Technician’s Industry Reset Overview

Data, Methodology and Timing
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%.
Example of Reset Model
Current Value With UA TA and Reset If DL Top of Scale @ $50

Example Sum Values of Contract Elements

Current Values w/UA TA
Example with DL @ $50
UA Wage Adjustment
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.
1. Pay

Technician’s Top of Scale All-In Pay Rates

Top of Scale Technicians All-in Pay including VEBA

$48.51
At 8 YOS

Avg. $46.73

$47.31
At 8 YOS

$46.15
At 8.5 YOS

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

<table>
<thead>
<tr>
<th>Time Off</th>
<th>Medical Share</th>
<th>Retirement</th>
<th>Profit Sharing</th>
<th>Scope</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>United Above</td>
<td>$1.56</td>
<td>$0.11</td>
<td>$0.47</td>
<td></td>
<td>$1.02</td>
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<tr>
<td>Average of AA/DL</td>
<td>$0.11</td>
<td>$0.47</td>
<td>$(0.12)</td>
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<td>$(1.01)</td>
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</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Average of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UA</td>
</tr>
<tr>
<td>Pay*</td>
<td>$48.43</td>
</tr>
<tr>
<td>Difference in Value of All Non Pay Items*</td>
<td>$1.02</td>
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<tr>
<td>Total Value of Pay and Non Pay Items</td>
<td>$49.45</td>
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<tr>
<td>UA Value vs. Average of AA/DL **</td>
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</table>

*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

Maximum Technicians Vacation Accrual

- 280
- Avg 220
- 240
- 200

Note: AA examples used in resets for Vacation, Sick and Holiday hours are at the higher of current AA or US until a new JCBA is ratified.
Technician’s Annual Sick Accrual Hours

Maximum Technicians Sick Accrual

- 96 hours for United
- 96 hours for American Airlines
- 56 hours for Delta

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

Technician’s Annual Holiday Hours

Maximum Technicians Holiday Hours

80

Avg. 80

80

80

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

- 80% for Company
- 20% for Employee

- 79% for Company
- 21% for Employee

- 78% for Company
- 22% for Employee

Avg. 21.5
3. Benefits

Technician’s Retirement Contribution by Company

Company Contribution to Technician’s Retirement

- Company DB* and DC Contribution: 7.2%
- Avg. 6.2%
- Company DC Contribution: 5.6%
- Company DC Match and Contribution: 8.0%
Technician’s Profit Sharing Percentage

<table>
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<tr>
<th>Profit Sharing %</th>
<th>Below 6.9% Pre-Tax Profit</th>
<th>Above 6.9% Pre-Tax Profit Margin</th>
<th>Avg. 10.4%</th>
<th>Below Previous Year Pre-Tax Profit Margin</th>
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<td>Below 6.9%</td>
<td>5%</td>
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<tr>
<td>Above 6.9%</td>
<td>10%</td>
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<tr>
<td>All Profit Margins</td>
<td>5%</td>
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<td></td>
</tr>
<tr>
<td>Above Previous Year Pre-Tax Profit Margin</td>
<td>10%</td>
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</tbody>
</table>

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*

- United: 12.5
- American Airlines: 12.8
- Delta: 11.5

Avg. 12.2%

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