ramp employees shall be placed on the 10-year progression as set forth on Attachment C.
Variable Benefits	Compensation-based welfare benefits (e.g. life insurance, disability, and pension) shall be based on reduced actual wage rates (no Book Rates).
Retirement Plan Benefits	No change to current contract.
Active Health Benefits	IAM 141 will participate in the medical and dental program described in Attachment D.
Retiree Health Benefits	As described in Attachment D.
Other Benefits	As described in Attachment D.
Work Rules and Productivity	<p>Adopt Letter 03-XX, as set forth in Attachment E hereto (Part-time classification seniority).</p> <p>Amend Articles VI, VII, VIII, IX, X, XIII, XIV, and XXII as set forth in Attachment F hereto.</p> <p>Adopt Letter 03-XX, as set forth in Attachment G hereto (Interpretation of language consistent with PCE Agreement).</p> <p>Revise Letters 75-4, as provided in Attachment H hereto as follows:</p> <ul style="list-style-type: none"> • Class A Stations (ORD, DEN, SFO, LAX): Maximum 25% part-time at Class A stations combined; • Class B Stations (IAD, SEA, BOS, EWR, PDX, LGA, JFK, SAN, PHL, MSP, MCO): Maximum 35% at Class B stations combined;

	<ul style="list-style-type: none"> • However, due to the needs of the operations, incorporate for the term of the agreement, Letter 03-XX (IAD Part-time Restrictions) as set forth in Attachment I. • Class C Stations (MKE, DCA, ATL, BWI, SLC, OMA, DTW, SMF, TPA, CLE, HNL, PIT, BUF, FLL): No percentage restrictions. Class C stations shall be permitted to cross utilize PCE and Ramp employees up to 25% of their aggregate hours. <p>At Class A and B stations part-time employees generally shall be scheduled for a minimum of 4 hours per day and 20 hours per week, and shall be scheduled for a maximum of 6 hours per day and 30 hours per week. Notwithstanding the above, the Company may schedule part-time employees to work 8 hours per day and 16 hours per week, but only if they are scheduled to work 2 eight hours shifts on Friday/Saturday, Saturday/Sunday, or Sunday/Monday.</p> <p>At Class A and B stations there will be no more than 5 part-time start times per day and there shall be a minimum of one hour separation between start times, and no back to back.</p> <p>At Class C stations, minimum/maximum hours and start times shall be per Article VI-B, and days off scheduling shall be per Article VI-D, of the PCE Agreement.</p> <p>Adopt Letter 03-XX (Ramp part-time trade policy) as set forth in Attachment J hereto.</p> <p>Adopt Letter 03-XX (Ramp part-time scheduling) as set forth in Attachment S hereto.</p> <p>Delete Letter 74-1R.</p> <p>Delete Letter 77-1R</p> <p>Delete Letters 91-7 and 91-8.</p> <p>Revise Letter 61-1 to add MCO.</p> <p>Adopt Letter 03-XXP (Internet reservations) as set forth in Attachment K hereto.</p> <p>Adopt Letter 03-01MPI (All breaks at 15 minutes.) as set in Attachment T hereto.</p>
Job Security	

and Scope	
Low Cost Operation ("LCO")	Adopt Letter 03-XXRP as set forth in Attachment L hereto.
Furlough Protection	Revise Letter 94-5RS to delete the exception for part-time employees.
Cargo	<p>Adopt Letter 03-XXRP (Cargo Outsourcing), as set forth in Attachment M hereto, to provide that, notwithstanding Article II-D and Article IV-B, and Article II-C and Article IV (PCE), the Company may contract out non-"running" mail and freight work (work not performed at the ramp), as well as cargo reservations and to reconfirm that, if the Company continues to perform any of that work, it shall be performed by Company employees under the appropriate CBA.</p> <p>The enhanced separation benefits established in Letter 02-15RP will be provided to employees whose classifications are eliminated and who are involuntarily displaced from a cargo warehouse or cargo call center as a result of this agreement.</p>
Other Scope Provisions	<p>Clarify that Article II-E (Ramp) and II-D (SO) is intended to protect employees hired as of January 26, 1994.</p> <p>Amend Article II-C.6 to protect PCE and MPI employees hired as of January 26, 1994.</p> <p>Eliminate the language in Article II-C (Ramp) to allow the Company to eliminate the 40-flight departure threshold.</p> <p>Adopt Letter 03-XXRP (Work Not in Conflict with CBAs) as set forth in Attachment N.</p> <p>Delete 94-2 RFS ("U2"),</p> <p>Revise 94-4RFS and 02-30P (code sharing) as set forth in Attachment U.</p> <p>Delete Letter 02-13PRFS and revise Article III as set forth on Attachment O. (cabotage)</p>
Successorship and LPPs	Revise Article III for all agreements as set forth on Attachment O.

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	Delete Letters 94-3RFS (Substantial Asset Sale) and 02-14PRFS (Section 6 Rights).
Success Sharing	IAM 141 members will participate in the success sharing programs described in Attachment P.
IAM 141 Equity	See Attachment Q.
Corporate Governance	The Restructuring Agreement will provide that there will be an IAM designee as a member of the Board of Directors.
Review Committee	See Attachment R.
Clarification of Article XI.K of the PCE and MPI Agreements	Delete the words "the Chairperson of . . ."
Clarification of Article VI.E of the MPI Agreement	Amend the last sentence of the section to read: "An additional fifteen (15) minute rest period will be granted for every additional four (4) hours of work."

Further Events	The parties agree in concept to negotiate under the following principles with respect to any further revisions to the IAM 141 Agreements in connection with hostilities in Iraq: (i) any such revisions will take the form of temporary wage rate reductions for all employee and management groups in connection with the Company's attempt to secure government assistance and relaxation of lending covenants and (ii), if IAM 141 and the Company agree on such revisions, the value of the revisions will be repaid to the IAM 141 members out of profits subsequent to the Company's emergence from Chapter 11. Specific terms and conditions to be developed in connection with the negotiation of such revisions.
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Attachment A
SCHEDULE A BASE RATES
Full-Time Employees Hired Before 5/1/03

Ramp and Stores Agreement

	Current 05/14/02	05/01/03	05/01/04	05/01/05	05/01/06	05/01/07	05/01/08
Lead Ramp Serviceman	\$24.87	\$21.64	\$21.96	\$22.29	\$22.62	\$22.96	\$23.30
Ramp Serviceman							
Thereafter	\$23.39	\$20.35	\$20.66	\$20.97	\$21.28	\$21.60	\$21.92
Next 6 months	18.85	16.40	16.65	16.90	17.15	17.41	17.67
3rd 18 months	15.59	13.56	13.76	13.97	14.18	14.39	14.61
2nd 18 months	13.70	11.92	12.10	12.28	12.46	12.65	12.84
1st 18 months	11.55	10.05	10.20	10.35	10.51	10.67	10.83
Lead Storekeeper	\$24.87	\$21.64	\$21.96	\$22.29	\$22.62	\$22.96	\$23.30
Storekeeper							
Thereafter	\$23.39	\$20.35	\$20.66	\$20.97	\$21.28	\$21.60	\$21.92
Next 6 months	18.85	16.40	16.65	16.90	17.15	17.41	17.67
3rd 18 months	15.59	13.56	13.76	13.97	14.18	14.39	14.61
2nd 18 months	13.70	11.92	12.10	12.28	12.46	12.65	12.84
1st 18 months	11.55	10.05	10.20	10.35	10.51	10.67	10.83
Lead Vehicle Driver	\$23.28	\$20.25	\$20.55	\$20.86	\$21.17	\$21.49	\$21.81
Vehicle Driver							
Thereafter	\$21.90	\$19.05	\$19.34	\$19.63	\$19.92	\$20.22	\$20.52
Next 6 months	17.69	15.39	15.62	15.85	16.09	16.33	16.57
3rd 18 months	14.68	12.77	12.96	13.15	13.35	13.55	13.75
2nd 18 months	12.85	11.18	11.35	11.52	11.69	11.87	12.05
1st 18 months	10.85	9.44	9.58	9.72	9.87	10.02	10.17

Longevity unchanged.

Food Service Agreement

	Current						
Cook	<u>05/14/02</u>	<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>
Thereafter	\$21.26	\$18.50	\$18.78	\$19.06	\$19.35	\$19.64	\$19.93
Next 6 months	18.54	16.13	16.37	16.62	16.87	17.12	17.38
3rd 18 months	16.95	14.75	14.97	15.19	15.42	15.65	15.88
2nd 18 months	15.92	13.85	14.06	14.27	14.48	14.70	14.92
1st 18 months	15.29	13.30	13.50	13.70	13.91	14.12	14.33

Baker							
Thereafter	\$20.27	\$17.63	\$17.89	\$18.16	\$18.43	\$18.71	\$18.99
Next 6 months	17.85	15.53	15.76	16.00	16.24	16.48	16.73
3rd 18 months	16.21	14.10	14.31	14.52	14.74	14.96	15.18
2nd 18 months	15.23	13.25	13.45	13.65	13.85	14.06	14.27
1st 18 months	14.63	12.73	12.92	13.11	13.31	13.51	13.71

Food Service Employees

Thereafter	\$13.73	\$11.95	\$12.13	\$12.31	\$12.49	\$12.68	\$12.87
10th Year	13.19	11.48	11.65	11.82	12.00	12.18	12.36
9th Year	12.68	11.03	11.20	11.37	11.54	11.71	11.89
8th Year	12.19	10.61	10.77	10.93	11.09	11.26	11.43
7th Year	11.67	10.15	10.30	10.45	10.61	10.77	10.93
6th Year	11.22	9.76	9.91	10.06	10.21	10.36	10.52
5th Year	10.77	9.37	9.51	9.65	9.79	9.94	10.09
4th year	10.36	9.01	9.15	9.29	9.43	9.57	9.71
3rd Year	9.97	8.67	8.80	8.93	9.06	9.20	9.34
2 nd Year	9.54	8.30	8.42	8.55	8.68	8.81	8.94
1st Year	9.14	7.95	8.07	8.19	8.31	8.43	8.56

Food Service Coordinators

Thereafter	\$21.56	\$18.76	\$19.04	\$19.33	\$19.62	\$19.91	\$20.21
10th Year	16.62	14.46	14.68	14.90	15.12	15.35	15.58
9th Year	14.70	12.79	12.98	13.17	13.37	13.57	13.77
8th Year	13.24	11.52	11.69	11.87	12.05	12.23	12.41
7th Year	12.14	10.56	10.72	10.88	11.04	11.21	11.38
6th Year	11.67	10.15	10.30	10.45	10.61	10.77	10.93
5th Year	11.29	9.82	9.97	10.12	10.27	10.42	10.58
4th year	10.79	9.39	9.53	9.67	9.82	9.97	10.12
3rd Year	10.37	9.02	9.16	9.30	9.44	9.58	9.72
2 nd Year	9.91	8.62	8.75	8.88	9.01	9.15	9.29
1st Year	9.49	8.26	8.38	8.51	8.64	8.77	8.90

Longevity unchanged.

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Red Circled Food Service Employees

	Current <u>05/14/02</u>	<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	\$21.60	\$18.79	\$19.07	\$19.36	\$19.65	\$19.94	\$20.24
Lead Pantry Worker	\$20.50	\$17.84	\$18.11	\$18.38	\$18.66	\$18.94	\$19.22
Pantry Worker	\$19.74	\$17.17	\$17.43	\$17.69	\$17.96	\$18.23	\$18.50
Lead Food Svc Asst	\$18.35	\$15.96	\$16.20	\$16.44	\$16.69	\$16.94	\$17.19
Food Svc Asst	\$17.29	\$15.04	\$15.27	\$15.50	\$15.73	\$15.97	\$16.21
Porter	\$14.38	\$12.51	\$12.70	\$12.89	\$13.08	\$13.28	\$13.48
Pastry Chef	\$24.54	\$21.35	\$21.67	\$22.00	\$22.33	\$22.66	\$23.00
Pastry Cook	\$22.16	\$19.28	\$19.57	\$19.86	\$20.16	\$20.46	\$20.77

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

	Current <u>05/14/02</u>	<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	\$24.74	\$21.52	\$21.84	\$22.17	\$22.50	\$22.84	\$23.18

Longevity unchanged.

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Security Officer Agreement

	Current						
	<u>05/14/02</u>	<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>
Lead Security Officer	\$3,856	\$3,355	\$3,405	\$3,456	\$3,508	\$3,561	\$3,614
Security Officer							
Thereafter	\$3,668	\$3,191	\$3,239	\$3,288	\$3,337	\$3,387	\$3,438
Next 6 months	\$2,878	\$2,504	\$2,542	\$2,580	\$2,619	\$2,658	\$2,698
3rd 18 months	\$2,307	\$2,007	\$2,037	\$2,068	\$2,099	\$2,130	\$2,162
2nd 18 months	\$1,957	\$1,703	\$1,729	\$1,755	\$1,781	\$1,808	\$1,835
1st 18 months	\$1,802	\$1,568	\$1,592	\$1,616	\$1,640	\$1,665	\$1,690

Longevity unchanged.

Air Freight Representative (AFR)
Customer Service Representative (CSR)
International Customer Service Representative (ICSR)
Station Operations Representative (SOR)
Cargo Representative – Internal Support (CRIS)
Air Freight Operations Coordinators (AFOC)
Regional Key Account Representative (RKAR)

	Current						
	<u>05/14/02</u>	<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>
Starting Rate	\$11.35	\$9.87	\$10.02	\$10.17	\$10.32	\$10.47	\$10.63
Step 01	11.84	10.30	10.45	10.61	10.77	10.93	11.09
Step 02	12.34	10.74	10.90	11.06	11.23	11.40	11.57
Step 03	13.14	11.43	11.60	11.77	11.95	12.13	12.31
Step 04	13.62	11.85	12.03	12.21	12.39	12.58	12.77
Step 05	14.80	12.88	13.07	13.27	13.47	13.67	13.88
Step 06	15.57	13.55	13.75	13.96	14.17	14.38	14.60
Step 07	16.83	14.64	14.86	15.08	15.31	15.54	15.77
Step 08	18.30	15.92	16.16	16.40	16.65	16.90	17.15
Step 09	20.01	17.41	17.67	17.94	18.21	18.48	18.76
Thereafter	24.29	21.13	21.45	21.77	22.10	22.43	22.77

Reservations Sales & Services Representatives (RSSR (SSR)
Ticket Sales Representatives (TSR)
Cargo Sales and Services Representatives (CSSR)
Baggage Service Representatives (BSR)

	Current						
	<u>05/14/02</u>	<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>
Starting Rate	\$10.39	\$9.04	\$9.18	\$9.32	\$9.46	\$9.60	\$9.74
Step 01	10.82	9.41	9.55	9.69	9.84	9.99	10.14
Step 02	11.35	9.87	10.02	10.17	10.32	10.47	10.63
Step 03	12.28	10.68	10.84	11.00	11.17	11.34	11.51
Step 04	12.71	11.06	11.23	11.40	11.57	11.74	11.92
Step 05	13.85	12.05	12.23	12.41	12.60	12.79	12.98
Step 06	14.54	12.65	12.84	13.03	13.23	13.43	13.63
Step 07	15.77	13.72	13.93	14.14	14.35	14.57	14.79
Step 08	17.25	15.01	15.24	15.47	15.70	15.94	16.18
Step 09	18.96	16.50	16.75	17.00	17.26	17.52	17.78
Thereafter	23.45	20.40	20.71	21.02	21.34	21.66	21.98

Longevity unchanged.

Service Director Premium

Current							
<u>05/14/02</u>	<u>05/01/03</u>	<u>06/01/03</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>
\$1.20	\$1.04	\$1.13	\$1.15	\$1.17	\$1.19	\$1.21	\$1.23

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Valet Room Attendant

	Current						
	<u>05/14/02</u>	<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>
Starting Rate	\$9.81	\$8.53	\$8.66	\$8.79	\$8.92	\$9.05	\$9.19
Step 01	10.30	8.96	9.09	9.23	9.37	9.51	9.65
Step 02	10.66	9.27	9.41	9.55	9.69	9.84	9.99
Step 03	11.02	9.59	9.73	9.88	10.03	10.18	10.33
Step 04	11.42	9.94	10.09	10.24	10.39	10.55	10.71
Step 05	11.81	10.27	10.42	10.58	10.74	10.90	11.06
Step 06	12.29	10.69	10.85	11.01	11.18	11.35	11.52
Step 07	12.83	11.16	11.33	11.50	11.67	11.85	12.03
Step 08	13.48	11.73	11.91	12.09	12.27	12.45	12.64
Step 09	14.28	12.42	12.61	12.80	12.99	13.18	13.38
Thereafter	16.39	14.26	14.47	14.69	14.91	15.13	15.36

Customer Service Clerk (CSC)

	Current						
	<u>05/14/02</u>	<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>
Starting Rate	\$9.08	\$7.90	\$8.02	\$8.14	\$8.26	\$8.38	\$8.51
Step 01	9.54	8.30	8.42	8.55	8.68	8.81	8.94
Step 02	9.87	8.59	8.72	8.85	8.98	9.11	9.25
Step 03	10.22	8.89	9.02	9.16	9.30	9.44	9.58
Step 04	10.57	9.20	9.34	9.48	9.62	9.76	9.91
Step 05	10.94	9.52	9.66	9.80	9.95	10.10	10.25
Step 06	11.38	9.90	10.05	10.20	10.35	10.51	10.67
Step 07	11.89	10.34	10.50	10.66	10.82	10.98	11.14
Step 08	12.48	10.86	11.02	11.19	11.36	11.53	11.70
Step 09	13.23	11.51	11.68	11.86	12.04	12.22	12.40
Thereafter	15.34	13.35	13.55	13.75	13.96	14.17	14.38

Longevity unchanged.

Revise Letter 84-4R to reflect the new Hawaii Differential as follows:

RAMP AND STORES AGREEMENT

	Current						
	<u>05/14/02</u>	<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>
Lead Ramp Serviceman	\$1.64	\$1.43	\$1.45	\$1.47	\$1.49	\$1.51	\$1.53
Lead Storekeeper	\$1.64	\$1.43	\$1.45	\$1.47	\$1.49	\$1.51	\$1.53
Ramp Serviceman	\$1.59	\$1.38	\$1.40	\$1.42	\$1.44	\$1.46	\$1.48
Storekeeper	\$1.59	\$1.38	\$1.40	\$1.42	\$1.44	\$1.46	\$1.48

Revise Letter 99-4P to reflect the new Hawaii Override as follows:

PUBLIC CONTACT EMPLOYEES' AGREEMENT

	Current						
	<u>05/14/02</u>	<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>
CSC	\$98	\$85	\$86	\$87	\$88	\$89	\$90
VRA	\$107	\$93	\$94	\$95	\$96	\$97	\$98
BSR	\$95	\$83	\$84	\$85	\$86	\$87	\$88
CSSR, RSSR, TSR	\$106	\$92	\$93	\$94	\$95	\$96	\$97
AFR, CSR, ICSR, SOR	\$110	\$96	\$97	\$98	\$99	\$100	\$102

Attachment B
SCHEDULE A BASE RATES – RAMP 10-YEAR PAY SCALE

All Part-Time Employees and Full-Time Employees Hired on or After May 1, 2003
(Excludes Full-Time Hired Prior to May 1, 2003 Converted to Part-Time Status)

	<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>
Lead Ramp Serviceman	\$21.64	\$21.96	\$22.29	\$22.62	\$22.96	\$23.30
Ramp Serviceman						
1st year	\$10.05	\$10.20	\$10.35	\$10.51	\$10.67	\$10.83
2nd year	10.45	10.61	10.77	10.93	11.09	11.26
3rd year	10.87	11.03	11.20	11.37	11.54	11.71
4th year	11.57	11.74	11.92	12.10	12.28	12.46
5th year	11.97	12.15	12.33	12.51	12.70	12.89
6th year	12.93	13.12	13.32	13.52	13.72	13.93
7th year	13.58	13.78	13.99	14.20	14.41	14.63
8th year	14.67	14.89	15.11	15.34	15.57	15.80
9th year	15.92	16.16	16.40	16.65	16.90	17.15
10th year	17.41	17.67	17.94	18.21	18.48	18.76
Thereafter	20.35	20.66	20.97	21.28	21.60	21.92
Lead Storekeeper	\$21.64	\$21.96	\$22.29	\$22.62	\$22.96	\$23.30
Storekeeper						
1st year	\$10.05	\$10.20	\$10.35	\$10.51	\$10.67	\$10.83
2nd year	10.45	10.61	10.77	10.93	11.09	11.26
3rd year	10.87	11.03	11.20	11.37	11.54	11.71
4th year	11.57	11.74	11.92	12.10	12.28	12.46
5th year	11.97	12.15	12.33	12.51	12.70	12.89
6th year	12.93	13.12	13.32	13.52	13.72	13.93
7th year	13.58	13.78	13.99	14.20	14.41	14.63
8th year	14.67	14.89	15.11	15.34	15.57	15.80
9th year	15.92	16.16	16.40	16.65	16.90	17.15
10th year	17.41	17.67	17.94	18.21	18.48	18.76
Thereafter	20.35	20.66	20.97	21.28	21.60	21.92
Lead Vehicle Driver	\$20.25	\$20.55	\$20.86	\$21.17	\$21.49	\$21.81
Vehicle Driver						
1st year	\$9.44	\$9.58	\$9.72	\$9.87	\$10.02	\$10.17
2nd year	9.82	9.97	10.12	10.27	10.42	10.58
3rd year	10.21	10.36	10.52	10.68	10.84	11.00
4th year	10.86	11.02	11.19	11.36	11.53	11.70
5th year	11.24	11.41	11.58	11.75	11.93	12.11
6th year	12.14	12.32	12.50	12.69	12.88	13.07
7th year	12.75	12.94	13.13	13.33	13.53	13.73
8th year	13.77	13.98	14.19	14.40	14.62	14.84
9th year	14.94	15.16	15.39	15.62	15.85	16.09
10th year	16.34	16.59	16.84	17.09	17.35	17.61
Thereafter	19.05	19.34	19.63	19.92	20.22	20.52

**Attachment C
Conversion to 10 year Pay Scale**

Letter 03-XX R
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 will confirm the agreement between the Company and the Union during the recent 1113(c) negotiations regarding the conversion and placement of current part-time employees on to the new Schedule A 10 year Ramp pay scale.

The parties have agreed that the placement of affected employees will be accomplished in the following manner:

Part-time employees currently on the payroll and all part-time employees who are still within their three year reemployment right immediately will be placed on the 10 Year progression at the step that is nearest to their current wage rate, but in no event will an employee's current rate of pay be reduced as a result of such placement.

Thereafter such employees will move to the next step on the new Schedule A on the anniversary of such placement on the new pay scale.

Employees, full or part-time, who transfer into the Ramp Serviceman classification after the effective date of the new 10 year Schedule A pay scale will be placed on that Schedule A in accordance with the current rules of the Agreements.

The 10-year Schedule A scale shall apply to all full or part-time employees hired after the effective date of this Agreement.

Draft Final
IAM 141/United Restructuring Agreement
04/24/03

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

Sincerely,

Peter B Kain
Vice President Labor Relations

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

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

Attachment D Benefits

Active Employees	
Medical ² Preferred Provider Option (PPO)	
In-network	\$250 single/\$500 family deductible
	80/20 coinsurance
	\$1,500 single \$3,000 family out-of-pocket limit
	Out patient mental health and substance abuse treatment payable at 80% after the deductible and the employee share does not apply to out-of-pocket limits.
	Unlimited lifetime maximum
Out-of-network	Deductibles and out of pocket limits are the same as In-Network amounts
	60/40 co-insurance. Employees or their dependents that receive pre-approved covered treatment will receive in-network benefits for those expenses if within 30 miles of their home there is no in-network specialist or in-network primary care physician as applicable to the treatment in question. A 6 month transition plan will be developed for those individuals who as of the Effective Date are receiving treatment from an out-of-network provider for scheduled surgery, inpatient treatment in a hospital, dialysis, chemotherapy, treatment as a follow-up to an accident or injury occurring before the Effective Date, terminal illness, or as a follow-up to a surgery performed before the Effective Date. The transition period for those employees or their eligible dependents that are receiving treatment from an out-of-network provider for their pregnancy shall be the lesser of nine months or the pregnancy.
	All covered expenses limited to Reasonable and Customary as currently defined in the Medical Plan

² The management medical benefits described in the draft SPD provided to the Union on December 27, 2002 and as further modified in this Attachment are the underlying basis for the medical benefits under this Restructuring Agreement.

	Inpatient mental health and substance abuse treatment limited to 30 days per calendar year per person, out patient payable at 50% after the deductible and the employee share is not applied to the out-of-pocket limit.
	\$500,000 lifetime maximum for expenses incurred on or after May 1, 2003.
Covered expenses would include necessary care and treatment of illness, injury, and pregnancy as well as expenses for certain preventive care, e.g., pap smears, PSA tests and certain routine physicals. The PPO Incentive check will be discontinued.	
Prescription drugs at retail subject to deductible and co-insurance as described above for in-network. Mandatory use of mail after 90 days at retail. Mail order prescription drug employee co-payment \$15 for generic medication for up to 90 day supply and \$45 for brand medication for up to a 90 day supply. Employee co-pay increases annually at the same rate as the cost of the mail order prescription drug plan increases (cost to be determined using active employees and pre-Medicare retirees). Any increase in the co-payment for any year will not exceed 7% of the prior year's co-payment, rounded to the nearest dollar. Strong management to ensure consistency with medical necessity and generally accepted practice.	
Maintenance of Benefits for employees with other group coverage rather than Coordination of Benefits.	
Full right of reimbursement.	
Employee contribution would equal 20% of the cost of the plan (cost to be determined using active employees and pre-Medicare retirees). Any increase in the employee contribution for any year will not exceed 7% of the prior year's contribution, rounded to the nearest penny. The contributions would be based on a 4-tier rate structure. For example, the 2003 employee medical contribution for one adult would be \$50.48 per month. With the 2004 increase (not to exceed 7% per year) the 2004 rate would be up to \$54.01 per month; the 2005 rate would be up to \$57.79 per month; and so on.	
Offer HMO options as appropriate. Employee contribution will be the cost of the HMO option less the Company contribution to the cost of the PPO option.	
Dental	Provide current PPO dental plan
	Deductible \$50 per person \$100 per family (doesn't apply to preventive)
	100% Preventive
	80% Restorative
	50% major and orthodontia

	Annual non-orthodontia max - \$2,000
	Lifetime orthodontia max \$2,000
Maintenance of Benefits for employees with other group coverage rather than Coordination of Benefits	
Employee contribution would equal 20% of the cost of the plan. The cost will not increase more than 7% per year, rounded to the nearest penny. The contributions would be based on a 4-tier rate structure.	
Offer Dental Health Maintenance Organization (DHMO) coverage. Employee contribution will be the cost of the DHMO less the Company's contribution to the cost of the PPO option.	
Active Employee Survivors Medical Benefits	No change from current contracts.
Flexible Spending Account	No change from current contracts.
Life Insurance	No change from current contracts.
Accidental Death and Dismemberment	No change from current contracts.
Short Term Disability	Loss of Time – Eliminate for Ramp & Stores, Food Service and Security Officers. Not applicable for PCE.
Sick Leave	No change from current contracts.
LTD	No change from current contracts.
EIS	No change from current contracts.
Defined Benefit Pension Plan	No change from current contracts.
401(k)	No change from current contracts.
Vacation Accrual	No change from current contracts.

Retired Employees (Who Retire on or after July 1, 2003)											
Retiree Medical	<p><u>Pre Medicare</u></p> <p>Provide the same PPO option as active employees. Employee must be at least age 55 with at least 10 years of service and retire from active status or illness leave of absence. Employee contribution based on length of service at retirement as follows:</p> <table> <tr> <th colspan="2">PPO Option</th></tr> <tr> <th>Years of Service</th><th>% of Cost</th></tr> <tr> <td>Fewer than 20</td><td>80%</td></tr> <tr> <td>20 thru 24</td><td>60%</td></tr> <tr> <td>25 and over</td><td>40%</td></tr> </table> <p>The cost to the retiree will increase annually as the cost of the coverage increases.</p>	PPO Option		Years of Service	% of Cost	Fewer than 20	80%	20 thru 24	60%	25 and over	40%
PPO Option											
Years of Service	% of Cost										
Fewer than 20	80%										
20 thru 24	60%										
25 and over	40%										
	<p><u>Post Medicare</u></p> <p>For Employees Who Retire Prior to January 1, 2006. Employee must be at least age 55 with at least 10 years of service and retire from active status or illness leave of absence. One or more supplemental plans to Medicare will be offered with the retiree paying 50% of the full cost of the coverage and the Company paying 50% of the full cost of the coverage.</p> <p>The cost for the post-Medicare option will not increase after the employee retires.</p> <p>For Employees Who Retire On or After January 1, 2006. Employee must be at least age 55 with at least 10 years of service and retire from active status or illness leave of absence. One or more supplemental plans to Medicare will be offered with the retiree paying the full cost of the coverage minus a company contribution of \$90 per month.</p> <p>The cost to the retiree will increase annually as the cost of the coverage increases.</p>										

Retired Employee Survivors Medical Benefits	No change from current contracts.
Retiree Life	Employees must be at least age 55 with at least 10 years of service and retire from active status or illness leave of absence. The benefit is \$10,000.

Attachment E

Establishment of Part-time Classification Seniority

Letter 03-XX R
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 regarding the initial establishment of classification seniority for current and previously separated regular part-time employees, their placement on the seniority list, and their placement on the juniority list for purposes of furlough and recall.

Establishment of Classification Seniority and Placement on Seniority List.

Regular part-time employees in active service of the Company, and part-time employees who have been separated due to a reduction in force and who are within their three (3) year right of re-employment as of the effective date of this letter shall establish classification seniority as of that effective date. That date shall be used to determine these employees' placement on the seniority list established in Article X.E.1.a of the Agreement. Ties in classification seniority of these employees shall be resolved pursuant to the procedure established in Article X.E.1.b of the Agreement.

Placement on Juniority List.

For purposes of the juniority list established in Article X.E.1.a of the Agreement, employees whose classification seniority is established by this letter shall be placed on the juniority list in the exact inverse order of their placement on the seniority list.

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

Attachment F

Amendments to Articles VI, VII, VIII, IX, X, XIII, XIV, And XXII

Attached as a separate document.

Attachment G
Interpretation of Language

Letter 03-XX R
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 interpretation of the provisions from the Public Contact Employees' Agreement that were incorporated into the Ramp and Stores Agreement.

It was agreed that the PCE provisions incorporated into the Ramp and Stores Agreement, including but not limited to Article VI—Hours of Service, Article VII—Overtime, and Article X—Seniority, be given the same interpretation as the identical provision in the PCE Agreement.

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

Attachment H
Part Time

Letter 75-4 R
December 30, 1974
November 25, 1987
December 23, 1991
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:

This letter will confirm the agreement between the IAMAW and United Airlines in the negotiations leading to the 2003-2009 Ramp and Stores Agreement with respect to limitations on the use of part-time Ramp Servicemen.

1. The number of part-time Ramp Servicemen assigned to each Class of stations defined below will not exceed the percentage (rounded to the nearest whole number) of full-time Ramp Servicemen and Lead Ramp Servicemen in active service as follows:

Class A:	
ORD, DEN, LAX, SFO	25%
Class B:	
IAD, SEA, BOS, EWR, PDX, LGA, JFK, SAN, PHL, MSP, MCO	35%
Class C:	
MKE, DCA, ATL, BWI, SLC, OMA, DTW, SMF, TPA, CLE, HNL, PIT, BUF, FLL	None

2. Class C stations shall be permitted to cross-utilize PCE and Ramp employees up to 25% of their aggregate hours.
3. At Class A and Class B stations, the scheduling of part-time employees, including minimum/maximum hours and start times shall be in accordance with Article VI-B, and day off scheduling of

employees shall be in accordance with Article VI-G. of this Agreement. At Class C stations, the scheduling of part-time employees, including minimum and maximum hours and start times shall be the same as in Article VI-B of the PCE Agreement, provided however that the maximum scheduled hours per day shall be eight (8). Day off scheduling for employees at Class C stations shall be the same as in Article VI-D of the PCE Agreement.

4. Temporary part-time employees (part-time employees hired for a period of sixty (60) days or less or the summer peak period of June 1 through Labor Day) shall not count towards the agreed maximums. At the time and point of hiring such temporary part-time employees, the local Managers will inform the Chairman of the Local Committee of the number and expected duration of the job or jobs and reason therefore.
5. In the event of substantially changed operating conditions caused by changed regulations, route awards, schedule patterns, or charter operations, the Company may request Union agreement to higher maximums to meet such conditions.

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

Attachment I
IAD Part-Time

Draft Final
IAM 141/United Restructuring Agreement
04/24/03
Letter 03-XX R
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 will confirm discussions between the Company and the Union during the recent 1113 (c) negotiations regarding the provisions of Letter 75-4R, Paragraph 3. The Company requested additional part-time relief for Dulles due to "schedule patterns." The operation at Dulles is a markedly peaked operation, referred to as the "superbank." If this hub operation is to be successful, this scheduling pattern requires a greater degree of part-time flexibility. The Company has requested and the Union has agreed to permit, but only for the duration of the 2003-2009 Agreement, the Company to utilize up to 45% part-time employees at Dulles.

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

Sincerely,

Peter B Kain
Vice President Labor Relations

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

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

Attachment J
Ramp Part-time Trade Policy

Letter 03-XXR
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 a part-time trade policy to be incorporated into the Ramp and Stores Agreement. The terms of that policy are as follows:

1. The sole intent of this policy shall be to facilitate the ability of part-time ramp servicemen to pick up additional hours of work to supplement their income. Therefore, this policy does not address, nor is it intended to change, any station's current practice regarding trades between leads, between full-time employees, or between part-time employees.
2. Full-time employees shall not be permitted to trade away more than 50% of their scheduled hours within a pay period.
3. A trade is not authorized until approved in advance in writing by a manager or the manager's designee and recorded in appropriate records showing the date of the trade and names of the Scheduled and Working Employee.
4. Employees are expected to submit trades as far in advance as practical but not less than 24 hours in advance of the trade.
5. Probationary employees may not engage in trades.
6. A Scheduled Employee may only trade with a Working Employee who has been trained and is currently proficient in the work assignment of the Scheduled Employee. For example, a Fueller would have to trade with an employee that is fueling qualified and is currently proficient in performing the job.
7. Employees on Restricted Duty may not engage in trades except with an employee whose work they are physically able to perform and that is within any work restrictions.
8. Once a trade has been approved, the Working Employee is responsible for ensuring that scheduled work time is performed. A Working Employee who is Unauthorized No Pay, (UNP) on a trade may be subject to suspension of trades.

9. Vacation days and holidays may not be traded, nor may any day already part of a trade be taken as a vacation day or holiday.
10. Once an employee has been notified of training or given notice of a hearing, trades cannot be requested or approved.
11. Hours worked as a part of a trade may not be utilized in the computation of vacation or sick leave accrual, or eligibility for premium rate overtime pay.
12. A Working Employee who calls in sick on a day for which they have traded will not be paid sick leave.
13. No request under these trade provisions shall be honored if found to be in conflict with applicable state or federal law.
14. Overtime bypass rules will not apply to employees involved in a trade.
15. The Scheduled Employee who is on the traded off day will not be eligible to sign up for overtime. (RDO)

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

Attachment K
Internet Reservations

Letter 03-XXP
May 1, 2003

Mr. S. R. Canale
President & Directing General Chairman
International Association of Machinists
And Aerospace Workers – District 141
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 6007

Dear Randy:

This will confirm discussions between the Company and the Union during the recent 1113(c) negotiations. We discussed amending Article IV-L of the PCE Agreement to include Internet reservations work currently being performed by an outsider vendor; such work to commence on or before May 1, 2004.

This "Internet work" was explained as the passenger flight segment, or PNR related work being performed in support of *united.com*. Given the time available before the conclusion of these negotiations, we do not believe that it is possible to complete the analysis to determine if this is feasible. However, the Company is willing to continue to explore the possibility of bringing this work to United Reservations and will continue to engage in discussion with the Union on this issue.

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

Sincerely,

Peter B Kain
Vice President Labor Relations

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

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

Attachment L
Establishment of a Low-Cost Operation

Letter 03-XX RP
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.

Draft Final
IAM 141/United Restructuring Agreement
04/24/03

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

**Attachment M
Cargo Outsourcing**

Letter 03-XX RP
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 will confirm the agreement between the Company and the Union during the recent 1113(c) negotiations regarding United's cargo operations. The parties have agreed that United can not competitively compete in cargo handling and cargo reservations, and that contracting out that work will enhance the Company's revenue. Therefore, they have agreed as follows:

1. Notwithstanding Article II-D, Article IV-B and Letter 69-6 of the Ramp and Stores Agreement, and Article II-C and Article IV of the Public Contact Employees' Agreement, the Company may contract out non-"running" mail and freight work (work not performed at the ramp), as well as cargo reservations.
2. The parties have further agreed to provide the enhanced separation benefits as described in Letter 02-15RP to employees whose classifications are eliminated and who are involuntarily displaced from a cargo warehouse or cargo call center as a result of this Letter.
3. Finally, United has agreed that, if at any time in the future the Company again begins to perform the work described in Paragraph 1 of this Letter, it shall be performed by United employees governed by the Ramp and Stores or Public Contact Employees' Agreements. Nothing in this paragraph, however, limits in any way the Company's ability to contract out this work.

Draft Final
IAM 141/United Restructuring Agreement
04/24/03

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

Sincerely,

Peter B Kain
Vice President Labor Relations

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

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

**Attachment N
Work Not in Conflict**

Letter 03-XX R
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 will confirm discussions between the Company and the Union during the recent 1113 (c) negotiations. We discussed the possibility of employees represented by District 141 performing Receipt and Dispatch work, as long as that work is not in conflict with the provisions of any other United-IAM Agreement. In the event that this work becomes available, the IAM and the Company will meet to discuss all issues related to this matter.

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

Sincerely,

Peter B. Kain
Vice President Labor Relations

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

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

ATTACHMENT O

**ARTICLE III
STATUS OF THE 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-XXPRFS 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.

Attachment P
Success Sharing

IAM 141 members will participate in the following incentive program and profit sharing program:

I. Incentive Program	
Program	All domestic employees (including all employees represented by IAM 141) will participate in an annual incentive program that aligns the interests of management and other employees.
Annual Performance Incentive Program	<ol style="list-style-type: none">1. Prior to each calendar year beginning with 2004, the Compensation Committee of the Board of Directors 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.2. The Annual Incentive Formula will be based on the following performance measures as reasonably weighted by the Committee. Each business unit (e.g., United Airlines³, 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.3. A significant cash portion of the target cash compensation of management employees is payable through the Annual Performance Incentive Program. It is understood that the Compensation Committee of the BOD will, from time to time, review and adjust the target compensation levels, cash compensation levels and the portion of cash compensation at risk, provided that such compensation at risk remains a significant portion of the target cash compensation of management employees.

³The LCO (if established) may have separate measures for its own employees. UA employees providing services to the LCO will have UA measures.

Employee Incentive Payments	<p>Non-management employees 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):</p> <p>Threshold Performance: 2.5% of Wages Target Performance: 5% of Wages Maximum Performance: 10% of Wages</p>
Wages	Base pay, overtime, holiday pay, longevity, sick pay, vacation pay, shift differential, overrides and premiums but excluding expense reimbursement, incentive or profit sharing payments, pension payments, imputed income or other similar awards or allowances.
Payment Date	On the same date as incentive payments are made to management employees.
Benefits	Incentive payments will be pensionable under the Final Average Earnings pension plan applicable to IAM 141 members.
Duration	The incentive plan will cover each calendar year beginning in 2004.
Distribution Option	Cash, subject to 401(k) deferral.
Dispute Resolution (As to both incentive and profit sharing programs)	The Company will provide any information requested by the IAM 141 to audit calculation of UAL's performance under the incentive plan and under the profit sharing program below. The parties agree that expedited arbitration under Article XVIII (Ramp and PCE) or Article XVII (FS, SO) shall be available for any disputes over incentive payment and profit sharing calculations.

II. Profit Sharing Program											
Program	All domestic employees (including all employees represented by IAM 141) will participate in a pre-tax profit sharing program with respect to calendar years beginning in 2005.										
Pretax Profit	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.										
Annual Profit Sharing Pool	15% of the excess of (i) annual Pretax Profit over (ii) the Annual Plan Threshold, but in no event more than the pool cap.										
Annual Plan Threshold	The product of (i) net UAL revenues and (ii) the following percentages (which represent net pretax profit margins): <table border="0" style="margin-left: 40px;"> <tr> <td>2005</td><td>8%</td></tr> <tr> <td>2006</td><td>10%</td></tr> <tr> <td>2007</td><td>10%</td></tr> <tr> <td>2008</td><td>10%</td></tr> <tr> <td>2009</td><td>10%</td></tr> </table>	2005	8%	2006	10%	2007	10%	2008	10%	2009	10%
2005	8%										
2006	10%										
2007	10%										
2008	10%										
2009	10%										
Pool Cap	8% of Wages of all participating employees.										
IAM 141's Share	17.8% of the Profit Sharing Pool.*										
Employee Allocation	As determined by IAM 141.										
Payment	May 1 st of the year following each program year.										
Distribution Option	Cash, subject to 401(k) deferral.										

*IAM 141's share subject to further review upon completion of other labor group agreements.

Attachment Q

IAM 141/UAL Distribution Agreement

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 141 members' contributions given in connection with the consensual Section 1113 Restructuring Agreement reached between UAL, the Company, and IAM 141 effective May 1, 2003 (the "2003 Restructuring Agreement"), which modifies the parties' various collective bargaining agreements (the "141 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, upon 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 dollar value of 30 months of average cost reductions under the 2003 Restructuring Agreement as reasonably measured under Labor Model 1.1a (the "IAM 141 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 addition, any Plan proposed or supported by UAL and/or the Company will provide the IAM 141 members with at least 17.8%⁴ (subject to review of the IAM 141 members portion of the total agreed-upon labor cost savings from the 2003 Restructuring Agreement through April 30, 2009) of the common equity, securities and/or other consideration provided to all Company employees under the Plan in connection with employee cost reductions (the "Allocation").

⁴ IAM 141's share subject to further review upon completion of other labor group agreements.

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. Prior to the effective date of the Plan, IAM 141 will provide the Company with a reasonable allocation of the Distribution or the Alternative Distribution as applicable (which allocation will distribute all of the Distribution or the Alternative Distribution to the IAM 141 members).
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.

**Attachment R
Review Committee**

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,

Peter B. Kain
Vice President
Labor Relations

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

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

**Attachment S
Part-time Schedules**

Letter 03-XX
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 will confirm the understanding reached between the Company and Union during the negotiations leading to the 2003-2009 Ramp and Stores Agreement. The Union expressed concern over the scheduling of part-time employees in light of the changes agreed to in Article X-O of the Agreement. There was concern that the Company would attempt to cover the need for a full time employee through a combination of a part-time employee schedule and overtime from either a full-time or part-time employee which would result in a part-time employees working forty (40) hours on a frequent basis. The Union was assured that the Company had no intention of scheduling part-time employees in that fashion. Nevertheless, the Company and the Union recognize that such could infrequently occur due to irregular operations or other factors.

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

Sincerely,

Peter B. Kain
Vice President
Labor Relations

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

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

Attachment T
MPI – Breaks

Letter 03-XX

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 discussions during negotiations leading to the 2003 – 2009
Mileage Plus, Inc. Public Contact Employees' Agreement, the parties agreed that
the following shall apply:

1. Employees who work four (4) hours or more shall be granted a fifteen (15) minute rest period.
2. Employees who work more than six (6) hours shall be granted two fifteen (15) minute rest periods.
3. An additional fifteen (15) minute rest period will be granted for every additional four (4) hours of work.

Sincerely,

Karen C. Walsh
President & CEO
Mileage Plus, Inc.

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

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

Attachment U
Code Share

Letter 94-4 RFS
July 12, 1994

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,

Peter B. Kain
Vice President Labor Relations

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

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

**2003-2009
AGREEMENT**

**Between
United Air Lines, Inc.
and**

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

RAMP AND STORES AGREEMENT

**ARTICLE VI
HOURS OF SERVICE**

- A. Eight (8) consecutive hours of service, exclusive of meal period, will constitute a full time work shift. Forty (40) hours, consisting of five (5) eight (8) hour days worked within seven (7) consecutive days, midnight Saturday to midnight Saturday, will constitute a standard full time work week. .
- B. Part-time shifts will be scheduled for a minimum of four (4) hours per day and a maximum of six (6) hours per day, exclusive of a thirty (30) minute meal period for employees scheduled for or who actually work in excess of four and one-half (4 ½) hours. A part-time work week shall consist of a minimum of twenty (20) hours and a maximum of thirty (30) hours in a work week. Notwithstanding the above, the Company may schedule part-time employees to work eight (8) hours per day and sixteen (16) hours per week, but only if they are scheduled to work two (2) eight (8) hour shifts on Friday/Saturday, Saturday/Sunday, or Sunday/Monday.
- C. All employees coming under this Agreement will have at least two (2) regularly scheduled days off during each work week which will be consecutive except where employees are assigned to a Saturday/Sunday fixed days off schedule or a rotating days off schedule provides other than consecutive days off in order to repeat the schedule of rotated days off. 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 work area, 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. At Maintenance Bases, every effort will be made in the future to arrange working schedules to allow Saturday and Sunday off, and present shops or subdivisions thereof presently operating with Sunday as a regularly scheduled day off will continue to operate on that basis insofar as possible. 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 a half and the second day for double time.
- D. When only one (1) shift is employed at a Maintenance Base the starting time will be not earlier than 7:00 a.m. and not later than 8:00 a.m. A lunch period of thirty (30) minutes will be scheduled on a local basis within thirty (30) minutes before and one (1) hour after the middle of the shift.
- E. Where two (2) shifts are employed at a Maintenance Base the second shift will start immediately after the first shift and a lunch period of thirty (30) minutes will be allowed within the limits of the fifth hour.
- F. Where three (3) shifts are employed at a Maintenance Base, the starting time for the first and second shifts shall be governed by the times set forth in this Article and a third shift will be scheduled so that it starts eight (8) hours prior to the first shift. A lunch period of thirty (30) minutes will be allowed within the fifth hour of the third shift.
- G. The starting time for shifts at Line Service Stations shall be established in accordance with the needs of the service at each station, but in accordance with the provisions of Paragraphs A and B of this Article, provided that there shall not be more than seven (7) starting times within a twenty-four (24) hour period for any full time classification of employees for a work area at a Line Station. There shall not be more than five (5) starting times within a twenty-four (24) hour period for any part-time classification of employees for a work area at a Line Station, and there shall be at least one hour separation between any two part-time starting times, and there shall be no back to back scheduling. Lunch periods at Line Service Stations will be scheduled by mutual agreement on a local basis as close to the mid point of the shift as the needs of the service will permit.
- H.

1. The regular starting and stopping time for work shifts will be scheduled and posted at each Maintenance Base and Line Service Station 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.
- I. Employees who work four (4) hours or more shall be granted a ten (10) minute rest period. Employees who work more than six (6) hours shall be granted two (2) ten (10) minute rest periods. An additional ten (10) minute rest period shall be granted for every four (4) hours of work.
- J. **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 therefore 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.
- K. 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, will 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.
- L.
1. The Company will establish as necessary the number of Lead Ramp Servicemen, Ramp Servicemen, Lead Storekeepers, Storekeepers, and Vehicle Drivers for the needs of the service on each shift at any Line Service Station, storeroom, warehouse, or other place where employees covered by this Agreement are located. There shall 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.
 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.

ARTICLE VII OVERTIME

An employee will be paid overtime pay at the straight time rate or premium time rate for time worked outside the employee's regular schedule, whether before or after the employee's normal shift or on a regular day off.

A. Overtime Pay

1. The rate of straight time shall be paid for work performed by part-time employees beyond their scheduled hours up to a maximum of forty (40) hours in a work week, except as provided below.
2. 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, and part-time employees for work in excess of forty (40) straight time hours in a calendar week.
3. 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 for all 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, and to part-time employees for all hours worked on the second day off provided the employee has worked forty (40) straight time hours and any part of the first day off was worked at time and one-half. In addition, the rate will also be paid to part-time employees when straight time hours plus hours worked on regular days off exceed forty-eight (48) hours in a work week.
4. There shall be no pyramiding of overtime rates provide 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 work days 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 work days.
 - 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 VIII HOLIDAYS

A. Employees covered by this Agreement will observe the following holidays:

New Year's Day
Good Friday
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
The Day After Thanksgiving Day
Christmas Day

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 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 and one-half 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 their scheduled 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 and one-half 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 are not worked. This provision shall not change the computation 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 IX
TRAVEL PAY

- A. When employees covered by this Agreement engage in emergency field service away from their base station to perform work covered by this Agreement to restore Company airplanes or equipment to service, they shall be paid for such work on the same basis as at their base station, with a minimum of eight (8) hours or the employee's normal scheduled hours, whichever is less, at straight time rate for each twenty-four (24) hour period. All employees required to travel by air in conjunction with emergency field service will be flown on multi-engine aircraft of sufficient gross weight to safely carry passengers, tools, parts, and equipment.
- B. All time spent in traveling or waiting in connection with emergency field service 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. If such 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 his normal scheduled hours at straight time rate for any twenty-four (24) hour period while away from his base station. 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. Employees required to work after traveling in connection with emergency field service 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.
- D. Upon completion of such emergency field work, an employee shall return to his home station in accordance with the orders received at the time he left his home station, or in accordance with the orders he receives from the person to whom he was ordered to report in the field, and shall be compensated for the return trip in accordance with the provisions of Paragraphs B and C above. Upon return to his home station, he shall, if he has not had a rest period of at least seven and one-half (7) hours within the preceding sixteen hour period, be entitled to a rest period of not less than seven and one-half (7) hours before the starting time of his next regular scheduled shift. In the event there is not sufficient time to permit such a seven and one-half (7) hour rest period prior to the starting time of his next regular scheduled shift, the Company shall release him from duty until he has had a seven and one-half (7) hour rest period, in which case he shall be paid at his regular straight time rate for the hours coinciding with his regular shift which were not worked in addition to his regular pay for the hours of his regular shift which are worked.
- 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 away 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. Employees who are temporarily transferred from their home station to fill temporary vacancies shall be paid in accordance with Paragraphs B and C 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.

- G. 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 his normal scheduled 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.
- H. Employees called from home for emergency field service after completing their regular shift assignment, or on a regular day off, will be allowed one (1) hour as preparatory time at overtime rate and in all possible cases will be given two (2) hours or more notice before departure time.
- I. 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 emergency field service or the filling of temporary vacancies, he shall receive compensation not to exceed his normal scheduled 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 the 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 his normal scheduled 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.
- J. 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 X 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 Ramp Serviceman, Ramp Serviceman, Lead Storekeeper, Storekeeper, and Vehicle Driver. Effective with this Agreement, seniority of present employees at the point where presently employed will include total length of continuous service in the classification with the Company or any of its predecessor companies. The names of all supervisory employees of the Company who have been promoted from classifications covered by this Agreement shall be placed on the seniority list at the point from which 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 at Houston 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, in the filling of full and part time vacancies, and in all promotions, demotions or transfers within or between classifications covered by this Agreement. 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, all newly hired or transferred employees shall be regarded as probationary employees for the first one hundred eighty (180) days of their employment or transfer. Employees may be discharged at any time during said probationary period without hearing. 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. 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.
- E.
 1. a. Master seniority lists by basic classifications for the system showing the name, classification, classification seniority date, work status 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.
 - b. Ties in classification seniority date on the master system seniority list will be broken first by Company seniority date and then by giving preference to the employee with the lower number comprised of the last four digits in his Social Security number. On the rare occasion the last four (4) digits of the Social Security number are identical, ties in company and classification seniority date will be broken by giving preference to the employee with the lower number comprised of the last six (6) digits in the Social Security number. This procedure will not be used to disrupt established relationship of employees already appearing on a seniority list based upon the last

- point at which the employee worked or is working in that classification.
- c. Employees whose adjusted seniority (for example, an employee returning from a leave of absence in excess of ninety (90) days) results in a tie with other employees will be placed ahead of such other tied employees on a seniority list. When two or more employees with adjusted seniority are tied in classification seniority date, their relative position will be determined as provided in subparagraph b. above.
- 2. Seniority lists for classifications higher than basic classifications containing only the names, classifications, and Company service dates of employees holding higher classification seniority at the point shall be posted at the same time as the basic system classification seniority lists at each point. Protests of omissions or incorrect listings shall be made in the same manner and under the same conditions as protests relating to seniority on the system seniority lists by basic classification. When two or more employees are placed on a higher classification seniority list with the same higher classification date, they shall appear in the order of their position on the basic seniority list. This procedure shall not be used to disrupt the established relationship of employees already appearing on the higher classification seniority list.
- F. An employee covered by this Agreement shall lose his seniority status and his name shall be removed from the seniority list under the following conditions:
 - 1. He quits or resigns;
 - 2. He is discharged for cause;
 - 3. He is absent from work for two consecutive days without properly notifying the Company of the reason for his absence and not then if a satisfactory reason is given for not so notifying the Company;
 - 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 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 a 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 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 work day 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. Layoff and Recall

1. An employee, except Leads and temporary employees, being laid off in a basic seniority classification because of a reduction in force will receive the options set forth in subparagraphs below.
2. Options for a full-time surplus employee to be considered in the order presented:
 - a. May fill a part-time vacancy in their current job classification at their current location.
 - b. If there are no part-time vacancies, the employee may displace the most junior part-time employee in the same job classification at their current location.
 - c. If the employee does not elect letter a. or b. above, they must fill a full-time vacancy in their current job classification at the point. If the employee declines, they are laid off without severance pay and recall is limited to their current location.
 - d. If there is no full-time vacancy in their job classification at their point, they may: 1) accept layoff with severance pay and elect recall to either the point or location (such election to be made at the time of layoff), or 2) they may fill a part-time vacancy in their current job classification at their current point.
 - e. If the employee does not accept either alternative in d., above, the employee must displace the most junior full-time employee in their current job classification at their point.
 - f. If options a., b. or d. are not exercised and options c. and e. are not available, the employee may elect one of the following: 1) displace the most junior part-time employee in the same job classification at their point, or 2) They may request system full-time placement options in the current job classification and elect recall to either the point or location (such election to be made at the time of layoff).
3. Options for a part-time surplus employee to be considered in the order they are presented.
 - a. May fill a full-time vacancy in their current job classification at their current location.
 - b. If there are no full-time vacancies, the employee may displace the most junior full-time employee in the same job classification at their current location.
 - c. If the employee does not elect letter a. or b. above, they must fill a part-time vacancy in their current job classification at the point. If the employee declines, they are laid off without severance pay and recall is limited to their current location.
 - d. If there is no part-time vacancy in their job classification at their point, they may: a) accept layoff with severance pay and elect recall to either the point or location (such election to be made at the time of layoff), or b) they may fill a fulltime vacancy in their current job classification at their current point.
 - e. If the employee does not accept either alternative in d. above, the employee must displace the most junior part-time employee in their

- current job classification at their point.
- f. If options a., b., or d. are not exercised and options c. and e. are not available, the employee may elect one of the following: 1) displace the most junior full-time employee in the same job classification at their point, or 2) they may request full-time system placement options in the current job classification and elect recall to either the point or location (such election to be made at the time of layoff).
4. When system furlough options are being offered, 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.
 5. Employees opting system displacement must list all locations that they are willing to transfer to in order of preference. However, an employee may limit his willingness to displace to only a given location or locations from among the locations listed by the Company. Preferences and the sequencing of preferences once established shall not be changed. Awards will be made on the basis of seniority with the most senior employee being awarded their first choice. Employees unable to displace at the locations indicated will be placed on layoff.
 6. 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.
 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 layoff with right of recall at his point.
 8.
 - a. Employees maintain recall rights as provided in subparagraphs J.2., J.3. and J.4. of this Article to the job classification, work status, point and/or location from which they were laid off until recall is offered and is either accepted or declined.
 - b. If while employees at a location or point are on furlough and the Company makes changes to the ratio of work status between full-time and part-time, the newly created openings shall be filled in seniority order among active and furloughed employees at that location or point.
 9. 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.
 10. 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.
 11. 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 for travel on his regular days off between the point to which transferred and his former point.
 12. 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. Employees holding seniority in premium classifications who bid to other points shall lose all seniority in their premium classifications at the point from which they bid. In the case of a

- reduction in force affecting premium classifications, the employees reduced shall exercise their basic classification seniority or other seniority held at the point at which reduced.
- 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) months 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 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 for work contemplated to last in excess of six (6) months. The Company will notify the System General Chairman every other month beginning with January of the names and locations of all temporary employees and the reasons for their employment. If any permanent full-time jobs become available while temporary 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 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.

- 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 XIII
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. Vacation is earned and used in hours and will be paid at the employee's regular rate of pay in effect at the time the vacation is taken.

B. Vacation Accrual

1. Full-time

During the first calendar year of employment, a regular fulltime employee will accrue six and two-thirds (6-2/3) hours vacation for each calendar month of active service. Thereafter, vacation accrual for each full year of active service will be based on the employee's length of service as determined by employee's Date of Employment as follows:

<u>Length of Company Service</u>	<u>Vacation Weeks</u>	<u>Accrual Hours</u>
1 year	2	80
4 years	3	120
9 years	4	160
16 years	5	200
24 years	6	240
29 years	7	280

2. Part-time

A regular part-time employee will accrue vacation hours based upon length of service and the ratio of such employee's scheduled work hours to a full-time forty (40) hour work week. For purposes of determining a part-time employee's scheduled hours, the employee will be credited with the greater of scheduled or actual hours paid, including any Authorized No Pay (ANP) time.

- 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 fulltime 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 shop, station, office, or department 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 pay day.

ARTICLE XIV
Sick Leave

A. Non Occupational Sick Leave

1. Regular Full Time Employees

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 and ten (110) days.

2. Regular Part Time Employees

a. Employees will accrue non-occupational sick leave credit for each month of service based upon a ratio of straight time hours paid plus Authorized No Pay (ANP) to the total hours in a full time work schedule in the applicable calculation period to a maximum of 110 days.

b. During the first six (6) months of employment, the employee will not be paid sick leave pay for absences due to illness or injury. During the second six (6) months of employment, the employee may use sick leave credit for up to six (6) days at one-half (1/2) pay.

c. Sick leave accrual for an employee who transfers to a regular part-time position shall be four (4) hours per month until the following January, at which time the part-time accrual rate will be calculated pursuant to Paragraph 2a above.

B. After one (1) year of employment, sick leave with pay in case of actual sickness or injury 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 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 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. Occupational Illness or Injury Leave

1.. Regular Full Time-Employees

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.

2. Regular Part-Time Employees

Employees will accrue four (4) hours of occupational illness or injury leave for each month during their first year of employment. Thereafter, they will accrue based upon a ratio of straight time hours paid plus ANP in the previous calendar year up to the number of hours in a full-time work schedule to a maximum of one hundred (100) days.

3. 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 (1/2) 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.

B. Rate of Severance Pay

1. 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.
2. A part-time employee receives severance pay based on the scheduled hours during the two (2) pay periods before the date of notification of layoff.
3. Calculation for both full-time and part-time employees is based on the following severance pay table:

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.

ARTICLE XXII
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.

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.

Letter 61-1
August 1, 1961
Revised August 13, 1979

Mr. J. L. Reeves
President & General Chairman
International Association of
Machinists-District 141
P.O. Box 391
Burlingame, California

Dear Mr. Reeves:

This letter will confirm our understanding with respect to the duties of employees in the Ramp Serviceman classification at Buffalo, Minneapolis, Milwaukee, Atlanta, Orlando and Tampa.

At these locations, Ramp Servicemen will receive and dispatch airplanes; connect and operate power units and lavatory service; signal for the starting of engines; supply fuel, oil and ADI fluid; clean airplanes; position wheel chocks and blocks; and install and remove inlet covers or engine warmer discs in addition to other Ramp Serviceman duties. Notwithstanding any provisions of the Mechanics or Ramp and Stores Agreements to the contrary, Ramp Servicemen may perform any of these duties although mechanic personnel are available.

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

Sincerely,

/s/ R. F. Ahrens

R. F. Ahrens
Senior Vice President
Personnel
Accepted and agreed to
this 1st day of Aug., 1961

/s/ J. L. Reeves

J. L. Reeves
President & General Chairman
District 141