



ASSOCIATION OF FLIGHT ATTENDANTS - CWA, AFL-CIO  
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June 18, 2004

Ladies and Gentlemen:

On January 13, 2004 the United Master Executive Council (MEC), during the regular January MEC Meeting, voted unanimously to represent retired Flight Attendants in the event that United continued their intentions to file an 1114 motion in the bankruptcy court, seeking to modify retiree health care.

Within days of the MEC meeting, a plan of action was put into place to create pressure on United Airlines management to cease their efforts in pursuit of their potential filing. Our aggressive campaign included among other actions, leafleting at local airports, advertisements in various media outlets, and letters from both active and retired Flight Attendants. We mobilized volunteers and visited Capitol Hill during an AFA day-of-action. As a result our loyal supporters in Congress wrote letters supporting AFA's position and urged United management to reconsider their decision to pursue an 1114 motion in bankruptcy court.

Ultimately United management did file an 1114 motion in the bankruptcy court, proposing draconian increases to retiree health care premiums that extended indefinitely beyond United's plan of reorganization. Throughout the process the Retiree Committee worked with AFA Legal and our financial experts in negotiations with United management. Our goal was to minimize the impact of modifying retiree health benefits while satisfying the requirement of the court to bargain in good faith.

Early on in the process, we formed a coalition consisting of a majority of the retirees from the various work groups at United, to share information and achieve a common goal in the negotiations. The Retiree Coalition consists of the authorized representatives from the Association of Flight Attendants-CWA, AFL-CIO, International Association of Machinists and Aerospace Workers, AFL-CIO, International Federation of Professional and Technical Engineers ("IFPTE"), Pilot Section 1114 Committee, Professional Airline Flight Control Association, Transport Workers Union of America, AFL-CIO, and Salaried and Management Section 1114 Committee.

Our negotiations have been arduous and are a testament to the actions and solidarity of both active and retired Flight Attendants. The strength and conviction of all involved enabled us to overcome daunting obstacles. We must recognize that our efforts at the onset of the 1114 Campaign and the aggressive actions we undertook to protect retiree benefits set the stage for a more positive conclusion to these negotiations. Without a doubt, much of our success may be attributed to the solidarity of our retirees and the Retiree Coalition whose strength and conviction focused our efforts. Most importantly, the Coalition stood firmly together, sending a clear message to United management of our resolve.

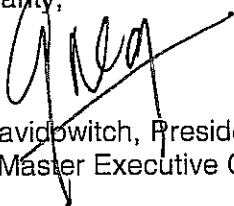
INFLIGHT SAFETY PROFESSIONALS

On Thursday, June 10, 2004, we were able to reach an agreement with United that satisfied our goals. That agreement was subsequently approved by Judge Wedoff in bankruptcy court on Monday, June 14, and becomes effective September 1, 2004. The agreement preserves affordable health care for our retired flying partners and is markedly different from the proposals made by United in both their 1114 motion and at the negotiating table. While it is difficult to accept any concession to our retired flying partners' benefits, the resulting outcome of our negotiations is far preferable to having a third party decide the fate of our colleagues.

An important component of the agreement is the termination of the \$5,000 company provided life insurance benefit. While a difficult decision to make the termination of this policy is expected to provide a recovery of approximately \$60M which will be applied to offset the monthly surcharge, and by doing so dramatically reduced the surcharge contribution each retiree would be responsible for. Retirees who pay premiums for the Group Universal Life Insurance coverage will not have any change in that separate life insurance benefit. Both pre-Medicare and post-Medicare, which continue to be on separate plans, retirees will continue to pay their monthly premium contributions as scheduled plus an additional surcharge per month with modest incremental increases. Both groups will be part of United's PPO program. Under this program, the cost of a ninety day supply of drugs purchased by mail order will be capped at \$16 for generic drugs and \$48 for name brand medication.

Although the costs for retiree medical insurance have risen, we were able to achieve significant success in limiting the scope and impact of those changes, and our agreement is far superior to the cuts sought by United management. Attached are details of the agreement for modifying health care coverage for Flight Attendants who retired on or before July 1, 2003. Information is also available on our website at [www.unitedafa.org/committees/retirement/rrc/agmt/](http://www.unitedafa.org/committees/retirement/rrc/agmt/). We appreciate all the support and dedication you've provided to ensure we were successful in protecting affordable retiree medical benefits. Please check your mail for changes to retiree medical benefits information from United, which should be arriving shortly.

In Solidarity,



Greg Davidowitch, President  
United Master Executive Council



Martha Casne, Retiree Committee  
Master Executive Council



Charlie Costello, Retiree Committee  
Master Executive Council



Sue Liebling, Retiree Committee  
Master Executive Council