

October 2, 1997

Mr. Kevin D. Lum, President
UAL/AFA Master Executive Council
Association of Flight Attendants
6400 Shafer Court, Suite 250
Rosemont, IL 60018

Dear Mr. Lum:

In the discussions leading to the 1996-2001 and 2001-2006 Agreement, the Company and the Association agreed to address foreign currency exchange rates for International Domicile Flight Attendant compensation in the manner addressed below:

The parties agreed that, whenever necessary, the following floor exchange rates will be utilized for Flight Attendant compensation purposes:

<u>Domicile</u>	<u>To \$1 US</u>
LHRSW	.56 Pound Sterling
CDGSW	5.0 French Francs
FRASW	1.56 Deutsche Mark
SCLSW	350 Chilean Pesos
TPESW	26.0 New Taiwan Dollar
HKGSW	7.25 Hong Kong Dollar
NRTSW	101.0 Japanese Yen

The purpose of these floor exchange rates is to insure a minimum compensation level for Flight Attendants based at the International domiciles. If on the day payroll is calculated the actual exchange rate for any of the listed locations exceeds the floor rate, the higher rate will be utilized. On a semi-annual basis, the Company and the Association will review the use of these floor exchange rates for the prior year, to determine whether an adjustment is necessary. The Company will provide the Association with a monthly recap by domicile of the actual exchange rates used for each pay period.

If substantial fluctuation in any of the above listed currencies occurs as a result of political or governmental changes, the parties will immediately meet to discuss whether an adjustment is appropriate. The Union's recommendations will be considered in any final decision.

Sincerely,

/s/ Sara Fields
Sara Fields
Senior Vice President
Onboard Service