

Introduction:

The following is a brief summary highlight of the Tentative Agreement (TA) recently reached between the Company and the IBT for a new United Mechanics and Related collective bargaining agreement (CBA). Unlike previous CBAs, which have generally represented small changes over the previous contract, the new TA with the IBT largely reflects a front-to-back rewrite of the CBA with an eye on the ultimate consolidation of United's and Continental's technicians. Therefore, in most instances the articles of the TA and their terms cannot be "matched" to articles and terms in the current technicians' CBA.

This summary is not a substitute for the TA, for specifics and actual terms please consult the TA directly.

Article 1 – Scope and Related Letters of Agreement

- Furlough protection for all IBT represented employees. Current employees at the maintenance Base in SFO, and those recalled within 5 years from effective date of agreement, will not be forced to relocate from SFO.
- Protection language remains around selling, leasing or disposing of SFO Maintenance Base.
- 20% outsourcing cap eliminated, but there are restrictions on when outsourcing may occur. Current restrictions on off shoring remain and no outsourcing may be done if it results in furlough of employees.

Article 2 – Definitions

- Added to provide clarity around some of the terms used in the CBA.

Article 3 – Classifications

- Classifications organized into four Crafts defined as Technician, Utility Specialist, Cleaner & Maintenance Planning Analyst
- Bid Areas, within Crafts, redefined to be skill based versus organization based.
- License / Experience / Testing Requirements for Bid Areas defined.
- Certain grandfather rights to Bid Areas if license requirements not met (Pursuant to Transition Letter of Agreement).
- New Utility Specialist Craft created. Current Mechanic Helpers will be moved to this new craft. The existing UA Utility position will be considered a member of the Cleaner Craft.
- GSE Coordinator position formalizes the existing GSE Parts Specialist role at hubs today.
- Lead ratios eliminated. Pursuant to Transition Letter of Agreement, current active incumbent Leads grandfathered for 12 months.

UA – IBT Tentative Agreement Summary

Article 4 – Seniority

- Definitions added to clarify each of the different types of seniority: Company Service Date Seniority, Pay Seniority, Craft and Classification Seniority and Consent Decree Seniority
- An employee offered recall will have fourteen (14) days vs. previous seven (7) day time limit to respond to offer.
- Recall rights unchanged.

Article 5 – Filling of Vacancies

- Time period allowed before vacancy must be declared now seventy five (75) days.
- A temporary vacancy may be filled for a maximum 75 days cumulative in a rolling twelve (12) month period.
- Lead vacancy requirement unchanged.

Article 6 – Reduction in Force (RIF) and Recall

- Changes to the RIF process provide more seniority based options, e.g.:
 - Ability to bump anywhere on the system where seniority can hold, must still have the ability and appropriate qualifications.
 - Layoff at the Point (LOAP) option. Employees at a Point location may opt to take LOAP vs. displacing the junior man at the point.
 - Affected employees now have 14 days to choose options, increased from 3 days.
- Maximum amount of Severance Pay increased to 15 weeks.
- Employees impacted by RIF have the option to bank unused vacation for the year the RIF is effective providing an available vacation bank on return to active service within the same year.
- Pass travel for employees impacted by involuntary layoff increased to 6 mos.

Article 7 – Hours of Service

- 10 hour day formally recognized as a standard shift, includes a 3rd break
- Semi-annual shift bids established for each Bid Area.
- Day and Shift Trades established. Including up to 30 “one way” trade “give-a ways” in any six month period with ability to use vacation time to make up unpaid hours. Employees may trade for an additional 4 shifts a week with a maximum of 2 back-to back double shifts.
- “Adverse Condition” provisions established to address facility status during weather and other events.

UA – IBT Tentative Agreement Summary

- Missed lunch may be paid at OT rate or employee may leave work early (based on needs of service)
- Day shift is first shift of day and begins between 0500 – 1000, Swing shift is second shift and begins between 1001-1600, Graveyard is 3rd shift and begins between 1601 – 0500. Restrictions on number of shifts eliminated.
- Duty limitation is a maximum of 20 hours in a 24 hour day and no more than 36 hours in two consecutive 24 hour days.
- 7 day coverage at the Base is allowed. Restrictions remain on the percent of Technicians that can be placed on weekday (Mon-Fri) fixed days off. (See Transition Letter)

Article 8 – Holidays

- Additional 2 Floating Holidays (Total of 4). None designated as birthday or anniversary holiday. Total Holidays increased from 8 to 10 (6 Fixed Holidays and 4 Floaters).
- May defer 8/10hrs of Holiday pay for use as additional vacation day for current or following year, or transfer 8/10hrs of Holiday pay to Sick Bank (cannot exceed bank max.)
- Trading on Holidays is allowed.
- If Holiday falls on a regularly scheduled day off, the employee has the option to either be paid for the Holiday or be given another day off either immediately before or after their regularly scheduled days off.

Article 9 – Vacation

- Vacation accrual remains on the same schedule.
- Three variable use options available to employees;
 - 1) During open enrollment employee may contribute a portion of vacation to 401k plan
 - 2) During open enrollment employee may elect to contribute vacation to defer monthly benefits costs
 - 3) Employee may elect to contribute vacation towards a severance benefit.
- Options available to employees with unused DAT vacation as of Oct. 1st. Options include:
 - Using the hours by December 31st,
 - Having the hours paid out,
 - Carrying over the time into the following year,
 - Electing to transfer the hours to their sick bank (cannot exceed bank max.)
- All vacation may be designated as DAT and may be taken in less than full day increments.
- Vacation pay advances have been eliminated.

UA – IBT Tentative Agreement Summary

- Bid Areas with more than 50 employees will bid vacation by shift in a Bid Area.

Article 10 – Leaves of Absence

- Personal Convenience Leave added
- Company Offered Leave of Absence (COLA) added.
- Emergency Leave (formerly known as Bereavement Leave) enhanced to allow for up to 80 hrs of Company paid time off for Critical Illness and/or Death of an eligible family member.
- Birth of a Child Leave added
- Witness Service Leave added
- EIS – Duration of EIS extended from 3 to 5 yrs with up to 2 yrs of insurance coverages, thereafter employees can convert to COBRA. Those on EIS today will be allowed leave of up to 5 yrs with up to 3 yrs of insurance coverages before converting to COBRA.
- During active military duty an employee will continue to accrue vacation.
- While on Leave employees must request approval to travel on passes whether for themselves or their eligible/s.

Article 11 – Sick Leave

- Sick and Occupational bank accrual remains the same 8 hours each per month.
- Employees with catastrophic illnesses will, upon return to work, accrue at 12hrs per month until their Sick bank is restored to the amount they had before the illness or injury.
- Employees can now use up to 6 days of their Sick leave (non-occupational) to care for an immediate family member (spouse or dependent child). Absences beyond 6 days or the third occasion in a rolling 12-month period, will be counted on their attendance record.
- Sick Leave bank will be capped at 1600 hrs and Occupational bank will be capped at 700 hrs. Employees whose Occupational bank is already at or above the maximum will maintain their existing banks but will not accrue.
- Employees on Occupational Sick Leave will be paid directly from the Workers' Comp / State with the difference in pay being made up by the Company. Thus ending the need for "buy-back".
- No travel while sick unless requested and approved by Supervisor or HR Manager.

Article 12 – Field Trips

- All hours paid at 1.75x rate for all time away from Base Station.
- With some exceptions, contract provisions cover International Field Service.
- Field Trip sign-up lists are separate from local OT list. Two sign-up lists for Field Trips, Domestic and International.

UA – IBT Tentative Agreement Summary

- Specific language to address Military Charters and GEM - Global Emergency Maintenance
- Company pays for passport and visa if necessary for the Field Trip.

Article 13 – Training

- Seniority based bidding for training that exceeds 5 days.
- 1.5x time paid for training before and after shift and for travel outside of shift to attend training.
- Language clarifying roles of Designated Station Trainers (DST's) and Local Trainers.

Article 14 – Safety and Health

- Formalizes allowance for safety shoes when required by the Company.

Article 15 – Compensation

Technicians			
BASE HOURLY PAY: 2010-2012 TENTATIVE AGREEMENT			
With 13 or More Years of Service, 2 Licenses and Line Premium			
Effective Dates:	Day Shift	Afternoon Shift	Evening Shift
Date of Ratification	\$35.22	\$35.73	\$35.80
July 1, 2011	\$36.06	\$36.57	\$36.64
July 1, 2012	\$36.92	\$37.43	\$37.50

- Moving expenses now spelled out with \$12,000 cap
- Increase in line premium .30 DOR, .40 7/1/2011, .50 7/1/2012
- Increase in longevity pay \$1.00 after 12 years
- Increase in shift pay swings .51 and Midnights .58 (leads .54 and .61)
- Per Diem \$1.95 Domestic \$2.50 International
- Increase in License pay
- Welder/Machinist premium at \$4.25 per hour
- Lead and Inspector premium of 5% above technician rate
- Shop Inspectors paid for A&P licenses if possessed

UA – IBT Tentative Agreement Summary

- Shop Technicians shall be paid for A&P licenses if possessed
- Run- Taxi premium of \$1.00 per hour paid for each shift when the perform this type of work
- Grandfather of license pay PV/GQ
- Increase the number of employees receiving second license pay

Article 16 – Benefits (See also Transition Letter of Agreement)

- Active Health & Welfare Benefits – Employees retain United subsidiary health & welfare benefits (e.g., medical, dental, vision, life, disability) through 12/31/2012. Effective 01/01/2013, employees move to the same health & welfare benefits offered to Continental subsidiary employees.
- If the Parties fail to implement a JCBA on or before Jan 1, 2013, United shall implement a 2.5% base wage increase.
- Retiree Medical and Retiree Life Insurance – Employees retain United subsidiary retiree medical and retiree life insurance. Employees are scheduled to move to Continental subsidiary retiree medical as of 01/01/2013 (including bridge medical, which allows for use of sick bank to pay premiums; and no retiree life insurance). However, Union has option to delay that effective date to a later date or indefinitely if it chooses, in which case employees would continue on current United subsidiary retiree medical and retiree life insurance.
- Retirement Income – Employees will stay on United subsidiary retirement plan. That is, the United 401(k) plan, but with a 1% increase in employer contributions (increasing the base contribution from 4% to 5%). Employees will not participate in Continental's 401(k) or Pension Plan (CARP) at this time.
- Profit Sharing – Employees will participate in the new United Profit Sharing Plan, retroactive to 01/01/2011, on the same basis as other non-mechanic employees of the Company.

Article 17 – Overtime

- Double time (2x) rate implemented.
- Upon ratification and then each January 1st OT lists will reset (overtime list goes to zero for each employee then populated by seniority).
- “Job Continuation” provision allows, for continuity purposes, the ability to keep a Technician working a specific job to continue that job (for up to three (3) hours) without regard to seniority or overtime hours charged.
- New OT bypass processes.

Article 18 – Union Representation

- Updates to Union titles.

UA – IBT Tentative Agreement Summary

Article 19 – Grievance Procedure

- Time limits changed: 1st Step – Supervisor has 10 days to respond, was 3 days. If Company does not respond within the timelines, the grievance automatically advances to the next step. Previously Union had to appeal to the next step within timelines – now grievance moves forward when Company does not respond within time limits.
- Formalized Joint Board of Adjustment (JBA) process to hear 3rd Step grievances. Joint Board comprised of 2 Company and 2 Union members. Parties to share documents to be used in the JBA proceedings
- Retention period reduced to 1 year for discipline, 18 months for a termination warning. Time limits exclude periods of inactive status (Layoff, Leaves of Absence and EIS/Unpaid Medical). In cases where similar infractions occur within the 1 year retention period, discipline shall be retained until 1 year passes without another occurrence of similar infraction.
- Discipline for Title VII violations (e.g. sexual, racial, or other discrimination or harassment) shall be retained for a reasonable period of time.

Article 20 – Board of Arbitration

- Separate Article created for the Arbitration process.

Article 21 – General & Misc.

- Toolbox maximum insurance reimbursement increased to \$7000.00 with a deductible of \$140.00
- Interim assignments (max. 30 days) to be discussed for those affected by RIF and awaiting badges.
- Increase in time from 1yr to 2 yrs to obtain licenses required by the Company.
- Addition of resignation pass benefit program.

Article 22 – Transportation

- Addition of resignation pass benefit program.

Article 24 – Duration

- Contract becomes amendable December 31, 2012

Letters of Agreement - Highlights

- Past Wage Credit of \$3,000

UA – IBT Tentative Agreement Summary

- Company will reopen EWR and PHL as Line Maintenance stations and staff a GQ/PV mission at BOS, HNL, PHX, and LAS.
- Tool Allowance - \$100.00 per technician per year.
- Non-Punitive Discipline Letter - eliminated.
- Transition Letter – Describes various interim measures as we transition from the old agreement to the new.
- Furlough Protection – No furloughs will occur for the duration of the agreement.
- GSE / PV Reporting – Letter commits that the Company will consider the divisional structures and when it will be appropriate for GSE and PV to report to Technical Operations.
- Amalgamation and Resource Utilization Letter – Addresses processes for amalgamation and the cross utilization of resources.