

ANNUAL PASSES – RETIRED EMPLOYEES

Retired employees with twenty-five (25) or more years of continuous service receive pre-validated Write-Your-Own ticket stock from EXOHR - Compensation and Benefits. These tickets may be used for unlimited, free, space available transportation to any North American destination including Hawai'i. Tickets contain preprinted boarding priority codes located in the "Authority Priority" section of the ticket. System 006 BP-6 is indicated for all travel. Travel to destinations outside of North America (excluding Hawai'i) is subject to service charge and is priority BP-8; unlimited 1/4 fare space available tickets can be purchased to obtain BP-6 boarding priority.

Retired employees with at least ten (10) but less than twenty-five (25) years of continuous service will receive pre-validated Write-Your-Own tickets from EXOHR - Compensation and Benefits. These tickets may be used for unlimited, free, space available transportation to any North American destination including Hawai'i. Tickets contain preprinted boarding priority codes located in the "Authority Priority" section of the ticket. System 004 BP-8 is indicated for all travel. Travel to destinations outside of North America (excluding Hawai'i) is subject to service charge.

Reduced Fares

Unlimited 1/4 fare space available tickets can be purchased to obtain a higher boarding priority (BP-6).

October 2, 1997

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

Dear Mr. Lum:

During the course of discussions leading to the 1996-2001 and 2001-2006 Agreement, the Company and the Union agreed that Flight Attendants required to deadhead on off-line carriers would only be scheduled on carriers which meet adequate safety standards.

AFA will provide the Onboard Scheduling department with a list of carriers which do not comply with the agreed upon standards.

Sincerely,

/s/ Sara Fields

Sara Fields
 Senior Vice President
 Onboard Service