

LOA 2: Ratification Payment

April 5, 2023

Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO
1771 Commerce Drive, Suite 103
Elk Grove Village, IL 60007

Dear Mr. Klemm:

This confirms our understanding and agreement regarding ratification payments to eligible employees within the Central Load Planners, Fleet Service Employees, Fleet Technical Instructors and Related Employees, Maintenance Instructors, Passenger Service Employees, Security Officers, and Storekeepers crafts and classes (the "Eligible Crafts and Classes") in connection with the ratification and execution of the tentative agreements dated May 7, 2023.

Part of the compensation package included in the 2022-2025 tentative agreements includes a \$45 million ratification payment which will be paid contingent upon and after ratification to eligible IAM members in the Eligible Crafts and Classes.

Should the contract(s) ratify, United will provide to the IAM for review a list of eligible employees with work status and seniority dates on the date of signing of the Agreement so that the distribution process can begin. United Airlines agrees to pay the first distribution within 30 days of the date of signing of the ratified contracts. Should there be any contract(s) that fail to ratify, eligible employees under the ratified contracts will receive their shares in the same manner and amount as if all contracts had ratified.

We have agreed \$45,000,000 will be the total payment amount for employees across all covered crafts and classes, and any fringe benefits or other deductions or payments (other than the employer's share of FICA) that are legally or contractually required to be made or increased in the amount because of the payments to individual employees herein will not increase the Company's financial liability beyond the \$45,000,000.

All payments under this Letter of Agreement will be made separately from employees' normal paychecks and will be subject to withholding of (i) applicable taxes as required by law; and (ii) Union dues, fees and assessments. The ratification bonus payments will not be considered pensionable earnings under either the IAM National Pension Plan or the Continental Retirement Plan, or eligible compensation for purposes of company contributions or company-matching contributions to any defined contribution (401k) plan(s). Employees may make individual contributions to the 401(k) plan(s). The ratification payments will not be considered as eligible earning for the Company's profit-sharing plan.

United and IAM have agreed on the methodology for eligibility and allocation of the \$45,000,000 to employees. Eligible employees will receive an equal share per year of completed Company Service as of the date of signing of the Agreement, approximately \$110.00 per year of service. Eligible employees with less than one year of service will receive a minimum payment equal to a one-year share. The IAM assumes responsibility for calculating the amount paid to employees and IAM assumes financial responsibility of any miscalculations and/or errors made in the calculation of payments to eligible employees should the miscalculation and/or errors result in any monies in excess of the agreed total payment of \$45,000,000 being owed to eligible employees.

Employees in the following status on the date of signing of the Agreement will be considered eligible for the ratification bonus:

- Active
- Leaves of Absence
 - Educational (*Only includes educational leaves provided for in the CBA, does not include employees on a Company offered Special Leave*)
 - Illness
 - Military
 - Union Business
 - Personal (*Only includes personal leaves provided for in the CBA, does not include employees on a Company offered Special Leave*)

To ensure that the Company's total liability or payments do not exceed the total payment amount a holdback amount shall be established which will be funded through withholding **one percent (1.00%) of the \$45,000,000** to correct any errors or omissions in the allocation, calculation, and distribution of amounts to employees, as determined in the challenge process described below. Such errors or omissions will be paid by the Company from the holdback amount no later than 60 days after the date that the challenge process described below is fully concluded and becomes final and non-appealable **or September 1, 2023 (barring circumstances beyond the control of the parties) whichever is sooner**. Any portion of the holdback fund that remains unpaid after satisfying any errors or omissions as determined in the challenged process shall be paid pro rata to eligible employees according to the allocation methodology.

Challenges, if not resolved by the IAM and United, will be decided by a neutral arbitrator selected by the IAM and United in the same manner as a neutral member of a System Board of Adjustment. If notwithstanding this challenge procedure, an employee brings an action or charge against the Union and/or the Company pertaining to the terms and/or application of this letter, the defending parties shall bear their own costs and fees associated with their defenses.

Please indicate your concurrence by signing one copy of this Letter of Agreement as indicated below, and returning it to the undersigned.

Sincerely,

/s/ Julianne Cooney
Julianne Cooney
Director, Labor Relations
United Airlines

Agreed, this 29th day of March, 2023

/s/ Mike Klemm
Mike Klemm
President & Directing General Chairperson
Air Transport Lodge District 141
International Association of Machinists &
Aerospace Workers, AFL-CIO