

**SECTION 34****RETIREMENT****A. Defined Contribution Program/401(k) Plan**

1. The Company will establish and maintain a Flight Attendant Defined Contribution Program in the United Airlines Flight Attendant 401(k) Plan ("401(k) Plan"), subject to approval of the U.S. Treasury Department in the form of continuing qualification of the 401(k) Plan by the Internal Revenue Service. In the event the 401(k) Plan is not acceptable to the Internal Revenue Service, the Union and the Company agree to effect the revisions necessary to secure proper qualification. The Defined Contribution Program and the Flight Attendant Savings Plan ("Savings Plan") are part of the 401(k) Plan and collectively they shall be known as the 401(k) Plan.
  - a. A Flight Attendant may be ineligible to participate in the 401(k) Plan on a tax-deferred basis because it is established pursuant to the United States Internal Revenue Code. The Company will seek to establish similar tax deferred arrangements where it is economically and legally possible, in international locations where the Company has Flight Attendant domiciles. The Company shall be under no obligation to establish a tax deferred arrangement if it is impossible or impracticable to do so. The Company will establish the United Airlines UK Group Stakeholders Plan effective January 1, 2007.
  - b. Until alternative plans are established pursuant to paragraph a., above, or where they cannot be economically or legally established, the Company will make a cash payment to each ineligible Flight Attendant in an amount equal to the sum of the Direct Company Contribution and the maximum Company Matching Contribution the Company would have made to the Flight Attendant's account in the 401(k) Plan. Such cash payments will not be included for the purposes of determining the Flight Attendant's compensation under any employee benefit plan maintained by the Company.
2. The Company agrees that the benefits provided to Flight Attendants in the Defined Contribution Program in the 401(k) Plan effective January 1, 2006 will not be reduced without the prior agreement of the Union.

**B. Plan Terms**

1. The Defined Contribution Program amendments to the 401(k) Plan shall become effective on January 1, 2006 and apply to Employees covered by the Flight Attendant Agreement. The Company shall establish a 401(k) Plan account in the 401(k) Plan for each eligible Flight Attendant who does not have a 401(k) Plan account.

2. Eligibility Earnings

For purposes of calculating contributions pursuant to the Defined Contribution Program in the 401(k) Plan, Eligible Earnings shall include "Qualified Wages" as defined in Section 5.J.1. (Success Sharing – Performance Incentive Program). Eligible Earnings include payments made pursuant to 5.J.1. for that portion of the calendar year for which the employee was eligible to participate, but do not include expense reimbursement, profit sharing payments other than those provided in Section 5.J.1., imputed income, or other similar awards or allowances.

3. Eligibility

A Flight Attendant shall become eligible to participate in the 401(k) Plan after she/he is an Employee as defined in Section 2.J.

4. Vesting

- a. A Flight Attendant who was employed by the Company in any capacity on January 1, 2006 shall be one-hundred percent (100%) vested in all Company contributions to the 401(k) Plan.

- b. An individual who was not employed by the Company on January 1, 2006, and who is hired and placed on the System Seniority List after January 1, 2006, shall be subject to the following vesting schedule for the Direct Company Contribution and the Company Matching Contribution:

Less than one year of service	0%
1 year of service but less than 2	33%
2 years of service but less than 3	67%
3 years or more years of service	100%

- c. All service with the Company will be counted for purposes of vesting.

- d. If a Flight Attendant leaves the Company prior to being fully vested, the unvested portion of the Company Contributions will be forfeited. All forfeitures arising from non-vested Company Contributions will be used reduce future Company Contributions to the Defined Contribution program in the 401(k) Plan.
5. Direct Company Contributions to the 401(k) Plan
- a. The Company will make a direct contribution to the 401(k) Plan (the "Direct Company Contribution"). The Direct Company Contribution shall be made in accordance with the following schedule:
- (1) For a Flight Attendant who was employed by the Company in any capacity on January 1, 2006, the Company will make the following Direct Contribution as a percentage of such Flight Attendant's Eligible Earnings:
- Effective 01/01/2006: 2.0%  
 Effective 01/01/2007: 2.5%  
 Effective 01/01/2008: 3.0%
- (2) For a Flight Attendant who was not employed by the Company on January 1, 2006, and who is hired and placed on the System Seniority List after January 1, 2006, the Company will make the following Direct Contribution as a percentage of such Flight Attendant's Eligible Earnings:
- Effective 01/01/2006: 0%  
 Effective 01/01/2007: 1.0%  
 Effective 01/01/2008: 2.0%  
 Effective 01/01/2009: 3.0%
- b. The Direct Company Contribution will be made each pay period.
- c. A Flight Attendant will not be required to contribute to her/his 401(k) Plan account to receive the Direct Company Contribution
- d. A Flight Attendant who is on an authorized leave of absence for Union business who is otherwise eligible to be a participant in the Defined Contribution Program in the 401(k) Plan and receives Eligible Earnings while on such leave will receive the Direct Company and Matching Contributions.

6. Employee Deferral Contributions to the 401(k) Plan

In addition to the Direct Company Contribution, a Flight Attendant may make contributions to her/his 401(k) Plan account on the following pre-tax basis:

- a. Automatic Deferral. Effective July 1, 2006, the 401(k) Plan will provide for an automatic deferral election equal to one percent (1%) of Eligible Earnings for each Flight Attendant who has not made a specific deferral election. Each Flight Attendant will have the right, at least forty-five (45) days before the effective date of the automatic deferral election, to elect to opt out of this automatic deferral. A Flight Attendant who opts out of making contributions to her/his account will not have any Eligible Earnings deferred into the 401(k) Plan. A Flight Attendant may change or revoke an automatic deferral election at any time and from time to time.
- b. Maximum Contribution. A Flight Attendant may make contributions to her/his 401(k) Plan account on a pre-tax basis to the maximum allowed by the Internal Revenue Code.

7. Company Matching Contributions

Effective January 1, 2006, the Company will make a Matching Contribution equal to one-hundred percent (100%) of the first three percent (3%) of Eligible Earnings that a Flight Attendant contributes to her/his 401(k) Plan account on an annual basis.

- a. Transition Period. In order to provide Flight Attendants with a period of transition, from January 1, 2006 through June 30, 2006, a Flight Attendant will not be required to make contributions to her/his 401(k) Plan account in order to receive a three percent (3%) Company Matching Contribution on Eligible Earnings from January 1, 2006 through June 30, 2006.
- b. Effective July 1, 2006, a Flight Attendant must defer to her/his account in the 401(k) Plan in order to receive the Company's Matching Contribution. A Flight Attendant who opts out of making contributions to her/his account in the 401(k) Plan will not receive the Company Matching Contribution.
- c. The Company Matching Contribution will be made each pay period.

8. Flight Attendant earnings for the purpose of insurance, etc. shall mean total earnings before Employee Deferral Contributions and shall exclude all Company Direct and Matching Contributions to the 401(k) Plan.

9. Expenses of Plan

The Company will continue to pay the expenses of the Plan to the same extent as provided under the prior Savings Plan and the 401(k) Plan.

10. Withdrawals

a. A Flight Attendant, while considered an employee of the Company, will be allowed to withdraw employee contributions made on a pre-tax basis only if the Flight Attendant is at least age 59 1/2 or for a financial hardship. A financial hardship is determined according to the requirements of the Internal Revenue Code and applicable regulations.

b. A Flight Attendant will be allowed to withdraw employee contributions made on a post-tax basis as permitted by the Internal Revenue Code and applicable regulations.

c. A Flight Attendant, while considered an employee of the Company, will be allowed to withdraw vested Company Matching Contributions and vested Direct Company Contributions only if the Flight Attendant is fully vested in such contributions and is at least age 59 1/2 or for a financial hardship. A financial hardship is determined according to the requirements of Internal Revenue Code and applicable regulations.

11. Investment of Accounts

The Company will meet annually to confer with the AFA-CWA about investment options in the 401(k) Plan and review investment performance and Flight Attendant participation.

a. AFA-CWA may at its discretion exercise veto power over the selection of any fund it deems inappropriate for Flight Attendant investment.

b. Participants will have the opportunity to self-direct their 401(k) Plan accounts.

c. Participants will be able to file an election on a daily basis to reallocate their existing balances and future contributions among the various investment options offered under the 401(k) Plan. Participants may elect a different allocation among the various investment options for each contribution source in their account (i.e., Employee Deferral Contributions, Company Direct Contributions, Company Matching Contributions, prior Savings Plan Contributions, etc.).

d. The Company will offer to Flight Attendants the same investment options that are contained in the 401(k) Plan(s) for salaried, management and IAM represented employees.

12. Loan Feature.

The 401(k) Plan will maintain a loan feature. The Flight Attendant's account balance will be charged an administrative fee, consistent with the Ground Employees Plan and the Management and Administrative Plan when the Flight Attendant applies for a loan.

13. Quarterly Statements

Quarterly statements shall be provided to 401(k) Plan participants within sixty (60) days from the end of the quarter.

14. Documentation

The Company will provide the MEC President, or her/his designee, with the following documentation in a timely manner:

a. Amendments to the 401(k) Plan that are filed by the Company with the Internal Revenue Service ("IRS"), a final draft of which shall be provided prior to being submitted to the IRS;

b. The determination letter issued by the IRS; and

c. A copy of the final 401(k) Plan document upon IRS approval of the Plan.

15. Re-employment

If a Flight Attendant received a distribution of her/his entire vested balance after termination of employment, the non-vested portion will be forfeited. In such case, the forfeited amount (unadjusted for earnings) will be restored to the Flight Attendant's account if re-employed within five (5) years and the Flight Attendant repays within five (5) years

of re-employment, the amount previously distributed. The Company will contribute to the 401(k) Plan the amount necessary to restore the previously forfeited amounts to the Flight Attendant's account.

#### 16. Dispute Resolution

A grievance filed by AFA-CWA alleging a violation of this Section of the Collectively Bargaining Agreement shall, at the request of either party, bypass the initial steps of the grievance process and shall be submitted and heard on an expedited basis directly before the System Board of Adjustment sitting with a neutral arbitrator. The dispute shall be heard by a System Board of Adjustment no later than thirty (30) days following the submission to the System Board and decided no later than thirty (30) days after the conclusion of such hearing, unless the parties agree otherwise in writing. This paragraph shall not apply to disputes covered by the Retirement Board established in this Section of the Flight Attendant Collective Bargaining Agreement.

#### C. United Air Lines, Inc. Flight Attendant Retirement Board

1. There shall be established a Retirement Board for the purpose of hearing and determining all disputes between the Company and its Flight Attendant employees, retirees, and their beneficiaries, which may arise under the terms of the Flight Attendant 401(k) Plan and similar programs or payments made outside the United States in accordance with Paragraphs A.1.a. and b. of this Section (which shall be collectively referred to herein as the "Retirement Programs") concerning participation in or claims for benefits under the Retirement Programs, including hardship withdrawals, provided, however, that the Company shall have exclusive authority to select, appoint, replace, deal with, and direct trustees, insurance companies, investment managers, actuaries, and any other entities involved with the Retirement Programs. The Retirement Board shall be constituted as follows:
  - a. The Retirement Board shall consist of four members, two of whom shall be selected by the Company and two of whom shall be selected by the Union. The Company shall establish its own rules for the selection of the members of the Retirement Board to be selected by it, and the Union shall likewise establish its own rules for the selection of the members of the Retirement Board to be selected by it. The Company shall also select one alternate member who may act for either of the two members of the Retirement

Board appointed by the Company in the event of absence, or inability to act, of one of such members, and the Union shall likewise select one alternate member who may act for either of the two members of the Retirement Board appointed by the Union in the event of absence, or inability to act, of one of such members. Either the Company or the Union at any time may remove a member appointed by it and may select a member to fill any vacancy among the members selected by it. Both the Company and the Union shall, in writing, notify each other respectively concerning such selections, which shall continue until further written notice.

- b. The Retirement Board members may, at the expense of the party appointing them, utilize outside consultants, and such consultants may be present at any meeting or hearing of the Retirement Board held in accordance with this subsection and will have access to all data necessary and pertinent to such meeting.
- c. Three members of the Retirement Board shall constitute a quorum for the transaction of business. At all Retirement Board meetings, Company members present shall be entitled to one vote each, and Union members present shall be entitled to one vote each. If at any such meeting two Company members are not present, the Company member present may cast two votes, and if two Union members are not present, the Union member present may cast two votes.
- d. The Retirement Board shall have the authority to establish rules for the conduct of business or hearings before it, and to appoint subcommittees from among the members of the Retirement Board to handle any problem within the jurisdiction of the Retirement Board. Such subcommittee shall report conclusively to the Retirement Board.
- e. The compensation, travel, and other reasonable living expenses, if any, of members of the Retirement Board selected by the Company shall be paid by the Company. The compensation, travel, and other reasonable living expenses, if any, of members of the Retirement Board selected by the Union shall be paid by the Union.
- f. Any party to a dispute to be heard by the Retirement Board may submit written facts or arguments and may request an oral hearing.

- g. The Board will notify in writing any Retirement Programs Participant or Beneficiary whose claim has come before the Board of its decision within thirty (30) days after the submission of written arguments or the conclusion of an oral hearing.
- h. Once a participant or a beneficiary receives a denial of a claim or hardship withdrawal, a claimant will have sixty (60) days to appeal the decision to the Retirement Board.
- i. All decisions and actions taken by the Retirement Board shall be by the affirmative vote or agreement of not less than three (3) members. Such affirmative vote or agreement shall be in writing if given other than during a meeting of the Retirement Board. All decisions of the Retirement Board shall be final and binding upon the Company, the Union, and any other person having an interest in, under or derived from the Retirement Programs, including the trustee, to the extent permitted by law. No ruling or decision of the Retirement Board in one case shall create a basis for a retroactive adjustment in any prior case.
- j. If the Retirement Board shall fail to agree on any matter of dispute coming before it, it shall within ten (10) days from the date of such failure to agree, designate an Impartial Referee with knowledge of defined contribution retirement plan(s). If the Retirement Board does not agree upon the selection of an Impartial Referee within such ten (10) day period, then either the Company or the Union may apply to the National Mediation Board for the designation by such Mediation Board of an Impartial Referee. The matter or dispute shall be submitted to the Retirement Board sitting with the Impartial Referee who shall act as Chairperson during the proceedings pertaining to such matter. Such Impartial Referee shall have one vote. Three affirmative votes shall be required to render a decision or determination on matters coming before the Retirement Board sitting together with the Impartial Referee. The Retirement Board will not have jurisdiction or power to add to or subtract from the Retirement Programs or any amendments thereto.
- k. The compensation and expenses of the Impartial Referee and expense incident to the conduct of proceedings coming before the Retirement Board shall be shared equally between the Company and the Union.

- l. The Retirement Board shall keep a record of all its proceedings and shall keep, or cause to be kept, all such books, accounts, records or other data as may be necessary or advisable in its judgment.
  - m. Meetings of the Retirement Board may be called by mutual agreement of the members at any time without notice or by any two members of the Retirement Board upon thirty (30) days' notice to the other members of the Retirement Board. Such meetings shall be conducted at the Company's Office unless otherwise agreed to by the members of the Retirement Board.
2. Powers of Retirement Board

The Retirement Board shall have jurisdiction over disputes between the Company and its Flight Attendant employees, retirees, and their beneficiaries which may arise under the terms of the Flight Attendant Retirement Programs concerning participation in or claims for benefits under the Retirement Programs, including hardship withdrawals, provided, however, the Company shall have exclusive authority to select, appoint, replace, deal with and direct trustees, insurance companies, investment managers, actuaries and any other entities involved with the Retirement Programs. All decisions of the Retirement Board shall be final and binding upon the Company, the Union and any other person having an interest in, under or derived from the Retirement Programs, including the trustee, to the extent permitted by law. The Board shall have no power to add to or subtract from or modify any of the terms of the Retirement Programs. The Retirement Board shall have the power to establish rules of procedure for the conduct of its business and of hearings before it, which rules shall not be inconsistent with the provisions of this Subsection C.

3. Review Functions

The Retirement Board shall have the right to review the following in connection with the Flight Attendant Retirement Programs:

- a. All data that is necessary and pertinent to the claim being considered by the Retirement Board; and
- b. Such other data as is necessary and pertinent to the discharge of the duties of the Retirement Board as described herein.

## 4. Liability

The Retirement Board and any members thereof shall be entitled to rely upon the correctness of any information furnished by the Company and the Union. Neither the Retirement Board nor any of its members, nor the Union, nor any officers or other representatives of the Union, nor the Company, nor any Officers or other representative of the Company, shall be liable because of any act or failure to act on the part of the Retirement Board, or any of its members, except that nothing herein shall be deemed to relieve any such individual from liability for her/his own fraud or bad faith.

## 5. Indemnity

The Company as to employer members and alternate employer members of the Retirement Board; the Union as to employee members and alternate employee members of the Retirement Board; shall indemnify, save and hold harmless such members, respectively, from any and all loss, costs, damage or expense which such members or any of them may incur or sustain, arising out of the discharge of the responsibilities under the Retirement Programs of the Retirement Board, except to the extent that the same shall result from the gross negligence or willful misconduct upon the part of such member or members.

**SECTION 35****DURATION**

- A. This Agreement shall cancel all Agreements, Supplemental Agreements, Amendments, Letters of Understanding and similar related documents executed between the Union and the Company prior to the signing of this Agreement with the exception of the following Letters of Agreement and Understanding.

Page	Subject	Date
240	"A" Scale Pay Protection	09/24/91
242	AFA Staff Travel	09/24/91
243	Benefit Plan Modification	01/07/05
244	Blue Ribbon Committee	10/02/97
245	CJA Re-Opener	10/02/97
246	Commuter Policy	10/02/97
248	Commuter/Personal Emergency	05/01/03
251	Contract Dispute 2003-2009	05/01/03
253	Convertible Notes	01/07/05
278	CRAF	03/15/03
285	Delhi	10/02/97
287	Dispute Resolution	10/02/97
288	Distribution Agreement (Equity)	01/07/05
291	Domestic Legal Rest	10/02/97
292	Donation Check-Off Procedures	10/02/97
296	Duty Free Commission	10/02/97
297	Duty Free Employee Discount	11/01/05
298	Early Out	01/07/05
299	Economic Stabilization Guidelines	02/25/76
302	Exchange Rates	10/02/97
304	Extended Duty Time	10/02/97
305	Extended Duty Time - International	10/07/03
307	First Right of Hire	10/02/97
308	Foreign Nationals	03/14/86
311	Increase Trip Trade Allocation	10/02/97
312	International Flying Distribution	10/02/97
313	Low Cost Operation	05/01/03
316	Mailbox Criteria	05/09/80
317	Non-U.S. Tax Deferral	01/07/05
318	Onboard Research	10/02/97