

Economic Overview Tentative Agreement



Pay Components, Workrules, Profit Sharing, Reset and Retroactivity Bonus

Tentative Agreement Compensation Summary

Total Value of Tentative Agreement is \$1.7 Billion above Current Contract, with Top of Scale All-in Pay Increasing by 34% over Six Years

Pay Components

All-in pay includes an Immediate Increases in Basic Pay Rates of 28% for majority of Techs.

A Doubling of Line Pay from 50 cents an hour to \$1.00

An additional \$1.00 for 2 License Premium pay from \$4.25 to an industry leading \$5.25

A tax-free VEBA payment of \$1.20 an hour on top of regular wages to help offset impact of health care costs, adding nearly \$2,500 to all technician's income.

Basic Pay Scale

Technician's Basic Pay Scale top out moves to 8 Years of service from Current 6 YOS.

Technician's with 6 Years+ of Service at DOR are grandfathered into 8th year pay rates.

Retroactivity Bonus

A \$185 Million retroactivity bonus will be distributed to each technician and related employees, based on each employees share of total technicians payroll since July 2013.

Furlough Protection

All current technicians are Protected, those at SFO and IAH are Base Protected

Tentative Agreement Compensation Summary

Total Value of Tentative Agreement is \$1.7 Billion above Current Contract, Which Includes Industry Leading Vacation, Sick and Holiday Benefits

Time Off

Vacation Accrual is Industry Leading, with a maximum of 7 Weeks Off per Year

Sick Leave is also Industry Leading, with a 12 Day maximum Accrual per Year

Holiday Pay 2.5 times hourly rate for time worked for 10 Days is also at top of industry

Retirement

A Defined Benefit retirement plan for all current and future employees, Plus 3% DC match

Profit Sharing

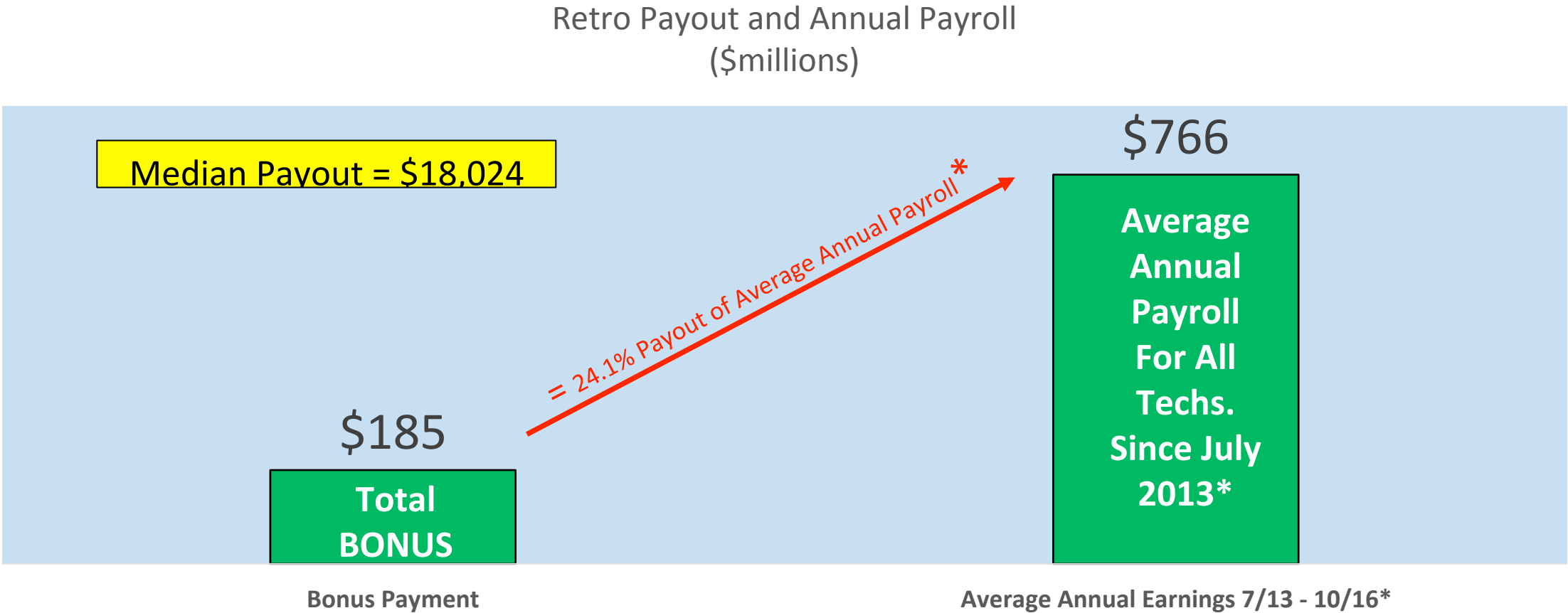
Technician's Share of Profits will drop to 5% for the first 6.9% of Pre Tax Profit Margin, and 10% payout for all Pre Tax Profits above 6.9% margin

Industry Reset

To ensure that United technicians contract value remains at least 2% above American and Delta a reset will occur every 2 years during the contract, and every year after the amendable date to ensure United does not fall behind the industry when bargaining for the next contract.

TA Retroactivity Bonus Payout

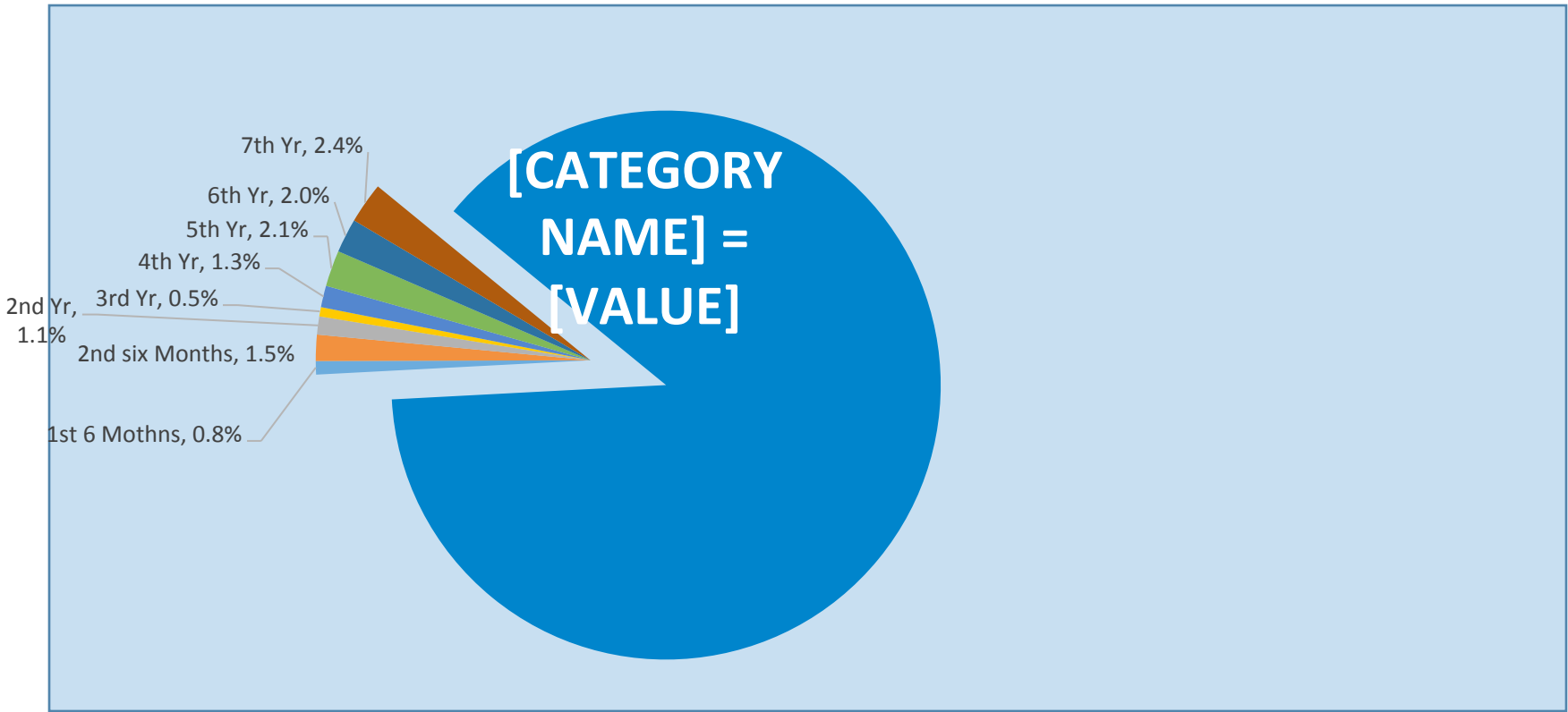
\$185 Million Retroactivity Bonus
Total Retro Payout is Equivalent to 24% of Annual Average of Total Earnings of All Technicians Over the Period July 2013 – October 2016*



*Note: Based on actual payroll July 2013 – August 2016, September /October 2016 payroll estimated on a pro rata amount of payroll from 2015, including FST payroll. Median payout is value where equal number of payments are above and below this amount

Over 88% of Technicians and Related Employees are at or Above 8th Years of Service

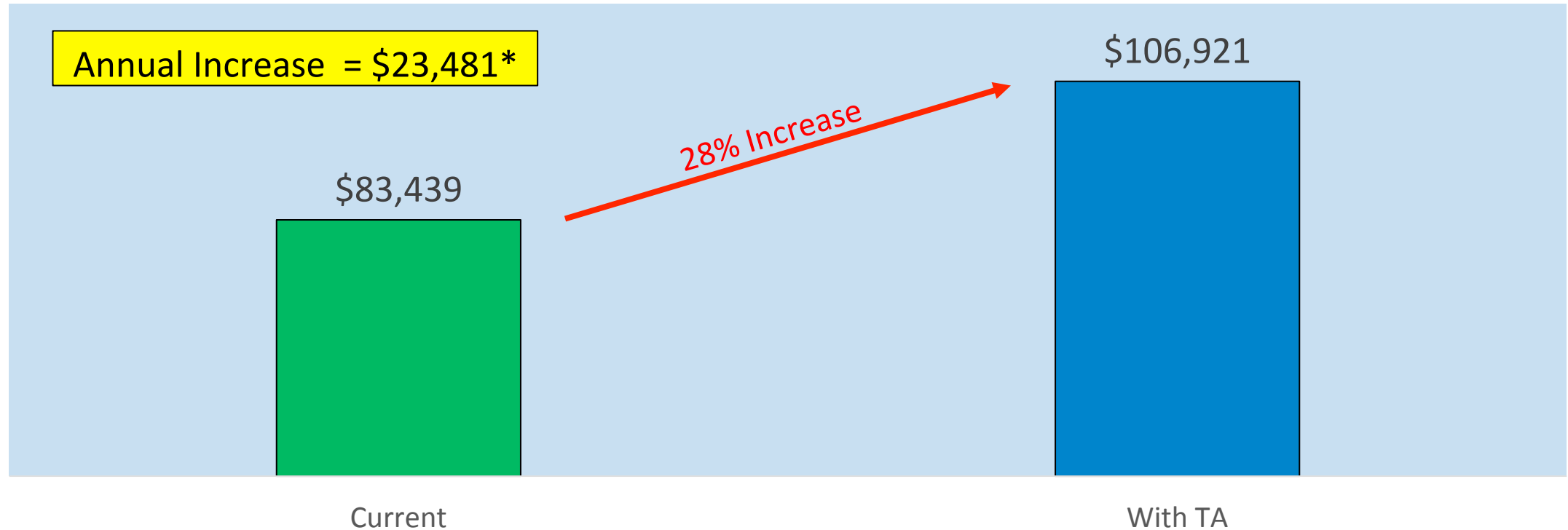
Technician's Headcount Share by Year of Service
2016



TA Annual Income Increase Over Current

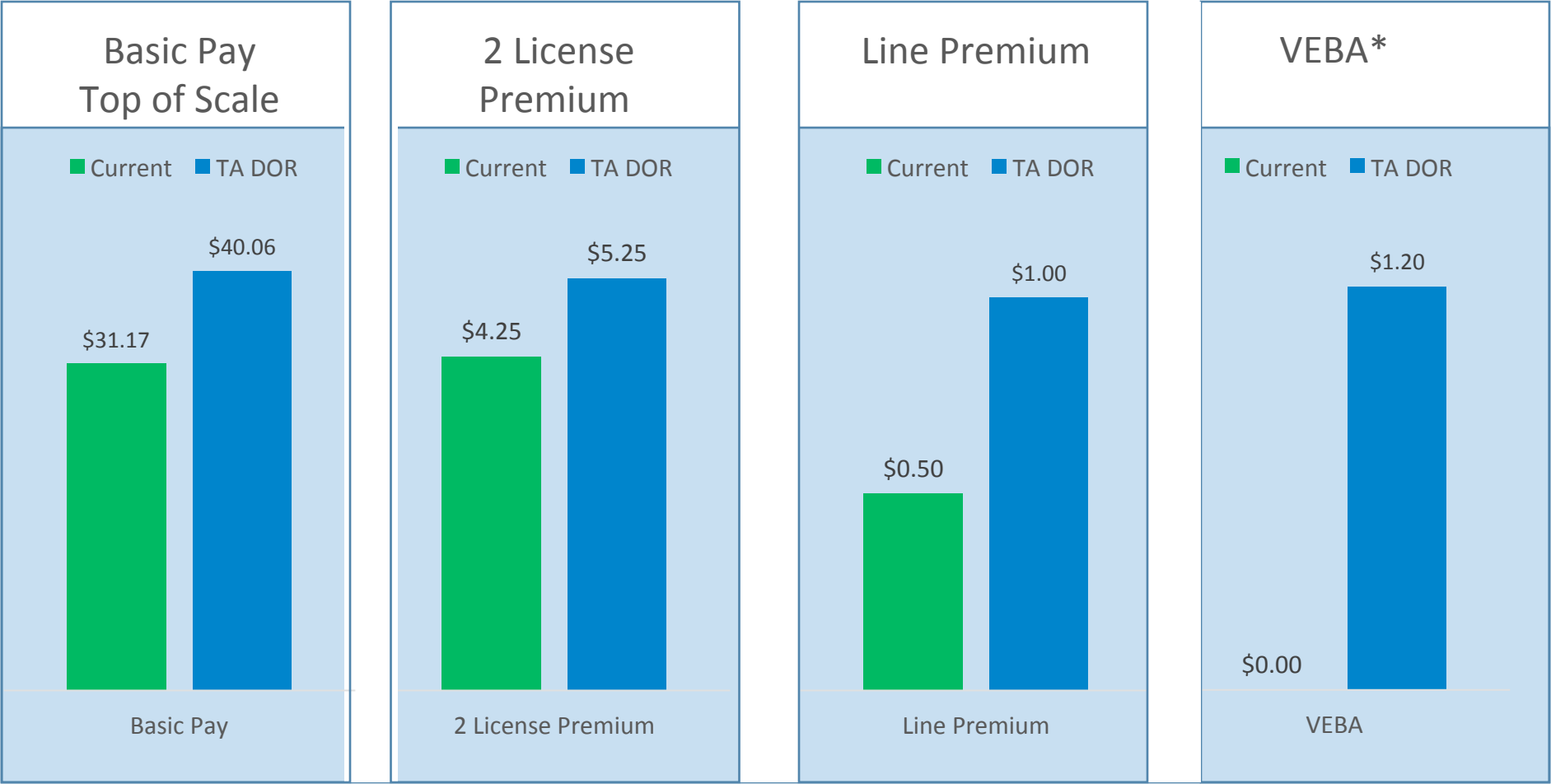
Dramatically Higher TA Pay Rates Will Increase Vast Majority of Technicians Annual Income by Over \$23,000 in the First Year

Technician's Annual Income with Top of Scale All-in Rates
Excluding VEBA*



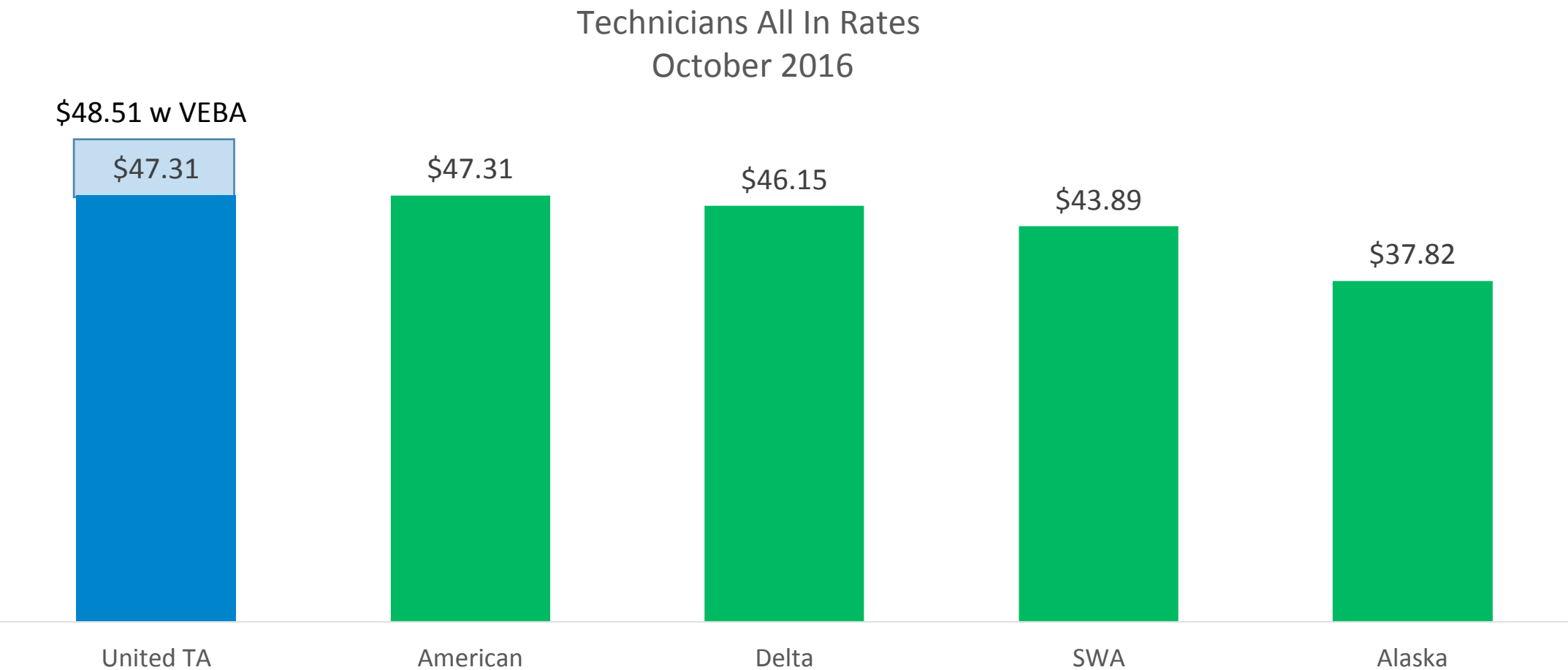
*Note: Based on All-in top of scale rates at 2080 regular hours and 120 OT hours (@1.5X)
All-in rates includes top of scale basic pay, 2 License premium, Line and Longevity pay.

Four Main Components of Pay Increases in TA



*Note: “VEBA” is a tax free health reimbursement on top of wages to pay medical expenses. VEBA stands for a Voluntary Employee Beneficiary Association.

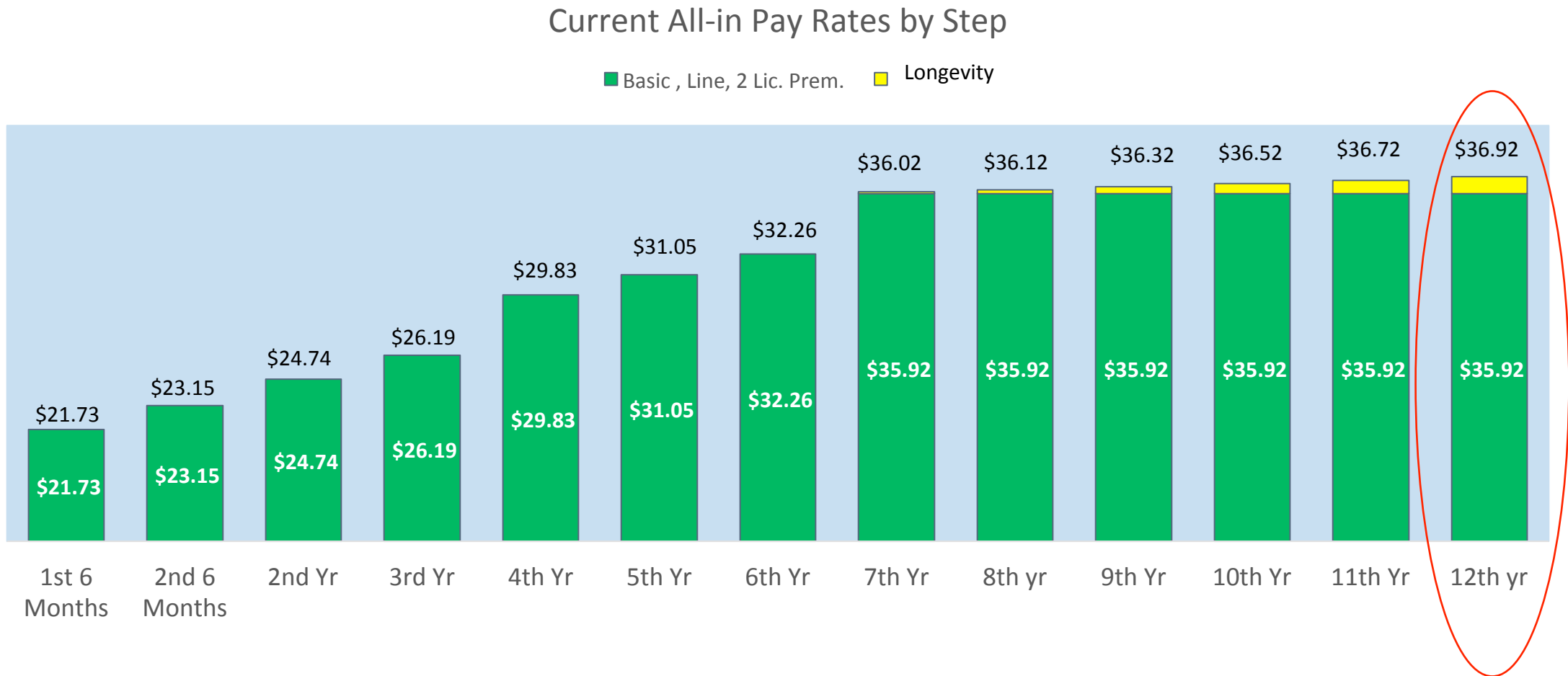
United Technician's Top of Scale All-in Wage Rates in TA Are Industry Leading



Source: Contracts and Policy Manuals
Note: Including Base Wage, Longevity, Line and License Premiums, plus VEBA

Current All-In Pay Scale

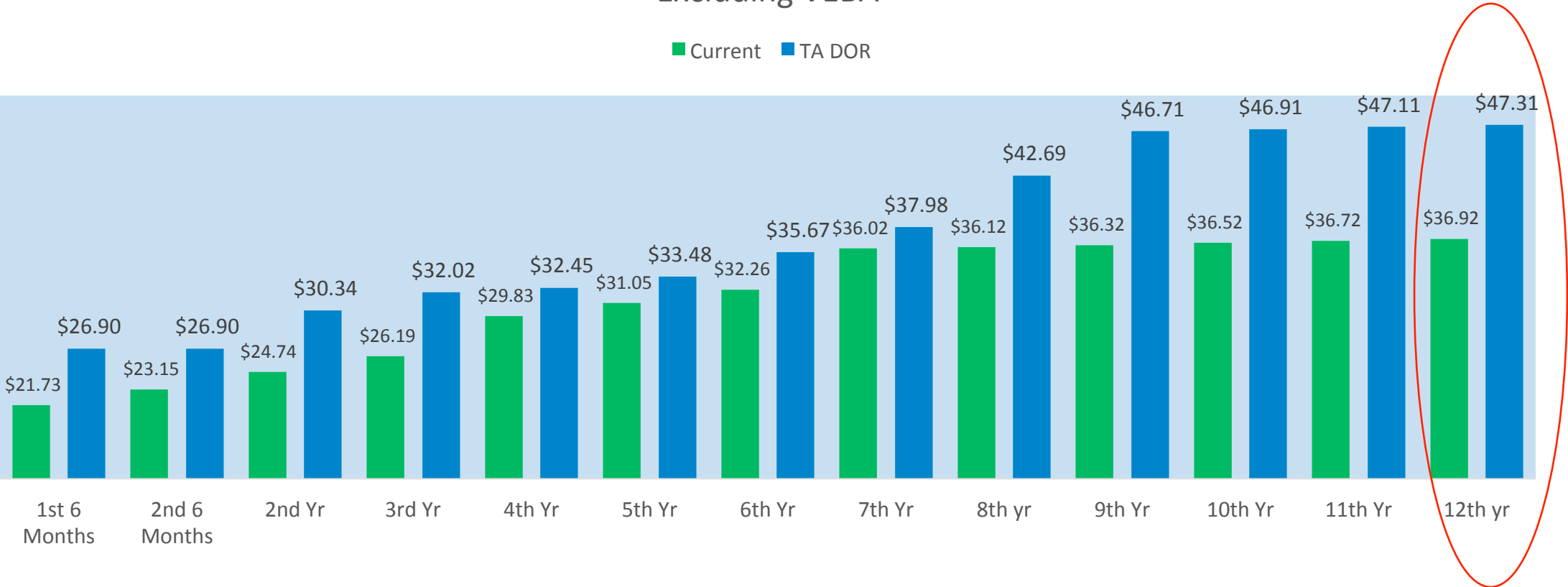
Current Basic Pay Rates Top out at 6 Years, Yet Current All-In Pay Tops out at 12 Years, Due to Impact of Longevity Pay



TA All-In Pay Scale

TA Basic Pay Scale Tops Out at 8 Years, But Due to Impact of Longevity All-In Pay Still Tops Out at 12 YOS

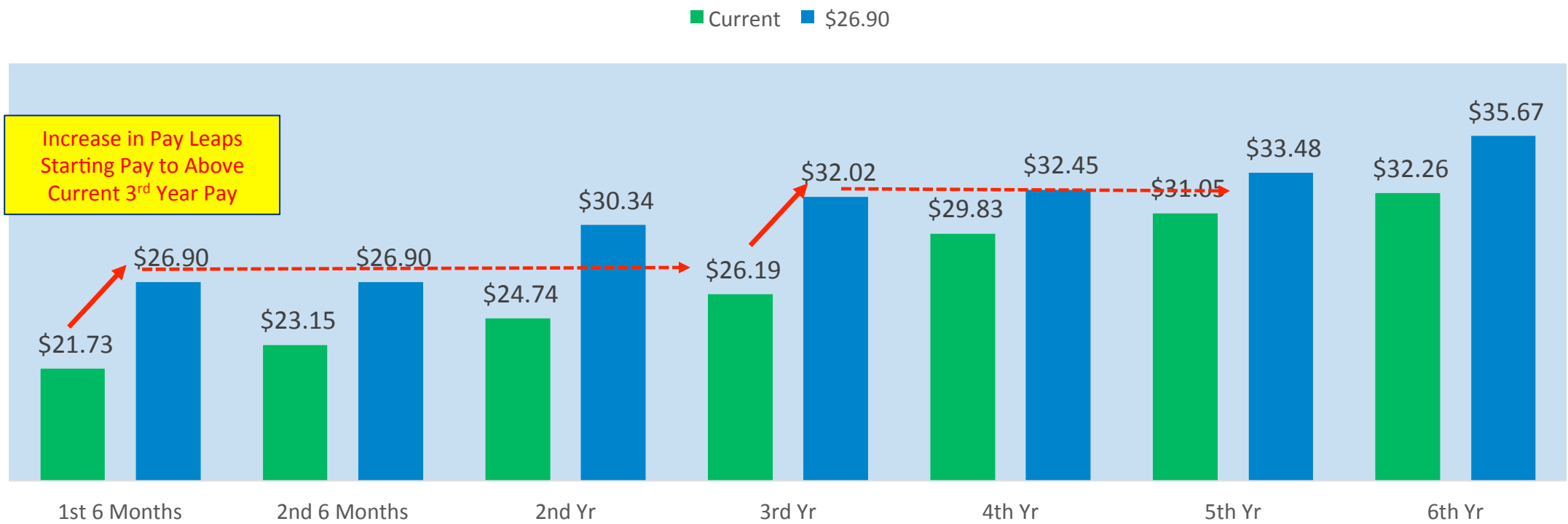
Current and TA All-in Pay Rates by Step
Excluding VEBA



TA All-In Pay Scale Increase Compared to Current

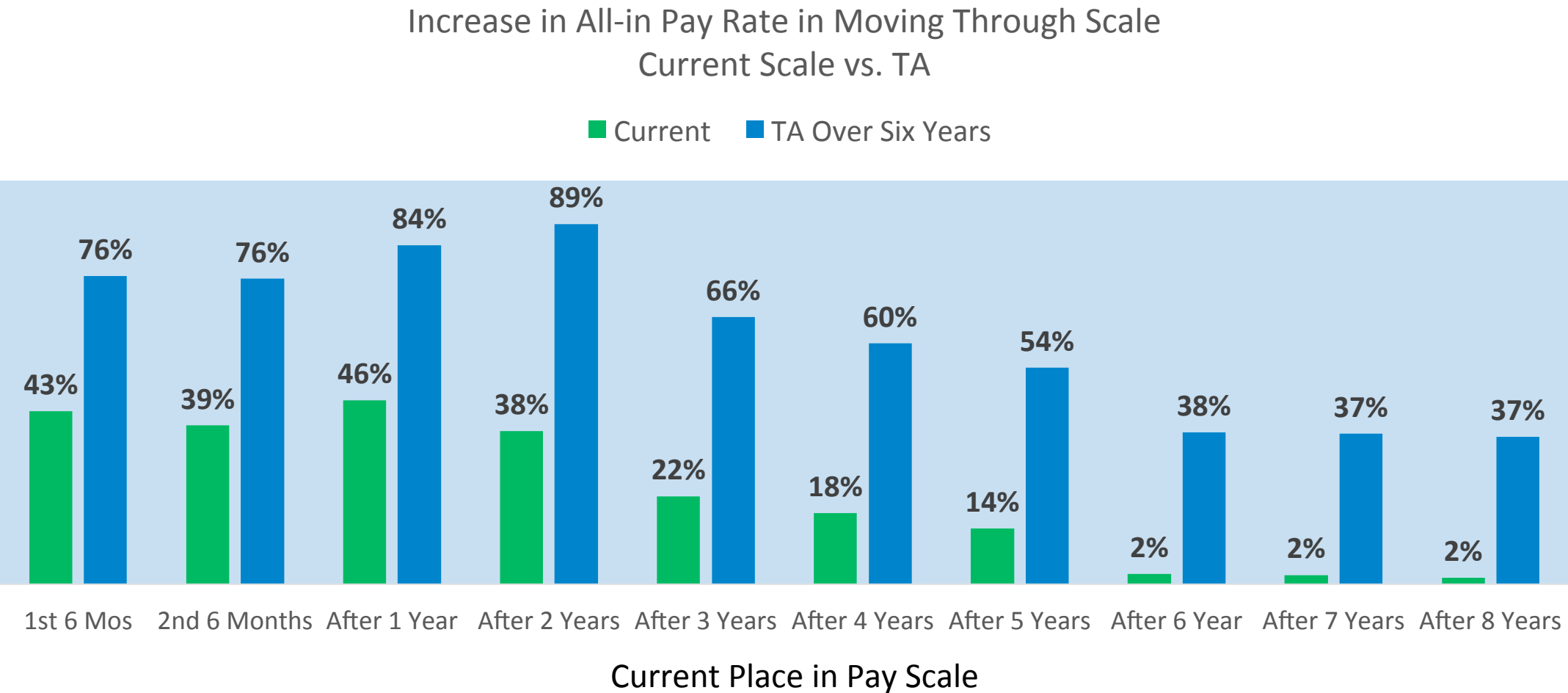
TA Increase in Pay Causes Those on Lower Pay Steps to Leap Forward Two Years in Pay on Current Pay Scale

Current and TA All-in Pay Rates by Step
Excluding VEBA



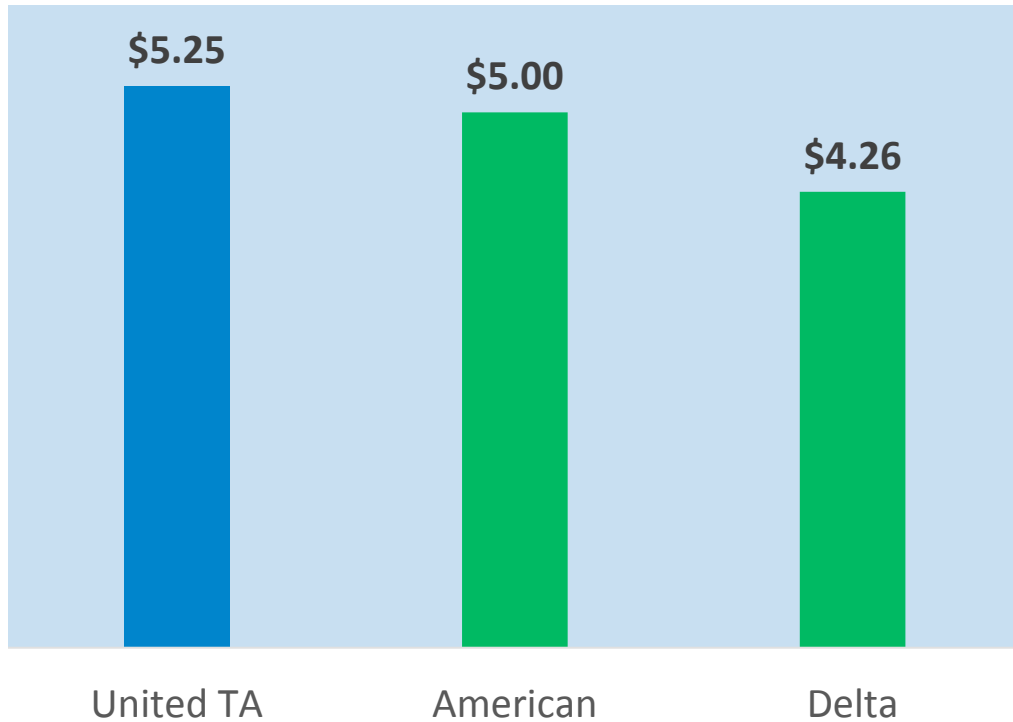
Tentative Agreement Rate Increase Over Current

Increase in All-in Pay Rate Current Scale vs. TA Over Six Years: Including Movement Through the Scale

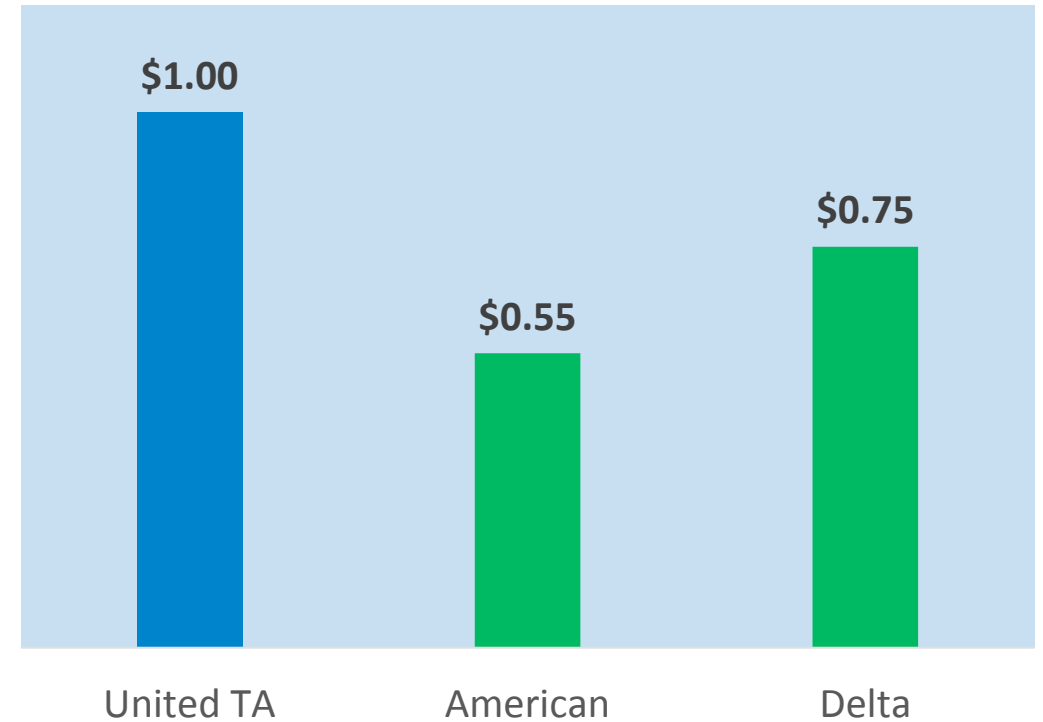


TA Premiums Lead Other Network Carriers

A&P License Premium

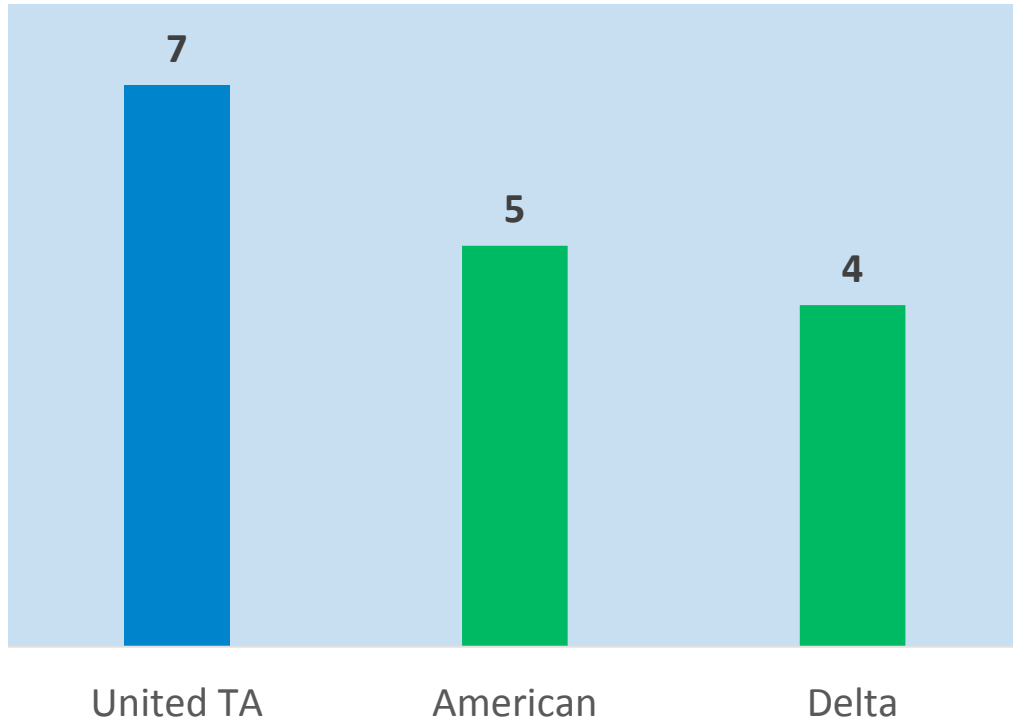


Line Premium

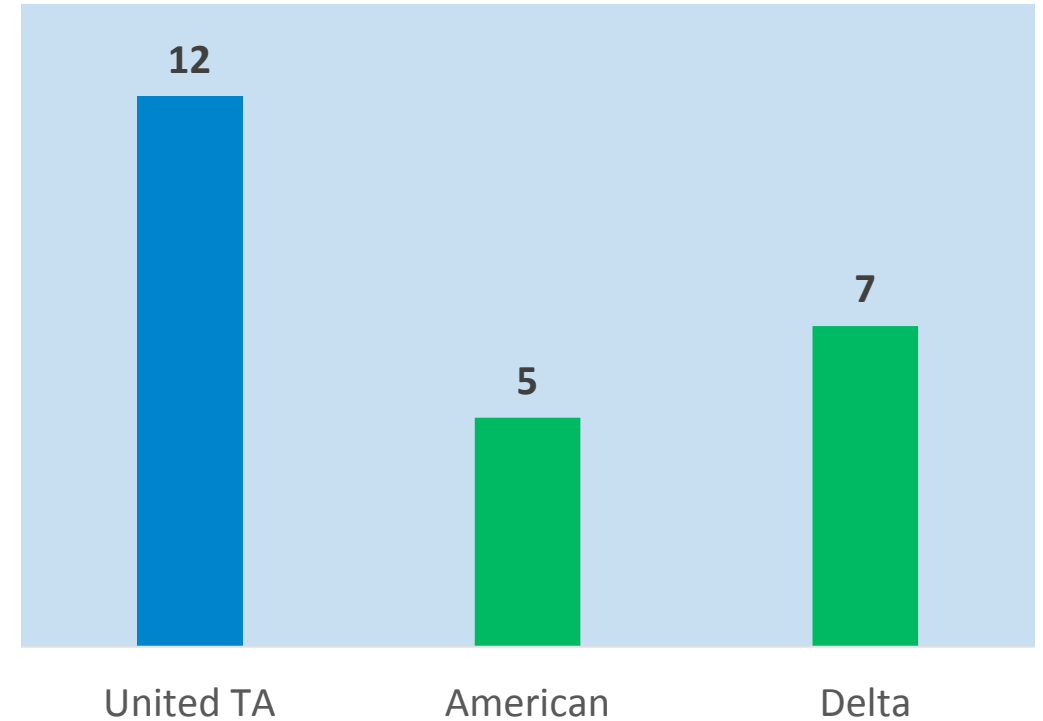


TA Time Off Leads Other Network Carriers

Vacation Accrual Maximum - Weeks

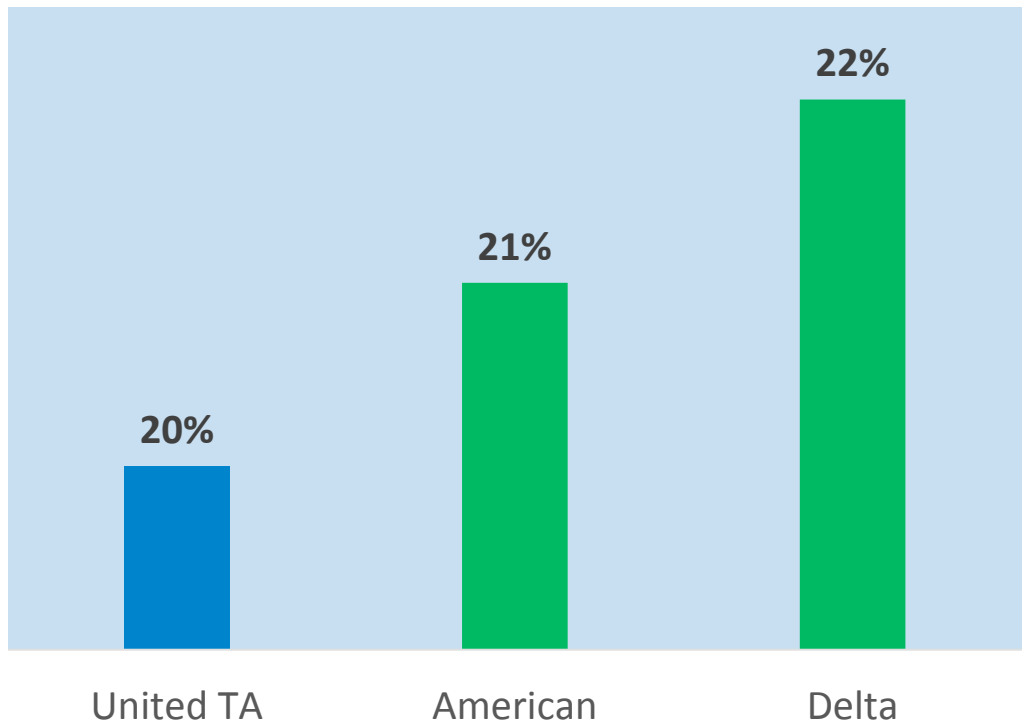


Annual Sick Accrual - Days

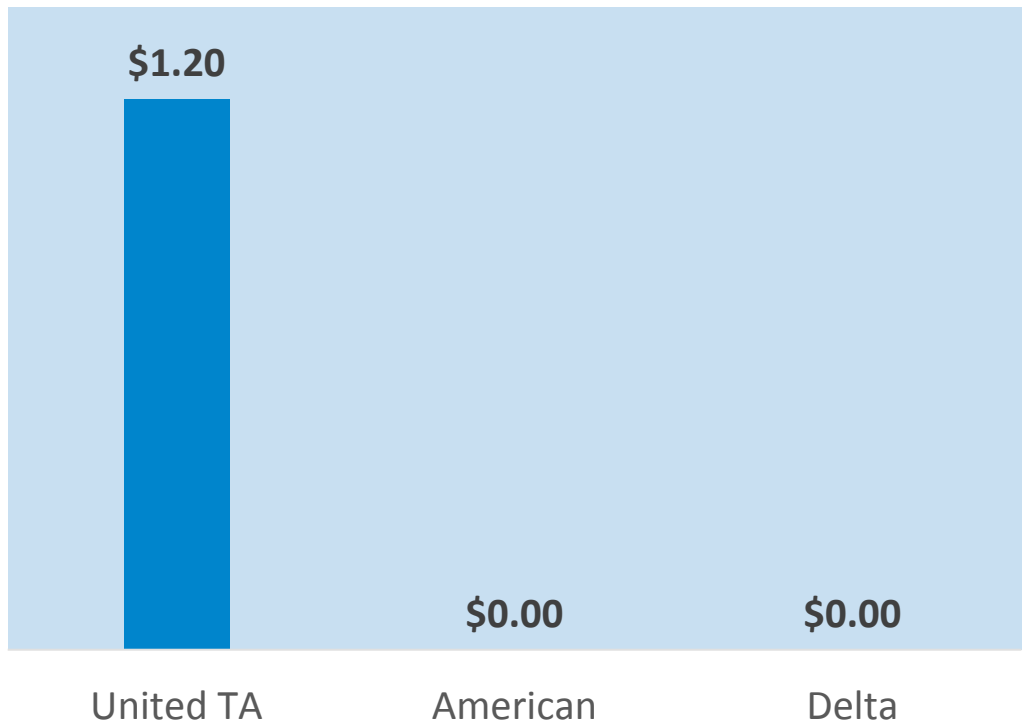


TA Medical Cost Share is Lower Than Technician's Share at AA and DL

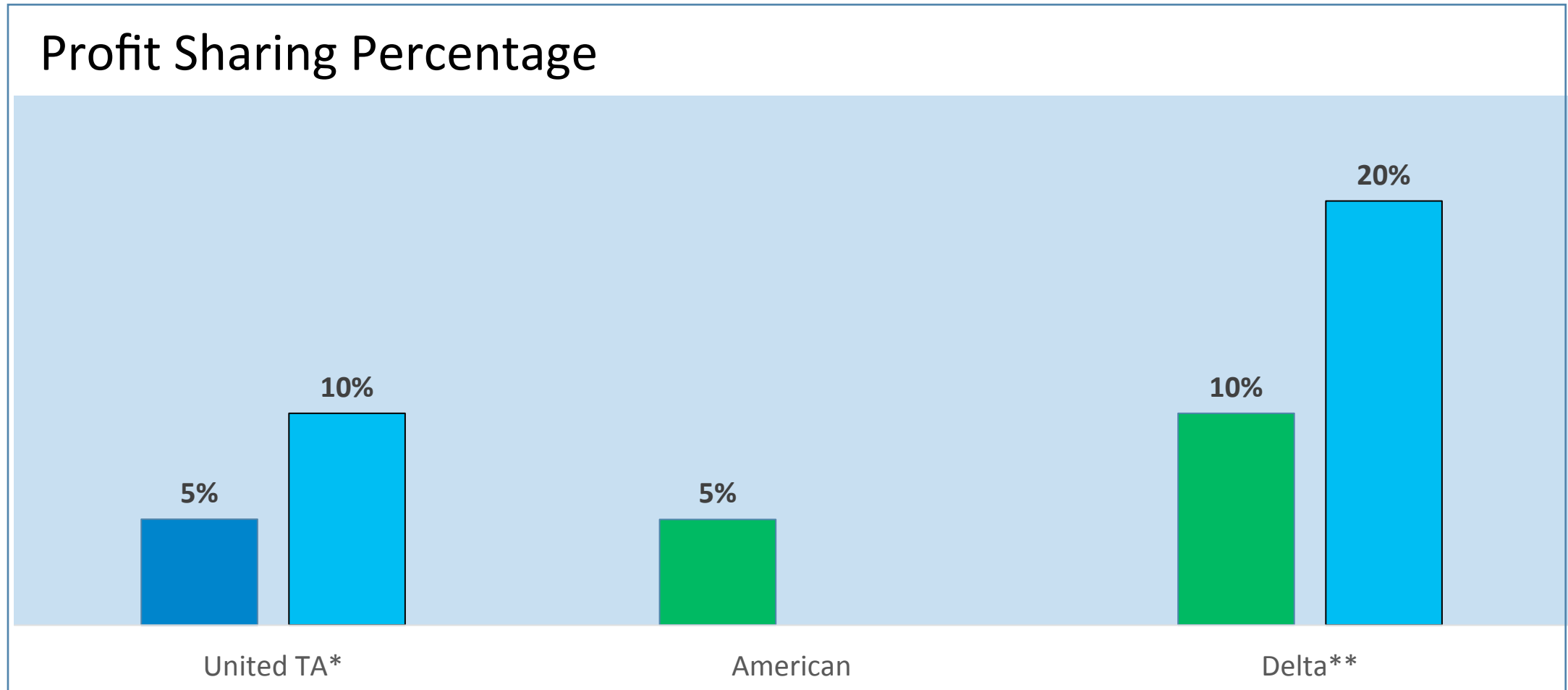
Employee Share of Medical Costs



VEBA Payment per Hour



TA Profit Sharing Drops to 5% and 10% Share



*Note: UA is 5% for earnings below 6.9% pre tax profit margin, 10% for all profits above 6.9% PT margin..

** DL is 10% for pre tax profits for earnings margin less than year prior, 20% for earnings above prior year PT margin.

TA Reset Overview

The Industry Reset is designed to ensure that the Value of United Technician's Contract Remains at least 2% above the Average Value of Contract of Technicians of American and Delta.

Five Key Components Included in Reset Analysis

- 1) **Pay** - Technicians All-in Wages (Basic, A&P License Premium, Line and Longevity) incl. VEBA
- 2) **Time Off** - Annual Vacation, Sick and Holiday Hours
- 3) **Benefits** - Medical Cost Share and Retirement Contribution
- 4) **Profit Sharing** - Profit sharing % to annual UA pre-tax profits
- 5) **Scope** - Based on ratio of Technicians heads per mainline aircraft

Reset will occur every two Years during Contract and each year after Amendable date

Note: Model analyzes Pay and Time Off element values at 10, 20 and 30 years of service, weighted 20%, 40%, 20% respectively for headcount.
Gaps in all elements besides pay converted to dollars per hour based on UA All-in rate for computability in comparisons.

Summary of TA Gains

- Industry Leading Pay Rates
- Highest Line and License Premiums in Industry
- Highest Vacation and Sick Accruals in Industry
- Most Holidays and Highest Holiday pay in Industry
- Largest Sick Bank in Industry
- Defined Benefit Retirement Plan for All, including New Hires
- Only Technicians Group Get VEBA pay in Industry
- Furlough Protection for all on Seniority list, SFO and IAH base protected
- Reset language to ensure UA remains 2% above Average of AA and DL
- \$185 m in retroactivity bonus