

Technician's Industry Reset Overview

Data, Methodology and Timing



Reset Model Summary

The Reset is Designed to Ensure that UA Technician's Contract Value Remains at least 2% Above Average of AA and DL Technicians

Contract Valuation

A Reset Model has been created to measure the sum value of 5 key contract elements in UA Technician's contract, including; Pay, Time Off, Benefits, Profit Sharing and Scope.

The total value of UA contract elements is then weighed against the average of the same elements for Technicians who work for AA and DL.

Reset Mechanism

The total value of UA Technician's contract elements must remain at least 2.0% above the average of AA/DL. If the value of UA Technician's contract it is not at least 2.0% above the average value of AA/DL, the wages of UA Technicians will be increased by an amount to increase the UA contract value to 2.0% above the average of AA/DL.

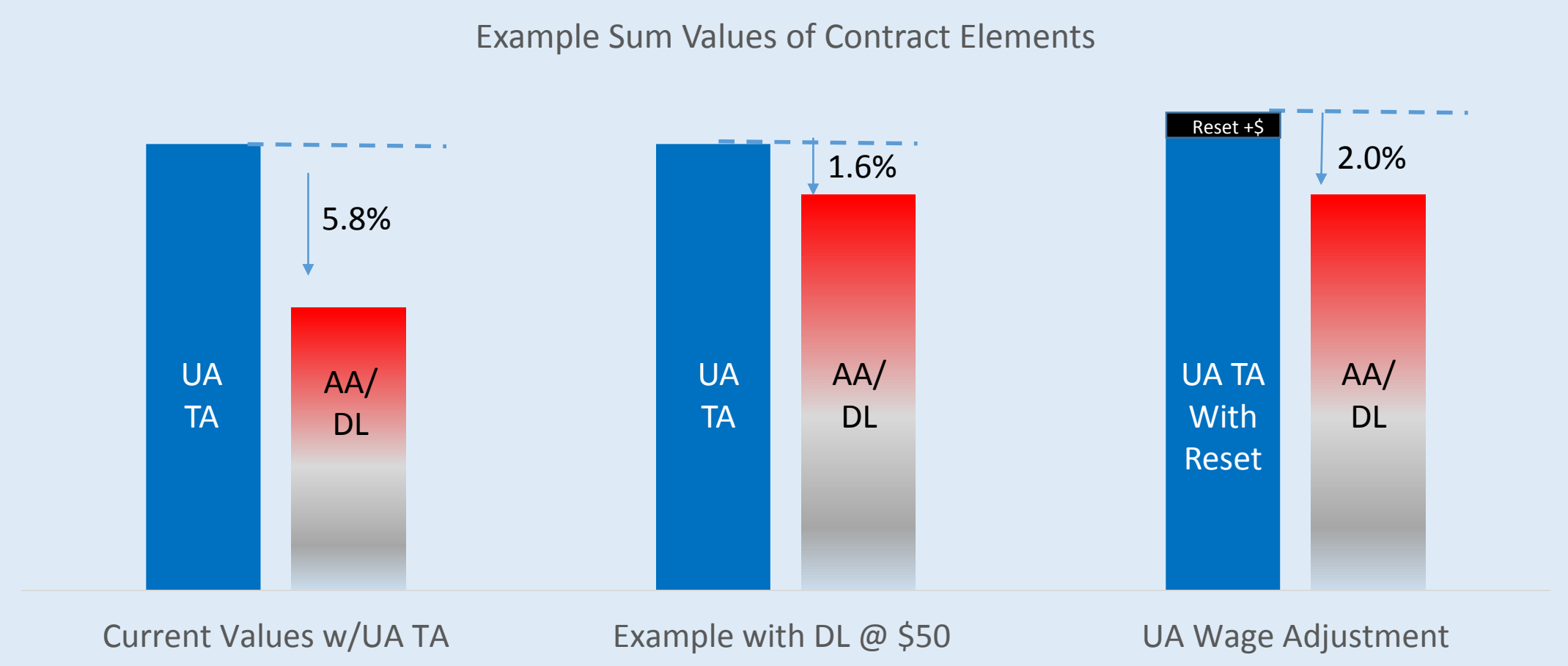
Timing

The Reset measurement which occurs every 24 months during contract, and then every 12 months after amendable date to ensure that during the bargaining period for next contract UA Technicians remains above AA/DL by at least 2%.

Reset Model Example

Example of Reset Model

Current Value With UA TA and Reset If DL Top of Scale @ \$50



Industry Reset Overview

- **Purpose:** The industry reset is designed as a mechanism to ensure that the sum value of United Technician's primary contract elements remain at least 2% above the average of the same contract elements for Technicians of American and Delta.
- **Timing:** Reset analysis will occur every 24 months after date of ratification over the course of contract, and every 12 months after the amendable date.
- **Mechanism:** A reset model has been created to measure and compare the value of a selected set of primary contractual elements covering pay, benefits, work rules and retirement contribution level for Technician's at United to that of the average of Technicians at American and Delta. The model's structure will not change, only the periodic updates of data elements being analyzed will change.
- **Application:** If the results of the reset model indicate that the sum value of the United's Technician's contractual elements do not exceed the average value at American and Delta by 2%, the United Technician's wages will be adjusted upwards by an amount needed to adjust United Technician's contract value to 2% above the average of DL and AA Technician's contract.
- **One-Way Valve:** The reset can only be used to improve wages for United Technicians and will not be used to reduce United Technicians wages under any circumstances.

Individual Contractual Elements Analyzed in Reset Model

Contract Elements Included in the Reset Analysis

1) Pay

- Technicians All-in Wages (Basic pay, A&P License Premium, Line and Longevity)
- VEBA

2) Time Off

- Annual Vacation, Sick and Holiday Hours

3) Benefits

- Medical Cost Share
- Retirement Contribution

4) Profit Sharing

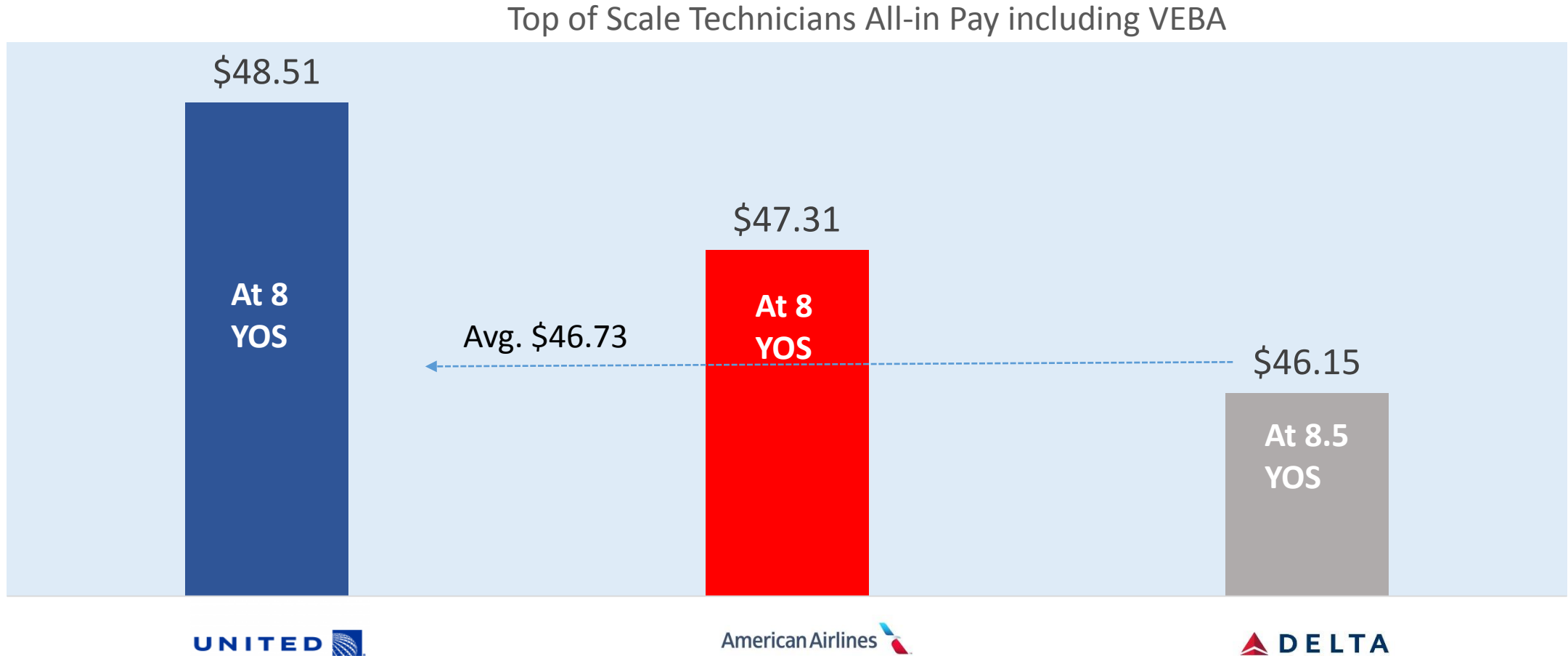
- Profit sharing % to annual UA pre-tax profits

5) Scope

- Based on ratio of Technicians heads per mainline aircraft

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.

Technician's Top of Scale All-In Pay Rates



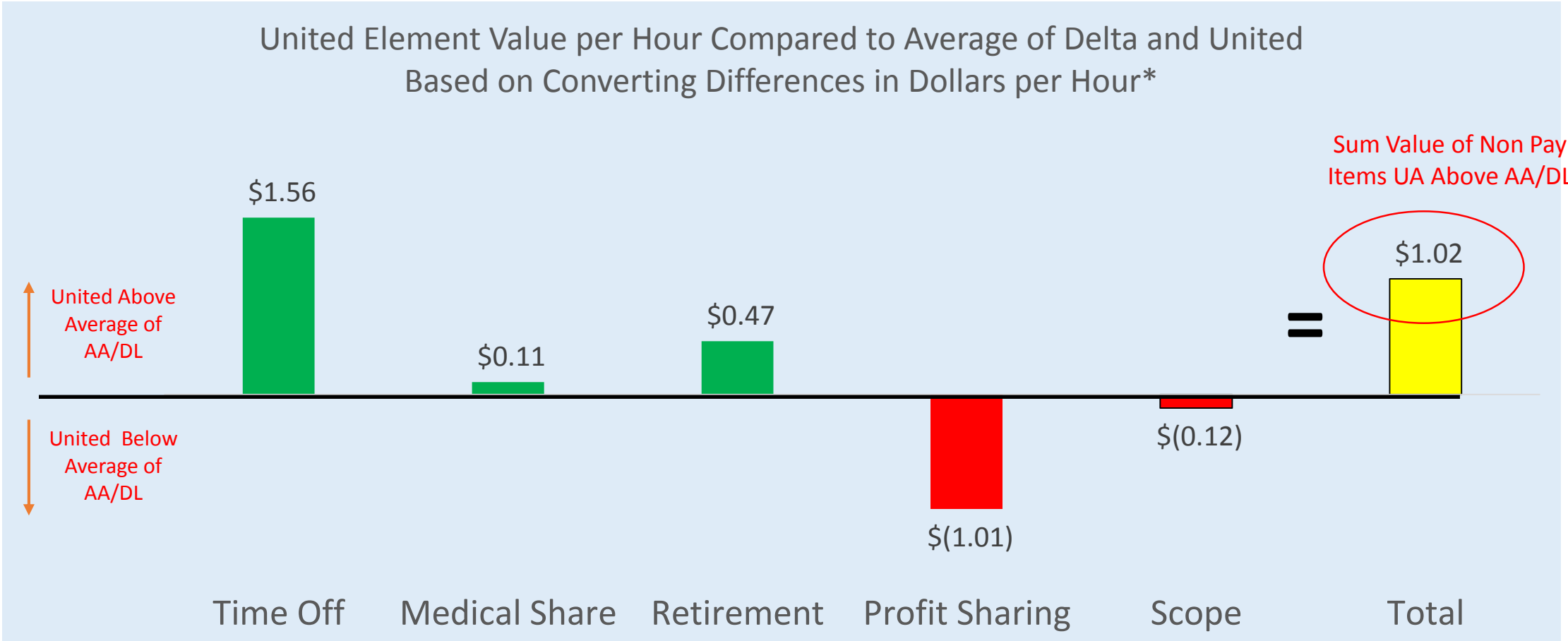
Source: Contracts and Delta Employee Policy Manual

Note: Initial TA top of scale pay rates at UA and AA interim pay rates for 2016

All-in Pay rates include basic pay rate, plus A&P license premium, line and longevity pay, plus VEBA

Current Model Example of Non-Pay Items




Current Value of United TA vs. AA and DL Technician's Contract Element Average Costs Excluding Pay



Note: Model analyzes Time Off (Vacation, Sick and Holiday) 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 in comparisons.

Model Comparative Example

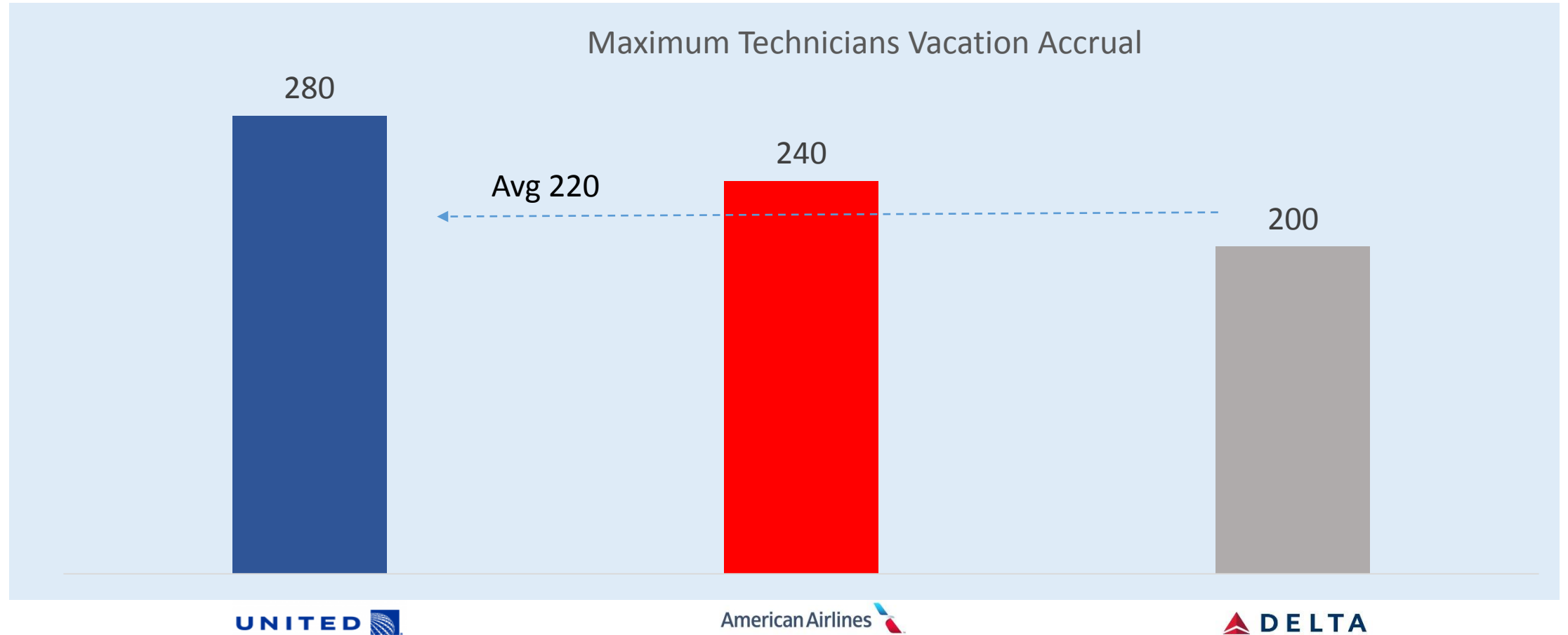
Current Reset Value: UA Tentative Agreement is 5.8% ABOVE Industry Average

		Average of  
Pay*	\$48.43	\$46.73
Difference in Value of All Non Pay Items*	\$1.02	
Total Value of Pay and Non Pay Items	\$49.45	\$46.73
UA Value vs. Average of AA/DL **	5.8% greater than Avg. AA/DL	

*Note: Model analyzes Pay and Time Off element values at 10, 20 and 30 years of service, weighted 20%, 40%, 20% respectively for headcount.

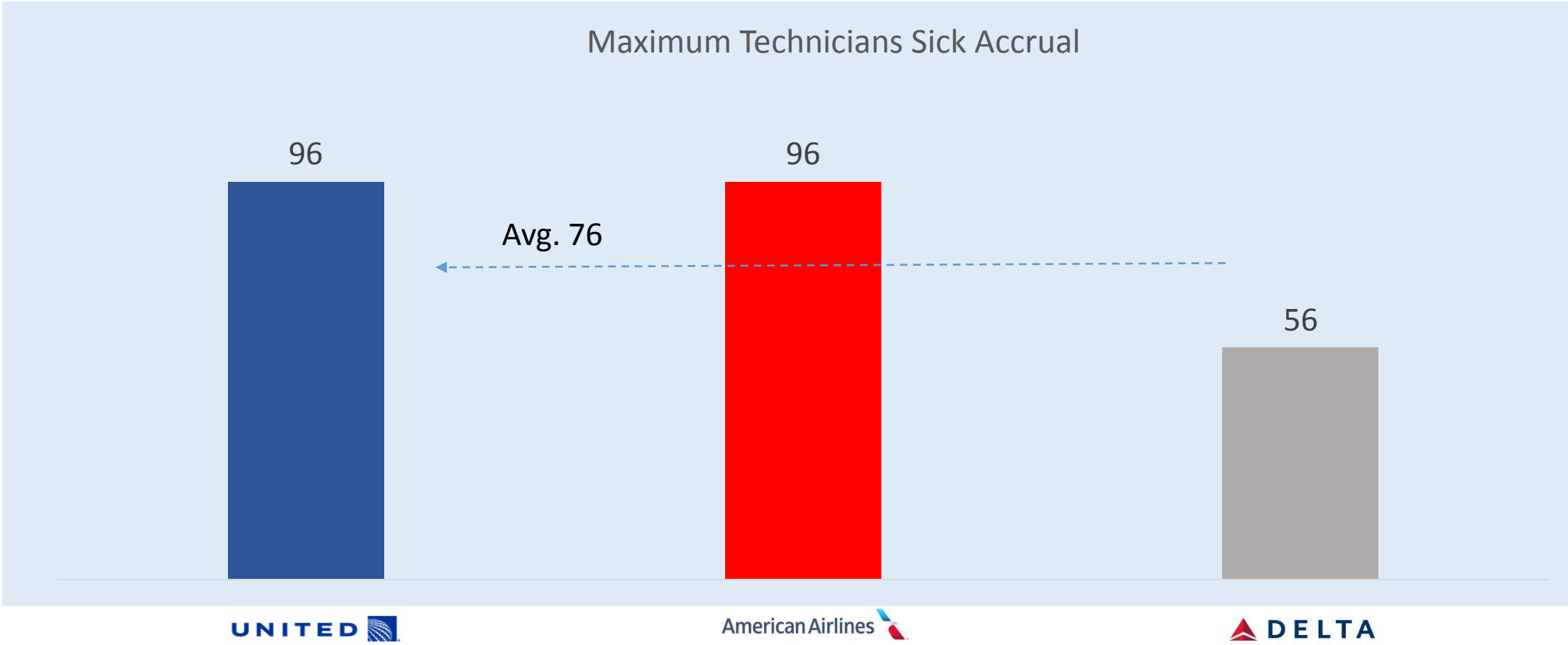
** If UA contract value is not at least 2% above the average contract value of AA/DL an increase in UA wages will occur to establish UA value at 2% above average of UA/DL. Contract value.

Technician's Annual Vacation Accrual Hours



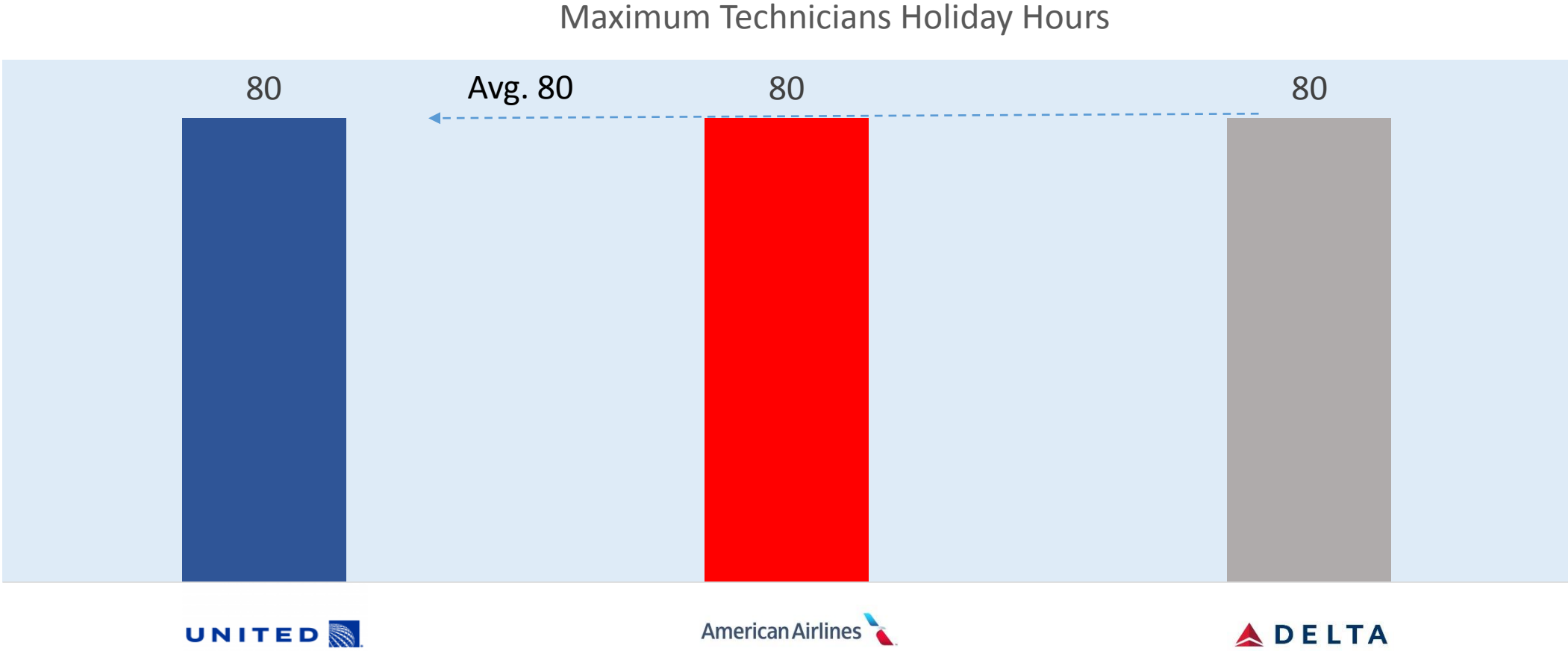
Note: AA examples used in reset for Vacation, Sick and Holiday hours are at higher of current AA or US until a new JCBA is ratified.

Technician's Annual Sick Accrual Hours



Note: AA examples used in reset for Vacation, Sick and Holiday hours are at higher of current AA or US until a new JCBA is ratified.

Technician's Annual Holiday Hours

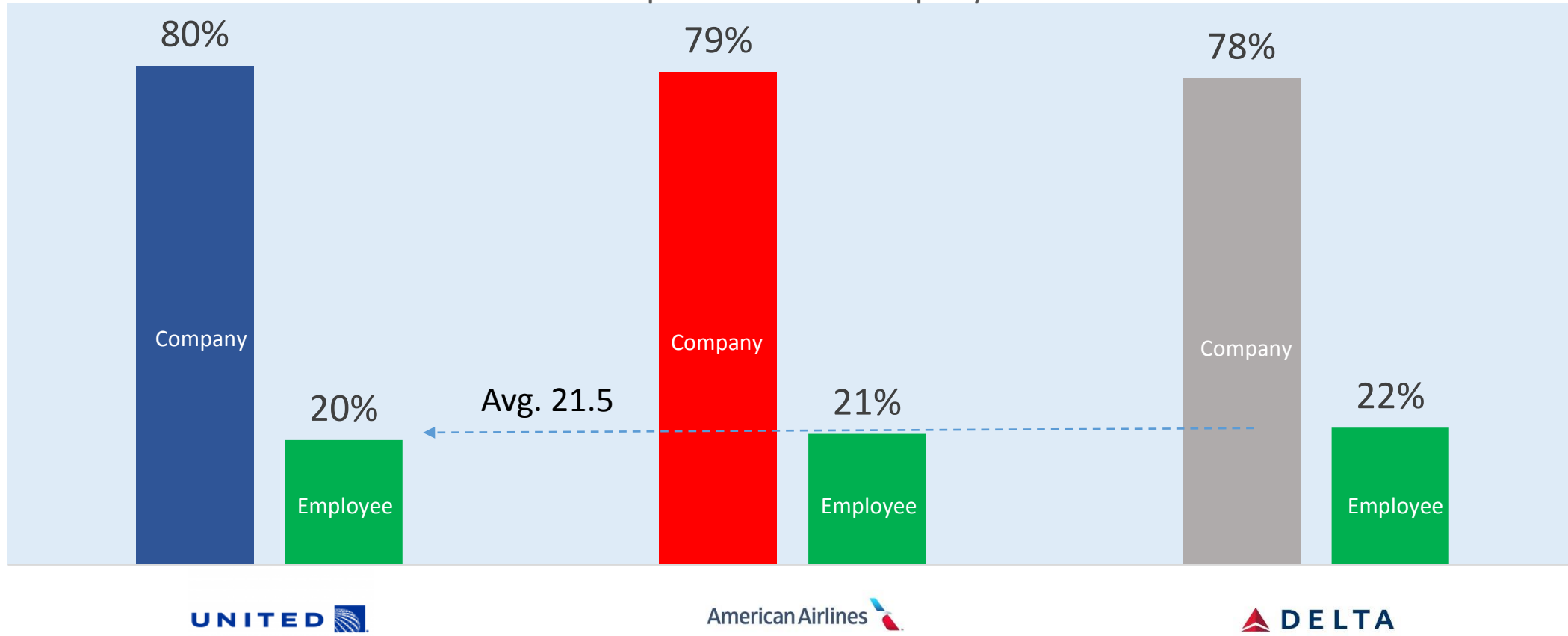


Note: AA examples used in reset for Vacation, Sick and Holiday hours are at higher of current AA or US until a new JCBA is ratified.

3. Benefits

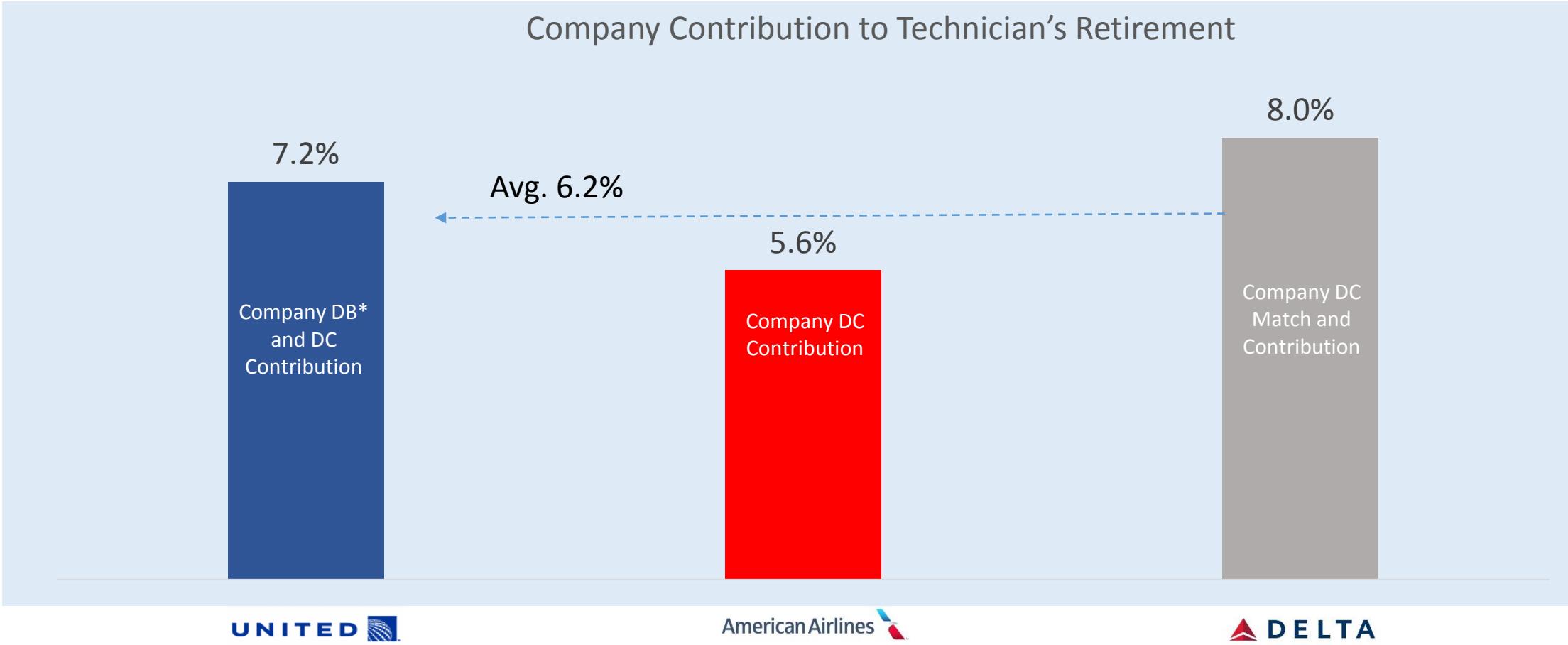
Technician's Health Care Plan Cost Share

Technician's Medical Cost Share
Cost of Premiums Split Between Company and Union



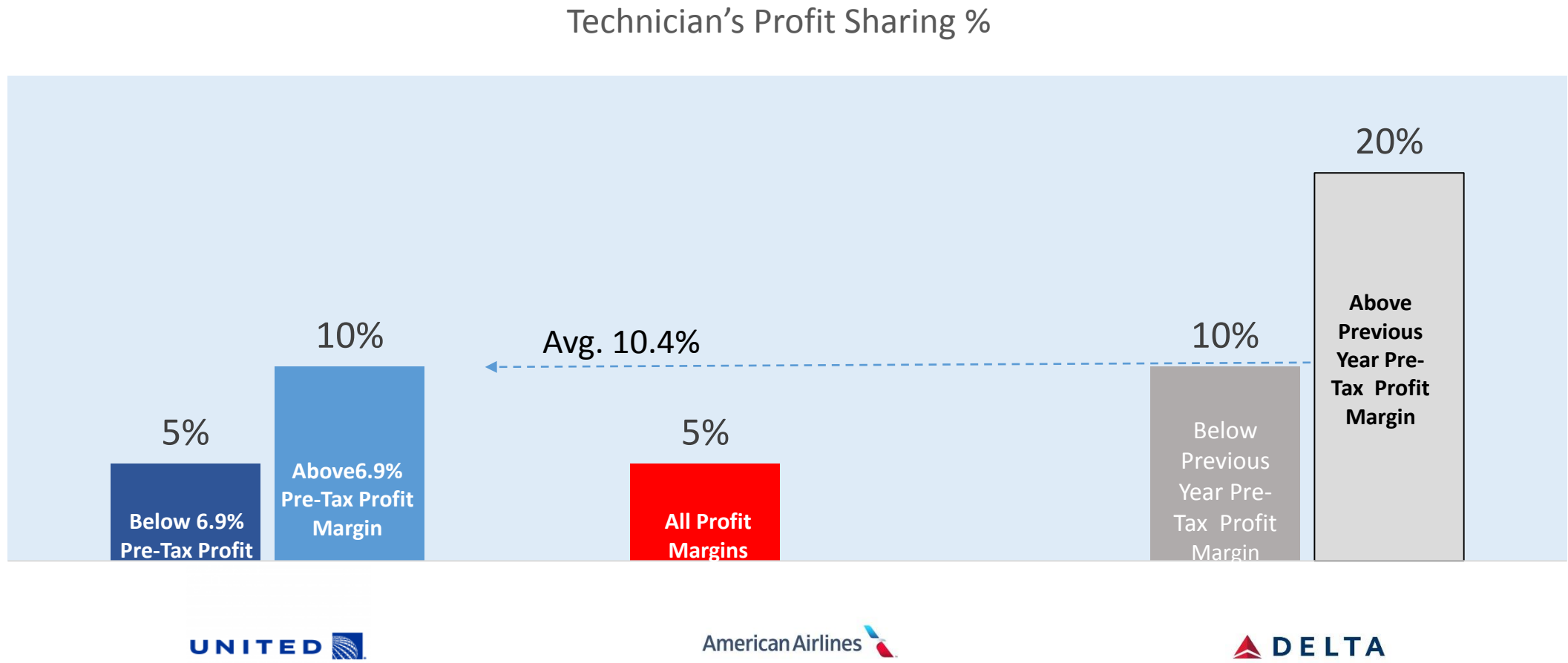
3. Benefits

Technician's Retirement Contribution by Company



4. Profit Sharing

Technician's Profit Sharing Percentage



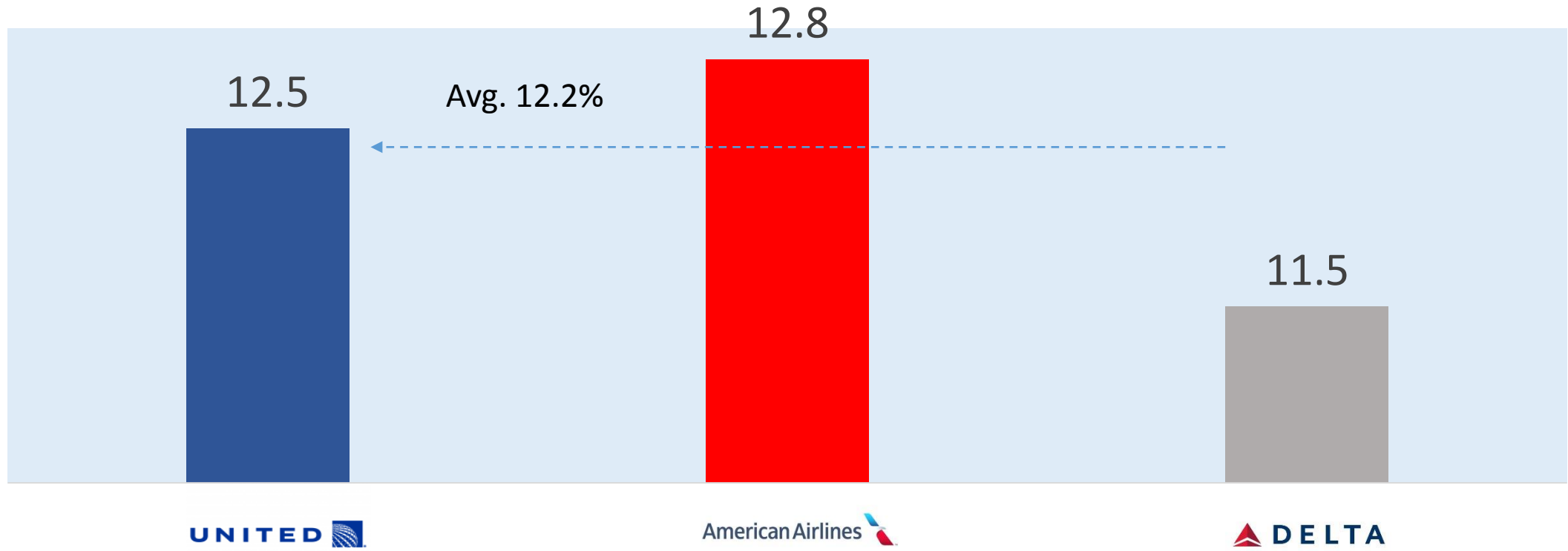
Source: Contracts and Policy Manuals

Note: Example using 2015 UA pre tax profits UA would have paid out 7.5% with under TA's new profit sharing formula, AA would be 5% and DL 15.7% (Avg. AA/DL 10.4%)

5. Scope

Technician's Scope - Staffing Ratio per Aircraft

Ratio of Technicians to Active Mainline Aircraft*



Source: US DOT Form 41 Data and SEC filings example from 2015 from employees in equivalent class and craft as UA
Note: Source data for each carrier must be source verified . Maximum adjustment is .5% with both AA and DL carrier data verified and .25% with only one AA or DL data verified