

(Economic Recovery Program)

LETTER OF AGREEMENT
between
UNITED AIR LINES, INC.
and
THE FLIGHT ATTENDANTS
in the service of
UNITED AIR LINES, INC.
as represented by
ASSOCIATION OF FLIGHT ATTENDANTS, AFL-CIO

THIS LETTER OF AGREEMENT is made and entered into in accordance with the Railway Labor Act by and between UAL Corp. (hereinafter referred to as "UAL"), UNITED AIR LINES, INC. (hereinafter referred to as the "Company") and the ASSOCIATION OF FLIGHT ATTENDANTS (hereinafter referred to as "AFA" or the "Association").

WHEREAS UAL, the Company and the Association have reached agreement concerning flight attendant participation in an economic recovery program for United (the "Recovery Program"),

THEREFORE the parties to this Letter of Agreement hereby agree as follows:

1. Effective Date. This Letter of Agreement will become effective on December 1, 2002 (the "Effective Date").*
2. Contract Extension. The amendable date of the 1996 – 2001, 2001 – 2006 collective bargaining agreement between the Company and the Association (the "Flight Attendant Agreement") is hereby extended to May 15, 2008. Section 35.B. of the Flight Attendant Agreement is hereby amended to read in its entirety as follows:

This Agreement shall become effective December 1, 2002 and shall continue in full force and effect without modification until May 15, 2008, at which date this Agreement shall renew itself in its entirety without modification on May 15, 2008 and annually on each succeeding May 15th thereafter, unless written notice of intended change is served in accordance with Section 6, Title I of the Railway Labor Act, as amended, by either party hereto at least sixty (60) days but not more than two hundred seventy (270) days prior to May 15, 2008 or May 15th of any year thereafter, upon written notice to either party hereto. By virtue of this Duration Clause there shall be a moratorium on

* The first day of the flight attendant pay month following the satisfaction of the business conditions stated in the letter between Glenn Tilton and Greg Davidowitch dated November ____, 2002.

conferences or negotiations to modify this Agreement under Section 6, Title I of the Railway Labor Act, as amended, or otherwise, until at the earliest two hundred seventy (270) days prior to May 15, 2008.

Effective as of the date of signing, all side letters remain unchanged.

3. Actual Hourly Pay Rates. The actual rates for hourly pay for domestic and international flying under Section 5.A.1. and 2. ("Actual Rates") are set forth in Exhibit A of this Letter of Agreement and shall apply for all purposes under the Flight Attendant Agreement except for the calculation of benefits described in paragraph 5 of this Letter of Agreement. Exhibit A1 includes the Additional Increase for Exceeding Threshold Plan.

The Section 5.B.1. and 5.P. and Section 12.C.7.i. and 1. premium increases scheduled for August 1, 2003 and August 1, 2004 are hereby deferred until May 15, 2008. The Section 5.Q. Lump Sum Payments scheduled for March 1, 2003 and March 1, 2005 and the Formula Adjustment Procedure for 2003 – 2006 are hereby cancelled. The two percent (2.0%) increase in Section 5.A.1. and 2. hourly rates for domestic and international flying scheduled for March 1, 2004 is hereby cancelled. The Section 5.K. Cost of Living Adjustment (COLA) shall be forgone from December 1, 2002 through November 30, 2004.

4. Book Hourly Pay Rates. The book rates for hourly pay for domestic and international flying under Section 5.A.1. and 2 ("Book Rates") are set forth in Exhibit B of this Letter of Agreement and shall only apply to the calculation of benefits described in paragraph 5 of this Letter of Agreement. The forgone Section 5.Q. Lump Sum Payments of the Flight Attendant Agreement shall apply to the calculation of benefits under the United Airlines Flight Attendant Defined Benefit Pension Plan. Such Lump Sum Payments shall be calculated based upon Book Rates set forth in Exhibit B.

5. Benefits. All benefits under (a) the United Airlines Flight Attendant Defined Benefit Pension Plan, (b) the flight attendant long-term disability income benefit under the United Airlines Employee Welfare Benefit Plan, and (c) all flight attendant group life insurance programs under the United Airlines Employee Welfare Benefit Plan shall be calculated and paid on the basis of Book Rates or Actual Rates, whichever is higher. For the same period, all other benefits under the AFA Agreement shall be calculated and paid on the basis of Actual Rates. The flight attendant contribution toward the premium for the long-term disability income benefit and group life insurance programs under the United Airlines Employee Welfare Benefit Plan shall be calculated on the basis of Book Rates or Actual Rates, whichever is higher.

6. Flight Attendant Equity. UAL and the Company shall provide the flight attendants represented by the Association as of the Effective Date the UAL stock options described in Exhibit C to this Letter of Agreement.

7. Contract Revisions. Sections 3.G., 7.A., 9.G.3, 9.G.4b. and 12.G. hereby amended as described in Exhibit D to this Letter of Agreement. The Association and the Company hereby adopt the Letters of Agreement on Section 5.H. and Section 6.B.5. attached in Exhibit D.

8. Deferral of Vacation "Me-Too". The modifications to flight attendant vacation accruals established pursuant to Section 18.B. which were triggered by the Company's change to the Series 15 vacation allowances, which are effective for vacation year 2003, will not be effective for flight attendants during vacation years 2003 through 2008.

9. Grievance Settlement. The parties hereby adopt the settlement attached as Exhibit E to this Letter of Agreement to settle the Avolar grievance.

10. Profit Sharing. The flight attendants shall participate in the UAL profit sharing program described in Exhibit F to this Letter of Agreement.

11. Letters of Agreement. The Association and the Company hereby adopt the Letters of Agreement regarding successorship transactions, consolidation protection, no discipline for wage garnishments, meetings to improve dispute resolution process, Section 1113/1114, trip trading with open flying, furlough alternatives, uniform jackets and Recovery Program meetings attached as Exhibit G to this Letter of Agreement. The Company has also provided the Association with the letter regarding Onboard Service policy clarifications attached in Exhibit G.

12. Shuttle Discussions. The Association and the Company shall discuss the creation of a shuttle or similar operation to compete against low cost competitors.

13. Duration. This Letter of Agreement shall become effective on the Effective Date and shall run concurrently with the Flight Attendant Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this LETTER OF AGREEMENT this ____ day of _____, 2002.

WITNESS:

FOR UNITED AIR LINES, INC.

Peter B. Kain
Vice President – Labor Relations

FOR UAL CORPORATION

Glenn F. Tilton

Chairman, President and Chief Executive
Officer

WITNESS:

FOR THE ASSOCIATION OF FLIGHT
ATTENDANTS, AFL-CIO

Patricia A. Friend, International
President

Gregory E. Davidowitch, President
AFA United Master Executive Council
